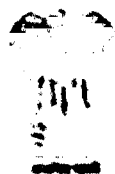


PUBLIC ACCOUNTS COMMITTEE
1965-66

FORTY-FIRST REPORT

(THIRD LOK SABHA)

Appropriation Accounts (Civil), 1963-64; Audit Report (Civil), 1965 and Audit Report (Commercial), 1965 relating to the Ministries of Civil Aviation, Commerce, Community Development & Co-operation, Education and Food & Agriculture (Departments of Agriculture & Food)]



LOK SABHA SECRETARIAT
NEW DELHI

October, 1965/Asvina, 1887(S)

Price : Rs. 6.00

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CORRECTIONS TO FORTY-FIRST REPORT OF P.A.C. (1965-66)
(PRESENTED TO LOK SABHA ON 17.11.1965)

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
i)	IX	4	3.25	3.24
ii)	XVIII	1	Foreign	Foreign Scholarships
ii)	XXVI	1	awarded	awarded
iii)	XXXII	2	4.187	4.186
		3	4.198	4.197
	XXXIV	3	4.224	4.225
		XII	1	Branch	plant
vii)	V	5	cooperation/ extended	cooperation extended
1.1	(table)		Amount the Position as at the due end of	Amount due Position as at the end of
1.8	8	through	through	
1.27	5	pendiv	pendix	
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		Rs	Re	
2.2	12	that there was	the Ministry of	
		the Calender	External Affairs	
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		to advise on the	by the Director	
2.8	9	then	them	
2.29	4	Exhibition	Exhibition	
		1962.	1962, as the	
2.36		insert heading 'Idle Stock and Mech-	nery - para 4	
2.44	last	104.4	104.43	
2.47	5	31.3.1961 was	31.5.1964, a sum	
		still in arrears	of Rs. 4.10 lakhs	
		in 1,47,365	was pending	
		cases involving	collection. As	
		an estimated	pointed	
		stated	stated that	
	1	8.32	8.62	
3.30	4	reimbur-	reimbur-	
4.13	1	December,	December,	
		concerned	concern	
		irregularities	irregularities	
	11	irregularities	irregularities	
	13	great	great	

(2)

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
65	4.37	4	transfer	transfer of
67	4.45	14	were Rs. 4	were
69	4.50	(4)	nomadic	nomadic
70	(6)	1-2	nomadic	nomadic
71		1	Business	Bursaries
78	4.74	14	certain	certain cases
		19	scholarships	scholarships were
		35	Appendix ---	Appendix XXIV
99	4.173	3	Rs. 2,959	Rs. 2,959
100	4.179	1	wide	wide
107	4.108	12	They Committee	The Committee
109	4.215		insert heading 'Unauthorised subsidy to hostels, para 89(d), pages 121-122.	'Unauthorised subsidy to hostels, para 89(d), pages 121-122.
114	4.234	2	were	are
118	4.249	7	grades	graded
124	4.269		1963-54	1963-64
127	4.279		as	at
131	4.293	14	held	help
133	4.303	3	Councils	Council's
		12	Conference	Conference.
134	4.305	(2) 1	also	also not
136			on	or
137			of	or
139	4.320	12	included	included in the contract, the witness was unable
140	4.322		Appendix ...	Appendix XXXV
			17,2	17.2
141	4.325		not	now
147			pre-falls	pitfalls
150	4.363		11	111
			(heading)	
153	4.373		1965	1964
155	4.382		University	Universities
161	4.407		teacher	teachers
172	4.440		he	the
			Report	Reports
176	4.458		coordinate	coordinate
180	5.0	7	co-operationves	co-operatives
183	5.22		16 10	16.10

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
199	footnote	@ 1	delite	'quently'
209	5.121	2	Sindhia,	Sindhia
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212		12	ly	fy
217	5.149	9	exactly	exactly was
218	5.153	13	milk was	milk
220	5.158	2	1955-56	1965-66
227	5.184	6	recorded	accorded
241		3	unit	unfit
247	after table			
		2	then	then
255		14	extending to	extending
258	table u2	from		
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		insert	'not known' under last Col.	
263	6.99	#1	case both the	case
			of icers	
265	6.103	2	v Rs.	viz. Rs.
266	6.111	13	The	The
268	6.120	12	'A' & Co.	'A'
269	6.123	10	Part	part
301	20	1	obtained	obtain
303		2	(b)	(ii)
307	39	8	Appendix ...	Appendix X
310	48	2	than	that
		6	faught	fraught
311	50	1	Committee	Committee are
		3	ever	even
312	52	7	not	note
316	63	8	scrupulously	scrupulously avoided
317	Read entries under Cols. 1, 2, 3. in juxtaposition of sub paras 2, 3, & 4			
324	Under Col. 2 read 4.188 against first para and exacting entries against 2nd para.			
330	118	2	Committee	Committed
331	126	6	Mission	Missions
332	130	9	to	of
333	131	1	reply	supply
334	133	4	not	now
339	149	5	had	information had
338	148	6	expost factor	ex post facto
344	160	5	report	reports
345			568	168
342	235	1	6.61	6.60
343	236	10	Intervention	intervening
344	242	11	complaints	Complainants
345		4	1965	65

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6th July, 1965 (Fore-noon)
7th July, 1965 (" ")
8th July, 1965 (Forenoon and After-noon)
9th July, 1965 (Fore-noon)
12th July, 1965 (" ")
13th July, 1965 (" ")
15th July, 1965 (" ")
16th July, 1965 (" ")
19th July, 1965 (" ")
20th July, 1965 (" ")
21st July, 1965 (" ")
29th July, 1965 (After-noon)
18th Oct., 1965 (" ")

*Not printed. (One cyclostyled copy laid on the Table of the House and five copies placed in the Parliament Library).

PUBLIC ACCOUNTS COMMITTEE (1965-66)

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Shri R. R. Morarka

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SECRETARIAT

Shri N. N. Mallya—Joint Secretary
Shri H. N. Trivedi—Deputy Secretary
Shri R. M. Bhargava—Under Secretary

INTRODUCTION

I, the Chairman of the Public Accounts Committee, do present on their behalf this Forty-first Report on the Appropriation Accounts (Civil), 1963-64 and Audit Report (Civil), 1965 and Audit Report (Commercial), 1965 in so far as they relate to the Ministries of Civil Aviation, Commerce, Community Development and Cooperation, Education and Food and Agriculture (Departments of Agriculture and Food).

2. The Appropriation Accounts (Civil), 1963-64 and Audit Report (Civil), 1965 were laid on the Table of the House on the 12th March, 1965 and Audit Report (Commercial) on 29th April, 1965. The Committee examined these at their sittings held on the 6th, 7th, 8th, 9th, 12th, 13th, 15th, 16th, 19th, 20th, 21st and 29th July, 1965. A brief record of the proceedings of each sitting forms part of the Report (Part II).*

3. The Committee considered and finalised the Report at their sitting held on the 18th October, 1965.

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

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

They would also like to express their thanks to the officers of the Ministries etc. concerned, for the cooperation/extended by them in giving information to the Committee during the course of evidence.

NEW DELHI;
October 19, 1965.
Arvina 27, 1887 (Saka).

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

*Not printed. One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library.

MINISTRY OF CIVIL AVIATION

Audit Report (Civil), 1965

*Arrears in the recovery of landing, parking and housing charges at aerodromes and rent of buildings etc—para 31(A) and (B)
—Pages 35-36.*

(A)—Under the Indian Aircraft Rules, 1937, landing, parking and housing charges at the aerodromes are required to be paid by air companies within a week of receipt of bills from the Department. It has, however, been noticed that there have been considerable delays in the realisation of the charges and that large amounts, as detailed below, are due for recovery in this respect as per the quarterly statements submitted by the Aerodrome Officers to the Controller of Aerodromes:—

			(In lakhs of rupees)
Region in which aerodromes located	No. of aerodromes involved	Amount	Position as at the due* end of
(i) West Bengal	8	6.23	December, 1963
(ii) Bombay	22	3.29	March, 1964
(iii) Assam	10	1.24	December, 1963
(v) Delhi	26	0.98	March, 1964

1.2. The Indian Aircraft Rules permit the levy of housing and parking charges at concessional rates if the amounts are paid in advance. It was, however, observed that at the Madras Airport the concessional rates were applied also to cases in which payments had not been made by the parties concerned in advance. The loss of revenue on this account for the period from April, 1961 to December, 1963 was estimated at Rs. 14,000 (Approx.).

1.3. (B)—(a) There are large arrears in the recovery of rent of buildings located in the airport area, electricity and water charges,

*The returns rendered by the Aerodrome Officers to the Controller of Aerodromes do not indicate year-wise analysis of the above amounts.

etc., due from Government servants, private parties, etc., as indicated below:—

(In lakhs of rupees)

Region	No. of aerodromes	Rent	Electricity & Water charges	Miscellaneous	Position at the end of
(i) Delhi	26	6.00	1.63	0.25	} March, 1964
(ii) Bombay	21	5.34	1.04	0.18	
(iii) West Bengal	6	1.80*	0.99	—	December, 1963
(iv) Madras	16	0.76	0.55	0.05	September, 1963
(v) Assam	11	0.46	0.26	0.07	December, 1963
(vi) Hyderabad	1	0.25	0.31	0.02	March, 1964

1.4. The Committee desired to know whether the Ministry had been able to compile the information regarding the total amount outstanding under each type of dues, the period over which they had remained outstanding and whether effective steps had been taken to ensure expeditious recovery. The representative of the Ministry stated that dues were of three kinds.

1.5. One was from the casual users in respect of which recoveries had to be made on the spot and arrears, if any, under this category would be due to the failure of administration.

1.6. The second type of dues were from the regular users. According to a departmental instruction (there was no provision in the rules to indicate when the bills should be sent) a statement showing dues was to be submitted to the aerodrome officers and after scrutiny they had to ensure that the recoveries were made. Normally, it was expected that the bills would be presented to the parties concerned within a week of the close of the month and the parties had to make payment within a week of the receipt of the bills. The witness stated that if dues were left over after another month it would be something for which the aerodrome officers would have to answer.

1.7. The third category of dues were the ones in which concessional terms were given where according to the rules recoveries

*In addition, rent amounting to Rs. 1.43 lakhs in respect of land leased out to the Indian Airlines Corporation at Dum Dum Airport for the period 26th November, 1962 to 25th March, 1964 was also outstanding.

should be made in advance in the beginning of the month or the quarter concerned. A reasonable view in such cases would be that the parties must make payment within a week of the beginning of the quarter or month, otherwise Government could take some action for the delay.

1.8. The witness added that although the aerodrome officers were required to certify at the end of every month that they were taking adequate steps to realise the arrears, the fact that arrears remained unrealised indicated that not much had been done in the matter till the statement of outstandings was prepared. He also added that most of the arrears referred to in the audit para and mentioned in the statement* furnished by the Ministry (Appendix I) had been realised through not within the prescribed time limit and instructions had since been issued to rectify the omission. The arrears which were less than a month old amounted to Rs. 9 lakhs and those relating to 1 to 3 months old amounted to Rs. 2.03,000 which meant that there had been failure on the part of the aerodrome officers. In reply to a question the witness mentioned that there was no provision in the aircraft rules to impose any penalty on the defaulting party and the Ministry were taking steps to rectify the lacuna through an amendment. As regards the recommendations of the Estimates Committee made in their 29th Report (1962-63) the witness stated that the recommendations made in para 67** regarding furnishing of security money by caterers and other users of airport had been accepted by the Ministry and that they were now taking security money.

1.9. When the Committee desired to know why no interest was being charged from the parties, the witness stated that the rules had to be amended to give effect to the proposal and the amendments were under consideration. When pointed out by the Committee that the rules did not prevent the Department from charging interest, the witness stated that there was already a penalty clause provided in the rules in the sense that if payments were not made in time, daily rates were to be charged which applied to housing and parking

*Not vetted by Audit.

** For future the Committee would suggest that following steps may be taken to ensure that arrears do not accumulate:

- (i) Government should insist on security money from caterers and other users of the airport e.g. private air companies who are given accommodation on rent so that in case of default arrears can be made good from security money.
- (ii) Rent should be made payable in advance and there should be provision for imposition of penalty, termination of lease, etc. if the arrears remain outstanding for more than one month.
- (iii) A deterrent rate of interest may be levied on all payments which are not made by parties within the stipulated time.

charges and there was no penal provision for the landing charges. He added that deterrent rates of interest could be charged only when a provision to that effect was made in the rules through an amendment. Concessions had however been withdrawn in two cases, one in Madras where the defaulting party had been asked to make payment on daily rates and the other was in respect of West Bengal for non-payment of dues. The Committee were also informed that the levy of interest as suggested by the Estimates Committee could not be imposed with retrospective effect.

1.10. From information available with Audit the Committee find that out of a total amount of Rs. 13,27,000 outstanding on 31st March 1965, relating to landing, parking and housing charges the break up of figures for different periods was as under:

(In thousand of Rupees)

For less than a month	For 1—3 months	For 3—12 months	Over 1 year	Total
908.1	203.3	74.1	141.5	1327.0

1.11. The Committee are surprised to find how such a large amount remained outstanding when according to a departmental order all dues were to be paid by the air companies within a week of the presentation of the bills. The very fact that arrears were allowed to pile up for months together indicates that the aerodrome officers never made any serious efforts to implement the Departmental instructions whereby they were required to ensure that statements of dues were submitted to them and recoveries made in time. The Committee are surprised that such disregard of the rules was not taken due notice of by the Ministry. The Committee feel that there is no machinery in existence which can take notice of such failures. The Committee further feel that the Indian Aircraft rules should be made more specific and realistic providing therein the specific time when the bills should be presented to the air companies. Moreover, the rules should also provide for the penalty by way of interest which should be enforced on the defaulters. It has been stated in evidence that one of the reasons for delay in realisation of the arrears was due to the procedural difficulties of the air companies, particularly the Indian Airlines Corporation.

1.12. The Committee suggest that the Ministry should in consultation with the parties make a realistic assessment of the position and introduce such suitable amendments in the procedure as would

facilitate quick assessment of dues and their realisation by a definite date. The Committee would like to be informed of the action taken by the Ministry in the matter.

1.13. During the evidence the Secretary, Ministry of Civil Aviation stated that the unrealised rents showed that there was failure on the part of the Aerodrome officers. The Committee regret to observe this failure of administration. It is all the more regrettable that such a plea was made by the Ministry when they themselves were responsible for the supervision of this department. The Committee are also left with an impression that the system of the records and accounts obtaining in this department is not satisfactory. The information given to the Committee was either vague or incomplete. The Committee would like the Ministry to examine its system of accounting and maintenance of records, with a view to make further improvements.

1.14. In answer to a question in regard to applying concessional rates at Madras airport, the witness stated that if the date of receipt of cheque is treated as date of realisation then there were only four cases involving an amount of Rs. 2,711.65 which would attract penalty clause. In all these cases bills had been preferred. Asked why the Ministry did not challenge the figure mentioned in the Audit paragraph, the Secretary of the Ministry stated that while going through the cases he had pointed out that the Ministry would not be able to prefer claims because payments had been made within a reasonable period or sometimes even before the quarter and some recalculation of the payment had to be done as they had to be charged at the daily rate. The actual amount of loss of revenue in Madras was Rs. 2,711 and not Rs. 14,000 and things had gone wrong in accepting the date of realisation as the date of encashment of cheques and not receipt of cheques. The witness added that out of the amount of Rs. 2,711 the bulk of the recoveries were to be made from I.A.C. and in all other cases the cheques were received within a few days of the beginning of the month or the quarter, as the case might be.

1.15. The Committee pointed out that the bill register showed the encashment date on the basis of which the Audit decided whether the parties were entitled to the concession or not and the draft Audit Para was framed on that basis which was accepted by the Ministry. The witness stated that their contention that the cheques were received earlier was based on a verification of the cash books which indicated the receipt of the cheques. The Committee pointed out that as far as the bill register was concerned, the entry of the bill was made only when the cheque was realised. In answer to a question the witness conceded that there were some cases where

recoveries were not made from the casual visitors and the DGCA was asked to get the explanation of the officers concerned. He also stated that the DGCA was asked to find out from the aerodrome officers the actual position regarding the submission of reports by the airport officers regarding the cases where the owners of aircraft did not clear the dues within three months of the date of demand. He also added that the Department had been asked to issue fresh orders to introduce the system of internal audit, if necessary.

1.16. As regards the question why three months time was given when departmental instruction provided for payment within a week, the witness stated that the airlines had their own procedural difficulties. IAC took three or four weeks before any particular item of payment was verified and payment made due to their own internal procedures. In order to facilitate the work of these airlines it was probably thought by the Department that this concession could be given even though it was not permissible.

1.17. The fact that the actual amount of loss of revenue in Madras Air-port was Rs. 2,711 only and not Rs. 14,000 goes to prove that the full facts were not examined by the Department initially, nor were they placed before the Audit. They would like to invite the attention of the Ministry to their earlier recommendation contained in para 9 of their 42nd Report (Second Lok Sabha) for strict compliance. The Committee also feel that the procedure of preferring claims which is entailing quite some time now be examined with a view to making it simpler and less time consuming.

1.18. As regards the rent outstanding with the Indian Airlines Corporation for the land leased out to them at Dum Dum Aerodrome, the witness stated that the Corporation wanted an area of 20 acres of land for the construction of Staff quarters which was allotted and given possession of by the Director General of Civil Aviation on 26-11-1962. Subsequently that area was included in the prohibited area and could not be made use of as it was decided not to build buildings there for reasons of safety. The Indian Airlines Corporation were contending that since they could not make use of the land no rent should be charged from them and the matter was being negotiated.

1.19. The Committee find that the land allotted by Director General of Civil Aviation to Indian Airlines Corporation was subsequently included in the prohibited area. They fail to understand how the likelihood of the area being included in the prohibited area was not considered by the Director General of Civil Aviation while making the allotment of land to the Indian Airlines Corporation. They would like to be informed of the outcome of the negotiations now in progress.

1.20. Orders were issued by the late Ministry of Works, Housing and Supply in February, 1961 revising the rates of rent for Government owned permanent and temporary buildings in Delhi and New Delhi to Rs. 45 per hundred square feet and Rs. 35 per hundred square feet respectively, with effect from 1st December, 1960. The revision of rent was, however, notified only in April, 1962 and July, 1962 in the case of buildings located in the jurisdiction of Safdarjang Aerodrome and in December, 1963 in the case of Palam Aerodrome, as the question of applicability of the orders to these buildings remained under correspondence for a long time. The revised rates were actually applied with effect from August and November, 1962 in the case of Safdarjang Aerodrome and March 1964 in the case of Palam Aerodrome, after allowing the notice period of three months. The loss of revenue arising from the delay in taking a decision in this case amounted to Rs. 2.33 lakhs (as computed from June, 1961).

1.21. It had been stated by the Ministry in January, 1965 that the Indian Airlines Corporation had agreed to pay the revised rent with effect from July, 1962 and that other parties were also being persuaded to fall in line with the Corporation.

1.22. The Committee pointed out that according to information available with Audit the orders of February 1961 revising the rates of rent were addressed to the Chief Engineer, CPWD, who in turn had forwarded copies of the order to all the Executive Engineers. The rents of the buildings of the Ministry of Civil Aviation were also fixed by the CPWD and there was already an Executive Engineer of the CPWD attached to the Ministry of Civil Aviation. The Committee desired to know why the Executive Engineer did not take the orders of Civil Aviation authorities when he had received a copy of the orders issued by the Ministry of Works, Housing and Supply in February, 1961. The witness stated that legally only the Director General of Civil Aviation could prescribe the standard rates though they might be assessed by CPWD. In this case, the witness added that the CPWD had taken the view that the initiative for revision of the rates should have come from the Director General of Civil Aviation, but the Director General of Civil Aviation could not take cognizance of these orders because they were not endorsed to him and in that process confusion had arisen. Actually it was through the controller of aerodrome or the aerodrome officer, Bombay who happened to see those orders in May, 1961 that the whole question came upto DGCA who then took up the matter of revision of rates with the Ministry. The Ministry of Civil Aviation consulted the Ministry of Works Housing and Supply and after some discussion regarding the basis of the rent that was to be fixed i.e. whether the

same standard should be followed in assessing the rent of properties of the Ministry of Civil Aviation located at Safdarjang or Palam airports as that followed in determining rent in commercial or residential localities of the City. The Ministry had bodily incorporated the market rates after considering the matter in some detail with the Director General of Civil Aviation, Ministries of Works, Housing and Supply and Finance and the orders were finally issued in January, 1963 for applying these rates. He, however, expressed his doubts whether the Ministry would be able to maintain the market rates as fair and equitable for the areas to which they had been applied. He also added that rents were regulated by specific contracts with parties other than the Government Departments and according to those leases, rent could be revised after giving three months' notice and assessments had to be made with reference to new rate from the period when three months notice expired. In these cases the question of retrospective levy did not arise. However, after some persuasion some parties including the Indian Airlines Corporation had agreed to make payment from an earlier date than the date from which they could have really been legally obliged to pay. The witness felt that in this matter they would have to take a practical view of the matter and not entirely a legalistic view.

1.23. In reply to a question the witness stated that in March 1962 the Director General of Civil Aviation, having foreseen the possibility of rents being revised had advised the aerodrome officer, Safdarjang to take action for revising bills at enhanced rates on a provisional basis and notices were issued for enhancing the rent on 18-7-1962. Explaining the delay of seven months involved in conveying a decision of the Ministry to Director General of Civil Aviation in response to a reference made to them in June, 1962, the witness stated that it was provided in the rules that the rent chargeable was to be the market rent or the standard rent whichever was higher. In this case an enquiry was made whether the standard rent would be higher than the market rent and final orders were issued in January, 1963 as the matter had to be pursued with the Ministry of Works, Housing and Supply. On being pointed out by the Committee that the copies of the original order were endorsed in January, 1962, the witness stated that the orders of the Ministry of Works, Housing and Supply would not *ipso facto* apply to the property belonging to the Ministry of Civil Aviation and merely endorsing the orders of the Ministry of Works, Housing and Supply to an aerodrome officer or the executive engineer or any other authorities would not authorise them to levy rent at those rates.

1.24. The Committee pointed out that even though the decision was communicated to aerodrome officer, Palam in February, 1963 the parties concerned were informed about the increase in December, 1963 and wanted to know the reasons for the delay of nine months. The witness stated that the delay was caused because of correspondence between the aerodrome officer, Palam and Director General of Civil Aviation as to whether Palam would be within the municipal limits of Delhi and whether the rates would automatically apply to Palam. The occasion had arisen when a reminder was sent by the Director General of Civil Aviation to the Aerodrome Officer Palam who pleaded that he had not received the earlier letter. When the position was clarified by DGCA the Aerodrome Officer notified the increase to the parties in December, 1963. In reply to a question the witness stated that recoveries had been made in some cases, while some were disputing payment.

1.25. The Committee regret to find that due to lack of coordination between Ministries of W.H. & S. and Civil Aviation, the revised rates of rent issued in February, 1961 could not be enforced in time by the Ministry of Civil Aviation and consequently Government had to incur heavy losses. The Ministry of Works and Housing should have specifically requested the Ministry of Civil Aviation in February, 1961 to revise the rents of buildings in their charge in Delhi and New Delhi as was done by them in respect of their own buildings. The Committee regret to note that this was not done. Further the orders of Ministry of Works, Housing and Supply of February, 1961 were received by the Executive Engineer (C.P.W.D.) attached to the Department of Civil Aviation. In spite of that, it appears that no action was taken by him to bring these orders to the notice of D.G.C.A. Even the office of Directorate General of Civil Aviation was not prompt enough to take action when controller of Aerodrome, Bombay brought to his notice orders of February, 1961 of the Ministry of Works, Housing and Supply in May, 1961. This lack of co-ordination and delays at different levels resulted in this huge loss. The Committee trust that these pitfalls would be strictly avoided in future.

1.26. They are, however, glad to note that I.A.C. have agreed to make payments with retrospective effect from July, 1962.

1.27. The Committee desired to be furnished with a note stating when a hangar in Juhu aerodrome was allotted to a private party, the monthly rent of the hangar, dues outstanding, if any, and the reasons for allotment. (Note furnished by the Ministry is at Appendix II.

1.28. From the note furnished by the Ministry, the Committee are inclined to infer that the original contract with the Bhopal Aviation sanctioning lease of hangar No. 10 at Juhu was defective and as such the first lessee could transfer the rights of the hangar to Parekh Agencies without intimating the Controller of Aerodromes and the fact of this transfer was known only when the Department served an eviction notice to Bhopal Aviation.

The Committee would expect that in all such cases the terms and conditions of contracts should be finalised after seeking legal advice to ensure that there may not be any lacuna which could be exploited by a party to the contract against the interest of the Government. The Committee are astonished to learn from the note that a private party has been utilising the hangar space allotted to it for overhauling engines of transport vehicles belonging to the firm. This is in clear violation of the terms of the agreement which stipulates that the said premises should not be used for purpose other than aviation purposes. Such a misuse can take place only with the collusion of the staff of the D.G.C.A. The Committee desire that the matter should be properly investigated, responsibility fixed and action taken against those found responsible. The Committee may also be informed whether the Parekh Agencies have since vacated the hangar.

1.29. As regards recoveries of rent of buildings located in the airport area, electricity and water charges etc., due from Government employees, private parties etc., the witness stated that Rs. 1,43,000 were to be recovered from IAC and in regard to the amount of Rs. 1,71,000 from the Delhi region, the IAC was disputing the claim. The witness stated that they would try to settle this case as early as possible. In another case Rs. 81,000 was being disputed over the ownership of the building, Engin Guest House.

1.30. In another case Rs. 10,000 was in dispute which related to the outright purchase of land. An amount of Rs. 1,52,913 was outstanding against Delhi Flying Club. In some cases recovery processes under the Eviction of Premises Act were being taken. He further added that the break up of the total arrears was as follows:

I.A.C.	Rs. 4.6 lakhs nearly (Rs. 3.5 lakhs is under dispute)
Air India	Rs. 2.65 lakhs
Government Departments	Rs. 1.42 lakhs
Government Servants & others	Rs. 1.07 lakhs*

*Including private parties etc., it would be Rs. 2 lakhs approximately.

1.31. The witness further added that the Delhi Flying Club had disputed the increase in rent and had represented to the Government that retrospective levy should not be made and they could not afford to pay and they were also questioning the admissibility of the levy.

1.32. The Committee desired to be furnished with a statement showing the exact position regarding the dues of rent recoverable from Government employees, caterers and store keepers; whether any inquiry into the matter was made and the action taken by the Ministry in that regard. The statement furnished is at Appendix III.

1.33. The witness also stated that a civil suit had been filed against the Devicos restaurant against whom the amount outstanding was Rs. 14,946. As regards the contractors and caterers who had left, their security deposits had been deducted out of the total dues. When the Committee expressed surprise that arrears were due from Government employees, the witness conceded that the accounting system was not exactly what it should have been, and that the Ministry were taking steps to streamline it.

1.34. From the statement furnished by the Ministry at Appendix III the Committee are surprised to find that even though recoveries of dues in respect of Government Servants are made at the source, yet in the Delhi region, the total amount due upto 31st March 1964 from Government servants and other parties outstanding on 30-6-1965 in respect of rent, electricity and water was Rs. 43,807.

1.35. The Committee feel that the reasons advanced by the Ministry are not convincing but they are glad to note that the Ministry are at least now conscious of the urgency of toning up the accounting system and are already taking some steps in this direction. They hope that these steps would enable the Ministry to clear the bottleneck now prevailing.

1.36. In respect of 137 out of the 435 residential and other buildings in six airports located in the Madras region, standard rent had not been fixed even in July, 1964 by the Central Public Works Department, and recoveries were being effected at provisional rates.

1.37. As regards fixation of standard rent in respect of buildings in six aerodromes located in Madras region, the representative of the Ministry of Works & Housing stated that standard rent would be fixed as soon as accounts were finalised and the delay was due to the fact that there were disputes with the contractors and until the accounts were fully finalised exact rent could not be assessed.

1.38. The Committee would like to be informed of the progress made.

Surplus machinery and equipment—para 31(c), Page 37

1.39. On the closure of the Flying and Ground Engineering schools at the Civil Aviation Training Centre, Bamrauli, the aircraft and other equipment worth Rs. 29.46 lakhs have been lying idle mostly since May, 1962. Action for their disposal till December, 1964 remained to be taken.

1.40. Explaining the delay in advising the Director General of Civil Aviation regarding the manner of disposal of the surplus aircraft, the witness stated that even though a decision to close the flying school was taken in 1962, the actual closure took place in February, 1963. In 1963 the need for more pilots was indicated and it was felt that the flying school might have to be revived and therefore, action for the disposal of the aircraft was not taken. In 1964, a decision was taken to recruit pilots through flying clubs instead of flying schools and a firm decision for the disposal of the surplus aircraft was taken only in 1964. The witness further added that in 1954-55 a global tender enquiry was made for the disposal of some aircraft but no buyer could be found. The State Governments were also not interested due to difficulties of maintenance and obtaining of spare parts for older aircrafts.

1.41. The Committee feel that the position should be re-assessed to see whether in the context of present emergency, it would be useful to revive the Flying school and utilise the available machinery for training more pilots.

Delay in the installation of machinery and equipment—para 31 (E)—Page 37.

1.42. Machinery worth Rs. 3.25 lakhs purchased in February, 1961 for "Teleprinter Machinery Distribution System" for the Santa Cruz Airport, had been lying uninstalled since the date of purchase for want of accommodation. It was noticed that tenders for the construction of the building in which the machinery was to be installed were invited in November, 1962 after the estimate had been finalised in August, 1962 and a contract for the work was awarded in February, 1963. The work of installation of machinery had not been taken up even in December 1964 for want of certain minor works in the building which were yet to be completed.

1.43. Explaining the causes for delay in finalising tenders, the witness stated in evidence, that the original order for the equipment was placed in 1958 and the delivery was promised sometime in 1959. Subsequently in 1959 as a result of a meeting of the technical regional committee held at Rome the type of equipment was further changed. Originally, it was thought that it would be possible to accommodate it in a room in the building which would not have

taken much time for construction. But subsequently when the lay out was received in January, 1961, it was found that two rooms would be required and in addition two air conditioning units also had to be installed. Detailed plan and estimates were prepared and Government's administrative approval obtained in January, 1962. Then doubts arose as to whether the building would be able to take on the load of the work involved and it would not be cleared until middle of 1962. Then the tenders were invited and the work was started on 1st February, 1963. He further stated that with the exception of certain air conditioning equipments, the work was complete.

1.44 The Committee find that though the machinery worth Rs. 2.25 lakhs was purchased in February, 1961, the work of installation of the machinery was not taken up even in December, 1964 due to non completion of the required buildings. The Committee regard this as highly unsatisfactory. They desire that there should be proper planning and scrutiny before any scheme is sanctioned so that its implementation may not be unnecessarily delayed.

Publication of Rashtriya Panchang—para 32—Pages 37-38.

1.45. Pursuant to the recommendations of the Calendar Reform Committee, 1965 and to popularise the National Calendar, 'Rashtriya Panchang' is being printed by the Meteorological Department in English at the Government of India Press Calcutta, and in eleven Indian Languages at private presses.

The actual cost to Government per copy of the 'Panchang' works out to Rs 1 (approx.) whereas the sale price fixed is Re. 0.25 per copy. The sales are arranged through the Regional Meteorological Centre, Calcutta and the Manager of Publications. In the case of sales effected through the latter, a commission of 37½ per cent is allowed.

1.46. Out of the 1,50,850 copies (which included 33,300 copies meant for free distribution) printed at a cost of Rs. 1.50 lakhs during the seven years ending with 1963-64 (1885-SE) only 27,033 copies were sold and another 30,262 copies distributed free. Of the remaining 93,555 copies, 75,675 were declared surplus; 2,180 were kept by the Department for reference purposes; account in respect of 10,255 copies issued to the Manager of Publications is not available; the position of the balance 5,445 copies is not known. Out of the 75,675 copies declared surplus, 69,457 were sold as waste for Rs. 3,012 between June, 1962 and November, 1964, resulting in a loss of Rs. 65,445 computed with reference to the actual cost of printing. The remaining 6,218 copies were awaiting disposal till February, 1965.

1.47. It is noticed that the total number of copies printed was reduced from 29,450 in 1957-58 to 13,000 in 1963-64; the number of copies printed for free supply remains, more or less, the same, viz. 4,450 as in 1957-58 and 4,000 in 1963-64 the number of copies distributed free during 1963-64 was 30.51 per cent of the total number of copies printed (as compared to 14.10 per cent in 1957-58).

1.48 The Ministry had informed Audit in August, 1961, that the non-availability of the printed copies before the commencement of the respective years materially affected the sale. It had been stated in October, 1964 that steps to be taken to ensure timely publication of the 'Panchang' and to increase the sales were under consideration.

1.49 In evidence the witness furnished the following figures showing the number of copies of panchang printed, sold and distributed free during the last three Saka years:

	Copies printed	Sold	Distributed Free
1883	16,000	3,440	3884
1884	10,000	2,999	3868
1885	*13,000	3,553	3968

*there were some special features and the Department had anticipated more demand

1.50 He further added that copies were distributed free mainly to the Departments of Government of India, State Governments, leading Panchang makers, public institutions and the information centres of the Central Government and State Governments. Asked why accounts in respect of 10,255 copies were not available, the witness stated that copies were issued to various agents and the Manager of Publications was finding it difficult to trace them. He also stated that efforts were being made to reduce the number of copies gradually and it was decided that besides the English version, the Government of India Press would also Publish Panchang in Hindi Marathi, Tamil, Gujarati and Urdu. He further stated that great delay was involved in the publication of regional versions. Some improvement had been effected and for the next year the English version was already ready and the translations in regional languages would be ready by August, 1965 and it was expected that the printed copies in different languages would be ready by October-January. When copies were ready advertisements would be issued. The Committee were also informed that the loss was being incurred on this project because the sale price was only 25 paise

while the cost of printing per copy amounted to Re 1. It was not possible to raise the price of the publication because the Ministry of Home Affairs who had sponsored the project held that it was a promotional venture whereby the Government were trying to popularise a scientific panchang as against the traditional one. The Panchang was based on Saka year and it contained some astronomical details which were not normally given in other panchangs though it contained less of astrological details. Asked whether advertisements to reduce the cost of production were accepted, the witness stated that an attempt was made to secure advertisements through the DAVP but no advertisement could be booked. When the Committee desired to know whether any expert committee was consulted on the desirability of publishing the Panchang, the witness stated the Ministry of External Affairs and the ground floor by the Director publication of the Panchang and on two occasions the astrologers in the country were requested to furnish their comments in the light of which the final preparation was made.

1.51. The Committee are surprised to find that out of 1,50,850 copies (which included 33,300 copies meant for free distribution) printed at a cost of Rs. 1.50 lakhs during the 7 years ending with 1963-64 (1885-SE), only 27,033 copies were sold and 75,675 copies were declared surplus. Further there are no accounts available with the Ministry in regard to 5,445 copies. The sale of 69,457 copies as waste which brought Rs. 4012 resulted in a loss of Rs. 65,445 computed with reference to the actual cost of printing. This loss, the Committee feel could have been reduced, if the minimum number of copies only had been printed. The Committee also find that there has not been much publicity about the usefulness and value of Panchang. They are, therefore, of the opinion that urgent steps should be taken by the Ministry to examine the whole project with a view to reduce the loss to the minimum. They are, however, glad to know that the Ministry have now been able to make arrangements for early publication of the Panchang in regional languages. However, before publishing this Panchang in all the regional languages, its popularity must be ensured. Secondly, only minimum copies should be printed to begin with. The Committee would also suggest that the Ministry should examine if the contents of the Panchang could be rationalised to make it more popular.

1.52. The Committee feel that as the Panchang has been under publication for the last seven years or so, an overall assessment should be made at an early date to ascertain the extent of its usefulness and how far its utility and popularity could be enhanced.

II
MINISTRY OF COMMERCE
Audit Report (Civil), 1965

Nugatory Expenditure—para 33, Page 38.

In December, 1962, Government approved a proposal of the Indian Mission at Lagos, for hiring a building for a show room with an area of 3,584 sq. ft. for a period of 15 years at a rent of Rs. 71,420 per annum. Out of the total area, 1,000 sq. ft. was earmarked for accommodating the Information Service of the Mission which was till then located in the Chancery building. Though the rent of the building was paid from the 15th January, 1963, the library of the Information Service had been moved in the premises after 16 months in May, 1964. The *pro-rata* rent for the period 15th January, 1963 to 30th April, 1964 for the portion of the accommodation not occupied worked out to about Rs. 23,000.

2.2. The Committee desired to know why the portion of the building earmarked for the Information Service was not occupied for 16 months. The Secretary of the Ministry of Commerce stated that though factually it was correct that the Information Service was not accommodated there for quite sometime the premises were used by other offices to the extent possible and the accommodation was not lying wholly vacant. He further added that the occupation took sometime because the officer-in-charge was appointed somewhat late by the Ministry of External Affairs. On being asked whether the accommodation had been fully occupied, the witness stated that the first floor had been occupied by the Information Service under that there was the Calendar Reform Committee to advise on the of Exhibitions. The accommodation had been now fully occupied. Although the portion meant for the Information service was not occupied the premises were used for sometime by the Handloom Export Officer and for sometime by Air India. The witness promised to furnish a note indicating the amount that had been paid by the Air India for occupying the premises allotted to them and the amount which was due from them. The Ministry of Commerce have stated in a written note that Air India occupied 154 sq. ft. space on the first floor of the Government of India showroom premises at Lagos for 6 months from 17th March, 1964. Air India has to pay Nigerian Pounds 177-2-0 (Rs. 2,361.33) as *pro-rata* rent for the space occupied by them for this period. It is stated that the matter regarding the recovery of this amount from the head office of the Air India at Bombay is being pursued vigorously. **The Committee trust that the amount would be realised soon.**

2.3 The Committee enquired whether the lease deed provided option for the termination of lease and getting alternative accommo-

ation at cheaper rates. The witness stated that the option was there but the period of lease was for 15 years and it was renewable after fifteen years.

2.4. The Committee are unhappy to note the lack of proper planning and co-ordination as disclosed in this case. They are unable to appreciate why the Ministry of External Affairs got a portion of the accommodation earmarked for the Information Service when they had not even appointed the officer. There was also an undue delay of about 16 months in occupying the premises by the shifting of the Library of the Information Service. The purpose for which the accommodation was obtained, thus could not be achieved for 16 months. The Committee hope that there will be better co-ordination between the different Ministries to avoid recurrence of such cases in future.

Infructuous Expenditure Incurred on rent of Shop for Trade Centre
—para 34, Pages 38-39.

2.5. Four shop rooms in a building, belonging to a foreign Government, were rented by an Indian Mission abroad from different dates during the period June, 1959 to August, 1961. Two of the shops remained closed for more than 2 years in all and the other two for about a year, as indicated below, for carrying out repairs and structural alterations and renovations.

	Date from which the shops were rented	Annual Rent	Period during which the shops were under repairs.
		Rs.	
1st shop } 2nd shop }	26th June, 1959	26,667	26th June, 1959 to 22nd July, 1960 and December, 1961 to November, 1962.
3rd shop	1st April, 1960	13,600	December, 1961 to November, 1962.
4th shop	15th August, 1961	13,600	

2.6. In respect of the first two shops, the lease deeds provided that a sum of Rs. 27,000 would be spent by the foreign Government on the repairs to make the shops fit for the trade centre but no provision was made in the agreements that rent would become payable only when the shops had been repaired and were ready for occupation. The rent for the period required for repairs from 26th June, 1959 to 22nd July, 1960 amounting to about Rs. 29,000 had to be paid to the foreign Government. In addition to the sum of Rs. 27,000 for repairs provided in the lease deeds the Mission found it necessary to spend an additional sum of Rs. 15,000 for the purpose.

2.7. In respect of the third and fourth shops, the foreign Government spent about Rs. 19,000 on the repairs of these shops in accordance with the terms of the agreements. When, however, the fourth shop was hired in August, 1961, the Embassy carried out at the cost of Government large scale structural alterations and renovations of all the four shops at an estimated cost of Rs. 58,000. For carrying out all these works the trade centre was closed for about a year (December, 1961 to November, 1962) without obtaining the approval of Government. The expenditure incurred on rent amounted to about Rs. 54,000.

2.8. The representative of the Ministry of Commerce stated in evidence that the premises were leased to them by the foreign Government. He admitted that a possible condition in the lease agreement could have been that rent could be charged only when the premises were repaired and ready for occupation. Giving the background of the case the witness stated that after the exhibition which was held in Baghdad early in 1959, it was mutually agreed upon that there should be a trade centre in Baghdad. The Iraq Government offered then accommodation on the condition that they should start paying the rent forthwith and Iraq Government would spend the money on alterations. The contract was signed in June, 1959.

2.9. The Committee enquired why the repair work of the third shop (hired from 1-4-1960) was taken up after nearly one year and nine months of its possession. The witness stated that at that time the Foreign Government was faced with extreme shortage of technical personnel and also in late 1959 there was a revolution in Iraq. As regards the nature of the repairs, the witness stated that it was partly alterations, putting inter-connecting doors etc. The Committee desired to know why the Indian Mission spent Rs. 15,000 on repairs when Iraq Government had spent Rs. 46,000 on repairs etc. and also when responsibility for alterations was that of the foreign Government. The witness stated that they incurred expenditure on the show room, and this was not included in the lease agreement. The representative of the Ministry admitted that the amount paid as rent for one year, when the premises were not occupied, was equal to the amount which the Foreign Government spent on repairs. Asked whether it was envisaged at the time of entering into contract that they would have to spend about Rs. 73,000 for repair, the witness stated that they did not know the precise amount but they knew that some expenditure would have to be incurred.

2.10. The Committee enquired why the trade centre was closed for a year without obtaining the approval of Government. The witness stated that only the display part of the exhibition was closed

and added that the staff was occupying the rooms and the work was going on. The trade centre was closed for public but the traders were allowed to get in and work relating to trade enquiries, inviting traders and showing them the samples was going on. The witness admitted that there had been a procedural failure in not obtaining Government sanction for closing the trade centre for purposes of exhibitions. The witness further stated that all the four shops were taken in one lease.

2.11. The Committee are surprised to find that no provision was made in the agreement that rent would be charged only after the shops had been repaired and were ready for occupation. They feel that the absence of such a condition in the agreement had resulted in the avoidable payment of rent for one year when the premises were not occupied.

2.12. It is also not understood why it was not known that Government would have to incur expenditure to the tune of Rs. 73,000 in addition to the expenditure incurred by the foreign Government. This only shows that the shops were rented without having a proper survey and without obtaining detailed estimates etc. The Committee are also of the view that a period of about 2 years taken for repairs and renovation is excessive during which time the work of the Centre suffered.

2.13. The Committee trust that failure to obtain Government sanction for closing the trade centre for purposes of exhibition would not recur in the case of other missions.

2.14. The Committee feel that had the Ministry of Commerce taken due care of all these aspects at the time of entering into agreement, Government would not have been called upon to incur heavy expenditure to the extent of Rs. 83,000 (rent paid for the period the shops remained under repairs, structural alterations etc.) and Rs. 73,000 (spent by India Government on repairs, structural alterations, renovations etc.). They trust that adequate care would be taken in future while entering into such contracts.

Directorate of Exhibitions—para 35, Pages 39—41.

2.15. The Director of Exhibitions is responsible for organising India's participation in the international trade exhibitions/fairs abroad, holding wholly Indian exhibitions and also for the setting up of show-rooms/trade centres in foreign countries.

2.16. During 1962-63, the Ministry participated in 14 exhibitions/fairs in foreign countries and incurred a total expenditure of Rs. 19.79 lakhs on the purchase of exhibits in India, construction and decorations of pavilions, publicity, port dues, local staff, etc. In addition, an expenditure of Rs. 5.38 lakhs was incurred on the headquarters establishments and Rs. 2.29 lakhs on the deputation of officers and staff abroad.

2.17. A local audit of the accounts of the Directorate in October—December, 1963 brought out the following points—

(a) *Avoidable loss on insurance.*

In contravention of directive issued by Government in March, 1951 that all insurance business should be done with the Indian Insurance Companies Association Pool, the Directorate booked all such insurance business with a foreign concern whose premium rates were higher than those charged by the Pool. While no consolidated record of the premium paid to the foreign company in the past was available with the Directorate, examination of the accounts files in respect of 9 out of the 27 exhibitions in which Government participated during 1961-62 and 1962-63 showed that a total amount of Rs. 1.41 lakhs had been charged by the foreign company as insurance premium whereas the charges of the Indian Insurance Companies' Association Pool for the same service would have been only about Rs. 30,000. The extra expenditure thus amounted to Rs. 1.11 lakhs or about 375 per cent. more.

2.18. Audit was informed in January, 1965 that the existence of the Pool and the Government's orders on the subject were not known to the Exhibition Branch until the Ministry of Finance issued a fresh circular in March, 1961. Even then the existing arrangements were continued and arrangements with the Insurance Pool were made effective only from September, 1962.

2.19. The Committee desired to know why the existence of the Indian Insurance Companies' Association Pool and the Government's orders of March, 1951, that all insurance business should be done with the Pool were not known to the Exhibition Branch when the exhibits sent abroad were insured with a foreign company. The Secretary of the Ministry stated that under the normal procedure copies were endorsed to all sections/divisions concerned. This particular order did not seem to have reached the Director of Exhibitions. The existing arrangements were continued till 1962. Director of Exhibitions was unaware of the orders till a reminder circular was received.

2.20. Explaining the procedure of transportation of goods to foreign countries where exhibitions were held, the witness stated that they had given agency to the Shipping Company, Thomas Cook

& Sons. Later on when Thomas Cook & Sons wound up, they had passed on the work to Mackinon & Mackenzie. This Company collected small quantities of goods from hundreds of parties in India and in one lot these goods were being transported. This Shipping Company was responsible until goods were delivered to Indian pavilion in the exhibition countries concerned. The insurance of goods was done by the Shipping Company on their behalf. The Committee desired to know the name of the insurance company and whether that Company had any office in Delhi. The witness stated that the name of insurance Company was Atlas Insurance Company and it had no office in Delhi. The Committee enquired whether this Insurance Company gave the usual percentage of commission which was given on the insurance business and if so, whether the Ministry got any commission. The Secretary of the Ministry stated that the shipping agents were doing insurance business on their behalf and the benefit of any favourable treatment was also passed on to the Ministry. He added that to his knowledge there was no extra benefit which the shipping companies retained for themselves. He promised to explore this particular aspect further. The Committee desired to know why even after getting the 1961 Circular that the insurance should be placed with the Indian Companies, the Ministry of Commerce requested the Ministry of Finance to permit them to continue insurance business with foreign insurance companies. The witness stated that the foreign insurance companies had their agents at every intermediate port and foreign insurance companies used to pay compensation without any dispute. On the other hand Indian Insurance Companies had not been prompt in rendering their help. The Secretary of the Ministry stated that the decision had been taken now to insure goods with the Indian Insurance Pool.

2.21. The Committee are surprised to learn that such an important order of the Government issued in March, 1961 that all insurance business should be done with the Indian Insurance Co. Association Pool did not reach the Exhibition Directorate and they continued to book all insurance business with the foreign concerns. Even otherwise the Government departments are expected to know the policy of the Government on important matters like doing business with the Indian Companies rather than with foreign companies. What is more distressing to note in this case is that in spite of the fresh circular of the Ministry of Finance in March, 1961 reiterating their orders of March, 1961, the Exhibition Directorate continued to give insurance business till September, 1962 to foreign companies instead of Indian Insurance Companies Pool, and this resulted in an extra expenditure of Rs. 1.11 lakhs by way of insurance premium in respect of 9 out of 27 Exhibitions in which Government participated during 1961-62 and 1962-63. The Committee do not find any justification

for the Exhibition Directorate continuing insurance business with the foreign companies after March, 1961.

2.22. What is more disappointing in this case is that even after March, 1961, the Ministry of Commerce approached the Ministry of Finance to permit them to continue business with the foreign insurance companies on the plea that the foreign insurance companies settled the claim promptly. This plea was not borne out by facts inasmuch as claim amounting to Rs. 1.33 lakhs remained unsettled in respect of exhibits sent for exhibition held during the period 1957 to 1962 as mentioned in sub-para (ii) below. Moreover, the assumption that the Indian Insurance Companies would not be prompt in settling claims was only an inference not based on previous experience, since the Exhibition Directorate was dealing only with the foreign companies till September, 1962. The Committee, therefore, suggest that the whole case should be examined afresh with a view to fixing responsibility for the following lapses:

- (i) Why was the circular letter of Ministry of Finance issued in March, 1961 not received in Exhibition Directorate?
- (ii) In spite of the fact that the foreign companies delayed the settlement of claims, why did the Ministry of Commerce not act promptly on receipt of fresh circular of Ministry of Finance in March, 1961.
- (iii) The circumstances under which it was considered advisable to give preference to the foreign companies over Indian companies.

2.23. The Committee feel that had Exhibition Directorate acted immediately on receipt of circular in March, 1961 from the Ministry of Finance, the extra expenditure of Rs. 1.11 lakhs by way of insurance premium could have been avoided.

(b) *Delay in Settlement of Insurance Claims.*

2.24. The exhibits both of Government and of private parties sent for display at international trade exhibitions/fairs were surveyed once on arrival at places where such fairs/exhibitions were held and again at the Indian ports where they landed on return. Besides, Government goods were also surveyed at New Delhi on return as the insurance cover was obtained for them also for transit from the port of landing in India to New Delhi.

2.25. While reviewing some of the stock registers of exhibits, it was noticed by Audit that a large number of exhibits had either been in damaged condition or been not received at all. There was, however, no reference to the lodging of claims with the insurance

company in respect of these exhibits. No consolidated claim register was being maintained to watch the proceeding of cases effectively. A scrutiny of about 20 files produced to Audit indicated that claims lodged in 21 cases in respect of goods sent for exhibitions held during 1957 to 1962 were not followed up with the result that claims amounting to Rs. 1.33 lakhs had remained unsettled. The Ministry had informed Audit in January, 1965 that these cases were being pursued with the insurance company concerned.

2.26. The representative of the Ministry stated in evidence that in many cases of insurance claims the cost of repair was only paid to the parties preferring claims for damaged goods. The cost of repair was to be estimated by the manufacturer himself and then he would have to establish the case. Then only compensation could be realised.

2.27. The Committee desired to be furnished with a note* stating the amount claimed and the percentage of claims that remained unsettled. The information has been received and is at Appendix IV.

2.28. The Committee enquired why no consolidated claims register was being maintained to watch the processing of the cases effectively. The representative of the Ministry stated that shipping companies settle claims with the parties direct. Cases came to Government whenever there were complaints from the parties either in regard to delay in settlement of claims or any dispute. In the event of a dispute, as a third party, cases used to come to Government and they used to certify the loss.

2.29. The Committee, however, are of the opinion that the maintenance of a consolidated claims register would facilitate the Directorate of Exhibitions in looking into complaints promptly and settling the claims expeditiously. The need for the maintenance of such a Register is supported all the more by the fact that claims, as stated in a written note furnished by the Ministry, amounting to Rs. 96,587 i.e. 43.3% of the total claims in respect of goods belonging to the Directorate of Exhibitions sent for exhibitions held during 1957-58 to 1962-63 have yet remained unsettled.

2.30. The Committee also suggest that the matter should be taken up with the Companies for speedy settlement of the outstanding claims. The Committee also consider it desirable to have a periodical review of old outstanding cases, so that claims do not go on accumulating.

*Not vetted by Audit.

**AUDIT REPORT ON THE ACCOUNTS OF THE COFFEE BOARD FOR THE YEAR
1963-64**

2.31. The Coffee Board is a statutory Body established under the Coffee Act, 1943. Sec. 30 of the Coffee Act envisages the maintenance of two separate Funds by the Board:

- (i) *The General Fund* which is credited with the amounts of grants paid by the Union Government under Section 13 (1) of the Coffee Act out of the proceeds of Excise and Customs Duties levied on Coffee.

Loans given by the Government of India to the Coffee Board for implementing the Plan for increasing Coffee Production are also credited to this Fund.

Expenditure on Administration, Propaganda, Development and Research Departments of the Coffee Board is debited to this Fund.

- (ii) *The Pool Fund*, the accounts of which are closed on the basis of a Coffee season, incorporates the transactions relating to the pooling of coffee produced by the growers and its centralised marketing.

The accounts under review relate to the transactions of the General Fund for the year 1963-64 and those of the Pool Fund for the crop season 1960-61.

2.32. *Working Results.*—The Receipts and Payments under broad categories are indicated below:

I. GENERAL FUND	(In lakhs of Rupees)		
	1961-62	1962-63	1963-64
Opening Balance	22.73	31.57	33.22
<i>Receipts :</i>			
1. Grants from Govt. of India	31.29	38.34	15.95
2. Loans from Govt. of India	10.48	4.21	8.00
3. Miscellaneous Receipts (Mainly by sale of Coffee through Propaganda Department)	127.02	159.16	172.88
4. Other Receipts	1.73	3.06	6.96
TOTAL	193.25	236.34	237.01

	1961-62	1962-63	1963-64
<i>Payments</i>			
1. Administrative charges	12.20	11.44	19.57
2. Expenditure of Propaganda Deptt. for increasing the sale and consumption of Coffee including Purchase of Coffee and Chicory	119.87	157.67	152.35
3. Expenditure by the Research Department	16.10	19.18	22.47
4. Loans to Growers	9.24	8.94	11.19
5. Other Payments	4.27	5.89	7.65
Closing Balance	31.57	33.22	23.78
TOTAL	193.25	236.34	237.01
NOTE:— The Sum of Rs. 19.57 lakhs under "Administrative Charges" General Fund includes an outlay of Rs. 11.69 lakhs of the construction of Administrative Building for the Board's Offices as against an outlay of Rs. 4.28 lakhs during 1962-63.			
II. POOL FUND :		(In lakhs of rupees)	
Crop season	1958-59	1959-60	1960-61
<i>Income :</i>			
1. Sales of Coffee	1,578.14	1,613.99	1,900.55
2. Misc. Receipts	1.76	4.28	4.66
TOTAL	1,579.90	1,618.27	1,905.21
<i>Expenditure .</i>			
1. Pool Payments to Big Growers (Owing 50 acres & above)	1,165.45	1,129.27	1,336.15
2. Pool Payments to Small Growers (Owing upto 50 acres)	306.66	342.19	412.37
3. Excise Duty payable under Sec. 12 of the Coffee Act.	14.77	15.55	17.57
4. Remuneration to Agents	33.77	28.60	39.94
5. Cost of storing Transport and Marketing	23.59	25.71	29.89
6. Administration	11.58	12.58	12.82
7. Other payments	17.32	27.99	38.81
8. Excess of Income over expenditure	6.76	36.38	17.66
TOTAL	1,579.90	1,618.27	1,905.21
Average sale value per 50 kg. realised in Pool Auctions (excluding Central Excise Duty	170.00	164.00	144.10

2.33. The Committee enquired how the sale proceeds were shown by the Coffee Board under two different heads—one under the general fund and the other under the pool fund. The Chairman of the Coffee Board stated that so far as the Act was concerned, all the coffee that was grown in India was pooled to the Coffee Board. Every year an estimate was made about the probable availability of coffee for sale. Out of that 25 per cent was taken out and allotted for sale through propaganda and co-operative departments of which 10 per cent was made available for sale through the propaganda department. Therefore, the figure that was furnished under general fund related to the coffee sold by the Coffee Board through its propaganda department and depots. It included raw coffee, powder coffee and liquid coffee.

2.34. At the instance of the Committee the Ministry of Commerce have furnished a note explaining why Pool Fund accounts are so much in arrears and what steps are being taken to bring them forward (Appendix V). In the note, it is mentioned that according to the existing system the accounts of the Pool Fund are compiled in respect of each crop season, normally a new account of each season is opened on the 1st July of each year and the final accounts of a particular season will be available only at the expiry of three years after the date on which the accounts are opened.

2.35. The Committee desire that the Ministry of Commerce in consultation with the Comptroller and Auditor General should review the present method of accounting with a view to reduce the time-lag of three years in presenting the accounts of the Pool Fund.

2.36. *Workshop Lathe*.—A workshop lathe bought in 1960 at a cost of Rs. 6,337 for the fabrication of small parts for the various equipment used in the Central Coffee Research Institute, Balehonnur was remaining idle due to the delay in the completion of the workshop building by the State Public Works Department to whom the work was entrusted in 1956-57 for completion by March, 1961.

2.37. The Committee desired to know the reasons for the delay in the completion of the workshop building by the State P.W.D. The witness stated that the place of construction was an inaccessible one—a plantation area where it was very difficult to get contractors to work. The Coffee Board entrusted the work to State P.W.D. Efforts were made to persuade them to construct the building as soon as possible. It was not possible for them to do it. Later the Coffee Board had been taking up construction through private contractors.

2.38. The Committee feel that the abnormal delay in the utilisation of lathe indicates that there has been inadequate planning when the machinery were purchased. They hope that proper thought would be given to all aspects before purchasing costly machinery and equipment in future so as to avoid the possibility of their remaining unutilised for long periods.

Para 5:

2.39. Scheme V in the Coffee Development Plan provided for the grant of financial assistance to individual growers and co-operative pulping units for the setting up of pulping units and for the supply of equipment and machinery on hire purchase basis. During the years 1960-61 to 1963-64, the Research Department of the Board, through which the scheme was administered, incurred an expenditure of Rs. 8,64,925, for issue of pulpers, sprayers etc. on hire purchase basis. The loan registers however were not properly maintained and it was not possible in local audit to verify whether instalments had been regularly recovered in all cases. The Board had stated (November, 1964) that action had been taken to bring the loan records upto date and that steps were being taken to recover the dues from the loanees by issuing legal notices or filing suits as might be necessary.

2.40. The witness stated in evidence that the three years accounts (1960-61 to 1962-63) had been reconciled and all the other items were being sought to be reconciled. The reconciliation for 1963-64 was being done. At the instance of the Committee, the Ministry of Commerce have furnished a year-wise analysis of overdue instalments of loans and the action taken to recover them. (See Appendix VI).

2.41. The Committee regret to note that the loan records were not being properly maintained. They desire that the loan registers should be posted up-to-date and reconciled properly so that the recoveries are made from the loanees in time.

**AUDIT REPORT ON THE ACCOUNTS OF THE RUBBER BOARD FOR THE YEAR
1963-64**

General Fund:

2.42. The main source of income of the Board is the amount made over to it by the Government of India under Section 12(7) of the Act, from out of the net proceeds of the excise duty levied on rubber produced in India. The Board is also levying fees for the issue of licences under the Act. Such proceeds are credited to the General Fund of the Board.

2.43. During the year 1963-64, the Board received a sum of Rs. 64.55 lakhs as grants from the Government of India under Section

12(7) of the Act, as against the total cess collections credited to the Consolidated Fund of India during the period amounting to Rs. 51.99 lakhs.

2.44. *Financial Results.*—A summary of receipts and payments under the main heads during 1963-64 is given below:

(In lakhs of Rupees)

Receipts	Payments
Opening Balance with the Board	5.18
Collection of Excise duty (Cess) received by the Board for credit to the Consolidated Fund of India	31.25
	Administration
	2.06
	Research
	2.47
	Development :—
	Pay & Allowances
	2.63
	Other charges, contingencies etc.
	(i) Re-planting Subsidy
	53.68
	(ii) Distribution of Planting Materials
	1.30
	(iii) Nursery expenses
	2.48
	(iv) Other items
	1.89
	61.98
Grant from Central Government from out of excise duty collections credited to Consolidated Fund of India	64.55
Licence fee	0.62
Miscellaneous receipts (including receipts kept under suspense)	3.28
TOTAL	104.43
	Expenditure kept under suspense
	0.84
	Closing balance
	1.83
	104.4

* *Note:*—This does not include an amount of Rs. 20.74 lakhs collected by the Revenue Authorities and remitted direct to Government Treasuries.

2.45. The Committee pointed out that the percentage of cost of administration to total expenditure had increased to 5.91 per cent in 1963-64 as against 4.03 per cent in 1962-63, and desired to know the reasons for this increase in the expenditure on administration during 1963-64. The Chairman, Rubber Board, stated that it was due to the increased activities on the research and extension side and on the re-planting scheme. The Committee would like the Ministry to analyse in detail the increase in the cost of Administration to see whether the increase has been commensurate with the results achieved.

Arrears in Assessment and Collection of Excise Duty—part 3

2.46. The Work relating to the assessment and collection of the cess (excise duty, under the Act has been entrusted to the Board under Section 12 of the Rubber Act. The incidence of duty was on producers upto 31-3-1961 and on the manufacturers thereafter.

2.47. The assessment of duty on producers for the period upto 31.3.1961 was still in arrears in 1,47,365 cases involving an estimated amount of Rs. 51.28 lakhs. Out of an amount of Rs. 142.27 lakhs (including balance of Rs. 0.40 lakh prior to 1.1.1955) assessed till 31-3-1961 was still in arrears in 1,47,365 cases involving an estimated out in the Audit Report for 1962-63 the Board was not having an year-wise analysis of the arrears pending realisation. The Board informed Audit in September, 1964, that a vigorous drive to speed up the assessments and collections of cess from producers was being launched through appointment of special staff.

2.48. As on 31-5-64, the assessment of duty on manufacturers introduced from 1.4.61 was pending in 1314 cases for the period ended 31-3-1964. In respect of assessments completed a sum of Rs. 77.61 lakhs was pending collection (31.5.64). The Board had stated in September, 1964 that effective steps could be taken only after certain writ petitions filed by the manufacturers in the High Courts were disposed of, and that in the meantime, every possible step was being taken in this regard.

2.49. The Committee desired to know the steps taken by the Rubber Board to clear pending assessment and in effecting the recoveries expeditiously. The witness stated that the arrears related mostly to producers who had below 5 acres of land. The Rubber Board had appointed a special officer in September, 1964, for dealing with these cases. Meanwhile there were a number of judgements from the District Courts and the High Courts with the result that the procedure which they had been following earlier had to be further elaborated. As a consequence of that, a work-study had been

done and it was found that one officer could deal with 15,000 cases a year. To speed up the collection two more special officers had been appointed from 1st April, 1965. The witness added that the collections which they were effecting as against the assessments made were hardly commensurate with the establishment charges incurred by them. Therefore, they were hesitant in appointing more staff. They had taken up the matter with the Government and it was under consideration of Government. **The Committee would like to be informed of the final decision taken in the matter by Government.**

2.50. The Committee desired to know the details regarding the subsidy of Rs. 1,000 being given for replanting and about the loan being given to small planters. The witness stated that the subsidy was given for re-planting. If the old and un-economic trees were cut down and planted with high-yielding varieties of rubber, the yield would be considerably more. The rubber grower, whether he was a large grower, or a small grower, was entitled to that subsidy. This was operated from the General Fund of the Board. The loans given by the Board were from out of the proceeds of the Pool Fund. Under the existing scheme Rs. 750/- per acre was the interest-free loan for new planting and Rs. 475/- for maintenance of the existing areas upto a limit of 15 acres.

2.51. The Committee desired to know the difficulty in collecting the arrears from the manufacturers. The witness stated that there were some difficulties in collecting the arrears. One was that there was delay in submission of returns. Now they had been able to control or minimise the delay in the submission of returns. The other difficulty was that though the return had already been received from the party and assessment had been made, the collection had been stayed under the orders of the High Courts. The issues raised by the various parties varied from one party to another. A number of amendments to the Act/Rules had been suggested by the Board to Government for getting over these difficulties. These will not affect the writ petitions already filed. The Committee desired that a list of the parties who had filed writ petitions so far as manufacturers were concerned might be furnished. From the list furnished by the Ministry of Commerce the Committee note that 104 parties have filed Writ Petitions so far as manufacturers are concerned, in the Kerala High Court, Punjab High Court, Bombay High Court and Madras High Court.

2.52. **The Committee trust that with the appointment of more officers and the steps taken by the Revenue Board to minimise the delay in the submission of returns, the Rubber Board will be able to assess and collect Cess more promptly. They would, however, sug-**

gest that while making assessment and effecting collection, the Rubber Board should keep in view the establishment charges to be incurred by them. If necessary, the Government might even consider desirability of waiving petty claims in case the cost of collections is likely to exceed the amounts to be realised. They would also like to invite attention to para 18 of their 35th Report (Third Lok Sabha) in this connection wherein the need of streamlining machinery for effecting assessment was stressed.

Pool Fund—para 5:

2.53. A separate fund called the Pool Fund was also maintained by the Board for the rehabilitation of small growers. To this fund was credited the sums realised by sale of rubber imported or purchased by the Board and any other sum which might with the previous approval of the Central Government be transferred from the General Fund. As in the previous years the Board did not effect any purchase or sale of rubber during 1963-64.

2.54. The difference between the landed price of rubber and the controlled price of indigenous raw rubber continued to be collected by the Board in accordance with the conditions stipulated in the Import Licences issued by the Chief Controller of Imports and Exports. A sum of Rs. 105.84 lakhs was credited to the Fund up to 31.3.1964 on account of such difference in price.

2.55. The expenditure incurred from the fund for the rehabilitation of the small growers during 1963-64 amounted to Rs. 2.18 lakhs as against an estimated provision of Rs. 8.16 lakhs made in the revised budget estimates. The receipts credited to the Fund during the year amounted to Rs. 6.69 lakhs. Year-wise details of expenditure incurred from the fund and the outstanding balances under the fund at the end of each year are indicated below:

(In lakhs of Rupees.)

Year	Expenditure	Closing Balance
1958—59	0.13	76.21
1959—60	0.43	77.70
1960—61	0.33	77.56
1961—62	1.08	77.33
1962—63	1.47	97.21
1963—64	2.18	101.72

2.56. Out of the closing balance, a sum of Rs. 95 lakhs stands invested in fixed and call deposits at interest rates ranging between 3½% and 4½%; Rs. 45 lakhs in State Bank of India and its subsidiaries and Rs. 50 lakhs in a scheduled bank. The Board stated in September, 1964 that the receipts in the fund would be considerably reduced from 1963-64 onwards on account of the revision in the Indian Controlled price and the enhancement of the import duty on rubber, and that consequently, there would be no more accumulation of balances in the fund. Several new schemes for financial assistance to small growers were also stated to be under consideration.

2.57. Furnishing details of the expenditure from the pool fund the witness stated that in 1964-65 they spent about Rs. 9.16 lakhs out of the pool fund while in 1963-64 only Rs. 2.18 lakhs were spent. The witness added that this year they had submitted some schemes to Government and after getting sanctions from Government they would be spending about Rs. 15 lakhs.

2.58. The Committee feel unhappy that only a small sum of Rs. 2.18 lakhs was spent out of the Pool Fund during 1963-64. Since the Pool Fund is applied only for the rehabilitation of small growers, the heavy balance of Rs. 97.74 lakhs in the Fund as on 31st March, 1965 would indicate that sufficient attention to this work has not been given. The Committee would like to watch the progress of this work through future Audit Reports.

2.59. The Committee enquired why the Rubber Board was keeping huge amounts of the Fund in the private Bank in call deposits. The witness stated that it was an earlier arrangement and they were keeping more than Rs. 50 lakhs with the Central Bank of India and about Rs. 30 lakhs with the State Bank of India. The Committee enquired why even after 1961 when a directive was issued from Government that as far as possible such amounts should either be credited to the Treasury or kept with the State Bank of India the amount was not withdrawn from the Central Bank. The witness stated that as withdrawal of the huge sum would involve the bank into some consequences, the private bank had requested for extension of time to keep account with them and they had been giving extension of three months at a time.

The witness added that the final question whether it should be credited to the treasury or deposited in the State Bank was still under examination and they would be taking a decision very soon.

2.60. The Committee enquired whether in accordance with the rules of the Rubber Board, any funds not required for current expenditure should not be placed in deposit account with the Central

Government only. The witness stated the rule had been amended and according to it any funds not required for current expenditure might be placed in deposit account with the Central Government or invested in short term deposits with such banks as may be approved by the Central Government for the purpose.

2.61. At the instance of the Committee, the Ministry of Commerce have furnished a note* (Appendix VII) giving certain details of the money kept with the State Bank of India and the Central Bank of India. From the note, the Committee find that the Central Bank of India, Kottayam, paid 5 per cent interest on the deposit for 91 days while the State Bank of Travancore, Kottayam, paid 5 1/8 per cent interest.

2.62. The Committee regret to observe that in spite of the directive issued by the Ministry of Finance in their memorandum dated the 11th March, 1964 regarding banking arrangement for local authorities, statutory boards to keep money with the State Bank/Government treasury and the fact that the Central Bank of India was paying less interest on the deposits than the State Bank of Travancore, Kottayam the Rubber Board continued to keep these funds in the Central Bank of India. The Committee do not find any distinction between funds collected by the Rubber Board by way of cess or by way of grants from Government or any other source. The amount should have been deposited in the State Bank or any of its subsidiary Banks or in the treasury. The Committee recommend that this may be done forthwith.

*Not vetted by Audit.

III
MINISTRY OF COMMUNITY DEVELOPMENT AND
COOPERATION

Audit Report (Civil), 1965

*National Cooperative Development Corporation—paras 88 and 88(a),
Pages 113-14*

The National Cooperative Development corporation was set up on the 14th March, 1963, under an Act of Parliament. It replaced the National Cooperative Development and Warehousing Board which had been established on 1st September, 1956 under an Act of Parliament, but the new Corporation has been divested of the functions relating to warehousing. The functions of the Corporation are to plan and promote programmes for the production, processing, marketing, storage, export and import of agricultural produce and notified commodities through cooperative societies.

3.2. (a) On 14th March, 1963, the Corporation had an opening balance of Rs. 6.59 crores, while balance at the close of 1963-64 was Rs. 8.62 crores. The particulars given below indicate that accumulation was mainly the result of release of annual grants by Government in excess of requirements.

(In crores of rupees)

	Receipts				Expenditure			
	Amount received from Government by way of grants/Loans	Re-ceipts on account of repayment of loans and re-funds of grants by State Govern-ments	Interest on in-vestment and other receipts	Total	Loan/subsi-dies given to State Govern-ments	Admini-strative expen-diture includ-ing mis-cellaneous	Repay-ment of loans and interest	Total
1956-57 to 1961-62	14.08	2.05	0.04	16.17	14.23	0.07	..	14.30
1962-63	7.10	1.00	0.07	10.07	4.77	0.02	..	4.79
	1.90							
1953-64	3.17	1.67	0.34	13.48	10.62	1.21*	0.18	12.01
	8.30							

*Includes a sum of Rs. 1.16 crores paid by the Corporation as income-tax.

Out of the closing balance of Rs. 8.32 crores as on 31st March, 1964, a sum of Rs. 8.18 crores had been invested in short term deposits in the State Bank of India and Rs. 0.44 crore in the debentures of Central Land Mortgage Banks.

3.3. The Ministry informed Audit in November, 1964 that the question of regulating the future release of funds, taking into account the unspent balance available with the Corporation, was under consideration of the Government.

3.4. The Committee enquired whether the large accumulation of funds, as shown in the statement did not indicate want of activity on the part of the Department in not being able to utilise the money for proper, useful and fruitful purposes envisaged by the Corporation. The representative of the Ministry of Community Development and Cooperation stated that the releases of grants/loans by Centre in favour of Corporation between 1956 and 1961-62 were more than offset by the loans and subsidies given by the Corporation to State Governments. The gap in the years 1962-63 and 1963-64 was due to the consumer stores programme. This programme was started in the wake of the emergency and a special pattern of assistance was laid down for it. The moneys were released for this programme only on the basis of certain preconditions being fulfilled by the consumer stores. For instance, the share capital of Rs. 1 lakh was to be released on the basis of a subscribed capital of Rs. 1 lakh on the part of the store and paid up capital of Rs. 20,000. It was only after Rs. 20,000 was paid up that the assistance for share capital was released. As the programme was new, quite a large number of stores as many as 61, were only organised towards the end of 1963-64. As a result of late organisation of stores, the amount could not be utilised. That was the main reason for the gap.

3.5. The Committee desired to know whether instead of the Central Government releasing grants in a lumpsum, the release of these grants should not be correlated to corresponding releases by the Corporation to State Governments. The witness stated that by and large, that would be the position. He added that the releases were made by the Corporation every quarter and during the last quarter on the basis of the actual expenditure during the preceding 9 months and the anticipated expenditure during that quarter. The Ministry had taken a number of other steps to ensure that the releases to the Corporation were in fact based on realistic estimates; the Corporation had also laid down a procedure for the release of assistance to godowns. Under the revised procedure agreed to by the Corporation, the releases would, by and large, be related to the progress of works.

3.6. The Committee enquired whether at the time of releasing funds in favour of the Corporation it was ensured that the Corporation made corresponding commitments to the States for release or utilisation of the funds or whether there was a time lag. The witness stated that moneys had to be released in relation to the needs of the programme on the ground and they were in terms of quarterly releases based on progress of works.

3.7. The Committee enquired whether steps were taken to ensure that funds would not accumulate at the level of the Corporation and would go to State Governments immediately. The Secretary, National Cooperative Development Corporation stated that out of the sum of Rs. 8.62 crores, the accumulation was largely due to certain sources which were contemplated by the Act under which the Corporation was created. In the case of the National Cooperative Development and Warehousing Board, which was in existence prior to the setting up of the Corporation, the provision was that all assistance from the Central Government to the Board was by way of grant even though a part of the grant was used by that Board for giving interest bearing loans to the States. The Act under which that Board was set up envisaged that the repayment would be credited to a Cooperative Development Fund of that Board. Consequently out of Rs. 8.62 crores, which was the closing balance, nearly Rs. 7 crores were accounted for by this source, namely repayment of loans with interest by State Governments. He added that in all these years taken together, the total amount released by the Central Government to the Corporation did not exceed the amount released by the latter to the States by more than Rs. 1.60 crores which was accounted for by the Urban Consumer Schemes.

3.8. On being asked whether at the time of release of fresh grants or loans, the Central Government looked into the financial position of or the amount available with the Corporation for the same purpose, the representative of the Ministry replied in the affirmative. The Committee pointed out that there was a proviso in the Act that the Central Government might increase or decrease the amount of non-recurring grant or the annual recurring grant in any year having regard to the actual requirements of the Board. The witness stated that during 1964-65, due to tight budgeting position and having regard to the fact that the Corporation had a certain corpus of funds, a certain reduction was made from the overall Plan scheme flowing through the Corporation, in the expectation that the Corporation would be able to finance these schemes from out of its corpus.

3.9. The Secretary, National Cooperative Development Corporation informed that in 1964-65 the Corporation had received from the

Central Government an amount of only Rs. 5.79 crores while the outgo from the resources of the Corporation to the States had been Rs. 10.30 crores; the balance at the end of March, 1965 stood only at Rs. 4.70 crores. Similarly, in the current financial year there would be much larger outflow than the amount to be received from the Central Government and the balance would be reduced still further. The representative of the Ministry added that it was expected that by 1965-66 the corpus of the Corporation would be fully utilised. The Committee pointed out that the Corporation had surplus funds which were lying idle and it was earning interest on those funds. The witness admitted that in previous years the Corporation did not formulate adequate programme for the purpose of utilising all those funds and the result was that there was large accumulation.

3.10. The Committee enquired as to the terms on which (a) the Central Government gave loans to the Corporation, (b) the Corporation gave loans to State Governments and (c) the state Governments gave loans to the Cooperative Societies.

3.11. The Secretary, National Cooperative Development Corporation stated that the Central Government had been giving loans at 5 per cent rate of interest repayable in a period of 15 years. As between the Corporation and the State Government, the Corporation did not add any margin of its own and it maintained either the same terms or gave somewhat more liberal terms i.e., for the first 2 years no interest was charged and for the first five years, the Corporation did not collect any repayment from the State Governments.

3.12. Asked whether the Cooperative Societies ultimately got the loans at 5 per cent, the witness replied in the affirmative and added that some States further liberalised the terms of the loans. The Central Government would, however, ensure that under no circumstances the State Governments offered less liberal terms than what the Centre gave them.

3.13. The Committee enquired as to the time lag between disbursement of funds after the Corporation had given them to the State Governments and the State Governments gave them to the Cooperative Societies. The witness stated that the time lag varied according to the procedure adopted by various States, but usually it was no more than 6—9 months. The State Governments did not allow the Societies to get the funds physically, but put them into the account of the Society in a Cooperative bank. Various Societies drew money according to the progress made. Therefore, technically, they passed on the money to the accounts of the societies as quickly as possible. |

3.14. Explaining further, the representative of the Ministry stated that the basic purpose of setting up the Corporation was to ensure that it would have adequate funds at its disposal for the purpose of financing various programmes. It was not merely automatically releasing the funds in terms of these programmes, but endeavouring to build up a corpus of their own so that eventually a large part of the Cooperative development programme would be taken over by the Corporation.

3.15. The Committee enquired as to the idea behind the Corporation advancing loans to the States without charging interest for 2 years. The Secretary, National Cooperative Development Corporation stated that the Corporation gave only long-term loans to State Governments to enable them to raise share capital. In many cases, when a new organisation was set up, no dividend might be earned for the first few years. Hence as a sort of incentive or inducement it was provided that for the first two years when they might not earn any dividend, interest might not be charged, so that they should not suffer financially.

3.16. In reply to a question as to why help should be given by way of interest free loans when grants were there, the witness stated that the reason why the Corporation was set up was that it would have its own funds from which it could supplement the various patterns of assistance which the Central Government laid down and even in routing funds it would adopt certain flexible procedures for the purpose of promoting cooperative development.

The Secretary, National Cooperative Development Corporation stated that the particular decision to grant a waiver in the matter of interest was deliberately taken for a limited period—upto 1st April, 1968 to get the programme going and also to induce the States to buy shares even if the States were not assured of getting the dividend right from the beginning.

3.17. The Committee enquired why the Government had not declared the loan to the Corporation free of interest for 2 years. The Secretary, National Cooperative Development Corporation stated that the Government took the view that it would not be quite proper for various reasons to give an interest-free loan to the Corporation but it would be the normal interest-bearing loan and they would undertake to reimburse to the Corporation whatever interest it paid to the Central Government. In other words, some indirect way of converting the loan into an interest-free loan was devised.

3.18. The Committee enquired whether the Corporation gave loans on scheme-wise basis or on lumpsum basis. The Secretary, National Cooperative Development Corporation state that it was entirely schemewise. He added that the revised procedure now laid down was that for every scheme the Corporation would be releasing the money on the basis of the progress of that scheme. Explaining further, he stated that for the construction of godowns the Government first gave 25 per cent when the society was selected and then another 50 per cent when the site was obtained and then the final release was made on the basis of the construction reaching plinth level. The Government might revise it in the light of the difficulties, if any, experienced by the States.

3.19. In reply to a question the witness stated that the total amount of the grant given by the Central Government so far to the Board formerly and to the Corporation now, was approximately Rs. 20.6 crores; the total grant given by the Board and the Corporation to the State Governments was approximately Rs. 11 crores. The total amount of the loans received from the Central Government by National Cooperative Development Corporation was Rs. 10.20 crores upto the end of 1963-64 and the total loans given by the Corporation to the State Governments was about Rs. 18 crores. The Corporation had repaid a sum of Rs. 8 lakhs out of the loans given by the Central Government. The State Governments had made a repayment of Rs. 2.95 crores to the Corporation against the loans sanctioned to them by the Corporation.

3.20. The Committee desired to be furnished with statements showing (a) the total amount of loans received by the National Cooperative Development Corporation from the Central Government, the interest earned on the amount disbursed to the State Governments, how the amounts were disbursed to the State Governments and how income-tax amounting to Rs. 1.16 crores was assessed and paid to the Central Government and (b) the details of grants received by National Cooperative Development Corporation from the Central Government. (Note furnished by the Ministry is at Appendix VIII.).

3.21. The Committee are unhappy to note the large accumulation of funds with the National Cooperative Development Corporation. The closing balance on 31st March, 1964 was Rs. 8.62 crores. They feel that if steps were taken to correlate the release of grants by the Central Government with release of funds by the Corporation to the State Governments, there would have been no occasion for accumulation of large balances with the Corporation. The Committee regret that this was not done and large amounts were allowed to be accumulated and deposited with the State Bank of India.

3.22. The Committee are, however, glad to be informed that the position as regards the utilisation of funds lying with the Corporation has shown some improvement during 1964-65. They hope that this trend will continue in the coming years.

3.23. The Committee enquired whether there were any unutilised amounts on the side of the State Governments and if so, what were the reasons for the State Governments not utilising the amounts allotted for various schemes. The Secretary, National Co-operative Development Corporation stated that approximately Rs. 1.25 lakhs had been refunded by the State Governments as unutilised amounts. He added that the reasons were, firstly, in some cases the Societies concerned failed to make progress in the implementation of the projects due to certain local problems; secondly, certain other qualifying conditions for attracting optimum assistance from the State Governments were not completed; and thirdly there were certain things in relation to individual schemes that prevented the States from fully utilising the amounts.

3.24. The Committee desired to be furnished with a Statement showing the break-up of (a) the amount paid by National Co-operative Development Corporation to the States up-to-date, and (b) the amount refunded by the States. Four Statements furnished by the Ministry are at Appendix IX.

3.25. The Committee desire that efforts should be made in co-operation with the State Governments to remove any procedural difficulties coming in the way of full utilisation by the States of the amounts given to them by the National Co-operative Development Corporation.

Loss in investment—para 88(c), Pages 115-116.

3.26. Out of a total sum of Rs. 7.86 crores advanced as loan to the Corporation by Government during 1962-63 and 1963-64 for implementation of the scheme of consumers cooperative stores, a sum of Rs. 1.60 crores could not be released to the State Governments upto 31st July, 1964. This amount had remained invested in the short term call deposits at 3 per cent per annum, though the Corporation was required to pay to the Government interest on loan at 5 per cent per annum. This would result in a recurring loss of Rs. 3.20 lakhs per annum till the amount of loan was either released to the State Governments or refunded to the Government of India.

The Corporation had already incurred a loss of about Rs. 1.50 lakhs on this account upto 31st July, 1964. The Ministry informed Audit in November, 1964 that as under the provisions of the Act of 1962, all moneys were required to be deposited in the Reserve Bank or the State Bank of India, some disparity between the interest earned by the Corporation and that payable by it to the Government on the amounts in question was inevitable.

3.27. The Committee desired to know why the Government did not release the amounts of loans as and when required by the Corporation and whether the Ministry had examined the requirements of the amounts of loans of the Corporation during 1963-64 with reference to the unspent balances left with the Corporation at the end of March, 1963. The Secretary, National Cooperative Development Corporation stated that the urban consumer scheme was sponsored as an emergency measure towards the end of 1962-63 and there was a certain spill-over. With regard to the unspent balances, the Law Ministry had advised that under the Act, there was no provision for any kind of refund being made by the Corporation and as such the amount could not be refunded.

3.28. Asked why the Corporation took the loan if it was not in a position to utilise it, the witness stated that for the scheme sanctioned towards the end of the financial year 1962-63 the Ministry was able to procure budget provision in that year with some difficulty. In the next year, it would not have been possible to find the resources. He also informed the Committee that the money remained with the State Bank of India until 1963-64.

3.29. The Committee enquired whether in view of the heavy recurring loss of Rs. 3.20 lakhs per annum, it could not be anticipated at what particular time the money would be required for investment. The Secretary, National Cooperative Development Corporation stated that as the programme of consumer stores was progressing and there was no definite way of anticipating how much demand would be made on the Corporation, a part of the amount was kept in call deposits so that when the States demanded money, it could be made available to them.

3.30. On being asked as to the necessity of paying 5 per cent interest to the Government, because money could be drawn from the Government whenever required, the witness stated that there was really no less because 5 per cent paid to Government was reimbursed. Further it was really in relation to the needs of the programme that this particular procedure was followed.

3.31. The Committee do not agree with the argument that there was no loss because the interest was reimbursed by Government. They are of the opinion that in the first place the Corporation should

not have taken the loan from the Government without having any definite plan for its utilisation. Secondly, instead of investing it in short term call deposits, if the loan had been repaid prematurely when it was realised that there were no prospects of its early utilisation, the Corporation would not have been required to pay so much interest. The Committee also suggest that the Corporation should in future ensure that the loans taken from the Government are utilised in full and in time.

Unutilised amounts for construction of godowns—para 88 (d), pages 116-117.

3.32. The former National Cooperative Development and Warehousing Board granted loans and subsidies to State Governments for payment of financial assistance to co-operative societies for the construction of marketing and rural godowns. The societies were given assistance at the rate of Rs. 25,000 each for marketing godowns and Rs. 10,000 each for rural godowns. This assistance was shared by the Corporation and the respective State Governments on the following basis:

National Co-operative Development Corporation	62½% as loan 12½% as subsidy	Paid to the respective State Governments for distribution to the societies.
State Governments concerned	12½% as loan 12½% as subsidy	

Upto 1962-63, a sum of Rs. 870.29 lakhs was paid as Corporation's share for the construction of 1,955 godowns of the marketing societies and 7,800 godowns of the rural societies. The progress of construction of the godowns is indicated below:

	No. of godowns assisted	No. of godowns completed	No. of godowns under construction	No. of godowns not yet taken up for construction	Remarks
Marketing godowns	1,955	1,200	370	385*	*Out of these, assistance for 220 marketing godowns and 432 rural godowns, which amounted to Rs. 98.20 lakhs, was paid prior to June, 1961.
Rural godowns	7,800	4,343	1,965	1,492*	

3.33. No effective action was taken to get the amount lying unutilised refunded by the respective State Governments.

3.34. The Ministry stated that the State Governments had already passed on the funds provided by the Corporation to the societies concerned, who had deposited the amounts in their individual accounts with the Co-operative Banks. The Ministry also added that the Corporation in their meeting held on 9th October, 1964 accepted the following suggestions in order to get the construction of godowns completed expeditiously by the Corporation:

- (i) that the State Government should make it a pre-condition for release of first instalment of assistance that there was a reasonable prospect on the part of the society to obtain a suitable site for the construction of godowns; and
- (ii) that State Governments should appoint suitable technical staff at the Registrar's headquarters for assisting co-operatives in the matter of construction of godowns.

3.35. The Committee enquired what check was exercised by Govt. during these years to watch the progress of the assistance given by the Government upto 1962-63 for the construction of godowns. The representative of the Ministry stated that the present position was that as against the figure of 385 marketing godowns shown as not taken up for construction, the figure was 185. As against 1,492 shown against rural godowns, the figure was 20. As to the steps necessary to ensure speedier progress, there were the normal progress reports. The procedure had also been revised so that moneys were released in terms of actual progress made. It was also proposed to lay down that the State Government should refund the amount if it was unable to utilise it for a period of 3 years as against the period of 2 years taken for the construction of a godown. Apart from that, technical staff was being employed to expedite the programme.

3.36. The Committee enquired as to the latest position about 1,955 marketing godowns and 7,800 rural godowns for which assistance was given by Government. The Secretary, National Co-operative Development Corporation stated that out of 1955 marketing godowns, the number completed was 1478 and the number under construction was 292. Out of 7,800 rural godowns, 5,933 had been completed and 1,847 were under construction. As regards the balance of 100 odd marketing godowns, for which no effective action had been taken, it was proposed to ask for a refund.

3.37. The Committee enquired as to the number of rural godowns dropped. The Secretary, National Cooperative Development Corporation informed the Committee that this figure was 20.

3.38. The Committee desired to be furnished with a statement showing the break-up the amount of Rs. 870 lakhs given to different State Governments for the construction of godowns. The Committee also desired to be furnished with a statement showing the number of State Governments which had complied with Direction No. 2 given by the National Cooperative Development Corporation in November, 1964 regarding the appointment of suitable technical staff. The note furnished by the Ministry is at Appendix X. Persual of this note indicates that the progress of construction of godowns has been uneven in different States. This needs looking into. The Committee feel that the question of appointment of suitable technical staff by the State Governments should be pursued more vigorously.

3.39. The Committee enquired whether the Corporation made any arrangement for the supply of controlled commodities at least in the case of societies financed by them for the construction of godowns. The representative of the Ministry stated that there was a procedure by which the State Governments earmarked certain percentage of quantity of controlled commodities for the purpose of construction of godowns.

3.40. In reply to a question whether Government had received information about the utilisation of godowns which had been completed and whether utilisation reports were received from all the State Governments, the witness stated that some reports from individual State Governments like Madras and Maharashtra had been received, which had conducted studies as to what extent the installed capacity of the godowns had been utilised. The information received upto the end of June, 1963 showed that the picture on the whole was satisfactory, especially in terms of occupancy. But the position was different in the States like Assam and West Bengal where the cooperatives were playing only a limited role, especially in regard to fertiliser work. When the cooperatives were almost the sole distributors, the position as regards utilisation was fairly satisfactory.

3.41. The Committee are glad to note the progress made recently in the construction of rural and marketing godowns as stated during evidence. They hope that the tempo will be maintained and the backlog cleared soon. The Committee would, however, like to stress the importance of full utilisation of godown space in all the States. In this connection they desire that the Corporation should call for utilisation reports in respect of godowns from all the State

Governments and satisfy itself that there is full and proper utilisation.

Accounts of Co-operative Societies in Delhi—Statement of miscellaneous irregularities etc.—pages 177-178 (Appendix I—vide paragraph 62).

3.42 The audit of the accounts of the co-operative societies is vested in the Registrar/Deputy Registrar, Co-operative Societies under the Bombay Co-operative Societies Act, as extended to Delhi. During the year ending 30th June, 1964 audit of the accounts of 1,747 societies was completed, leaving the audit of 323 societies in arrear. Of the 323 societies, accounts of 14 societies had remained unaudited for more than 3 years.

The Department has explained (December, 1964) that the accounts of 14 societies could not be audited due to their records being incomplete or in the Court or not being available. It has also been stated that the audit staff under the Registrar of Co-operative Societies, Delhi is not adequate.

Government have: (a) invested in the share capital of 93 co-operative societies to the extent of Rs. 6.53 lakhs upto 30th June, 1964 and (b) paid managerial subsidy amounting to Rs. 1.04 lakhs to 100 societies. Out of the 193 Societies, the accounts of 9 Societies have not yet been audited.

The following table indicates the assistance given by the Government and the Co-operative Bank and the irregularities noticed by the Deputy Registrar in the accounts of some of the societies :

Name of the Society and date when registered	Amount paid by Govt.		Amount paid by the Co-operative Bank
	Share Capital	Loan	Loan
(1)	(2)	(3)	(4)
Najafgarh Co-operative Multi-purpose Society (4-11-1920)	Rs. 10,000	Rs. 8,600	Rs. 54,834

[The department proposes to liquidate the Society after adopting the necessary formalities; an embezzlement of about Rs. 30,000 had been reported in the Audit Report of the Society for 1960-61 and the case was *Sub-judice* in the Court (December, 1964.)

(1)	(2)	(3)	(4)
	Rs.	Rs.	Rs.
			Repayment of the Government loan and the Bank loan amounting to Rs. 7,840 and Rs. 54,000 had also been overdue and members of the Society had also defaulted in repayment of loans paid to them by the Society.]
Mukhmelpur Co-operative Multi-purpose Society Ltd. (21-7-1947)	10,000	..	88,646
			[An enquiry into the state of affairs of the society was ordered on 31st March, 1964 in view of irregularities which had come to light. Results of the enquiry were, however, still awaited (December, 1964).]
Arya Barwala Co-operative Multi-purpose Society Ltd. (30-11-1948)	16,244	..	..
			[Some cases of embezzlement, misfeasance and breach of trust had come to notice. For instance, seeds worth about Rs. 15,900 obtained from the agricultural office were not utilised properly but were disposed of in the local markets. Cost of seeds had also not yet been paid to Government (December, 1964). Besides the Society had defaulted in payment of the dues of a Co-operative Federation. In view of the unsatisfactory state of affairs of the Society, an enquiry was instituted on 20th May, 1964. The results of the enquiry were, however, still awaited (December, 1964).]
			(represents cost of seeds supplied by Delhi Administration on Credit basis during 1961-63)
Karawal Nagar Co-operative Multi-purpose Society Ltd. (15-3-1956)	10,000	..	47,000
			[The Society was liquidated on 26th October, 1964. Government share participation of Rs. 10,000 had not yet been recovered. The Society had defaulted in repayment of the entire bank loan. Almost all the members of the Society including committee members had been defaulting in repayment of the loans paid to them. Every effort on the part of the Department to pursue recoveries was reported to have failed. Losses in the society on 23rd January, 1964 amounted to Rs. 1,723.]

3.43. The Committee enquired whether the arrears of audit of Co-operative Societies in Delhi had since been cleared. The representative of the Ministry stated that the position as on 30th June, 1964 was that out of 323 societies, the audit of 74 societies had been completed and of the 14 societies referred to as not having been audited for more than 3 years, three had since been audited and the remaining 77 were still to be audited. He added that the main reason why the audit had not been completed in the case of these long-pending cases was the non-production of the relevant records. There had been considerable difficulty with the Registrar for obtaining records for the purpose of audit and he was taken necessary action in regard to these 11 societies. In regard to 4 societies, the Registrar had ordered an inquiry under Section 43 and if that inquiry showed that the societies were not functioning well or these were malpractices he would be able to bring them under liquidation. One society which was now defunct had already been put under liquidation. In the case of 2 Societies, one month's time had been given for completion of records and if that was not done, there would be a statutory enquiry under Section 43 and formal proceedings would follow. In the case of 2 societies, criminal prosecution was under consideration. In the case of the another 2, the question of liquidation had been taken up.

In reply to a question, the Co-operative Commissioner informed the Committee that 5 more Societies besides these eleven had come in the category where audit had not been completed for 3 years.

3.44. The Committee enquired, in view of the fact that a statutory duty was cast on the Government to carry out audit every year, why 3 years were allowed to lapse for taking action. The representative of the Ministry agreed that action should have been taken earlier. He added that there was great difficulty about the staff. There was no full time Registrar in the Delhi Administration; it was only in March, 1965 that a full time post had been sanctioned. They had also asked for audit staff and this request was still under the consideration of the Government of India.

3.45. The Committee enquired whether action against the Societies was started only after the audit report or before that. The Co-operative Commissioner stated that action was started before the

audit report came, and they had specifically launched a drive after the receipt of the audit report. In the month of May, 1964, the Chief Commissioner and the officers of the Ministry had a joint discussion regarding the serious state of affairs of the Cooperative Societies, both in regard to audit and inspection and an agreed programme of strengthening the department and clearing up the arrears and improving the working of the societies was evolved. He added that so long there was only a Deputy Registrar in Delhi but now a senior scale officer of I.A.S. had been appointed as whole-time Registrar from the 1st March, 1965. Five additional inspectors and 11 sub-inspectors had also been sanctioned and they had joined 2 months back. It was expected that Government would sanction additional staff for completing the audit arrears within 6 weeks or so.

3.46. In reply to a question whether any audit fee was charged from the societies for audit by the Department, the Cooperative Commissioner replied in the affirmative. He added that audit was a statutory obligation and if a society could not afford to pay, the amount was realised out of its assets.

3.47. The Committee desired to be furnished with a statement indicating the number of Cooperative Societies (state-wise) whose audit was in arrears for more than 2 years. The note is awaited.

3.48. On being asked why the audit of D.E.S.U., Employees Society and the P. & T. Welfare Cooperative Society which were Government or Semi-Government Societies, were allowed to fall into arrears, the Cooperative Commissioner stated that they were not able to give any adequate explanation for this. The accounts of D.E.S.U. Society have now been completed and audit was being undertaken. In respect of P. & T. Society, Chartered Accountant had been appointed by the Society in order to complete audit arrears.

3.49. The Committee regret to note that there are sixteen cooperative societies, the audit of which has remained in arrears for more than 3 years. In their opinion the plea of non-production of records advanced by the Ministry cannot be regarded a valid reason for the non-completion of audit. The Committee are of the view that as it is a statutory duty cast on the Government to carry out audit annually, the Government must take drastic action against the societies which do not produce the accounts for audit when called for.

3.50. It was stated during evidence that Government sanction for additional staff to complete arrears of audit of cooperative societies in Delhi would be given within a period of 6 weeks. The Committee

hope that necessary action will be taken to strengthen the audit staff for the cooperative societies so that arrears in audit of cooperative societies are wiped out. As annual audit of cooperative societies is a statutory responsibility of Registrar Cooperative Societies any lapse in this regard should be viewed seriously by Government. The Committee desire to be informed of the latest position in this matter. The Committee are surprised to note that according to the Ministry's own admission they are not able to furnish any adequate explanation for the fact that the audit of two cooperative societies mainly of Government employees—the DESU Employees Society and the P. & T. Welfare Cooperative Society also remains in arrears.

3.51. In reply to another question whether drastic action had been taken against any society for embezzlement, the witness stated that 2 officers of the Najafgarh Cooperative Society, Delhi had been prosecuted for embezzlement and convicted by the Session's Court for 2 years' rigorous imprisonment and that this case was now pending in the High Court. He added that whenever any such case came to their notice, immediate action was taken.

3.52. The Committee desired to be furnished with a statement giving information about prosecution for serious irregularities and embezzlements in Cooperative Societies which came to the notice of the State Governments and the Ministry. The information is awaited.

3.53. On being asked whether any society had been struck off by the Registrar because it was defunct during the last 5 years, the Co-operative Commissioner stated that on an average 50 to 60 societies were struck off every year because they were defunct.

3.54. Asked as to the general minimum membership of a society, the witness stated that the law required a minimum membership of 10 in a society. In the case of certain types of societies, in order to make them viable, certain higher standards had been laid down. In the case of agricultural credit societies the number was 100. He added that in regard to service cooperatives the normal policy of the Government was that there should be one society catering for a population of about 3,000 with an outturn of Rs. 50,000/- and there was no question of monopoly.

3.55. The Committee enquired what were the grants or subsidies which the cooperative societies were entitled to for administrative purposes or for meeting their other expenses. The representative of

the Ministry stated that for the purpose of making the primary village societies viable units, they were given a managerial subsidy of Rs. 900 spread over a period of 3 years. He added that the question of enhancing the subsidy was under consideration so that within a period of one or two years the society would become viable with a minimum outturn of Rs. 50,000. In reply to a question whether there were any difficulties in forming separate societies for selling medicines, the witness stated that that would be a matter for the consideration of the State Governments.

3.56. The Cooperative Commissioner informed the Committee that there were 69 societies where members were not traceable and that the amounts in respect of them might have to be written off.

4.57. In reply to a question whether there were cases of dual membership in societies of the same nature, the representative of the Ministry replied in the negative. When the Committee enquired whether it was possible for members of one family numbering ten to constitute a society, the Cooperative Commissioner stated that formation of family societies was discouraged though there was no legal bar. He also added that the minimum of ten members did not apply in respect of service cooperatives where the number should be 100 in order to be viable and it would not be possible to get 100 members from one family.

3.58. In reply to a question, the Cooperative Commissioner informed the Committee that the Registrar was asked to make a specific enquiry in respect of the working of 8 societies. The enquiry in respect of 5 societies had been completed. The position of 3 societies was still being enquired into. No general enquiry regarding all the 2,000 societies had been ordered.

3.59. The Committee would like to be furnished with the results of the specific enquiry conducted by the Registrar in respect of the working of 8 societies.

3.60. Asked to give details of the case of the Najafgarh Cooperative Society, the Cooperative Commissioner stated that there was a Government nominee on the board of the Society. About 3 years ago, he informed the Government that there was embezzlement. A police report was launched immediately and the case was still *sub-judice*.

3.61. The Committee desired to know what type of control the Government exercised in societies on the boards of which Government nominees were included and in which frequent cases of embezzlement occurred. The Committee desired to be furnished with a statement showing details of the cases of irregularities involving embezzlement or investigations into the affairs of the Co-operative Societies in the Union Territory of Delhi. The note* furnished by the Ministry is at Appendix XI.

3.62. The Committee feel concerned to observe that irregularities have taken place even in those co-operative societies in respect of which there is Government participation in the share capital and on the board of directors on which the Government has its nominees. They are of the view that it is the responsibility of the Government nominees to inform the Registrar of the irregularities noticed in any particular society well in time so that Government money is not wasted or embezzled for want of timely action. In the four cases mentioned in this para, Government had given financial assistance by way of share capital, loans or otherwise and as such the Government should have kept a special watch over the working of these societies. The Committee regret to note that this was not done. They would like to know the final outcome of the four cases mentioned in the Report.

3.63. From the note furnished (Appendix XI) it is observed that a majority of cases are still pending with the police for investigation. The Committee suggest that the Delhi Administration may be asked to expedite the disposal of the cases.

3.64. Referring to the case of the Arya Barwala Co-operative Multi-purpose Society Ltd., the Committee enquired as to the difficulty in taking action against persons responsible for embezzlement, misfeasance and breach of trust. The representative of the Ministry stated that on the basis of the report of inquiry, the Society had been brought under liquidation. If further action was required under the criminal law, it would also be taken. Delhi Administration had been asked to look into the case immediately.

3.65. The Committee feel that liquidation proceedings which are a long-drawn out affairs are not the proper remedy for dealing with those co-operative societies in which cases of embezzlement, misfeasance and breach of trust take place. They suggest that in such cases the matter should be reported to the police and suitable action taken under the criminal law so that the guilty persons may not escape because of the delay involved in liquidation proceedings.

*Not vetted by Audit.

IV

MINISTRY OF EDUCATION

Audit Report (Civil), 1965

Transactions kept outside the Consolidated Fund of India Sub-para (b)—Central Schools Scheme—para 30, Pages 33-34.

In November, 1962, Government approved a scheme for the setting up of 100 higher Secondary schools at different places mainly to cater to the educational needs of the children of the Defence personnel and other Central Government employees who are liable to transfer from place to place. The scheme envisaged that the management and property of the schools would vest in an autonomous central organisation to whom Government would pay grants, the supervision of these schools being done by a local committee constituted for the purpose.

4.2. 20 regimental schools previously managed and run by regimental authorities were brought within the ambit of the scheme upto 1963-64; and another 32 schools, of which 20 were regimental schools, were established upto 21st June, 1964. The question of setting up the autonomous central organisation, as envisaged, was proposed to be taken up as soon as possible. In the meantime, the schools have been treated as autonomous units although they have no juristic personality and have been paid during 1963-64 grants amounting to Rs. 19.22 lakhs.

4.3. In evidence, the Secretary (Education) stated that according to the scheme the management and property of the schools would in due course, (after they had been started), be transferred to an autonomous Central Organisation which would receive grants from Government. In the year 1964-65, 34 additional schools were established out of which 21 were in regimental areas and 13 in other areas. During 1965-66, 32 additional schools have been established, out of which 11 are in regimental areas and 21 in other areas. In all, 86 schools had been established and out of them 52 were in regimental areas and 34 in other areas. The witness added that according to the discussion with the Ministry of Finance, 59 schools were to be ultimately allocated to the regimental areas out of the initial target of 100 schools under the scheme.

4.4. The Committee asked how the Ministry justified the payments of grants to the schools, considering that the questions regarding the ownership of land and property by Autonomous Central Organisation were under investigation. The Secretary (Education) stated that it had always been intended that the autonomous Central Organisation, in which the management and property of the schools were to be vested would be established after the schools had come into being; at least after a majority of schools had been established. These schools were in different areas, and differently governed, and a great deal of data had to be collected. It would take some time for a pattern to emerge on the basis of which the autonomous organisation could be established. In reply to a question, the witness stated that the grants to Central Schools were presently released in favour of the Chairman of the individual school management Committee. In the case of regimental schools, the Chairman of School Managing Committee was the Station Commander and in the case of other schools, he was a senior official of the Education Department. The money was kept in an account opened in the name of the Chairman of the Managing Committee.

4.5. The representative of the Ministry stated that only a few schools in non-regimental stations were registered bodies before they had joined the Central school scheme. In the case of such schools, the grants were given in their names. The witness added that although most of the schools were not registered bodies, they had been set up in accordance with a formula laid down by the Ministry and the accounts were maintained according to the procedure prescribed in detail.

4.6. The Committee enquired about the difficulty in creating the Central Organisation. The representative of the Ministry of Education stated that the difficulty (the question of ownership of land and property etc.) arose last year. The rules for the organisation had since been drafted and were being examined in consultation with the Ministries of Law, Finance and the other Ministries concerned. The organisation was expected to be set up in a month or so. The Committee drew attention to the statement made to Audit in November, 1964 that the main difficulty related to the question of the ownership of land and property etc. The witness stated that the difficulty arose because in most of the regimental Centres, the lands and buildings belonged to the regiments and they were reluctant to transfer them to a new registered society individually created for that particular place. The regiments did not object to the lands and buildings being transferred to the Mini:

of Education, but they considered that a different procedure should be followed for the transfer of the property to a registered society created for a particular place or the Central school organisation. The Committee enquired if it was not possible to create the Central Organisation earlier so that it could pursue the matter. The witness stated that the matter was discussed with the Ministry of Defence and it was found that the transfer of property to a registered society at a station or the Central schools organisation would involve procedural delay. It was, therefore, thought that Ministry should take up the scheme and the schools might join the Central Organisation when it came into being. At present the Defence Ministry treated the land as allotted to the Central School, which was run in the regimental station with the Station Commander as the Chairman. The witness added that setting up of the Central Organisation would not now require a definite transfer of the property; only transfer of its use would be involved. In case the Defence authorities required the land or property, they would compensate the Central school organisation. This solution was arrived at after having a year's experience. The witness admitted that the only difficulty in setting up the Central Organisation earlier was that relating to the transfer of land and property. Asked why it was necessary for the Central School Organisation to have rights to property, the witness stated that the question had arisen as otherwise the organisation could not invest money on 100 per cent basis for construction of buildings, hostels, teachers' quarters etc. This difficulty did not arise in the case of grants of recurring nature. The Committee asked if it was not possible to withhold the construction of buildings pending a decision regarding right to property, and to carry out the other part of the scheme. The representative of the Ministry stated that the decision taken at the time was that a beginning might be made and the schools could join the organisation as soon as it was set up. The witness held the view that the time taken in this regard was not much, for the schools other than regimental Centre schools were started only last year.

4.7. In reply to a question, the witness stated that at present, the Chairman of the Managing Committee of the regimental school was personally responsible for any loss or defalcation of money. The witness, however, added that there was no specific understanding with the Ministry of Defence on this point. But there had been an agreement with the Defence Ministry on a common pattern of management that would take over from an earlier body, and they had issued instructions accordingly. The management committee included two representatives of the Ministry of Education and officers of the regimental station and schools. In the case of

non-regimental schools there was a different pattern of management. The Director of Public Instruction or the Director of Education was the Chairman of the School. The Collector or Deputy Commissioner was a member. Besides a senior representative of the Central Government employees at the place, the Superintending Engineer, distinguished local educationist and a senior teacher of the schools were members. In the case of only one school which was already a registered society before joining the scheme, a non-official continued as the Chairman with the addition of the new members according to this pattern. In reply to another question, the witness stated that the employees of the schools worked under the control of the Managing Committees and were not Government servants. As regards their appointment, the witness stated that in the case of clerical posts and graduate teachers the appointment was made by the school management itself. In the case of higher posts, selections were made on a regional or central basis. The names were suggested to the Managing Committees who issued the order of appointment.

4.8. In reply to a question, the representative of the Ministry stated that grants were released to the schools by the Ministry according to a prescribed formula and at the level of a Joint Secretary. Asked about the nature of control exercised by the Ministry over the management committees of the schools, the witness stated that their accounts staff kept a check on the returns received from the schools and also visited some schools where the accounts required looking into. Two regional officers, who were members of the Managing Committee, went round the schools and kept themselves in touch with the affairs of the schools. In case of any difficulty in regard to a regimental school, the Ministry got in touch with the Liaison Officer in the Defence Ministry. In regard to the non-regimental schools, the Ministry approached the Director of Public Instruction or the State Education Department. As regards third category viz., a school registered as society which was allowed to join the scheme on the recommendation of the State Government, the witness stated that there had been no default. In case any irregularity came to notice, the Ministry would approach the State Government to look into it, whose two officials were serving on the Managing Committee of the school. Before releasing the next instalment of the grants to the schools, the previous accounts and returns were checked to see that the amount had been properly utilised. The witness added that the difference in the control over the grants issued to the Central Schools and to other organisations was that in the former case the Ministry had no power to take action against the Chairman and Members of the Managing Committee in

case of default, except that further grants might be withheld. In reply to another question the witness stated that the conditions prescribed by the Ministry in the case of the grants issued to the Central Schools had been fulfilled by them. But he added that the present accounts staff, whose duty it was to verify that these conditions were fulfilled, was not adequate because of the increase in the work. Government had recently sanctioned additional staff.

4.9. The Committee are not convinced of the justification for not setting up an autonomous Central Organisation before implementing the scheme and bringing regimental and non-regimental schools within its ambit. The result has been that 86 out of the target of 100 schools have already been established but the central organisation has yet to be constituted. The main difficulty in setting up the organisation was stated to be the procedural difficulty in transferring the necessary/required land and property to the organisation. The position which has finally emerged is that the ownership of the properties would continue to vest in the Defence authorities and the Central organisation would be entitled to their use. The Committee feel that the Central Organisation should have been set up from the beginning and the ancillary matters could have been settled with the Ministry of Defence as in fact has now been done. Pending settlement of the question of ownership of properties, the Central Organisation could have carried on the rest of the scheme other than construction of building etc.

4.10. The Committee are not happy over the grants being paid to the schools direct particularly those that have no juridical personality. The Committee have already observed in paragraph 25 of their Eighth Report (Third Lok Sabha) that giving of grants to a body without a distinct legal entity was not only constitutionally irregular but also fraught with risk in cases of default. According to the Ministry's own admission they have no power to take action against the managing committees of the schools in case of default, except that further grants might be withheld. Besides, the strength of present accounts staff, whose duty it is to verify that the conditions prescribed by the Ministry are fulfilled, is admitted to be inadequate because of increase in work. The Committee, therefore, cannot regard the present position as satisfactory. They desire that the rules for setting up the autonomous Central Organisation should be finalised early and the organisation established without further delay.

4.11. In reply to a question the witness stated that non-regimental schools which had joined the scheme were located at:

places where there was a concentration of Central Government employees other than Defence personnel. The Comptroller and Auditor General informed the Committee that these schools were located at Indore, Bombay, Secunderabad, Ahmedabad, Trivandrum, Bhopal, Jakko Hill, Simla (a private school), Jaipur, Dehra Dun, Ramakrishna Puram, New Delhi and Imphal. The representative of the Ministry stated that these places were selected on the basis of the survey of concentration of Central Government employees conducted by the Director General of Employment and Training. The list was sent to the State Governments requesting them to indicate whether they could set up the schools themselves or suggest any school which could be taken over. The school at Simla was taken over, as the Punjab Government had suggested that instead of starting a new school, the particular school that was a good institution should be allowed to join the Central Schools Scheme. The witness added that there were some places which should have received priority but where the State Governments did not suggest any school or could not take it up themselves last year, those had been left over to be done now or in the next year. The Committee pointed out that the largest concentration of the Central Government employees was in Delhi, Bombay and Calcutta but only one school had been set up in Delhi. The representative of the Ministry stated that in Delhi there was a regimental school also in the cantonment area. In the case of Madras, Bombay and Calcutta, they had been requesting the State Governments to find some solution to this problem, but they did not find any. So in Madras and Bombay they had requested the Indian Institutes of Technology in this regard and they had agreed to join the scheme.

4.12. The Committee feel concerned that adequate number of central schools has not been opened at places like Calcutta, Madras, Bombay and Delhi where there is considerable concentration of central Government employees. They desire that the position should be kept under constant review in order to meet the educational needs of the children of the Defence personnel and other Central Government employees who are liable to transfer at short notice from place to place.

Irregularities in the Publication of an Encyclopaedia—para 36, Pages 41-42.

4.13. In Oecember, 1951, the Ministry of Education decided to bring out by the end of 1959, in five volumes a Popular Encyclopaedia in Hindi known as "Gyan Sarovar" for the benefit of neo-literates. The work of publication, printing and sale of the Encyclo-

paedia was entrusted to the Maktaba Jamia Ltd., a private body and a sister concerned of the Jamia Millia Islamia in July, 1952.

4.14. The first volume of the Encyclopaedia was brought out in 1955 at a cost of about Rs. 64,000. The progress being slow, the work was taken over from the Maktaba in September, 1957 and entrusted to the Research, Training and Production Centre of the Jamia Millia Islamia. The Centre brought out the second edition of volume I and the first edition of volume II and also prepared manuscripts of volumes III, IV and V at a total cost of Rs. 1.65 lakhs upto December, 1959. Meanwhile, on reassessment by the Ministry, the administration of the scheme was found to be unsatisfactory and, accordingly, the printing of volumes III, IV and V was taken over from the Centre in January, 1960 and entrusted to the Publications Division of the Ministry of Information and Broadcasting. No proper account of paper, blocks and other material taken over from the Research, Training and Production Centre could be shown to audit. Volumes III, IV and V had also not been published so far (October, 1964).

4.15. The Committee asked about the consideration on which the Maktaba Jamia Ltd. was initially selected for publication and sale of the encyclopaedia. The Secretary (Education) stated that the Jamia Millia Islamia had some specialised experience in the production of literature for neo-literates, and they had some members of staff who had special training in this regard. The Ministry, therefore, decided to entrust this work to this body. The work had to be done through some organisation and it could not be done by the Ministry themselves.

4.16. The Committee asked the relationship between the Maktaba Jamia Ltd. and Jamia Millia Islamia. The Secretary (Education) stated that the Maktaba Jamia Ltd. was a registered body dealing with certain commercial operations, such as production of books etc. The Jamia Millia Islamia was a larger body of educational institutions, which had been given the status of a university and was in the process of becoming one. The Maktaba Jamia Ltd. was a private limited concern and the bulk of its shares were held by Jamia Millia Islamia.

4.17. Referring to the previous experience of the Maktaba Jamia Ltd. in the publication of works of this nature the Secretary (Education) stated that it had been producing books in Hindi and Urdu. It was considered by the Ministry at that time that it had the

requisite specialised knowledge and experience to undertake a work of that type and which involved securing the services of writers to contribute to the encyclopaedia. It was felt that the Maktaba had the necessary contacts to approach good writers who could write in simple Hindi for new-reading public. The Committee asked how the Ministry come to this conclusion. The witness stated that there was "no wide selection" and no advertisement was made in this regard. The Jamia Millia and Maktaba were known to the officials of the Ministry who thought that they would be able to do justice to this very important project. The witness admitted that in the ultimate experience, the choice did not prove to be a happy one and the Ministry had to take steps to get the matter expedited. The witness agreed that in order to safeguard against such pitfalls it was desirable to have a definite procedure laid down for entrusting such work rather than to proceed merely on an *ad hoc* basis on the feelings and opinions of the officers.

4.18. In reply to another question, the witness stated that this was the first important project entrusted to the Maktaba Jamia by the Ministry of Education. The idea of producing an encyclopaedia was of a very recent origin. All that the Maktaba had done before undertaking this very big project was production of literature and small book-lets for children and neo-literates.

4.19. The Vice-Chancellor Jamia Millia stated that before selection of Maktaba for this work, the Managing Director of Maktaba was invited among others to discuss the project and finally an agreement was arrived at between the Ministry and the Maktaba. The object of bringing out the Gyan Sarovar was to provide reading material of a particular kind for neo-literate adults. Before independence, they had published about 150 book-lets in Urdu. Later the Ministry had given them grants for publishing the same type of books in Hindi and during the execution of that project they had come into contact with good Hindi writers and had acquired experience in bringing out books for neo-literates in Hindi. They had earned good certificates for the language used from some prominent Hindi scholars. The Committee desired to be furnished with (i) a list of books published in Hindi by the Maktaba Jamia before the work relating to Gyan Sarovar was assigned to them. The list furnished by the Ministry is at appendix XII.

4.20. Asked about the time schedule laid down for the project, the Secretary (Education) stated that the entire scheme was to be completed before December, 1959. But no detailed time schedule was drawn up. To a question whether the Ministry took any action

to watch if the progress was satisfactory, the witness stated that when the progress was noticed to be slow, the Ministry took some action. On his attention being drawn to the delay in taking a decision as late as 1957 to take the work away from Maktaba, the witness stated that the Ministry had displayed a great deal of patience.

4.21. The Committee enquired about reasons for delay in the publication of the encyclopaedia by the Maktaba, inspite of the experience and contacts they had. The Vice-Chancellor, Jamia Millia Islamia stated that the difficulty was in determining the proper standard of writing and approach to be adopted. There was long discussions with the authors lasting for months about the treatment of each topic. Asked if the Ministry were informed about the delay anticipated in the work because of the various difficulties, the witness stated that there was correspondence between Maktaba and the Ministry on this point. The Committee desired to be furnished with a note stating the date when the Maktaba intimated the Ministry of Education that the publication work was bound to be delayed because of various difficulties. In their note* (Appendix XIII—Para 2) the Ministry of Education have stated that the Maktaba did not intimate to the Ministry that the publication of the series would be delayed. When the delay became evident to the Ministry, a discussion was held on 20th August, 1957 with Jamia authorities and the work was transferred from the Maktaba to the Research, Training and Production Centre. The Vice-Chancellor, Jamia stated during evidence that the Maktaba was taking a little too much time to do the work. As regards the Maktaba's competence to carry out the project, the witness stated that the first volume of the encyclopaedia was very well received and the edition was sold out in five months.

4.22. The Committee asked why instead of entrusting the work to the Maktaba, it was not originally taken up by the Jamia Millia Islamia, if they had the necessary arrangement for publication of such books. The Vice-Chancellor stated that when the Jamia Millia Islamia received a grant in 1950 for publication of books for neo-literates the staff for doing this work was inadequate. There were only two or three experienced persons in the staff. Later when the Maktaba delayed the work, it was taken over by the Jamia Millia Islamia. In reply to a question the witness stated that after the work was taken over from the Maktaba, it was not looked after by the same staff; this was looked after by the Deptt. of Adults Education of Jamia Millia Islamia. The Committee asked why the

*Not vetted by Audit.

work was taken over from Maktaba after publication of the first volume, which had been well received. Further as the work had already been started by the Maktaba the delay in the publication of subsequent volumes could have been avoided. The Vice-Chancellor, Jamia Millia Islamia stated that as the Ministry were not satisfied with the progress of work by the Maktaba, he had suggested that the work could be done more speedily by the Jamia Millia Islamia. A new agreement was accordingly entered into. Asked if the Ministry were satisfied that the money given to the Maktaba and Jamia Millia Islamia was properly spent, the Secretary (Education) stated that no serious irregularities were noticed in the financial administration of the project. There was only a great deal of delay but everything was done in close collaboration with the officials of the Ministry.

4.23. The Committee asked about the progress made in the publication of the encyclopaedia after all the manuscripts were ready in December, 1959. The Secretary (Education) admitted that the progress was not spectacular and added that their experience with the Publications Division was also not a happy one. They had a large number of assignments to handle, and the priority given to this particular work was not high. The Ministry of Education had been remanding the Publications Division constantly. They had stated that the manuscripts had to be gone through again and the machinery for advising them to finalise the manuscript for printing was not in existence. According to the Publications Division which had to scrutinise the manuscripts, the scrutiny of one volume would take six months, apart from the time taken for printing. They had published the third volume. They were scrutinising the fourth volume, and it would be printed in three-four months time. Thereafter they would take up the scrutiny of the fifth volume. The witness added that after the work was taken over by the Publications Division, the expenditure thereon was being met from their own budget.

4.24. The Committee are not satisfied over the inordinate delay that has taken place in the publication of "Gyan Sarovar". The work started in 1952 has not yet been completed even after a lapse of 13 years. (Out of 5 volumes, only 3 volumes have been published). The result is that the objective of the Project i.e., to bring out a popular Encyclopaedia for the benefit of neo-literates, has not yet been fulfilled.

4.25. The Committee regret to point out that delay in the publication of encyclopaedia was mainly due to lack of proper planning and forethought on the part of the Ministry of Education. The Maktaba Jamia which was established in 1949 had no previous experience of

undertaking a project of this magnitude. All that the Maktaba had done previously was publication of booklets for children and neo-literates in Hindi. The Ministry should have, therefore, been more careful in this regard and not proceeded merely on an ad hoc basis depending on the feelings and opinions of the officers. Further, after having entrusted the work to the Maktaba, the Ministry did not keep a watch over the progress of the work. It was only in September, 1957 i.e., after 5 years that they realised that progress was slow. Although the work was to be completed by December, 1959 no detailed programme was drawn up for each volume.

4.26. Again in September, 1957, after taking away the work from Maktaba, it was entrusted to the Research Training & Production Centre of Jamia Millia, although earlier it had been felt that the Jamia had inadequate staff for doing the work. These revised arrangements did not improve the position and the work had to be entrusted to the Publications Division in January 1960. The Committee regret to note that the Education Ministry did not learn by experience and so when they took over the work from one agency and assigned it to another they did not care to examine the capacity or ability of the same to execute the project. The Committee are also not satisfied with the progress made by the Publications Division since then. They have brought out only one more volume in five years, although the manuscripts of volumes III, IV and V were ready when the work was transferred to them in 1960. The Committee feel that if the Publications Division was not in a position to complete the work within a reasonable time, it should not have undertaken it. They desire that the matter should be vigorously pursued with the Publications Division.

4.27. The Committee also suggest that the Publications Division should scrutinise the texts of volume I and II with a view to omitting any objectionable material and improving the future editions of these two volumes.

4.28. The Comptroller & Auditor General pointed out that although the sanction for publication of the encyclopaedia was issued in favour of the Maktaba and Jamia Millia, the work of putting the manuscript of different volumes in proper shape had been entrusted to the Secretary of the Hindustani Culture Society Allahabad. He was authorised to supply, subject to the approval of Encyclopaedia Committee, a person or persons for the preliminary scrutiny of the manuscript before their submission to that Committee, for advice or approval and to incorporate in the manuscript's suggestions made by the Committee. He was also to fix the amount and method of pay-

ment of remuneration to such persons in consultation with the Govt. of India who would reimburse him the expenditure so incurred through the Maktaba. The Committee asked about the relationship between the Maktaba and the Secretary of the Hindustani Culture Society. The representative of the Ministry stated that the relationship between the Maktaba and the Secretary Hindustani Culture Society was not very clear. In a note* (Appendix XIII—Para 3) the Ministry have stated that the Secretary of the Hindustani Culture Society was a member of the Committee constituted by the Government of India for assisting the Maktaba in the publication of Gyan Sarovar. His functions in regard to the publication have been specified in the Government Order No. F.40-20 50-BI dated the 28th July, 1952 (pprendix XIV).

4.29. As regards the accounts of the material taken over by the Research Training and Production Centre, the Secretary (Education) stated that all the blocks and other non-consumable items had been taken over by the Ministry of Education, but the unutilised paper was yet to be accounted for by the Research, Training and Production Centre. **The Committee desire that early steps should be taken to settle the accounts of unutilised paper and these should be produced to audit.**

Sub-para (ii)

4.30. Out of 25,000 copies of volume II, published by the Research, Training and Production Centre, 17,290 copies worth about Rs. 50,000 were not received by Government and were still (October, 1964) lying with the press since 1958 due to certain dispute with the printers, though final payments towards expenditure incurred on the publication was made by Government to the Centre in February, 1963.

4.31. In answer to a question from the Committee on this point, the Secretary (Education) stated that the Research, Training and Production Centre was trying to secure the copies from the press so that these might be handed over to the Publications Division. The Ministry had been pressing RTP Centre to obtain the copies expeditiously. The witness added that the final payments were made by Ministry, because the scheme was financed from the Public funds, and the Maktaba and the RTP Centre had already incurred that liability. The Vice-Chancellor, Jamia Millia Islamia stated that he had been trying for the last two years to discuss the matter with the Manager of the Press. The matter had since been discussed and they had come to an understanding. The witness expressed the hope

*Not vetted by Audit.

that within a short time they would be able to come to a final settlement. The Committee desired to be furnished with a detailed note on the dispute between the Research, Training and Production Centre and the press.

4.32. In a note* (Appendix XV) submitted to the Committee, the Ministry have stated that all parties except the press had been paid their dues by the Centre. The settlement with the press had been delayed owing to the insistence of the press with regard to payment of storage charges, etc. The Centre has undertaken to expedite the settlement. The details of the dispute between the RTPC and the press were not known to the Government, except that certain bills were pending for payment. The settlements were made to the RTPC to enable them to clear their dues including the pending bills with the press. A detailed note on the dispute is awaited from the Ministry.

4.33 The Committee are surprised that the Ministry were not aware of the details of the dispute between the Centre and the printers when the final payments towards the expenditure incurred on the publication was made by Government to the Centre in February, 1963, although 17,290 copies of the publication have been lying with the printers since 1958 due to this dispute. This shows that not only payments were made to the Centre in a mechanical manner but also that there was failure on the part of the officers to watch the progress about the number of printed copies received from the press and their circulation. The Committee consider it very unsatisfactory that the Research Training and Production Centre did not inform the Government of this dispute and that the bulk of the printed copies have been lying with the printers for the last seven years. The Committee desire that the question should be vigorously pursued, and they should be informed about the outcome of the case. They would also like to be informed whether there had been any deterioration in the conditions of the copies due to prolonged storage.

Sub-para (iii)

4.34. Though the Maktaba and the Research, Training and Production Centre had acted merely as agents of the Government, moneys provided to them by Government and the sale proceeds of books were allowed to be kept out of Government account in a 'Popular Encyclopaedia Fund' which was solely administered by the agents. The purchase of paper, award of printing jobs, binding work, etc. were also left entirely to them.

4.35. The Committee asked why the work relating to the purchase of paper, award of printing jobs etc. was entrusted to the

* Not vetted by Audit.

Maktaba or RTP Centre instead of employing the normal Government agency for the purpose. The Secretary (Education) replied that Government at that time thought that the Maktaba or the RTP Centre were well equipped to do this work.

4.36. The Committee asked for the reasons for creating a separate fund called "Popular Encyclopaedia Fund" outside the Government account which was solely administered by the agents. The Secretary (Education) stated that this fund was specified in the letter of sanction. He added that no reason had been given at that time for creating this fund. As far as he could see the intention was to give a great deal of flexibility to the whole operation. The agents needed money for the work. The instalments of money requested by the agents were sanctioned by the Ministry after due consideration and credited to the fund. The Committee pointed out that in spite of this precaution, a dispute arose between the RTP Centre and the Press over storage charges. The Secretary (Education) admitted that no actual advantage emerged from keeping the moneys outside the Government account.

4.37. The Committee desired to be furnished with a statement showing the balance left in the fund when the work was taken over from the Maktaba and the RTP centre, In their *note (Appendix XVI) the Ministry have stated that at the time of the transfer of the work from the Maktaba the balance in the fund was Rs. 633.44P. The amount was credited to the Treasury by the Maktaba then. When the work was transferred from the RTPC to the Director, Publications Division, as also at the time of the final settlement of accounts, the balance with them was Rs. 1020.94P. which was adjusted.

4.38. The Committee consider that the creation of a separate fund viz. Popular Encyclopaedia Fund outside the Government account was improper. According to the Ministry's own admission no actual advantage accrued from keeping the moneys outside the Government accounts. They are surprised to learn that no reasons were recorded for creating the fund. It is also surprising how the Finance Ministry agreed to the proposal without examining whether it was legal and proper to keep the fund outside the Government accounts.

4.39. While the Committee appreciate the need for certain amount of flexibility in the administration of the project, they feel that before deviating from the normal procedure laid down, the project is

* Not vetted by Audit.

carefully examined and the advantages anticipated due to such deviations are fully ensured. The Ministry should ensure that the financial interests of the state are safeguarded. Such an action would have avoided the dispute which has arisen in the present case with the printers.

Sub-para (iv)

4.40. Five per cent of the actual expenditure was paid as overhead expenses to the agents, even though the entire expenditure on the pay and allowances of the officers and the establishment engaged on the publication work was reimbursed to them. According to Audit, though the Ministry had held the expenditure, which amounted to Rs. 6,865, as irregular, the necessary recovery had not yet been effected from the agents. (December, 1964).

4.41. The Secretary (Education) stated that the position as stated in the audit para was not quite correct. The Ministry wanted to discuss the matter with Audit but the discussion did not take place. As far back as 1955, Government in consultation with the Finance Ministry had approved the payment of 5 per cent overhead charges. Later in 1958, a doubt was expressed as to whether the expenditure on the item was regular. The Ministry however, did not hold the expenditure as irregular and therefore, the question of recovery of this amount did not arise.

4.42. The Committee asked about the justification of the payment of 5 per cent as overheads. The representative of the Ministry of Education stated that while submitting the estimate for printing of the book, the Maktaba or the RTP Centre had included this item also. The subsidy was determined in the Ministry and the price was fixed accordingly and the rest of expenditure included in the estimate with such modification as was made in the Ministry was approved. The 5 per cent overhead provided was for staff and contingencies in the context of low price fixed for the publication.

4.43. The C & AG pointed out that at one stage the Joint Secretary, Ministry of Finance had not agreed to the justification of payment of 5 per cent as overhead charges. The representative of the Ministry of Education stated that ultimately the Finance Ministry had agreed to this payment. The Committee desired to be furnished with a note stating when the Ministry of Finance originally approved payment of 5 per cent as overhead expenses, when they subsequently objected to the payment and later when they finally agreed to this payment, with a copy of the comments of the Ministry of Finance. The Committee desire that the information should be furnished to them early.

Sub-para (v)

4.43. Since no profits were intended to be allowed to the agents, the Ministry of Finance had, while approving the scheme, stipulated that no discounts on sales should be allowed to the agents without their prior approval. The Ministry, however, allowed, without their concurrence, a discount at a flat rate of 25 per cent. of sales to the agents. The discount allowed by the agents, in turn, to trade varied from 8 per cent. to 20 per cent only of the sale prices.

4.44. Referring to a discount of 25 per cent. of sales allowed to the agents, the Secretary (Education) stated that Ministry of Finance had given their concurrence in 1955 in connection with details for fixing the price of Vol. I and in 1957 in connection with reprint of Vol. I. They gave concurrence in regard to Vol. II in 1958 observing that the Ministry of Education might proceed on the basis of the agreement already made. As regards the discount allowed by the agents to retail book-sellers, it varied according to the circumstances of each case.

4.45. The Committee asked for the justification for allowing a discount of 25 per cent of sales, considering that the scheme was envisaged on 'no profit' basis. The Secretary (Education) admitted that clause would violate the concept of no profit. Asked if at the time of sanctioning the payment of discount, the Ministry were aware about the 'no profit' basis of the scheme, the witness replied in the affirmative. The witness admitted that the Maktaba or RTP Centre had retained the balance out of 25 per cent discount left after payment of 8 per cent. to 20 per cent. discount to trade. The Committee desired to be furnished with a note showing the total amount of expenditure involved in the payment of 25 per cent. discount. In their reply* (Appendix XIII-Para 6) the Ministry have stated that amounts drawn in respect of Vol. I (Reprint) and Vol. II were Rs. 4, Rs. 4,987.00 and Rs. 3868.75. (Figure in respect of 1st edition of Vol. I was not available).

4.46. In view of the fact that the whole scheme was conceived on 'no profit' basis, the Committee find no justification for allowing a discount at the flat rate of 25% of the sales to the agents, who in turn paid to trade a discount varying from 8 per cent to 20 per cent and retained the balance.

Sub-para (vi)

4.47. The Ministry of Finance had approved payment of remuneration to authors of the various articles at a sliding scale of

* Not vetted by Audit.

Rs. 25 to Rs. 40 per thousand words. Actually, however, payments were made by the Ministry at a flat rate of Rs. 40 per thousand words for all the articles without consultation with the Ministry of Finance. The total payment to the authors amounted to about Rs. 16,000. Enquiries made by the Ministry from trade in 1957-58 showed that even the reputed publishers were not allowing more than Rs. 25 to Rs. 30 per thousand words for more difficult and intricate work.

4.48. The Secretary (Education) stated that the Ministry of Finance had approved the scale of Rs. 25 to Rs. 40 per thousand words for payment of remuneration to authors, because this rate was considered to be appropriate in the circumstances. In actually fixing the rate of Rs. 40 per thousand words, the Maktaba or the RTP Centre were understood to have followed the advice given by the Committee of experts. The witness however added that for volumes III, IV and V, articles had been collected at the rate of Rs. 25 per thousand words. It was urged that it was therefore, not correct that a flat rate of Rs. 40 per thousand words had been paid for all the articles. This flat rate was paid only in the case of Volume I. The Committee asked whether before fixing the rate, the market rates were ascertained by the Ministry. The representative of the Ministry of Education stated that enquiries were made, but they could not get information about any publisher who had experience of this new type of work. As the ordinary writers were paid at the rate of Rs. 25 to Rs. 30, in the present case the scale was fixed at Rs. 25 to Rs. 40. The Committee enquired how rate was reduced to Rs. 25 per thousand words for the subsequent volumes. The representative of the Ministry stated that some of the articles in the later volumes were obtained at the previous rate. But the Ministry pointed out to the agents that Rs. 25 per thousand words would be the appropriate rate and if they wanted to pay more they should refer the matter to the Ministry. The quality of the articles in the earlier and later volumes was considered to be more or less the same. Asked why vigilance was not exercised by the Ministry earlier, the witness stated that they depended on the advice of the Expert Committee. He added that in the initial stages people were persuaded to write as initiators of the scheme. Later, the articles were available at a lower rate. The Committee desired to be furnished with a statement showing (i) the names of the writers who were paid at the rate of Rs. 40 per thousand words and the total amount paid to them and (ii) the names of the Members of the Expert Committee. In their reply* (Appendix XIII—Para 7) the Ministry have stated that the Maktaba was not in a

* Not vetted by Audit.

position to supply the list of contributors of volumes I & II. (The Contributors of these two volumes were paid at the rate of Rs. 40 per thousand words). The rate of payment to the authors was fixed by the Secretary Hindustani Culture Society with the approval of the other members of the Expert Committee.

4.49. The Committee are surprised that the Maktaba are not in a position to furnish the list of contributors to volumes I & II, who had been paid at the rate of Rs. 40 per thousand words on the recommendation of the Secretary of the Hindustani Culture Society. The Committee feel that this matter requires necessary investigations as to how the authors were selected and paid at the high rate of Rs. 40 per thousand words, when articles of same quality for subsequent volumes could be secured at the rate of Rs. 25 per thousand words.

From what has been stated above, the Committee cannot but observe that though the scheme of bringing out a popular encyclopaedia in Hindi was a good and useful scheme, it was not properly handled resulting in considerable delays and avoidable expenditure. They hope that the remaining volumes will be brought out expeditiously. In future also before such a scheme is undertaken, it must be properly planned and carefully executed so that the underlying objectives may be expeditiously achieved.

Scholarship Schemes—para 37, Pages 42-44

4.50. The Audit para brought out certain points noticed on a test audit of the accounts conducted in September, 1964 in respect of some of the scholarship schemes administered by the Ministry. The Committee also called for a statement showing details of various scholarship schemes in operation during the years 1961-62 to 1964-65, the number of scholarships and amount earmarked for each scheme each year the total amount spent and the reasons for shortfalls. The Ministry submitted two statements which are at Appendices XVII and XVIII. Appendix XVII shows details of 16 National Scholarships Schemes viz.,

- (1) General Scholarships scheme.
- (2) Foreign Languages scholarships scheme.
- (3) Union Territories Overseas Scholarships.
- (4) Overseas scholarships for scheduled castes, scheduled tribes, denotified, nomadic and semi-nomadic tribes and other economically backward classes.

- (5) Passage grants for scheduled castes, scheduled tribes, denotified, nomadic and semi-nomadic tribes and other economically backward classes.
- (6) Scheduled castes, scheduled tribes, Denotified, nomadic and semi-nomadic tribes and other economically backward classes scholarships schemes for post-matriculation studies in India.
- (7) National scholarships scheme for outstanding students for post-matric education;
- (8) scholarships for children of primary and secondary school teachers for post-matric studies.
- (9) Scholarships for higher studies in Hindi for persons from non-Hindi speaking States.
- (10) Scholarships to young workers in different cultural fields.
- (11) Merit scholarships for study in residential schools.
- (12) National loan scholarships scheme.
- (13) scholarships and other educational facilities to the children of political sufferers.
- (14) Post-matric merit scholarships scheme.
- (15) Postgraduate scholarships in humanity; and
- (16) Post-graduate merit scholarships in Sciences.

Appendix XVIII shows details of 11 External Scholarships Schemes, viz.,

- (1) International Association for exchange of students for technical experience.
- (2) Scholarships offered by West German Government/Organisation and East-German Govt.
- (3) Exchange programme of scholars between India and Foreign countries—Rumania, Ceylon, Greece, Poland, UAR, Yugoslavia and USSR.
- (4) Financial Assistance to Indian students awarded foreign scholarships.
- (5) Modified central overseas scholarships scheme.
- (6) Commonwealth Education Corporative Scheme—
 - (i) Commonwealth Scholarships/Fellowships plan.

- (ii) Teacher Training Business to the nationals of other commonwealth countries for study in India.
- (iii) Short-term visits of senior educationists from other commonwealth countries.
- (iv) Training of Craft Instructor (Technical teachers in India).
- (7) Scholarships/Fellowships to India by other commonwealth countries.
- (8) Twenty fully paid overseas scholarships scheme.
- (9) Indo-German Industrial Cooperation Scheme.
- (10) Reciprocal Scholarships scheme.
- (11) Fellowships to German Fellows.

The Committee also considered these statements along with the audit para.

Sub-para (1) Union Territories Scholarship Scheme.

4.51. The Scholarships were awarded for study training research abroad in humanities, science, technology, etc.

4.52. A sum of Rs. 1.05 lakhs spent on the studies of 5 scholars during the period 1944-45 to 1958-59 became recoverable as the scholars did not return to India after the expired period of stay abroad as required under terms and conditions of the bond executed by them. A sum of Rs. 50,000 only could be recovered so far. The recovery of a sum of Rs. 33,355 was waived and the balance of Rs. 21,672 still remained to be recovered (August, 1964).

4.53. Referring to the balance of Rs. 21,672 to be recovered, the Secretary (Science) stated that the amount pertained to a student to whom a sum of Rs. 33,800 was advanced. Out of this amount the individual had paid Rs. 14,000 and had to pay another Rs. 14,000 leaving a balance of Rs. 5,000. After the recovery of a further amount of Rs. 14,000 the matter would be considered further.

4.54. As regards waiver of Rs. 33,355 the witness stated that the biggest amount out of this related to a scholar who had been advanced Rs. 25,000. He did not return home, but his surety paid Rs. 7,000. After that the scholar died. Since the surety himself was not very well off, it was decided to waive the recovery of the balance amount.

4.55. In another case an amount of £245 had been advanced by the Indian High Commissioner in U.K. On receipt of advice from him that there was no chance of recovering the amount, it had been written off. Of the other two cases in one case an advance of Rs. 11,000 had been written off in consultation with the Madras Government who had shared half of the loss, because there was no

chance of recovery and there were not enough grounds for instituting a case. The second case involved a small amount of Rs. 600, which was written off in consultation with the U.P. Government which shared half of the loss. The expenditure had been incurred by a student in London in connection with his study tour. The India High Commission had advised the Ministry to write off the amount.

4.56. The Committee desired to be furnished with a note indicating the number of candidates who failed to fulfil the terms of contract under the various scholarships schemes and the action taken to prevent violation of rules in future. The reply of the Ministry is at Appendix XIX. The Committee have been informed that the scholars who violate the terms of the bond are liable to pay back to Government the money spent on their training in accordance with the terms stipulated in the bond. It was proposed to increase the amount for which the scholar and the surety will be responsible in case of violation of the terms of the bond.

4.57. The Committee desire that the matter should be kept under constant review and suitable action taken to prevent the violation of rules by scholars.

4.58. According to the statement (Appendix XVII) furnished by the Ministry of Education the details of the number of scholarships under the Union Territories Overseases Scholarships Scheme, amount provided and amount utilised for the years 1961-62 to 1964-65 were as under:

Years	Number of scholar- ships available	Amount	Amount
		provided	spent
		Rs.	Rs.
1961-62	5	1,22,900	44,594
1962-63	5	95,400	86,068
1963-64	5	90,000	85,545
1964-65	5	1,26,000	32,333

4.59 Explaining the reasons for saving during the year 1964-65 the Secretary (Science) stated that there was delay in the finalisation of selection of scholars during the financial year. The representative of the Ministry attributed the delay in selection of scholars to the time taken in advertising the scholarships and inviting applications and such other formalities. The Committee pointed out that despite such formalities, the position was not so unsatisfactory in the years 1962-63 and 1963-64. The Committee desired

to be furnished with a note stating the details of the dates on which applications for Union Territories scholarships for 1964-65 were invited, candidates were interviewed, the number of candidates interviewed and selected. The statement furnished by the Ministry is at Appendix XX. The Committee note that scholarships for 1964-65 were advertised on 19th December, 1964 and the final selection was made on 31st May, 1965 and 1st June, 1965 i.e. after the financial year was over. In another note (Appendix XXI) the Ministry have stated that the placement of the 5 scholars selected for 1964-65 was still in hand.

4.60. The Committee feel concerned over the shortfall of expenditure under the Union Territory Overseas Scholarships Scheme. It is regrettable to note that on the one hand a large number of students are keen to get scholarship under different overseas scholarship scheme, on the other Govt. are unable to utilise even the limited funds provided for the purpose. While the committee note that there was improvement in this regard during the years 1962-63 and 1963-64, they are not satisfied over the performance during the year 1964-65. There was inordinate delay in inviting applications, making final selections and actual placement of scholarships. The applications were invited on 19th December 1964, final selection were made on 31st May, 1965 and 1st June 1965, and the placement of scholars is still in hand. The Committee were assured that in order to avoid delay in future, the Ministry had drawn up a time schedule and taken a number of other measures. The Committee hope that the time schedule drawn up for selection of scholars will be rigidly followed and that delays which have occurred at various stages in the past will be scrupulously avoided in future.

Foreign Languages Scholarships Scheme:

4.61. According to the statement (Appendix XVII) furnished by the Ministry the details of the scholarships available under the scheme, the amount provided and the amount spent for the years 1961-62 to 1964-65 were as under:—

Year	Number of Scholar- ships available	Amount provided	Amount spent
		Rs.	Rs.
1961-62	15	1,40,000	67,028
1962-63	15	2,32,700	68,482
1963-64	13	2,06,700	1,06,418
1964-65	..	2,00,000	1,80,900

4.62. Explaining the reasons for the savings for the years 1961-62 the representative of the Ministry of Education stated that the modified scheme was started from the year 1961-62 and no fresh awards were made in that year. The scheme remained in abeyance during 1957-58, and 1958-59 as the Finance Ministry did not agree to continue the scheme. In 1961-62, it was modified to meet the specific requirements of the Information and Broadcasting Ministry (AIR) and three more languages were included.

4.63. Asked whether any saving was due to difficulty in obtaining foreign exchange, the Secretary (Science) stated that it was also one of the reasons. The Committee desired to be furnished with a note stating when the scholarships were held up for want of sanction of foreign exchange, the number of scholarships so curtailed and the amounts involved. In the note furnished by the Ministry (Appendix XXII) it has been stated that the suspension of the scheme during the years 1957-58 and 1958-59 was mainly because of difficulties of foreign exchange, the non-implementation of the scheme during the two years and the reduction of scholarships from 30 to 20 per year resulted in a total paving of Rs. 9 lakhs.

4.64. While the Committee note that the scheme was not implemented for two years owing to difficulties of foreign exchange, they feel concerned to find that the budget provision made for the years 1961-62 to 1963-64 substantially remained unutilised. This indicates the inability of the Ministry to utilise the foreign exchange even when it is made available for the purpose. The Committee desire that delays in the finalisation of scholarships and the other factors leading to non-utilisation of funds sanctioned should be scrupulously avoided in future.

Scheduled Castes, Scheduled Tribes, Denotified Tribes, Nomadic and Semi-Nomadic Tribes and other Economically Backward classes Scholarship scheme for Post-Matriculation Studies.

4.65. According to the statement (Appendix XVII) furnished by the Ministry of Education the amount provided and the amount spent under the scheme for the years 1961-62 to 1964-65 was as under:—

Year	Amount Provided	Amount Spent.
	Rs.	Rs.
1961-62	2,19,42,300	2,19,42,300
1962-63	2,19,36,000	2,19,36,000
1963-64	2,19,36,000	2,19,36,000
1964-65	2,18,29,000	2,18,29,000

4.66. The Committee asked why the number of scholarships had not been indicated by the Ministry in the statement furnished by them. The representative of the Ministry of Education stated that the number of scholarships was not fixed. The scheme was implemented by the Education Ministry through the State Governments. The budget provision was partly made by the Education Ministry and partly by the Department of Social Security (previously by the Home Ministry). The Education Ministry's share was limited to Rs. 219 lakhs which was provided each year. The policy was that every eligible scheduled tribe student should be given a scholarship. Any deficit in the fund was supplemented from the budget provision made by the Department of Social Security. Similar policy was followed in the case of scheduled caste students subject to a means test.

4.67. Asked if the information about number of scholarships actually given was subsequently maintained in the Ministry, the witness stated that the scheme was implemented by the State Governments. Some information was available in the Ministry but if more was required it had to be collected from the States. The Committee asked whether after the release of the grants to the State Governments, the Ministry verified at any stage that the amount had been utilised for the purpose. The witness stated that the Ministry had laid down general policy and frame work within which the scheme was to be operated. If there were any complaints, these were examined in consultation with the state governments. He added that Ministry also received annual statements from the State Governments regarding the utilisation of the grants from which they came to know the position about actual expenditure. The actual position was that the demand was very great and no complaints had reached the Ministry. In one or two cases the states were supplementing the grants made by the Ministry. Asked if there had been cases where the State Governments had been unable to utilise the grants fully, the witness replied that the Ministry were not aware of any such cases. The witness added that the social pressure was so great that there would be no cases where the money was not utilised. The witness, however, promised to check up the position. The Committee desired to be furnished with a statement showing the amounts allotted to each State Government under this scheme and the amount utilised during the last four years. The Statement furnished by the Ministry is at Appendix XXIII.

4.68. The Committee feel that there should be closer co-ordination between the Ministry of Education and the State Governments

in the administration of the scheme, so as to ensure that the grants are properly utilised and difficulties are avoided.

4.69. It is not clear to the Committee why grants were being released for the same scheme by two Ministries *viz* Ministry of Education and Department of Social Security. The Committee suggest that the question of releasing the grant from one source with a view to have a better coordination in the implementation of the scheme, may be examined.

National Scholarship Scheme for Outstanding Students for Post-Matric Studies.

4.70. According to the statement (Appendix XVII) furnished by the Ministry the details of the number of scholarships the amount provided and the amount spent for the years 1961-62 to 1964-65 were as under:

Year	Number of Scholarship available	Amount provided	Amount spent
		Rs.	Rs.
1961-62	2400	15,54,600	7,12,000
1962-63	2400	31,60,000	21,47,000
1963-64	2650	52,60,000	39,26,152
1964-65	2650	65,00,000	60,00,000

4.71. Explaining the reasons for shortfall in expenditure the representative of the Ministry of Education stated that the scheme was started in 1961-62 and that explained why in that year the utilisation was low. The scheme involved a complicated procedure because the Ministry had to obtain results from the various examining bodies numbering about 400. The policy was to declare the top students as meritorious. The work had since been centralised more or less in the sense that the Ministry received the actual examination results from every Board or University and made the selection themselves. The witness added that on the basis of the past experience, they had slightly decentralised the procedure this year in the sense that the number of scholarships had been allocated for every examination, asking the examining bodies to give them to the top students. The witness expressed the hope that for the current year not only would utilisation be better but efficiency in the implementation of the scheme would improved. The Secretary (Science) stated that another reason for under utilisation was that these scholarships were not given to the children whose

parents were well-off. It took a long time to complete the verification of the financial position of the parents or guardians. Recently the Ministry had taken some decision to simplify the procedure and it was hoped that the position would improve in future.

4.72. Asked about the steps taken to avoid delay in making payments to the selected scholars, the Secretary (Science), stated that the Ministry had been discussing the matter with the Comptroller and Auditor General in order to evolve a procedure whereby payments could be made quickly without the risk of defalcation. A revised procedure would come into force from the 1st July, 1965 which was expected to avoid delay in making payments. Under the existing procedure the initiative for preparing the bills for the scholarship lay with the head of the institution where the scholar was studying. After a study of the problem it was found that these educational institutions had limited staff and so they were not taking initiative for preparing the bill in time. The bill was then sent to the State Government for verification. After verification the bill was returned by the State Government and the money was collected by the head of the institution. Under the new procedure, as approved by the C. & A.G., the Ministry of Education would designate a particular officer who would be responsible for operating the account. The officer would prepare the bill for 9 months on the basis of the information supplied by the head of the institution and send a bank draft for payment to the scholar. It had also been stipulated that at the end of six months, the officer concerned would work out the estimate for the remaining three months on the basis of his experience of the past six months so that the money would be available to the scholar in time for the remaining three months also. The witness agreed that in the past the State Governments were also partly responsible for the delay in payment of scholarship amounts. He added that if the revised procedure did not work, they would have to find out some other machinery for the proper implementation of the scheme.

4.73. The Committee feel concerned over the delays that occurred in the past both in the finalisation of scholarships and in making payments to the selected students. Such delay not only results in the funds remaining unutilised but also causes hardships and inconvenience to the students. The Committee note the steps taken by the Ministry to avoid such delays in future. They hope that the system would be kept under constant review and necessary correctives would be applied to bring the administration of scheme to a satisfactory level. The Committee would like to watch the result achieved through future Audit Reports.

Scholarships for Children of Primary and Secondary School Teachers for post-Matric Studies.

4.74. According to the Statement (Appendix XVII) furnished by the Ministry of Education, the details of the number of scholarships under the Scheme, amount provided and amount utilised for the years 1961-62 to 1964-65 were as under:

Year	No. of Scholarships	Amount provided	Amount spent
		Rs.	Rs.
1961-62	500	2,31,500	1,69,900
1962-63	500	5,23,600	4,10,143
1963-64	500	8,41,000	6,53,697
1964-65	500	12,04,800	9,76,364

Explaining the reasons for the short-fall in expenditure in 1963-64 and 1964-65, the representative of the Ministry of Education stated that in these years there were certain where scholarships were not renewed. These scholarships were continued only subject to the satisfactory progress of the students. If the scholars did not maintain a satisfactory progress upto the prescribed standard, the scholarships were not renewed. It was difficult to anticipate how many scholarships going to be renewed when the Budget was prepared several months before. He added that another reason for the short-fall was that sometimes students joined the institutions late due to late selections. The Committee desired to know the standards on which the scholarships were renewed. The witness stated that for the grant of a scholarship, the student must be a first divisioner in the first instance. Afterwards, the student must pass the annual examination for continuance of the scholarship. If he failed, the scholarship was discontinued. In the Intermediate, which was a 2-year course, he must pass from first year to second year. After the Intermediate, if he wanted to go in for B.A. he must obtain a first division for being eligible for a scholarship in B.A. which was a 3 year course and he must pass in both the first and second years. The Committee desired to be furnished with a statement showing the percentage of students given scholarships under the Scheme, who failed to get through the examinations. The note furnished by the Ministry is at Appendix In the note, it has been stated that the State Governments do not send to the Ministry information relating to the number of awards cancelled due to failure in the examinations.

4.75. The Committee are surprised that the Ministry do not maintain any statistics regarding the number of cancellations and suspensions of scholarships due to failures in the examinations. They suggest that this information should be compiled by the Ministry as a regular feature.

Scholarships for Higher Studies in Hindi for persons from non-Hindi speaking States:

4.76. According to the Statement (Appendix XVII) furnished by the Ministry, the details of the number of scholarships under the Scheme, amount provided and amount utilised for the years 1961-62 to 1964-65 were as under:

Year	No. of Scholarships	Amount provided	Amount spend
		Rs.	Rs.
1961-62	150	3,42,000	3,14,997
1962-63	220	6,50,000	4,10,238
1963-64	220	6,72,000	3,74,800
1964-65	1,500	5,62,000	9,62,000

The Committee desired to know the reasons for the steep increase in the number of scholarships sanctioned in 1964-65 to 1500. The representative of the Ministry stated that the number of applications had very much increased and in view of this increase, the Ministry examined its various budget allotments and wherever some savings were available, these were utilised for increasing the number of these scholarships in 1964-65.

4.77. The Committee desired to be furnished with a note showing a State-wise break up of the 1498 scholarships sanctioned by the Ministry in 1964-65 under the Scheme. The note furnished by the Ministry is at Appendix XXV.

4.78. On being asked why the value of scholarships for pre-university Inter First year of 3 year degree course was Rs. 50 - p.m. in non-Hindi speaking States and Rs. 80 - p.m. in Hindi-speaking States, the witness stated that the scholarships were given to residents of non-Hindi speaking areas only but the student was free to study in any area. If he moved to a Hindi-speaking area, he was given a scholarships of higher value.

4.79. In reply to a question whether the organisations on whose recommendations these scholarships were given were recognised

by Government, the witness stated that only the applications received through State Governments or voluntary Hindi organisations were entertained by the Ministry.

4.80. The Committee feel concerned over the shortfalls in expenditure under this Scheme particularly during the year 1962-63 and 1963-64.

4.81. They are however glad that actually 1498 scholarships were awarded during 1964-65 (resulting in an expenditure of Rs. 9,62,000/-). The Committee however, find from the Ministry's statement that for the year 1965-66 again a provision for only 1000 scholarships has been made, but it has been stated that effort would be made to give as many more scholarships as possible. It is not clear why a provision for at least 1500 scholarships could not be made on the analogy of the equivalent number of scholarships having been awarded in the previous year. The Committee hope that the number of scholarships under this scheme will be suitably increased as necessary to give encouragement to higher studies in Hindi for persons from non-Hindi speaking areas.

Scholarships to young workers in different Cultural Fields

4.82. According to the Statement (Appendix XVII) furnished by the Ministry, the details of the number of scholarships under the Scheme, amount provided and amount utilised for the years 1961-62 to 1964-65 were as under:

Year	No. of Scholarships	Amount provided	Amount spent
		Rs.	Rs.
1961-62 . . .	44	2,00,000	1,89,000
1962-63 . . .	39	2,60,000	2,19,000
1963-64 . . .	50 (31 actually awarded)	2,25,000	2,20,000
1964-65 . . .	50	3,30,000	2,25,000

4.83. Explaining the nature of these scholarships and the method of selection of candidates for such scholarships, the representative of the Ministry stated that these scholarships covered the field of fine arts, which included dancing, music, painting and sculpture. These were advertised, and technical committees, on which the Ministry was represented were set up on a regional basis. To coordinate their recommendations, there was a Central Selection Committee which finally made the selection. Before any scholarships were granted, the candidates were required to give proof of their achievements in their respective fields. The witness informed

the Committee that these scholarships were meant only for Indian nationals.

4.84. The Committee enquired as to the minimum qualifications prescribed for the award of these scholarships. The witness stated that no minimum academic qualifications had been laid down; the candidates were judged on the basis of their competence in their respective field. He admitted that the Central Selection Committee had selected students who had formal education only upto the middle standard but their performance in the particular field was excellent.

4.85. Explaining the variation in the number of scholarships awarded from year to year, the witness stated that the limit fixed for new awards was 50, but the Selection Committee could not select the maximum number each year.

4.86. The Committee suggest that steps should be taken to see that the number of suitable persons selected for the scholarships reaches the limit of 50 each year. They also suggest that the question of prescribing the minimum educational qualifications of candidates for the grant of these scholarships may be examined by the Ministry.

Merit Scholarship for study in residential schools:

4.87. According to the statement (Appendix XVII) furnished by the Ministry of Education, the details of the number of scholarships under the Scheme, amount provided and amount utilised for the years 1961-62 to 1964-65 were as under:

Year	No. of Scholarships	Amount provided	Amount spent
		Rs.	Rs.
1961-62	70	5,20,000	7,10,706
1962-63	200	8,21,000	6,41,718
1963-64	200	9,70,000	8,19,353
1964-65	200	13,55,400	10,96,175

4.88. Explaining the method of selection for these scholarships, the representative of the Ministry stated that in the first instance, every State made preliminary selections through an examination. Such selections were pooled together for the purpose of an all-India selection which was also made on the basis of an examination. This ensured uniformity of standard in these selections. He also stated that these scholarships were given to those children only the

income of whose parents was less than one thousand rupees per month. Government assistance increased in proportion to the decrease in the parents' income, so that in those cases where the income was Rs. 150 or less, the entire expenses were borne by Government. In reply to a question the witness informed the Committee that the fees charged varied from school to school but the public schools were free to charge whatever fees they considered necessary. He further added that the Ministry of Education did not give any grants to any public schools, but only awarded scholarships in order to enable the poorer sections of the public to benefit from these schools, which provided good education. The Indian Public Schools Conference had not been recognised as such by the Union Government but its existence was taken note of. The Committee desired to be furnished with a note stating whether the Ministry had ever awarded in the past more than 7½ per cent and 2½ per cent of reserved scholarships to Scheduled Castes and Scheduled Tribes respectively. The note furnished by the Ministry is at Appendix XXVI.

4.89. From this note the Committee find that though there has been a substantial increase in the number of scholarships under this scheme during 1962-63, 1963-64 and 1964-65 there has been no increase in the number of scheduled caste and scheduled tribes candidates who were awarded these scholarships. The Committee suggest that the Ministry should investigate the reasons for this and take remedial measures to improve the position.

National loan scholarships scheme:

4.90. According to the statement (Appendix XVII) furnished by the Ministry of Education, the details of the number of scholarships under the Scheme, amount provided and amount utilised for the years 1963-64 and 1964-65 were as under:

Year	No. of Scholarships	Amount provided	Amount spent
		Rs.	Rs.
1963-64	18,100	1,33,00,000	57,00,000
1964-65	22,300	2,95,20,000	2,22,52,000

4.91. Explaining the reasons for the shortfall in the utilisation of amount of scholarships under the scheme in 1963-64 and 1964-65, the representative of the Ministry stated that in 1963-64, when the

scheme was started 18,100 scholarships were allocated to the State Governments. After collecting information from the States, it was found that only 10,500 had been utilised, with the result that there was a saving. In 1964-65, the number of scholarships allocated was 22,300 and according to information so far received, 16,000 awards had already been made. It was expected that from 18,000 to 20,000 scholarships would be utilised.

4.92. In reply to a question whether the amount given to States was according to the demand or availability of funds, the witness stated that the number of scholarships allocated to a particular State and the trend of utilisation were taken into consideration. The witness also stated that the reasons for the shortfall were that, firstly it was a new scheme, and secondly it was not very popular with the students because the amounts had to be repaid by them.

4.93. The Committee desired to be furnished with a statement showing the actual number of applications made under the Scheme in each State, the number of applications approved and the procedure adopted by the Ministry for remitting funds to the State Governments. The note furnished by the Ministry is at Appendix XXVII.

4.94. In reply to a question as to the terms and conditions of the loans, the witness stated that these were interest-free except when the student defaulted in repaying the loan and in that case interest was also charged. He added that the loan was repayable after one year of the student's employment. On being pointed out that a student might remain unemployed for a number of years after completing his studies, the witness stated that cases of this nature would not normally occur, as the students selected for such loans were meritorious and normally they were interested in completing their studies and seeking employment. The witness informed the Committee that at present candidates with 50 per cent marks or with 2nd Class were eligible for consideration for these loans but if funds were available, these could be given to third class students also.

4.95. The Committee feel concerned to note the large shortfall in expenditure during the years 1963-64 and 1964-65. The Committee find from the statement given in Appendix XXVII that though in the majority of cases, the applications received were less than the awards allocated to States, there have been some instances where the number of applications was more than the awards allocated. The Committee feel that as the Scheme is to be implemented entirely by the State Governments, the funds may be made available to

them according to their demand. The Committee would also suggest that the Ministry should undertake periodical reviews to ensure that no loans are left undisbursed due to procedural delays.

4.96. The Committee are glad to note from the note furnished by the Ministry that the percentage of utilisation showed an increasing trend in 1964-65. They hope that this trend would be maintained in 1965-66.

Scholarships and other educational facilities to children of Political sufferers.

4.97. According to the Statement (Appendix XVII) furnished by the Ministry of Education, the details of the number of scholarships under the Scheme, amount provided and amount utilised for the years 1961-62 to 1964-65 were as under:

Year	No. of scholarships	Amount provided	Amount spent
		Rs.	Rs.
1961-62	No fixed No.	3,00,000	3,11,000
1962-63	No fixed No.	10,00,000	10,08,563
1963-64	No fixed No.	10,00,000	10,00,032
1964-65	No fixed No.	10,00,000	10,00,000

4.98. The Committee enquired why no number had been fixed for these scholarships. The representative of the Ministry stated that it had not been possible to fix any number, but the definition of a political sufferer had been laid down. The scheme was implemented by the State Governments and the Centre on 50-50 basis. The budget provision for a particular year was made on the basis of the previous years expenditure. In reply to a question as to how in 1962-63 the provision made was Rs. 10 lakhs while in the previous year, the expenditure was only 3,11,000, the witness stated that after 1961-62, the scheme gained popularity and more demands were being placed on the Centre. So, in anticipation the Ministry provided for an expenditure of Rs. 10 lakhs, which in fact was exceeded.

4.99. In reply to a question as to the number of scholarships given so far, the witness stated that under the scheme the emphasis was not so much on scholarships and loans as on giving facilities for admission and hostel seats and freeships.

4.100. The Committee desired to be furnished with a statement showing whether Government had awarded any scholarships to children of those persons who had suffered in the struggle for the liberation of Goa. The interim note furnished by the Ministry is at Appendix XXVIII. From this interim note the Committee find that the children of those persons who suffered in the struggle for the liberation of Goa are also eligible for the award of scholarships and other educational facilities. The exact information in this regard is not readily available with the Ministry, but the same is being collected. The Committee would like to be informed of the actual position.

4.101. The Committee enquired whether the Education Ministry had any machinery to ascertain that the funds being provided under this scheme to the States and Union Territories were in fact being utilised for giving aid to proper persons. The witness stated that the States were expected to give aid to children of political sufferers within the ambit of the definition of 'political sufferer' laid down, which was uniform for all the States.

4.102. The Committee desired to be furnished with a statement regarding scholarships to children of political sufferers showing (a) in respect of the Union Territory of Delhi: the names of individual recipients; the criteria applied and the amounts given for the last three years; (b) in respect of other States: the total amount given year-wise and the number of beneficiaries. The interim note furnished by the Ministry is at Appendix XXIX. Detailed information in respect of the Union Territory of Delhi and the number of beneficiaries in other States is awaited.

4.103. The Committee are surprised to note that though the Scheme was instituted in 1959-60 the information about the number of beneficiaries is not available with the Ministry. The Committee suggest that this information should be obtained regularly by the Ministry.

4.104. The Committee also suggest that a suitable machinery should be devised by the Ministry in consultation with State Governments to ensure that the funds provided under the Scheme are utilised for giving aid to really deserving persons.

Foreign Government Scholarships:

At the instance of the Committee, the Ministry furnished a detailed note re: foreign scholarships, which is enclosed as Appendix XXVIII.

4.105. Referring to this note, the Committee enquired as to the difficulties in the way of full utilisation of the money offered by foreign Governments for scholarships. The witness stated that the foreign Governments did not give any money but offered a certain number of scholarships for Indian students to go and study in those countries. He admitted that in some cases all the scholarships offered had not been utilised. The reasons were that in some cases, the educational standard was not higher than ours and students were not keen to go there. He added that sometimes the terms of scholarships were not very attractive and sometimes the foreign Governments concerned had declined to accept particular scholars selected by the Ministry according to the number of offers made, because of difficulties of admission etc.

4.106. On being asked the number of Scheduled Castes and Scheduled Tribes students who took advantage of the Scheme, the witness informed the Committee that for external scholarships there was no special allocation for any particular group of people.

4.107. The Committee are not happy to observe that the scholarships offered by foreign Governments to India are not utilised in full. They feel there is need for better and closer coordination between the Government of India and the foreign Governments in the matter of selection and placement of scholars to be sent abroad.

Exchange programme with U.S.S.R.

4.108. Under the Indo-USSR Cultural Agreement, the USSR Govt. offer 50 scholarships to India every year. The number of USSR scholars who came to India on Government of India Scholarships during the last four years is as follows:

1961-62	14
1962-63	24
1963-64	29
1964-65	15

4.109. In evidence, the representative of the Ministry of Education stated that the number of Indian scholars who went to USSR is as follows:

1961-52	38
1962-63	32
1963-64	23
1964-65	24

4.110. Explaining why all the 50 scholarships offered by USSR each year from 1961-62 to 1964-65 were not fully utilised, the representative of the Ministry stated that it happened because particular students recommended by the Government of India were not acceptable to the USSR. The Government of India sent a list of only 50 students but if a contingency arose, they maintained a waiting list for the purpose.

4.111. The Committee pointed out that in view of the fact that the USSR authorities invariably changed the list of students sent by Government of India, it might be desirable to send 100 candidates out of which they could select 50. The witness stated that the main problem was that there should be coordination between selection here and the facilities available there and the selections should be made at the proper time.

4.112. On being asked whether the Government of India rejected any of the candidates sent by USSR, the witness replied in the negative.

4.113. When the Committee enquired whether the matter of rejection of Indian candidates by the USSR Government had been taken up by the Ministry of Education with representatives of USSR in Delhi and whether any explanation had been given by them for the large number of rejections, the witness reiterated that the main reason for the rejections was the difficulty in finding places in different faculties of the Universities for the candidates. He also added that at the official level, the Government of India was anxious to see that all the students selected by them should be accepted by USSR. They negotiated through the Indian Embassy with the USSR Government whenever a candidate was rejected and pursued the case or submitted alternative names. Sometimes USSR accepted more students from out of the subsequent names given to them.

4.114. The Committee desired to be furnished with a statement showing year-wise (from 1961-62 to 1964-65), country-wise and subject-wise the number of foreign scholarships sanctioned by different countries, the purpose for which sanctioned, the number of students sent and the reasons for the shortfall in that number each year. The note furnished by the Ministry is at Appendix XXX.

A perusal of this statement shows that there have been several instances where the number of scholars sent was less than the number of scholarships offered. The Committee desire that special efforts should be made to ensure that the scholarships offered are fully utilised.

4.115. The Committee would suggest that in order to utilise all the 50 scholarships offered by Russia, the Government of India may send a list of double the number of candidates, so that the USSR authorities can select 50 out of them. The Committee would also suggest that for effecting greater coordination between the two Governments, the Government of India, before making the selection at their end could ask the USSR Government in advance to indicate the facilities they have, the number of vacancies available in each field and the most suitable time when the Indian scholars should be sent.

Central Overseas scholarship scheme—para 37 (ii), Pages 42-43:

4.116. The scheme was introduced in 1944-45 to provide opportunities for higher studies abroad to candidates sponsored by the State Governments|Universities, etc.

4.117. Although the scheme was discontinued from 1958-59, there are still nine cases pending in which scholars had failed to return to India after the expired period of stay abroad, as required under terms and conditions of the bond executed by them. A sum of over Rs. 1 lakh against Rs. 1,73,173 paid as scholarships is yet to be recovered (August, 1964).

4.118. The Ministry informed Audit in November, 1964 that the scholars who committed breach of the bond were liable to pay penalty charges to Government, but that in actual practice it had not been possible to recover penalty charges by any amount of persuasion. The Ministry have also not written off the amounts as 'irrecoverable' (November, 1964).

4.119. In evidence, the representative of the Ministry stated that the first condition stipulated in the bond was that the student must return to India after completing his studies abroad, so that the country might benefit from his knowledge. So every effort was made to persuade the unwilling students to return and there were cases in which the Government had succeeded. In certain cases, in which students refused to return, the amount had to be realised from the sureties concerned. The pending 9 cases were in different stages of processing. He added that out of the 9 scholars, 4 had returned to India and were paying back some of the money. One had died and so the amount had been written off. In the other cases there was hope of recovery of at least part of the money.

4.120. The Committee enquired whether the Government proposed to make any changes in the terms and conditions of the bonds in

order to prevent the students from not returning. The witness stated that they had no intention of tightening the regulations because already many deserving people were unable to fulfil the conditions. Asked whether the problem had been examined by the Ministry, the witness stated that Government had been aware of the problem of the non-return of scholars from foreign countries for many years and steps were being taken to bring them back. One of the steps taken was to institute a pool of scientists, so that trained people could be put in the pool straightaway and then look for a job. One reason why many scholarship-holders were not willing to come back was better employment opportunities and far higher salary scales abroad. But Government of India could not raise its salary scales to the level of those prevailing in Europe and America.

4.121. The Committee enquired whether Government had considered the general complaint on the part of students not willing to return that apart from the salaries, the conditions of service in India were not satisfactory. The witness stated that this problem was being dealt with not only by the Education Ministry, but by all the Ministries concerned.

4.122. The Committee note with satisfaction that efforts are being made to induce the scholars sent abroad to return to India after completion of their studies there. In this connection, the Committee would emphasise the need for the betterment of their employment opportunities and also for improving their service conditions in the country.

French Fellowship scheme—para 37 (iii), Page 43:

4.123. Fellowships are offered to French nationals for post-graduate studies/research in science technology, etc. in India.

4.124. In one case the fellowship was granted for a subject not covered by the scheme and in two cases the fellows selected joined the institutions as casual students for learning Fine Arts instead of for post-graduate studies/research. The amount of fellowships paid in these three cases was about Rs. 18,000. The Ministry have stated that as the scholars who come under this scheme are nominees of the respective Governments, the terms and conditions are to be relaxed in certain cases because of the cultural aspects of the scheme and that it is proposed to suitably amend the terms and conditions of the scheme to cover such exceptional changes. **The Committee would like to be informed of the revised terms and conditions of the scheme when finalised.**

Partial Financial Assistance Scheme—para 37(iv), Page 43:

4.125. Financial assistance in the shape of loans is granted towards the passage and other incidental expenditure to such students as have obtained admission in foreign universities. The amount of loan is restricted to Rs. 4,000 and is recoverable with interest in suitable instalments not exceeding 36 on the expiry of six months after the completion of the course or the scholar's employment in India/abroad, whichever is earlier. In 17 cases loans amounting to Rs. 17,181 have not been recovered so far (September, 1964) though 3 years have elapsed since the recoveries have fallen due.

4.126. In 47 cases, though the recovery of principal amounting to about Rs. 53,000 has been made, interest at 4 per cent for the period ranging between 3 and 5 years has not been recovered.

4.127. In 2 cases, loans amounting to Rs. 14,762 are being recovered in easy instalments extending to 5-10 years instead of 3 years, as provided under the scheme.

4.128. The Ministry have stated that the enforcements of recovery in these cases have entailed delay due to unavoidable and protracted correspondence with State Governments, Local Agencies.

4.129. In evidence, the representative of the Ministry stated that out of the 17 cases cited, 6 were those in which regular loans were given and the remaining 11 were cases of emergency loans. Out of the former, one had started to repay, one had promised to repay on completion of his studies, in one case the loan had been written off in view of the financial position of the student, in another case, the father of the student had promised to repay and in the remaining 2 cases, the Government was thinking of recovering the amount through legal action.

4.130. As regards the 11 cases of emergency loans, in one case, the student had died, another had already repaid. One had promised to repay and in 8 cases, efforts were being made with the help of State Governments to ascertain their whereabouts. It was expected that full recovery would be made in each case.

4.131. Of the 47 cases of recovery of interest, in 20 cases recovery had already been made and in the 27 cases, efforts were being made.

4.132. In the last 2 cases, it had been agreed to recover the loans in easy instalments keeping in view the fact that the students were refugees from East Pakistan.

4.133. The Committee hope that efforts will continue to be made to effect recovery of loans and interest as and when they fall due.

General Scholarships Scheme—para 37 (v), Pages 43-44.

4.134. The Scheme provides facilities for higher education and training in India to the nationals of the selected countries including students of Indian origin. To become eligible for scholarships under the scheme, the candidates for the undergraduate courses should be between the ages of 17 to 22 years and should have passed the Senior Cambridge/Matric examination; those who apply for post-graduate courses should be between the ages of 21 to 22 years and should have passed the Bachelor's' Degree Examination in at least second division.

4.135. Candidates not coming within the age groups were awarded scholarships (Rs. 1.01 lakhs in 16 cases). Scholarships were granted for pre-Matric students not covered by the scheme (Expenditure in 4 cases amounted to Rs. 20,000).

4.136. The Committee enquired whether the 4 students to whom scholarships involving an expenditure of Rs. 20,000 were given were pre-Matric students, and not covered by the scheme. The representative of the Ministry stated that relaxation was made in the rules in these cases to enable these 4 children coming from Tibet to pursue their studies in India.

4.137. The witness added that the other 16 cases in which the candidates did not come within the required age-group, related to students from Africa except 2 who came from Japan and in their case also relaxation of rules was made.

4.138. In reply to a question, the Committee were informed that it was provided in the scheme in this particular case that the Government of India reserved to themselves the right to introduce such changes in the terms and conditions as might be found necessary to serve the objectives of the scheme.

4.139. The Committee note that it is provided in the scheme that the Government of India reserve to themselves the right to introduce such changes in the terms and conditions as may be found necessary to serve the objectives of the scheme.

4.140. The Committee suggest that the relaxation of age limit should be incorporated in the Rules themselves, instead of making

such relaxation in individual cases. The age limit of 21 to 22 years for post-graduate courses appears to be rigid and restrictive.

4.141. It is observed from the above review of various Scholarship schemes that though the number of scholarships is on the increase from year to year, the budgeted amount for such scholarships is not being utilised in full in many cases and there is undue delay in the selection of scholars, and the scholars are also not being given the amount of scholarships in time due to various procedural delays. In this connection the Committee desired to know whether the recommendation made by the Estimates Committee in para 44 of their Twenty Fourth Report (Second Lok Sabha) regarding the creation of an autonomous or semi-autonomous board for the administration of all scholarship schemes had been considered by the Ministry and if so, with what results. The witness stated that the matter was still under consideration and consultations were being held with the Planning Commission. At the present stage it could not be stated whether this would be an autonomous board or some machinery within the Ministry. It was expected that decision would be reached within 3 or 4 months.

4.142. The Committee regret to note the abnormal delay in taking a final decision regarding the creation of an autonomous or semi-autonomous board for the administration of all scholarship schemes. The Committee would like to reiterate this recommendation of the Estimates Committee. In the meantime, the Committee would like the Ministry to take steps to ensure that (a) the budgeted amount for various scholarships is utilised in full; (b) there is no delay in the selection of candidates for award of scholarships; and (c) payments to the scholars are made in time so that they may not find it difficult to continue their studies for want of funds. The Committee also suggest that the Ministry should take adequate measures to ensure that all the schemes of scholarships are well advertised in schools and colleges to enable eligible candidates to seek them.

Reciprocal scholarships scheme—para 37(vi), Page 44.

4.143. The scheme provided opportunities upto August, 1964. for post-graduate study/research in different fields of science, technology, etc. to foreign students. Under the scheme the selected candidates should at least hold a degree and possess adequate knowledge of English.

4.144. In two cases, the scholars had only passed the Middle standard or preparatory examinations. In another case, the scholar hold-

ing Diploma in Library was allowed to learn Kathak style of dancing. The amount of scholarships involved in these cases was Rs. 14,000.

4.145. In evidence, the representative of the Ministry of Education stated that subjects for which these scholarships were available were science, engineering, fine arts and technology. Painting and classical dance were included in fine arts. As regards the 3 persons who were not graduates, the witness stated that the scheme being primarily cultural in nature and the candidates sufficiently advanced in the respective fields, the rules were relaxed to accommodate them. He added that Government proposed to make some changes in the rules in consultation with the Ministry of Finance.

4.146. The Committee enquired as to the reasons for relaxing the rules and conditions laid down by the Ministry itself. The witness stated that the scholars were the nominees of the French Government and there were no better nominees available from that Government. In reply to a question, he added that the relaxation was made not at the instance of the French Government but by the Government of India on their own. **The Committee suggest that the proposed changes in the rules may be effected early so as to obviate the necessity of making relaxation of Rules in individual cases.**

Jamia Millia Islamia—para 89. Page 117.

4.147. According to the Constitution of the Jamia Millia Islamia, Delhi, the object of the Society is to promote and provide for the religious and secular education of Indians and particularly of Muslims, in conformity with sound principles of education and in consonance with the needs of the national life. The Jamia was registered in June, 1939 under the Societies Registration Act of 1860 and has been deemed to be 'University' for the purpose of the University Grants Commission Act 1956 from 19th June, 1962.

4.148. Maintenance grants are given by the Central Government to cover the net deficit in the recurring expenditure of the Jamia. The Government also provide the matching contribution for the development schemes approved by the University Grants Commission for the 'University' activities of the Jamia, viz., the Jamia College, Teachers' College and Library, in case the Jamia is not in a position to provide funds falling in its share from within its resources. It also receives grants from the Delhi Administration, the University Grants Commission, the Delhi Municipal Corporation etc., for special purposes.

4.149. (a) A broad analysis of the receipts and expenditure of the Jamia for the years 1962-63 and 1963-64 is given below:

(In lakhs of Rupees.)

Receipts	1962-63	1963-64	Expenditure	1962-63	1963-64
Grants paid by:					
(i) Central Government	5.33	8.50	Educational Departments	5.04	6.02
(ii) Delhi Administration	0.05	0.06	Vice Chancellor's & Central Office	0.34	0.77
(iii) University Grants Commission	..	0.48	Treasurer's office	0.36	0.34
(iv) Municipal Corporation, Delhi	0.02	0.02	Registrar's Office	0.20	0.46
(v) National Council of Educational Research & Training	0.02	0.01	Library (Central) Hospital	0.16 0.14	0.21 0.18
(vi) Central Social Welfare Board (including Delhi S.W. Board)	0.01	0.04	Building, Property & Municipal Deptts.	0.73	0.99
Income from fees, etc.	1.31	1.42	Furniture & Equipment	..	0.81
			Miscellaneous	0.01	0.77
TOTAL	6.74	10.53		6.98	10.55

4.150. Apart from grants-in-aid, Government paid two interest-free loans of Rs. 1.72 lakhs and Rs. 2.36 lakhs and an interest bearing loan of Rs. 0.37 lakh to the Jamia in instalments over the period 1953-54 to 1956-57 for construction of its hostel buildings and staff quarters. However, the amount of Rs. 1.09 lakhs repaid upto the end of 1963-64 was again treated as expenditure of the Jamia in computing the net deficit to be financed by Government grants. The Jamia has stated that this is in accordance with the resolution of the Finance Committee in which the Ministry of Finance and Ministry of Education are represented. It has been suggested by the Jamia that it would be better to convert the loans into grants.

4.151. The Committee desired to know whether there was any difference between the teaching methods of the Delhi University and the Jamia Millia. The representative of the Ministry stated that the two institutions were at the level of the University. The Jamia was established to promote the spirit of secularism, nationalism and also to put emphasis on Islamic culture to a certain extent. Although the degrees conferred by the two institutions conformed to the same

pattern these institutions were different in tone and spirit. He added that the Jamia was a much smaller body than the Delhi University.

4.152. The Committee desired to know whether the pattern of financial assistance applying to Jamia Millia, according to which almost all the expenditure of the Jamia was met by the Government applied to other institutions also which were deemed to be Universities. The witness stated that the practice of meeting the deficit applied to all the four Central Universities as well as to the Jamia. Recently the Government had recognised certain other institutions of the same type to be deemed universities under the UGC Act. The pattern of assistance to be given to them was under consideration and in the case of some institutions the pattern obtaining in the Jamia might also apply.

4.153. The Committee would like to be informed whether the pattern of assistance to be applied to institutions of the type of Jamia, which have been deemed to be universities under the U.G.C. Act. has been decided upon. In the case of Jamia, most of the expenditure is met from Government sources. The Committee suggest that the feasibility of routing the grants to the Jamia Millia through the University Grants Commission may be examined.

4.154. The Committee enquired how the Jamia was financed from 1939 till 1954, when the Government agreed to finance it to the full extent. The Vice-Chancellor of Jamia stated that it depended only on public subscriptions which were sometimes fairly large. But, he added that till 1945, when they were able to collect a large amount for their Jubilee, it was a hand-to-mouth existence. From 1950, they were getting grants from Government, which were by way of assistance. The witness stated that after 1947 it became difficult for them to raise subscriptions from the public, as the latter expected the national Government to support the institution.

4.155. The Committee pointed out that between 1947 and 1954 the Jamia was getting *ad hoc* grants and it had considerable income by way of donations till 1954, but as soon as the Government gave the matching grant, all those donations were stopped. The Vice-Chancellor of Jamia stated that they used to get a grant of Rs. 3,000 a month from Hyderabad State, which was discontinued from 1951. The other subscriptions collected from the public were small.

4.156. The Committee enquired why the loans taken by the Jamia were being repaid from the grants. The representative of the Ministry stated that at that time there was only a loan scheme in the

Ministry by which assistance could be given for building hostels and staff quarters. There was no scheme for grants for that purpose. But since the Government had agreed to meet the deficit, the income and interest and the repayment of the loans for these buildings were shown in the budget of the Jamia in the usual way and it was not found necessary to convert these loans into grants.

4.157. The Committee pointed out that detailing the repayment of loan as an item of expenditure amounted to giving a grant to the Jamia. The witness while admitting that it was so, stated that as there was no scheme for grants, loans were given.

4.158. The Committee pointed out that the Education Ministry was authorised only to give recurring grants to Jamia and the Finance Committee of the Jamia, on which the Ministries of Finance and Education were represented had no authority to convert it into non-recurring grant. The representative of the Ministry stated that income accruing from the loan, rent of the hostel staff quarters etc. were shown in the budget of the Jamia and the liability accruing i.e. the payment of the instalments of the loan and interest was shown as expenditure, calculated on the deficit basis.

4.159. The Committee enquired whether the Ministry had asked or discussed with the Finance Committee how the loan was converted into grant inspite of Government orders that only recurring expenditure could be covered by way of grant.

4.160. The representative of the Ministry stated that there was nothing on record to show that there were instructions from the Ministry or that the case was referred back to the Ministry.

4.161. The Committee desired to be furnished with a note indicating the circumstances under which a loan given to the Jamia Millia was converted into a grant and how this proposal was concurred in by the representatives of the Education and Finance Ministries in the Finance Committee of the Jamia. The note furnished by the Ministry is at Appendix XXXI.

4.162. The Committee feel concerned to know that the Finance Committee of Jamia authorised the payment of the loans taken by the Jamia from the grants without the prior concurrence of the Ministry of Finance. From the note* furnished by the Ministry it appears that the representative of the Ministry of Finance was not present at the Finance Committee meeting at which this was decided. This is all the more reason that the matter should have

*Not vetted by Audit.

been referred back to the Ministry of Finance and their express approval obtained. The Committee would like to observe that it should be the duty of the Financial Adviser to carefully study the minutes of the meeting in which he was not present and take objection to this item as not regular or proper.

Publication Section, Para 89(b) (i) Pages 188-119.

4.163. The Publication Section had brought out a number of booklets in Hindi and Urdu for the guidance of neo-literate adults. The prices of the booklets had been fixed on an *ad hoc* basis, ranging between 37 paise and 89 paise per copy. Upto March, 1960 no stock account of the publications was being maintained by the Jamia.

4.164. From the stock account maintained from April, 1960 it was observed that during August, 1960 to July, 1964 92,135 books, the price of which was about Rs. 51,512 were supplied to the Maktaba Jamia Ltd., a sister concern, for sale on a 40 per cent commission basis without the approval of the Governing Body. The total sale proceeds credited to the Jamia during the three years ending March, 1964 however, amounted to Rs. 3,961 only. No records showing the books sold by the Maktaba, copies lying in stock, commission charged by them, etc. were available in the Jamia. It has been stated (December, 1964) that no work of publication was done during the last two years.

4.165. The Committee desired to know the details of the profit and loss account of the Publications Section of the Jamia from 1960-61 to 1964-65 and whether the whole of the deficit was covered through grants received from Government. The representative of the Ministry stated that till 1960 no stock account was maintained. The Jamia had now issued instructions to its publications department to complete the stock accounts prior to 1960 and show it to the audit party at the time of next Audit. The Publications Deptt. had since completed the record showing the books sold by Maktaba. Regarding sale of books, as the compilation section of the Jamia had no arrangements for the sale of its publications, it entrusted the sale to Maktaba Jamia Ltd., on the basis of 40 per cent commission paid on such publications, since these were mostly Urdu books. Out of the 40 per cent commission fixed 33½ per cent was given to book-sellers and 7½ per cent kept by Maktaba itself. The matter had now been placed before the governing body for its approval. The Jamia had stated that the total sales during 1962-63 had been only Rs. 6,710.50. The poor sales were due to the fact that a number of other agencies also published similar books for the neo-literates. This competition had affected the sale of Jamia books adversely.

Regarding publications for the last 2 years, the Jamia had spent Rs. 3,504 and Rs. 3,151 on publications during 1962-63 and 1963-64 respectively.

4.166. The Committee desired to know why the Jamia had no records showing the books sold by the Maktaba copies lying in stock, commission charged by them etc. The Vice-Chancellor of Jamia explained that the accounts of the Maktaba were maintained according to the provisions of the Companies Act and the Jamia had sent for these accounts.

4.167. Explaining the procedure of sale of books brought out by Jamia, the Vice-Chancellor stated that Maktaba Jamia which did publication work of all kinds was given an agency for the sale of books of the Jamia prepared by its compilation section. These books could not be sold by the compilation section itself, because under the terms of the agreements with the Government, that would make the work commercial. The books were printed by the Jamia and not by the Maktaba which had no press of its own.

4.168. The Committee are surprised to observe that no stock account of the publications was maintained by the Jamia till March, 1960.

4.169. The Committee regret to note that the Jamia decided to give 40 per cent. commission to the Maktaba Jamia Ltd. for the sale of its publications without obtaining prior approval of the Governing Body. They hope that such lapses will be avoided in future.

4.170. The Committee are disappointed to note the poor sale-proceeds of the publications brought out by the Jamia. They suggest that the Ministry should examine the suitability and utility of these publications. The Committee also regret to note that the Jamia has not maintained proper record of the books sold and the copies still lying in stock. They hope that the records will be brought up-to-date and maintained properly in future.

The facts brought out in this Audit para reveal a confused state of affairs of the Publications Section of the Jamia, which is highly regrettable and which calls for immediate remedial measures.

Magazine Section—para 89(b) (ii)—page 119.

4.171. This section has been publishing a monthly magazine named 'Talim-o-Taraqqi' for the guidance of workers in the field of social education. The annual subscription per copy has been fixed at Rs. 4 on an *ad hoc* basis.

The percentage of copies distributed free ranged between 25 and 30 per cent of the total number printed as shown below:—

Year	No. of copies printed	No. of copies sold	No. of copies distributed free	Balance in stock
1961-62	14,400	7,536	4,344	2,520
1962-63	14,400	9,302	3,633	1,465
1963-64	14,150	8,747	3,917	1,486

4.172. The Jamia Millia intimated Audit in December, 1964, that in future the percentage of free copies would be brought down to 15 per cent., of the total print order.

4.173. Again the total expenditure of Rs. 15,939 and Rs. 17,023 incurred on the Magazine Section during 1962-63 and 1963-64, the income from the subscriptions amounted to Rs. 2,959 and Rs. 2,464 respectively; the deficit is being met out of the grant received from Government without any specific pattern of subsidy having been approved by Government.

4.174. In evidence the Secretary (Education) stated that the magazine "Talim-o-Taraqqi" was started in order to widen the professional knowledge of workers engaged in the field of social education. It contained technical material collected from the experience in various parts of the world and books published in different languages.

4.175. Referring to the percentage of copies distributed free ranging between 25 and 30 per cent, the witness stated that according to the Jamia, it had been a common practice to maintain a complimentary and exchange list of publications and also to keep a reserve. The free mailing list which was approved by the governing body, comprised two categories of supplies viz., (i) periodicals mostly concerned with adult education and development which were supplied copies on exchange basis, and (ii) individuals and institutions who were working in this field among whom it was considered essential to circulate these magazines. The witness added that the number of free copies had since been brought down by the Jamia to 15 per cent of the total print order.

4.176. As regards fixing of the annual subscription at Rs. 4 on an *ad hoc* basis, the witness stated that according to the Jamia this had been done after taking into consideration the prices of similar magazines in the country. The deficit in the Income from the magazine

was attributed to a number of copies being distributed free. He admitted that the deficit of the department could be reduced by effecting the sales of the magazine more vigorously and getting a small number of copies printed. The witness added that as the publication of the magazine was not a commercial function of the Jamia and as it was published for the guidance of workers in the field of social education, the grants given to the magazine section were treated in the same way as those given to any other department of the Jamia. The budget of the magazine section was approved by the Finance Committee on a yearly basis. But the pattern of subsidy was not approved for each activity separately. The Jamia had been asked by the Ministry to satisfy audit on this point before being eligible for the current year's grant pertaining to this item.

4.177. The Committee asked how the amounts of subscriptions realised during the year 1962-63 and 1963-64 were less than the figures worked out on the basis of the number of copies sold. The Comptroller & Auditor General stated that according to the information given to Audit, subscriptions were outstanding from certain Government Deptts. The Vice-Chancellor, Jamia stated that it was difficult to realise subscriptions from the State Governments. In reply to a question, the Vice-Chancellor, Jamia Millia stated that the unsold copies of the old issues were kept in stock and an account was kept. These copies were required for sale later. The Committee desired to be furnished with a note stating the number of copies of old issues (brought out in 1961-62 and 1962-63) sold in the year 1963-64. In their reply* (Appendix XXXII) the Ministry have stated that only fourteen copies of old issues of the magazine (brought out in 1961-62 and 1962-63) were sold during the year 1963-64. From this the Committee cannot escape the conclusion that sale of old issues of the magazine is negligible and does not justify the present heavy accumulation of stock. They suggest that steps should be taken to dispose of surplus copies and prevent their accumulation in future by reducing the print order.

4.178. The Committee also note that the number of copies of the magazine distributed free during the years 1961-62 to 1963-64 was very much on the high side, their percentage to the total print order being 30 in 1961-62, 25 in 1962-63 and 27 in 1963-64. They are glad to note that the percentage has since been brought down to 15.

4.179. The Committee feel concerned over a vide deficit in the magazine section. Against the total expenditure of Rs. 15,939 and

*Not vetted by Audit.

Rs. 17,023 incurred on this section during 1962-63 and 1963-64, the income from subscription amounted to Rs. 2959 and Rs. 2464 respectively. The Committee desire that the gap in the income and expenditure of the Magazine section should be reduced to the minimum. With that end in view, the Jamia Millia should carefully analyse the reasons for deficit and take suitable steps to deduce the same by increasing the price of magazine, further reduction of free distribution of copies, boosting sales and reducing the number of printed copies.

4.180. The Secretary (Education) informed the Committee that the Ministry were not happy over the 5 Audit objections referred to in para 89(b) and that a committee had been appointed by the governing body of the Jamia Millia to go into these cases.

4.181. The Committee would like to be informed of the findings of this Committee and action taken thereon.

Rural Education Centre—para 89(b) (iii), Pages 119-120.

4.182. This section was set up to impart social education among the villagers in certain rural centres around the Jamia campus. The work was discontinued in 1960 consequent upon the centres being taken over by the Delhi Municipal Corporation and other agencies, but the staff engaged for this purpose continued to be maintained by the Jamia. It was explained (December, 1964) that "a great deal of work of a useful nature continues to be done in co-operation with the Department of Co-operation and Agriculture and a number of agencies like the Delhi Farmer's Forum, the T.B. Association, the Family Planning Association, etc." No record of the work actually done was, however, being maintained. An expenditure of Rs. 28,148 was incurred on salaries of the staff upto March, 1964 after the discontinuance of the regular scheme of imparting social education.

4.183. The Committee asked about the justification of the expenditure incurred on salaries of the staff after the discontinuance of the regular scheme of imparting social education by the Rural Education Centre consequent on centres being taken over by Delhi Municipal Corporation. The Secretary (Education) stated that it was not correct that the Rural Education Centres were taken over by the Delhi Municipal Corporation in totality. A great deal of work of a useful nature continued to be done by Jamia in cooperation with the Departments of Cooperation and Agriculture and a number of other agencies like Delhi Farmers' Forum, T.B. Association, Family Planning Association etc. The witness added that it was, however,

correct that the work of imparting social education in the surrounding villages had been stopped except for one centre at Okhla Village. The Delhi Municipal Corporation did not take over the staff because the work of the centre was not taken over by the Corporation.

4.184. The witness informed the Committee that the total expenditure of the Centre amounting to Rs. 17,321 in 1958-59 was reduced to Rs. 8,157 in 1962-63 and Rs. 9,564 in 1963-64. The increase in expenditure in 1963-64 was due to payment of compensatory allowance, house rent allowance and increase in the dearness allowance, which had not been given earlier. The witness added that the Jamia had undertaken to reduce the expenditure in future.

As regards the maintenance of a record of the work done by the staff, the witness stated that this had not been done in the past, but Jamia had since issued instructions to the Department to keep a record of the work actually done. The Jamia had also been asked to submit a record of the work to the Ministry.

4.185. With regard to the closing of the Centres, the witness stated that the matter was under consideration and the aforesaid Committee appointed by the Jamia would go into this question.

4.186. In reply to a question the Vice-Chancellor, Jamia stated that originally 5 centres had been started and after an assessment of the work, they had been reducing the work, and now there was only a skeleton staff. Formerly, the staff included one organiser, one assistant and four other persons working in different centres. The Committee asked about the nature of work at present being done by the staff. The Vice-Chancellor stated that they had been proceeding on an experimental basis to find out really what the villagers needed. For instance, they had opened an education centre with literacy classes. But it was wound up as it did not serve any useful purpose. It had now been found that what the villagers needed was some kind of leadership. They approached the organiser of the centre for information and advice. The Organiser acted as a liaison officer between the villagers and the various Government and Semi-official agencies. There was a kind of panchayat meeting almost every other day. While agreeing that it was necessary to have a record of the work, the witness added that he was not sure about the reaction of the villagers who came for advice. If they were asked to record their names and purpose of the visit, they might become suspicious and give up coming to the centre. The witness, however,

assured that if this work was continued in some form, a proper record would be kept in future. Asked if any record was being kept before the work was reduced in 1960 the witness replied that a system of annual reports was in existence, and besides he used to ask for quarterly reports. The witness added that system of submission of annual or quarterly reports was practically continuing, but no daily record was maintained. The Committee desired to be furnished with a note stating the break-up of expenditure incurred on salaries of the staff and their strength and whether the same staff was not borne on the strength of any other organisation. The note furnished by the Ministry is at Appendix XXXII.

4.187. It is not clear to the Committee how far it was justifiable to continue the services of the staff employed for the Rural Education Centre after these centres were taken over by the Delhi Municipal Corporation and other agencies in 1960. The Committee are surprised how in the absence of a proper record of the activities of the Centre the Jamia satisfied themselves about its performance. The Committee desire that a proper evaluation of the activities of the Centre and its functions should be made in order to find out that these do not overlap in the same field with those of the Delhi Municipal Corporation and other agencies. In the light of this review it should be decided whether there is any necessity to run the Centre. The Committee note that the question regarding closing down of the Centre or otherwise is being gone into by a Committee appointed by Jamia. They would like to know the outcome of this review.

4.188. The Committee trust that the Centre would henceforth maintain proper record of its activities.

Balak Mata Centres—Para 89(b) (iv), Page 120.

4.189. Three Balak Mata Centres were opened for running nursery classes and imparting training to adults in certain crafts. Upto 1959-60 the expenditure was met mainly out of the grants received from Government and the Delhi Administration. From 1960-61 no grants were paid by the Delhi Administration on the ground that the liability for nursery classes, social education and other adult literary activities in the urban areas had been completely transferred to the Delhi Municipal Corporation. The Jamia however, continued to run these centres and the deficit is being met out of Gov-

ernment grants. The income and expenditure of the centres for the three years ending 1963-64 was as under:—

	Receipts				Expenditure		
	1961-62	1962-63	1963-64		1961-62	1962-63	1963-64
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
Fees and miscellaneous receipts	2,573	2,758	3,226	Matia Mahal Centre	21,905	21,475	24,834
Grants from Municipal Corporation	2,000	2,000	2,000	Qasab Pura Centre	3,447	3,222	3,555
Grants from Central Social Welfare Board (including Delhi S.W. Board)	..	1,444	4,000	Beriwala Bagh Centre	3,101	3,570	3,711
Deficit met out of Government grant	23,880	22,365	22,874				
TOTAL	28,453	28,267	32,100		28,453	28,267	32,100

4.190. The Committee asked about the justification for the Central Government meeting directly the major portion of the expenditure on these centres and whether the Ministry kept any over-all control in regard to the actual utilisation of the grant. The Secretary (Education) stated that the activities of these centres were: (i) Nursery schools for children with a total number of 195 children (ii) Women's craft Education Centre with a total attendance of 120 women (iii) A women's Education Centre with an enrolment of 88 women who were trained for various examinations, (iv) Library, and (v) Programme of social education. The witness urged that these centres had been a part of the recognised activities of the Jamia and the fact that the Delhi Municipal Corporation were also doing the same work would not necessarily mean that the work done by the Jamia should be stopped. The budget of the Centres was approved by the Finance Committee every year. The Jamia was now exploring the possibility of getting larger grants from the Delhi Municipal Corporation. As regards the control exercised by Government, the witness stated that Government representatives served on the Committee and a report on the work done was submitted to them.

4.191. The Committee enquired about the justification for the Jamia Millia continuing the work after a policy decision was taken by Government that the liability for nursery classes, social education and other adult literary activities should be completely transferred to the Delhi Municipal Corporation. The Secretary (Education) stated that this was the broad policy. These activities had

been undertaken by the Jamia for a number of years. Since, sufficient funds were not forthcoming from the Municipal Corporation, Government had been giving grants to keep these activities continuing. The witness added that a special feature about Jamia was that it had been treated like a University for a number of years. It was a work of social education in the wide sense and social education had been one of the main activities of Jamia Millia. These centres had become a part of the educational activities of the Jamia at the University level. The Committee asked whether after the policy decision of Government the Jamia was specially given an exemption by the Ministry. The witness stated that there were other organisations also continuing to do this work. The witness added that the papers relating to this point had been transferred to the Deptt. of Social Security and he promised to submit a note to the Committee on the policy decision taken in this regard and whether any exemption was given to the Jamia Millia and any other organisation. The information is still awaited. **The Committee desire that the note should be furnished early.**

4.192. In view of the policy decision of Government regarding transfer of the liability for nursery classes/Social education and other adult literary activities to the Delhi Municipal Corporation, the Committee find very little justification for giving Government grants to the Jamia to meet the deficit in respect of the Balak Mata Centres carrying on these activities. If these Centres have become a part of the educational activities of the Jamia at the University level as was deposed before the Committee, then the Jamia should approach the Delhi Municipal Corporation for larger grants as according to the policy decision of Government responsibility for those activities was that of the Delhi Municipal Corporation. The Committee desire that Ministry should examine this matter fully and settle the question of liability for these activities.

4.193. In reply to a question, the witness stated that no evaluation of the work done by the centres had been made. The Committee desire that early steps should be taken to evaluate the work done by the Centres.

Audio-Visual Section para 89(b) (v), page 120.

4.194. This section was established in 1958 mainly for the production of audio-visual materials such as film strips, slides and posters, etc. During the six years ending March, 1964, the section produced four short length film strips and an animated film of 3 minutes' duration. There were, however, no arrangements for their exhibition and circulation. The expenditure on the maintenance of the Audio-visual Section increased from Rs. 5,258 in 1961-62 to Rs. 12,412 in 1963-64.

4.195. The Committee asked how the films produced by the Audio-Visual Section had been utilised. The Secretary (Education) admitted that no use had been made of the films, produced by the Audio-Visual Section which was started in 1958. No arrangements had been made for regular exhibition and circulation the films, as the organisations which were approached had not shown any interest in them. The Audio-Visual Section had since been closed down and it was being merged with the general education department. The staff of that section were now preparing materials for general education.

4.196. Explaining the work done by Section during six years' period, the Vice-Chancellor, Jamia Millia stated that for about first two years, the section which consisted of a technician, an artist and a peon had been engaged primarily "in building itself up" and preparing the necessary equipment. The technique of preparing film strips was elaborate and took a long time. The witness added the films could not be utilised by the other organisations owing to technical difficulties. For instance, in order to exhibit these films the organisations must have a projector required for the same type of film.

4.197. The Secretary (Education) stated that even though there was sufficient preparatory work done by the section, it was not effective in the sense that the material produced was not utilised. The section produced two films, one on Jamia and other on phases of the Moon. Besides, illustrations on small-pox were prepared. Some work was also done for the Ministry of Agriculture. The Committee asked why the section was not wound up earlier in view of the fact that the material produced could not be made use of. The Secretary (Education) stated that in the work of this kind during the first phase some preparation was needed and no immediate results could be expected. After the materials were produced, the section approached certain institutions but they did not show any interest in them. It was then decided to wind up the section. The Comptroller & Auditor General pointed out that according to a communication sent to Audit, some complimentary copies of film strips 'Jamia Millia' and 'Chichak' were sent to various institutions in India and abroad. The Vice-Chancellor promised to check up whether any film strips were sent abroad. The Committee desired to be furnished with a note, stating (i) the total expenditure on the audio-visual section, (ii) the materials produced (iii) date of production (iv) the names of the institutions which were approached for supply of these materials etc., and the dates when approached and (v) the names of foreign countries if any, to which the films

were sent. The note* furnished by the Ministry is at Appendix XXXII.

4.198. The Committee regret to note that total expenditure of Rs. 62,404 (salaries Rs. 46,717 and other expenses Rs. 15,687) which was incurred on the Audio-Visual Section from 1957-58 to 1964-65 has become mostly infructuous. It is also significant that during the period of 6-7 years all that the Section has done is the production of 4 Film strips, one animated film and some posters (silk screen) etc. While the Committee appreciate that the section had to do some preparation work, they feel that work done by it during all these years was meagre and not commensurate with the expenditure incurred. What is more surprising is that even in respect of the few films that were produced no arrangement was made for their exhibition any-where. They Committee find from the Ministry's note that the Section approached only one institution for exhibition of the film in 1963. Although the Section produced one film strips each in 1958-59, 1959-60, 1960-61 and 1962-63 no institution was approached earlier for their exhibition.

4.199. From these facts the Committee cannot escape the conclusion that not only the setting up of the section lacked proper planning but there was also no watch kept over its working.

Land owned by the Jamia Millia—Page 121, Para 89(c).

4.200. The Jamia owns 515 bighas of land as detailed below:

	Bighas
(i) Land covered by buildings	235
(ii) Agricultural land	152
(iii) Vacant land entries	128

The entries in the property register had not been authenticated by any officer of the Jamia.

4.201. In December, 1956, the Jamia leased 151 bighas of land to a party for five years at an annual rental of Rs. 7,798. Though the agreement with the lessee expired in December, 1961 and the period of agreement was not extended, about 114 bighas of land has continued to be under unauthorised occupation of the tenant and has not been resumed by the Jamia (December, 1964).

4.202. Out of the total rent of Rs. 54,586 recoverable from January, 1957 to December, 1963 recovery of about Rs. 24,500 was waived by the Jamia on the ground that about 53 bighas of land was under encroachment of certain unauthorised persons and another 27 bighas of land was unirrigated.

*Not vetted by Audit.

4.203. During the year 1959-60, the Jamia Millia purchased 16 bighas of land at a cost of Rs. 92,621 to prevent their falling into the hands of other parties as these plots are within its campus. The Jamia has, however, not been able to take possession of the land so far.

4.204. The waiver of recovery and non-realisation of revenue from land has increased the deficit resulting in release of more grants by Government.

4.205. The Committee desired to know the amount of income accruing to the Jamia from the 515 bighas of land owned by it. The Vice-Chancellor of Jamia stated that the income from land varied from Rs. 3,000|- to Rs. 35,00|- p.a. He added that a record and register of property was duly maintained and the income from the land under cultivation was shown in the accounts. He further stated that no Government grant had been used for purchasing land. In 1956, the Jamia leased 151 bighas of land for 5 years. Due to the passing of the Delhi Urban Areas Tenants Relief Act in 1961, it became almost impossible to regain the possession of that land. Therefore a settlement was arrived at according to which land revenue for 57 bighas was waived and 27 bighas were taken back, because the lessee could not cultivate them. The Jamia reduced Rs. 24,000 from the rent due from him in lieu of this concession.

4.206. The Committee desired to know why it was considered proper by the Jamia to give special concession for 27 bighas of unirrigable land after seven years when the whole of 151 bighas was leased at a flat rent of Rs. 7,798 per annum. The Vice-Chancellor, Jamia stated that according to the Urban Area Tenants Relief Act the maximum rent that could be charged was one-fifth of the produce of the land, or less but not more. Then it was found possible to recover 27 bighas. So the Jamia made an agreement to charge less rent. In reply to a question, the witness stated that the annual rent recoverable from the tenant always remained in arrears and the difficulty arose in the very first year, because of a dispute about the total area of the land.

4.207. The Committee enquired whether any fresh agreement had been entered into with the tenant in regard to the 70 bighas still remaining with him. The Vice-Chancellor, Jamia stated that no definite agreement had been made as it was hoped to recover more land without having to go to Court. In reply to a question, the Vice-Chancellor stated that the total rent realised was Rs. 28,000.

4.208 The Committee are surprised to learn that though the dispute about the annual rent to be paid arose in the very first year yet no action was taken to regularise the deal. While the Committee note that the Jamia is taking steps to recover more land, they would

suggest that a fresh agreement be entered into with the lessee in respect of the portion of land still remaining with him.

4.209. The Committee find little justification for the concession given to the lessee in the form of waiver of recovery of rent amounting to Rs. 24,500 just because he returned 27 bighas of unirrigable land to the Jamia. It is beyond the comprehension of the Committee as to why a special concession should have been made seven years after the whole of the land had been given on lease at a flat rate.

4.210 Asked to explain why the Jamia was obliged to buy another 16 bighas of land at a cost of Rs. 92,621/—but had not been able to take possession of it, the Vice-Chancellor Jamia stated that the land was right in the middle of the campus near the road and was considered very valuable property by anyone who wanted to speculate or build a house there. So the Jamia was obliged to buy it. The witness added that it was purchased before the passing of the Delhi Urban Areas Tenants Relief Act (in 1959-60) and at that time there was every hope that the Jamia would be able to take possession of the land.

4.211 In reply to a question, whether the possession of 16 bighas was not taken when the property was got registered and full amount paid to the owner, the witness stated that the owner was not in possession of the land and what the Jamia got was the ownership title. He added that there was already a cultivator on the land. They hoped to buy him out or get the land released by instituting a case in a court. They did not succeed in it.

4.212. Asked to name the parties to whom Rs. 92,621 were paid the witness stated that the largest amount went to the Custodian of Evacuee Property and Rs. 28,000 to one Mr. Mirza, a Businessman of Hyderabad. He added that the land was level and fertile and was under cultivation.

4.213 The Committee are distressed to find that the Jamia has still not been able to take possession of 16 bighas of land purchased by it in 1959-60 at a cost of Rs. 92,621. They regret to observe that due thought was not given to the fact that the owner to whom full amount was paid was not in possession of the land and there was already an unauthorised cultivator on the land.

4.214 The Committee would like to be informed of the steps proposed to be taken by the Jamia for gaining possession of the land.

4.215. Government have agreed to meet net deficits in recurring expenditure which are to be arrived at after taking into account all income of the Jamia including fees. It was noticed that only an amount of Rs. 11,200 (representing rent from hostel buildings), fixed on an *ad hoc* basis, was being taken into account while arriving at the net deficit instead of the total amount realised as hostel fees.

The students in the B.Ed. and Diploma courses in the Teachers' College have generally been exempted from payment of hostel and other miscellaneous fees. To cover this concession, a subsidy equivalent to the amount of exemptions granted, was being paid to the hostels out of Government grants, the amounts paid during the three years ending 1963-64 being as under:—

Year	Amount of subsidy Rs.
1961-62	11,154
1962-63	12,731
1963-64	15,586

4.216 Sanction of the Government had not been obtained for the payment of such subsidy out of the maintenance grants.

4.217 The Secretary (Education) stated that the accounts of the hostels were maintained separately by the Jamia Millia in accordance with the recommendations of the Finance Committee. The budget of the hostel was approved by the Finance Committee. The amount of Rs. 11,200 was charged as rent for the hostel building and included in the general income of the Jamia. Further, the Jamia was charging a consolidated fee from the boarders and thus it was not possible to allocate separately the room rent charged from the students. The rental value of the hostels had been fixed long before the Government agreed to give a grant to meet the deficit in the total expenditure of the Jamia. The witness added that the question of amalgamating the hostel budget with the Jamia's budget was under consideration of the Jamia.

4.218 As regards the subsidy to cover the concession to the students of B. Ed. and Diploma Courses in the Teachers' College, the witness stated that the action was taken in accordance with similar concessions given in other institutions in Delhi. This action of the Jamia was also duly approved by the Finance Committee and the subsidy was approved by it from year to year along with the budget. The subsidy as approved by the Finance Committee, was included by the Ministry in the budget pertaining to the Jamia, which was approved by the Ministry of Finance. No specific sanction of Government had, therefore, been considered necessary. In reply to a question the Vice-Chancellor stated that no grant was being paid by the Ministry for the hostels except the subsidy in respect of the students of the Teachers' College which was given in accordance with the Ministry's policy.

.. 4.219 The Committee feel that the procedure of taking into account a fixed amount of Rs. 11,200 (Representing rents from hostel buildings) on an ad hoc basis, while arriving at the net deficit of the Jamia to be met from the Government grant, was worked out long time back. They suggest that the rental value of the hostel buildings should be reassessed taking into consideration the upward trend in the rents and also realisation made by the Jamia Millia by way of hostel fees from the scholars. The Jamia should also clearly work out the element of rent as well as charges for other services in the fees charged by them from the students in their hostels. They would also like to know the result of the examination of the question of amalgamating the hostel budget with the Jamia's budget, which is said to be under consideration of the Jamia.

4.220 As regard the payment of subsidy out of maintenance grants to cover the exemption from hostel fees to the students of B.Ed. and Diploma courses, the Committee are of the view that a formal sanction of the Government for this purpose was necessary.

Miscellaneous—para 89(e), Page 122.

Sub-para (i)

4.221. There is no system of internal check of the transactions which involve an expenditure of about Rs. 10 lakhs a year.

4.222 The Committee desired to know if there was any system of internal audit in Jamia Millia. In evidence, the Secretary (Education) stated that the Jamia had a post of an internal auditor which was sanctioned in 1963. A suggestion was made that an accountant from the A.G.C.R. should be posted on deputation. The matter was discussed by the Finance Committee at its meeting held on the 5th April, 1965. The Finance Committee postponed the matter to the next meeting when a decision would be taken.

4.223 Asked about the check exercised by the Ministry on the grants given to the Jamia, the Secretary (Education) stated that the representatives of the Ministries of Education and Finance were serving on the Finance Committee of the Jamia. That was the normal check prevailing in the case of the other Universities. Besides the accounts of Jamia were audited by the C. & A. G.

4.224 In reply to a question, the Secretary (Education) stated that there was no other similar institution which did not have the system of an internal audit. The Treasurer Jamia Millia stated that the Finance Committee considered the question of appointment of an internal auditor from the staff of the A.G.C.R., but postponed the same as it was suggested that according to the University Grants Commission, this experiment in the case of Central Universities had not been an unqualified success. He added that it was for the official members of the Finance Committee to decide on the question of

having an internal auditor from the A.G.C.R. or to make some other arrangements. So far as the Jamia Millia were concerned, they had no hesitation in having an auditor from the A.G.C.R.

4.225. In a note (Appendix XXXII) submitted to the Committee, the Ministry have stated that the Finance Committee of Jamia have recommended that the services of a competent person be secured from the Audit Department and that action in this regard was being taken.

4.226 The Committee are not happy over the delay in the appointment of an internal auditor in the Jamia Millia. They are surprised how an institution like the Jamia receiving large grants was allowed to work without an adequate internal check for such a long time. They desire that decision to secure the services of a competent auditor from the Audit Department should be implemented without delay.

Sub-para (ii)

4.227. An amount of Rs. 2,150 was advanced by the Jamia to an organisation in February, 1964 for the supply of air rifles. Although the rifles had not yet been received (December, 1964), the amount had been charged as expenditure in the accounts for the year 1963-64 and the rifles had also been exhibited as assets in the balance sheet as on 31st March, 1964.

4.228 In evidence, the Secretary (Education) stated that the Jamia made the advance for the purchase of 22 rifles which had been offered at a very cheap rate by the National Rifle Association of India which had asked for an advance payment. But no rifles had been received so far. The Jamia was now taking steps to recover the amount. The amount had been transferred to the Advance Account on the 31st March, 1965 and would not be shown in the balance sheet as an asset on 31st March, 1965. In reply to a question, the Vice-Chancellor stated that originally the rifles were wrongly shown by the staff as assets. They were feeling that it was an irregularity and they wanted to rectify it. Then Audit pointed out the mistake.

4.229. The Committee are surprised that the rifles were shown in the accounts under assets, without those having been received by the Jamia. The Committee regard this to be a very serious mistake which contributed to the delay in taking up the question of recovery from the National Rifle Association of India. Such mistakes indicate the need for a system of internal check. The Committee desire the recovery of the advance from the National Rifle Association of India should be pursued.

Sub-para (iii)

4.230 No replies have been furnished by the Jamia to the Audit Reports for the years 1960-61 to 1962-63. As for the reports for the

period 1955-56 to 1959-60 replies to 35 paras out of a total of 47 paras were still outstanding (December, 1964).

4.231 The Committee enquired about the present position regarding sending replies to Audit objections and the reasons for delay in the matter. The Secretary (Education) admitted that there had been considerable delay in sending replies to Audit. Explaining the present position, the witness stated that the replies in regard to the reports for the period 1955-56 to 1959-60 had been sent after approval by the Finance Committee and the Governing Body. But Audit had made certain further comments, the reply to which had been incorporated in the reply to the audit Report for 1960-61 which would be sent by the Jamia shortly. The replies to the audit reports for the years 1960-61 to 1962-63 were under preparation. The Vice-Chancellor stated that the delay in sending replies to Audit had been partly due to reorganisation which was being carried out in the Jamia Millia itself and partly to the changes in the office of the treasurer. He assured the Committee that replies would be sent promptly in future. Asked about the reorganisation effected in the Jamia, the witness stated that it had been given a new status in 1962 and the change then started was completed in April, 1964. Asked how the reorganisation started in 1962 affected the old audit objections for the year 1955-56, the witness stated that Audit of the Jamia by the C. & A.G. was started only from 1960 and the objections for the accounts of the earlier years were sent to them only in 1961-62.

4.232. In a note* (Appendix XXXII) submitted to the Committee, the Ministry have stated that the replies to the Audit Report for the year 1960-61 including the reply on further remarks made on the reply to the inspection report for the years 1955-56 to 1959-60 has been prepared by the Jamia Millia Islamia and an advance copy has been received in June 1965 in the Ministry. The report has to be presented by the Jamia to its Governing Body and Finance Committee for obtaining their approval. The replies to the reports for the subsequent years i.e. from 1960-61 onwards are being prepared by the Jamia and after scrutiny by the Finance Committee and the Ministry, these will be forwarded to Audit.

4.233. The Committee feel concerned over the delay in the settlement of audit objections by the Jamia Millia Islamia. The bulk of the audit objection relating to the period 1955-56 to 1959-60, which were sent to the Jamia in 1961-62, have not yet been finally settled. No replies to the Audit Reports for 1960-61 to 1962-63 had been furnished to Audit. The Committee desire that the Ministry or their representative in the Governing Body should keep a special

*Not vetted by Audit.
1526 (All) LS.—8.

watch over the state of accounts and audit objections brought to the notice of the Jamia with a view to ensure their speedy settlement. The Committee hope that the disposal of outstanding objections will be expedited.

4.234. Some of the irregularities to which no replies have been furnished by the Jamia were indicated in following paragraphs:

Inspection Report, 1960-61.

Item (i) Misappropriation of cash (Rs. 7,628) by the cashier and non-production of the report of investigation made against him.

4.235. In evidence, the secretary (Education) stated that case involving mis-appropriation of Rs. 7,628 was handed over to the police by the Jamia, who registered a case against the cashier and took necessary action. The matter was investigated by the treasurer and his report was noted by the Governing body. The witness added that this report would be shown to the Audit party at the time of the next audit. The Vice-Chancellor stated that the cashier had suddenly disappeared and ran away to Pakistan. He left behind a statement that there had been an armed hold up. He had also left an account of the money taken by him which came to Rs. 4,000, after deducting his provident fund dues. Neither the Jamia nor the police could find his whereabouts. The Pakistan Government were also approached to find out his whereabouts, but they replied that they could not trace the individual.

The Committee trust that the Jamia has taken action against the supervisory staff and also taken remedial measures to prevent the recurrence of such losses.

Item (ii) Holding of shares amounting to Rs. 18,070 of Jamia in the name of the various officials instead of in the name of Treasurer.

4.236. In evidence, the Secretary (Education) stated that the Jamia was now taking steps to obtain transfer of shares in its name from the officials to whom these had been originally transferred to enable them to act as directors of the Maktaba Jamia on behalf of the Jamia Millia. So far, 305 shares had actually been transferred and 902 shares remained yet to be transferred.

The Committee hope that the remaining shares will also be transferred in the name of Jamia Millia without delay.

Inspection Report 1961-62

Item (i) Non-utilisation of UNSECO coupons amounting to Rs. 66,500 lying with the Jamia since 1948-49.

4.237. The Committee asked for the reasons for non-utilisation of UNSECO coupons amounting to Rs. 66,500 since 1948-49. The

Secretary (Education) stated that these coupons were for purchase of printing machinery. The Jamia were taking steps to utilise the UNESCO gift coupons amounting to Rs. 66,500 for the purchase of printing machinery and negotiations were under way for its import from abroad. As regards the delay in the utilisation of the coupons, the Vice-Chancellor stated that the Jamia had to start a press for making use of the printing machinery, which involved much higher expenditure. For this purpose they required buildings, staff, accommodation for staff etc. They had since been able to purchase a small press, which could be expanded. The coupons were now being utilised for the purpose of machinery for improving and expanding the press. In reply to a question the Secretary (Education) stated these were gift coupons and had no date of expiry.

4.238. The Committee note that the utilisation of the UNESCO gift coupons for the purchase of printing machinery would have involved setting up of a press. They, however, have not been able to appreciate the delay of over 16 years in utilising these coupons. The gift coupons were received in the year 1948-49 and Jamia Millia should have initiated action immediately for setting up of a printing press. This abnormal delay of over 16 years would now mean that the Jamia Millia would be purchasing less machinery with the amount of the gift coupons as the prices prevailing in the year 1965-66 are substantially higher than those in the year 1948-49. The Committee hope that these coupons would be utilised now early.

Item (ii) Non-recovery of advances amounting to Rs. 61,133 (including Rs. 17,323 outstanding against persons who are no longer in the service of the Jamia since long). Acknowledgements of the debtors were also not on record.

4.239. The Committee enquired about the present position of recovery of advances amounting to Rs. 61,133 and the reasons for advancing the money. The Secretary (Education) stated that the sundry debtors' accounts were being scrutinised by the Jamia and they were making efforts to recover the outstanding amounts. Out of Rs. 17,323 outstanding against the ex-employees, Rs. 8,858 had been recovered and steps were being taken to recover the balance. The Vice-Chancellor stated that the advances related to the period prior to their getting a Government grant and these had not been paid from Government grants. Presently they were giving loans on provident fund in the normal course, and not otherwise.

The Committee desire that vigorous efforts should be made to recover the outstanding advances. They would like to be informed about the results achieved in this direction.

Item (iii) Non-availability of the yearwise break up of the amount of Rs. 4,78,830 outstanding under the head 'Sundry Creditors' and particulars of the parties to whom this amount was payable.

4.240. The Committee asked whether the details of the amount of Rs. 4,78,830 outstanding under the head "Sundry Creditors" were available. The Secretary (Education) stated that the amounts pertained to 'the earmarked donations received over the last 30 years or so by the Jamia'. The witness added that it was not correct that the details of this amount were not available, but in some cases audit were not satisfied and further scrutiny was necessary. All this amount pertained to private donations given for earmarked purpose. In reply to a question, the Vice-Chancellor stated that the earmarked donations were not required to be paid back to the donors. The Committee desired to be furnished with statement showing the details of the amount of Rs. 4,78,830 outstanding under the head "Sundry Creditors", dates when the amounts were sanctioned, the dates when they became due for repayment to the parties and the reasons for non-payment.

4.241. The Ministry of Education has furnished a classified list of the details of the amounts. The Ministry have stated that as most of the amounts have been outstanding for about 20 years it was not possible to give the exact dates at this stage. They have added that Jamia were scrutinising the records, and that the information would be furnished subsequently.

4.242. From the note* (Appendix XXXII) furnished by the Ministry, it is observed that a sum of Rs. 2,52,619.88p. out of the total of Rs. 4,78,829.52p. shown under the heading "Sundry Creditors" in the accounts of Jamia Millia pertain to the earmarked funds. These funds have not been utilised as they were stated to be insufficient for the purpose for which they were donated. The Committee suggest that these funds should be utilised as early as possible for the purposes for which they have been earmarked.

4.243. The Committee also find another sum of Rs. 90,781.78p. represents unspent balance of earmarked grants and donations received for schemes sponsored by the outside bodies. These unspent balances of the ear-marked grants and donations should be utilised elsewhere or refunded with the concurrence of the donors, where necessary.

Abandonment of a Scheme—para 90, Pages 123-124

4.244 In December, 1956 Government entrusted the Hindustani Culture Society, Allahabad with the preparation of 8 graded books,

*Not vetted by Audit,

during the Second Five Year Plan, for neo-literates at an estimated cost of Rs. 1.55 lakhs. An advance of Rs. 25,000 (Covering the cost of publication of two books) was sanctioned to the society in April, 1957 as the first instalment stipulating:—

- (a) that the amount would be constituted into a fund from which money would be drawn by the society only after each volume was ready for printing and Government's approval had been taken to the estimate of the cost of compiling and printing it;
- (b) that the audited accounts should be submitted every year and that the second and subsequent instalments would be paid on receipt of the statements of expenditure incurred out of the previous instalments;
- (c) that a committee would be constituted to advise the society on the work; and
- (d) that the scheme would be reviewed after the publication of the first two volumes.

4.245. The Ministry paid a further advance of Rs. 25,000 to the society in May, 1958 on receipt of a statement of expenditure but without an evaluation of the first two volumes of the series whether they were up to the standard.

4.246. An account for Rs. 34,095, out of Rs. 50,000 was furnished to audit only in May, 1960 and this was returned with a request for further details and supporting documents. The Ministry did not furnish the completed accounts.

4.247. According to Audit the advisory committee constituted under the terms and conditions laid down in the sanction had met only once and even so its proceedings were not on record. They did not also review the manuscripts produced by the society; the first four volumes of the series were got reviewed in May—July, 1960 by a committee of experts. The committee's opinion was, however, very critical.

4.248. The Ministry, after a review of the manuscripts, had also concluded in May, 1961 (i) that the publication of these volumes under the imprimatur of the Government would provoke a storm of adverse criticism and would be unacceptable to the people and (ii) that the project was ill-conceived and the expenditure, a waste of public funds. They further observed in February, 1962 that the scheme should not have been taken up for consideration until a thorough and searching enquiry about the status of the society, its past history and experience in the particular field was made.

4.249. The Ministry finally decided in March, 1962 to abandon the scheme. The society was also directed in July, 1962 to return all the assets to the Ministry like paper, furniture, typewriters, etc., created out of the advances, but this was not done despite repeated requests. In September, 1964, the Ministry in consultation with Finance issued an *ex post facto* sanction converting the two advances into grants-in-aid for the production of grades books for neo-literates subject to the condition that the books would not be official publications but the society would make a suitable acknowledgement on the books that the publication had been subsidised by Government to the extent of Rs. 50,000.

4.250. In evidence, the Secretary (Education) stated that the facts mentioned in the audit para were substantially correct. But he wanted to make a few observations in this regard. The proceedings of the advisory Committee constituted to advise on the work were not on record in the Ministry but it was understood that the Committee had held a number of meetings to review the manuscripts. Later, in May 1960, the Ministry referred the manuscripts to three experts without constituting them into a formal committee. The views of these experts were fairly complimentary, though not fully complimentary. The view that these manuscripts were worthless, or were not up to the mark was not accepted by the Hindustani Culture Society. The Ministry finally decided that they could not publish these manuscripts as their own publications because they did not come up to the mark. But these were not altogether useless and were good enough to be published and used by the public in a field which was of great importance. For that purpose, the advance of Rs. 50,000 paid to the society was converted into a grant.

4.251. The Committee drew attention to the conclusions of the Ministry arrived at in May, 1961 that: "(i) the publication of these volumes under the imprimatur of the Government would provoke a storm of adverse criticism and would be unacceptable to the people and (ii) the project was ill-conceived and the expenditure a waste of public funds'. The Secretary (Education) stated that at one stage the Ministry at a certain level had come to that conclusion. But the matter was reviewed a few times and ultimately, the Ministry came to the conclusion that though they were not the best books that could be published under their auspices, these were good enough to be used by the general public. In reply to a question the witness stated that the earlier view was expressed by the Joint Secretary and approved by the then Minister of Education. After the matter was reviewed, the final view that these books were good enough to be used by general readers was approved by the succeeding Minister and also the present Minister.

4.252. In reply to another question the witness stated that at one time the Society had been requested to hand over its assets to the Ministry created out of the Government funds, but all the time the society had been representing for reconsideration of the case. The Committee asked about the basis on which this society was selected for this purpose. The Secretary (Education) stated that the society had a good deal of experience of producing publications for neo-literates. At the time when the society came forward with this project, very few societies had any experience in this new field. The material was urgently needed, and the credentials of the society were considered to be good. The Committee asked, in view of the fact that the society had earlier failed in the production of a dictionary which had been entrusted to it in 1953, how the credentials of the society were considered good. The representative of the Ministry of Education stated that the two projects were given by two separate divisions of the Ministry viz. Hindi Division and Social Education Division. Therefore, the failure of the first scheme was not known to the other division. The witness added that actually the Dictionary project had not failed at the time, the advance for the second scheme was given. The Secretary (Education) stated that the second reason was relevant in this case. When the project of producing these booklets was given, the Dictionary project was then still in progress and no evaluation had been made. The Committee also drew attention to observations made in para 31 of their Twenty-ninth Report (Third Lok Sabha) regarding the building grant paid to the Society in 1952 on a wrong statement made by it that it had acquired land and to the association of the Secretary of the society with the publication of Gyan Sarovar entrusted to the Maktaba Jamia Ltd. The representative of the Ministry stated "upto the date that grants were given, the previous failures were not so obvious". As the defects came to notice, all the three schemes viz. Gyan Sarovar, Dictionary and Gyan Mala were reviewed and necessary changes made.

4.253. The witness urged that it was obvious from the internal noting in the Ministry that repeated scrutiny was made and the opinion was expressed in no uncertain terms that some of the work done by the society was not upto the mark. He added "the Ministry was quite vigilant; but it so happened that everything flopped at the end."

4.254. The Committee asked about the nature of criticism anticipated from the publication of the volumes by the Ministry. The

representative of the Ministry stated that criticism was expected from three directions. First, the language used was of a new type which the society was propagating, partly Sanskritised and partly Arabic and so on. It was felt that people might think that the Ministry wanted to propagate the particular type of mixed language. The second objection was that certain aspects had been emphasized and some others had been depressed, as was mentioned by one of the critics that the treatment was a little uneven. It was felt that the Ministry should not take any particular stand on the matter. Lastly certain subjects dealt with in the volumes were beyond the comprehension of neo-literates.

4.255. The Committee had desired to be furnished with a statement indicating the total amount given to the Society from time to time for different purposes, the persons entrusted with the work and the work done by the Society. The information* is given at Appendix XXXIII.

4.256. The Committee subscribe to the view expressed by the Ministry in May, 1961 that the project of preparation of 8 graded books for neo-literates entrusted to the Hindustani Culture Society, Allahabad was ill-conceived and expenditure thereon a waste of public funds. They also agree with the Ministry's observation made in February, 1962 that the scheme should not have been taken up for consideration until a thorough and searching enquiry about the status of the society and its past history and experience in the particular field was made. The Committee feel that obviously no such enquiry into the society's credentials was made in the earlier cases also and too much reliance was placed in it. In 1962 a building grant was given on a misrepresentation made by the society that it had acquired land; in the same year the Secretary of the Society was associated with the publication of Gyan Sarovar by the Maktaba Jamia Ltd. which did not progress well; and in 1953 the project for publication of a dictionary was entrusted to it, which flopped. The Committee are left with a strong feeling that; (i) a powerful influence was working behind the scheme and that resulted in deviating from the usual standards of test and scrutiny (ii) that because loan was given and was not recoverable it was turned into a grant for a project of doubtful utility involving positive danger of public criticism.

4.257. The Committee pointed out that the Ministry gave an advance of Rs. 25,000 in May, 1958 as the second instalment even though the Ministry knew that the project for neo-literates was executed by two persons who got themselves paid salaries of Rs. 650 per month and also received remuneration for writing the

*Not vetted by Audit.

articles which were not worth the amount spent on them. The representative of the Ministry of Education stated that the first two volumes had been produced after scrutiny by the advisory Committee. At that time, the society had a balance of Rs. 2,000 from the first instalment and the third and fourth volumes were under preparation. Therefore, at the time of the payment of the second instalment, the Ministry had no reason to believe that the articles were not good. At that time the volumes had not been examined by the experts and no opinion on them had been expressed. The Committee asked why the second instalment was paid without going into the accounts of the first instalment for within a year it was found that the bulk of the money was spent by the two writers on themselves. The representative of the Ministry stated that the Ministry were aware of this. In the original scheme the society had stated that there would be two full time editors. Asked if the Ministry were also aware that the editors were receiving the bulk of the money for their articles, the witness replied in the negative and added that they were not aware of the details about the writers. In reply to another question, the witness stated that the society had furnished the accounts but not in the proper form. The witness added that before converting the advances into grants the Ministry asked for a certificate by the chartered accountants.

4.258. The Committee regret to note that the second instalment of Rs. 25,000 was released in May 1958 by the Ministry not only without an evaluation of the first two volumes of series but also without going into the accounts as to whom payments for writing articles had been made. It later came to notice that two whole-time editors besides getting regular salaries, received remuneration for writing articles. This is objectionable.

4.259. As regards the decision taken by the Ministry in September, 1964 to convert the advances into grants-in-aid, the Committee cannot escape the conclusion that since the Ministry found it difficult to recover the money they had to take recourse to this action. At one time (July 1962) the society had been directed to return all the assets like paper, furniture, typewriters etc. The Committee are inclined take the view that the later opinion of the Ministry that the books were useful for neo-literates was only an afterthought to justify the non-recovery of the money.

Grant for the translation of a religious book—para 91, Page 124

4.260. Government decided in September, 1959 to give a grant up to Rs. 12,000 to a private committee for the preparation of an English translation of a commentary on a religious book. The expenditure was to be met from the funds sanctioned in the budget

under Demand No. 79—Scientific Research and Cultural Affairs—B-Education—Miscellaneous Charges—Other Expenditure Assistance to Regional Languages. The grant represented 50 per cent of the estimated cost of the publication. In December, 1963, it was found that the committee had collected a sum of Rs. 6,000 only instead of Rs. 12,000 originally stated to have been collected by them. The Government grant was then raised to Rs. 18,000 representing 75 per cent of the estimated cost.

4.261. A sum of Rs. 15,000 was paid to the private Committee during October, 1959 to February, 1964. The Committee have not furnished the audited statement of accounts for the publication; utilisation certificates for Rs. 10,000 only had been furnished so far (December, 1964). It was noticed that a sum of Rs. 14,500 had been paid to the translator; in addition, the sale proceeds of the publication was to be shared by him equally with the heir of the author. Notwithstanding the fact that the bulk of the expenditure for the project was met from grants, Government did not impose any condition regarding the sharing of the sale proceeds of the publication.

4.262. Explaining the background of the case the Secretary (Science) stated that in September, 1959 the then Ministry of Scientific Research and Cultural Affairs were approached by the Chairman of a small Committee stating that they wanted to bring out translation of a religious book, and that they had selected a translator to do the work. In his letter, the chairman of this Committee had stated that they had collected Rs. 12,000 out of the estimated cost of Rs. 24,000 and he requested for a matching grant of Rs. 12,000. The scheme was accepted under the Ministry's scheme for modern languages. In October, 1959 a sum of Rs. 2,000 was released to the Committee and in March, 1960 another sum of Rs. 3,000 was released. Later the Chairman of the Committee informed the Ministry that they had been able to collect only Rs. 6,000 and requested the Ministry to increase their contribution to Rs. 18,000 i.e. 75 per cent of the estimated cost. The witness added that this was permissible under the scheme under which grants even upto 100 per cent could be given. The request made in this case was accepted and another amount of Rs. 5,000 was released in June, 1962. Subsequently in February, 1964, another sum of Rs. 5,000 was released, bringing the total amount paid to Rs. 15,000.

4.263. The Ministry had not yet received audited accounts. They had sent the audited cash book showing an expenditure of Rs. 14,500 to-date.

4.264. As regards the sale proceeds of the book, the witness stated that the book was actually being published by a Commercial publisher. So far as the Government grant was concerned, it had been given only for preparing the translation and it did not meet the cost of publishing at all. The writer would only be entitled to the royalty. The sale proceeds would go to the publisher.

4.265. The Committee asked about the control exercised by the Ministry over such grants. The Secretary (Science) stated that in the present case the grant was given for preparation of manuscript; and the Ministry had no control over the sale price. Normally the Ministry laid down the condition about the sale price. In reply to another question, the witness stated that the grant had been paid to a group of individuals and the Ministry had no control except over the individuals who were eminent public figures. In case of default the Ministry would have to file a suit for the recovery of the amount. But in the present case the work had been nearly completed. Out of the five, Volume I had been printed, Volumes II and III were in the press, the manuscript of Volume IV was ready and that of Volume V was under preparation.

4.266. The Committee are surprised why the Ministry of Education who had committed themselves to meet only 50% cost of the preparation of the translation on an understanding given by the private Committee that they had already collected the remaining 50% of the estimated cost, later decided to increase their share to 75%, instead of taking cognizance of the incorrect statement initially made by the party concerned. This is all the more regrettable in view of the fact that the party in the words of the witness consisted of eminent public figures.

4.267. There is inordinate delay in furnishing the audited accounts by the private committee in respect of the grant of Rs. 15,000 paid up to February, 1964. The Committee also regret to note that the third and fourth instalments of the grant were released by the Ministry without insisting on the production of the Audited accounts for the earlier two instalments. The Committee hope that such lapses will not be allowed to occur in future.

Indian Council of Cultural Relations—para 92, Pages 125—129

4.268. The Indian Council of Cultural Relations was set up in 1950 (and registered on 13th March, 1957). Grants aggregating Rs. 11.73 lakhs, Rs. 11.05 lakhs and Rs. 11.28 lakhs were paid to the Council during three years ending March, 1964 on the basis of the detailed estimates duly approved by their Finance Committee

on which the Ministries of Education and Finance were represented. The grants covered expenditure on cultural activities as well as the cost of agency work undertaken by the Council on behalf of the Ministry of Education in regard to (a) payment of scholarships to foreign scholars on arrival in India and (b) purchase and selection of books on Indian culture, philosophy, History, etc., for despatch to Indian Missions abroad. In addition, grants amounting to Rs. 12.30 lakhs were paid for various constructional works during the period 1956-57 to 1961-62.

Sub-para (a)

4.269. (a) A broad analysis of the expenditure for the three years ending March, 1964 is given below:—

	(In lakhs of rupees)		
	1961-62	1962-63	1963-54
General Administration	3.27	3.86	4.01
Programmes (Publications, camps, hostels, presentation of books seminars, symposia and other cultural activities)	6.29	6.01	5.96
Agency work done on behalf of the Ministry of Education (disbursement of scholarships and purchase of books, etc.)	1.53	1.58	1.20
Construction works	2.38	0.91	0.12
Miscellaneous	1.11	0.81	0.39
TOTAL	14.58	13.17	11.68

Note:—A sum of Rs. 31.800, though spent on the construction of buildings, was charged by the Council to the grant-in-aid given during 1962-63 and 1963-64 for cultural, and other agency work.

4.270. The percentage of expenditure on general administration to the total expenditure of the Council ranged between 22 and 34 per cent.

4.271. Referring to the percentage of expenditure on general administration to the total expenditure of the Council, the Secretary (Education) urged that the total budget figures for each year should be taken into consideration instead of the actual expenditure, because it was on the basis of the total budget that the organisational machinery was set up. The total budget of the Council was stated as Rs. 16.28 lakhs for 1961-62. Rs. 14.75 lakhs for 1962-63 and Rs. 13.66 lakhs for 1963-64. Explaining the relationship of the administrative expenditure with the total budget of the Council, the witness stated that the budget set forth certain tasks and those were

to be performed by the administrative machinery. The witness urged that if the over all expenditure was less than the budget estimates, the percentage of administrative expenses arose.

4.272. The Secretary of the Council stated that Audit had taken into consideration the actual expenditure on programmes and general administration, but certain other items such as loans to overseas students advances to staff for different purposes etc. which also formed expenditure had not been taken into account. Further in the case of advance deposits made with Indian Missions abroad for payment of salaries to the Indian Cultural lecturers and professors, a part of the payment was made out of the money raised through local donations. The witness added that according to their calculations, the percentage of administrative expenditure worked out to 20 per cent for 1961-62, 26 per cent for 1962-63 and 29 per cent for 1963-64. The higher percentage for the year 1963-64 was attributed by the witness to curtailment of the budget grant on account of the National Emergency and to payment of arrears of D.A. to the staff. The witness added that even though the budget was cut down, the expenditure on the staff and establishment charges remained the same. In reply to a question, the witness stated that during the year 1962-63, the Govt. grant was reduced from Rs. 11 lakhs to Rs. 9.9 lakhs.

4.273. Asked about any steps taken to check the increase in the Administrative expenses, the witness stated that during the year 1964-65 the percentage of expenditure had come down to 22½%; the expenditure on administration was Rs. 4.10 lakhs against the total expenditure of Rs. 18.13 lakhs. **The Committee feel that even this percentage of administrative expenditure viz 22½% is on the high side. They desire the Ministry to take suitable steps to reduce the percentage of administrative expenditure.**

Unauthorised and irregular payments—Sub, para (c), Page 126 and Pages 226-227—Appendix XVII

4.274. Cases of irregular grants of house-rent allowance and conveyance allowance by the officers of the Council, without proper authority are listed below.

Item (i):

4.275. *Item (i)* In March, 1958 the Governing Body of the Council approved the appointment of an officer on special duty on a fixed salary of Rs. 900 per month. The decision of the Governing Body did not envisage payment of any house rent allowance but the letter of

appointment issued by the Secretary, included an offer of house rent allowance of Rs. 90 in addition to the salary of Rs. 900. The officer drew the allowance from April, 1958 to March, 1964 while at the same time he occupied a residence allotted by Government on payment.

The Committee asked about the justification for payment of the house rent allowance to this officer. The Secretary (Education) stated that the house rent allowance to the officer had been sanctioned by the President of the Council. It had subsequently been regularised by the Governing Body, who took the decision on the 29th December, 1964.

4.276. The Committee are surprised why the officer was paid the house rent allowance even though this payment had not been approved by the Governing Body. There was a delay of more than 6 years in getting the payment regularised by the Governing Body. Such post facto regularisation has no meaning except condoning a procedural irregularity.

4.277. Asked if the Council had framed any regulations governing the service conditions of the employees, the witness stated that the Council's organs had drafted service rules on the lines of those of parallel organisations like the Sahitya Akademi. These rules were now being scrutinised by Government. The draft rules had been approved by the Governing Body in February, 1965. The Committee asked for the reasons for delay in framing the draft rules. The Secretary of the Council stated that in the beginning when the Council was small, the President of the Council was of the opinion that it should function as an autonomous body and should not be encumbered with too many rules and regulations. Therefore, the Governing Body and the President of the Council were not directly following the government rules; however most of the decision were taken in the light of Government rules. The opinions of the representatives of Government serving on the Finance Committee and the Governing Body were taken.

4.278. The Committee are not a little surprised that the Council, which was set up in 1950, has not so far framed rules governing the service conditions of the staff. They desire that the service rules should be framed without any further delay.

4.279. *Item (ii)*: The President of the Council though not competent to sanction conveyance allowance, sanctioned such an allowance to the staff as the following rates:—

Designation of the Officer	Amount of conveyance allowance	Date from which sanctioned.
	Rs.	
Secretary	100 p.m.	14-4-55
Regional Representative Calcutta, . .	100 p.m.	1-3-57
—do— Bombay	50 p.m.	1-3-57
—do— Madras	50 p.m.	1-3-57 1
Programme Officer	50 p.m.	1-3-57
Welfare Officer	50 p.m.	1-3-57

The payment of conveyance allowance to the officers other than the Secretary was discontinued from 1st January, 1963. It was stated that the grant of allowance to the Secretary was confirmed by the Governing Body in 1958 and again in 1963.

4.280. The Committee asked for the Justification for payment of conveyance allowance of Rs. 100 p.m. to the Secretary of the Council. The Secretary (Education) stated that the conveyance allowance had been sanctioned by the Council President in the exercise of his powers of sanctioning expenditure within the budget. This fact had been accepted by Audit also earlier. The previous incumbent to the post was also in the receipt of conveyance allowance. The witness added that until three years ago, the Council had no staff car. Even now the staff car was used mostly by the distinguished foreign visitors and by other officers for official work. The Secretary did not normally use the staff car. Whenever he used it, he would pay the requisite charges.

4.281. The Committee asked for the reasons for discontinuance of the fixed conveyance allowance in the case of some other officers. The Secretary of the Council stated that their regional representatives had pointed out that in certain months of rush of foreign students, their actual expenditure on conveyance exceeded the fixed allowance. They had suggested that either the conveyance allowance should be increased substantially or they should be paid the actual fare. But when the Council asked them to supply the figures of actual expenditure for the previous months, they were not able to do it. It was, therefore, decided to abolish the fixed conveyance allowance and pay them the actual fare. Asked about the actual expenditure on the fare, the witness stated that in case of Bombay it came to about Rs. 60 to Rs. 70. In the case of Calcutta it would be slightly less, but the Calcutta representative had also now to look after another office viz. International students Hostel, which was at a distance of 4 miles from the Council's office.

4.282. The Committee drew attention to the Audit Objection that the President of the Council though not competent to sanction conveyance allowance, sanctioned such an allowance to the staff. The Secretary of the Council stated that evidently the audit objection had come in the light of the Finance and Accounts Code, which had been adopted later. But at the time of the sanction, the President was exercising full powers for sanctioning the expenditure within the budgetary limit. Subsequently the sanctions were approved by the Finance Committee and the Governing Body.

4.283. The Committee are surprised how prior to the adoption of the Finance and Accounts Code, the President of the Council exercised full powers of sanctioning expenditure such as conveyance allowance to the staff without the prior approval of the Governing Body.

Sub-para (e)—Publications Pages 126-127

(i) *Periodicals:*

4.284. The Council has been published three periodicals viz., (i) Indo-Asian Culture, (ii) Thaqafat-ul-Hind (Arabic Quarterly), (iii) Cultural News from India.

4.285. Expenditure of Rs. 31,370, Rs. 28,685 and Rs. 30,326 was incurred on the publication of the Thaqafat-ul-Hind (print order 3000) during 1961-62, 1962-63 and 1963-64 respectively. The distribution of this publication had been entrusted to the printers, who despatched the bulk of the copies to the Indian Missions abroad. The acknowledgements of the Missions were not on record.

4.286. As regard the other publications viz, Indo-Asian Culture and Cultural News from India, their distribution was handled by the Council direct. The position of the number of copies printed, distributed free and copies in stock, etc. of these publications is given below:—

Year of Publication	Cost of Publication. (Rs.)	No. of copies printed	No. of copies supplied to subscribers.	No. of copies distributed free	No. of copies in stock
Indo-Asian Culture :					
1961-62	25,443	10,352	548	7,458	2,336
1962-63	25,458	9,425	483	7,967	975
1963-64	16,633	6,506	416	5,791	299
Cultural News from India :					
1961-62	8,592	18,038	30	16,668	1,370
1962-63	11,060	16,905	30	15,005	1,870
1963-64	10,338	9,651	..	6,375	3,276
TOTAL	97,524	70,877	1,507	59,274	10,121

4.287. Explaining the position regarding the despatch of the copies of the *Thaqafat-ul-Hind* sent to the Indian Missions abroad, the Secretary (Education) stated that the copies were sent by the printers direct by registered post in order to save the transportation charges within India, as these were printed in Madras. The Indian Missions wrote to the Council in case of delay in the receipt of the parcels by them; otherwise it was assumed that the requisite number of copies had reached them and had been distributed by them. The Secretary of the Council stated that there had been only one case in the last two years where some copies were missing and necessary action was taken by the Council. A recent complaint from a Mission was under investigation.

The Committee however consider that there should be a proper procedure of getting acknowledgements for the copies sent to the Missions abroad.

4.288. Referring to a large number of copies of 'Indo-Asian Culture' and 'Culture News from India' lying in stock, the Secretary (Education) stated that these mostly represented the copies unsold by the distributors in India and abroad and returned to the Council. The unsold copies were then utilised by the Council for presentation and free distribution abroad. The witness added that the balance in stock in respect of journals and books had since been considerably reduced. The print order for the journals had also been cut down to avoid any further accumulation. The Secretary of the Council attributed a large number of copies in stock of 'Cultural News from India' for 1963-64 to cutting down the distribution list after the placement of the print order. He added that bulk of the copies in stock had been disposed of and the balance left was very small.

4.289. The Secretary (Education) urged that the Councils Publications were not brought out on a commercial basis. Their primary purpose was to project the knowledge of Indian Culture abroad. The main consideration was that suitable books and articles on India were made available to as many persons in other countries as possible. It was, therefore essential that the Council's publications were subsidised and free distribution was made to libraries, Universities and other educational institutions and individuals scholars in other countries. The commercial publishers and distributors had not been helpful in selling the books and journals abroad, especially the translation works. The witness added the position was explained to the Review Committee appointed by Govt. That Committee appreciated the difficulties and recommended that the Council should set up a sales unit for sale and distribution abroad of its own publications as well as other suitable books on India. The Council had accepted

the recommendation and prepared a suitable scheme for the sales unit. An additional grant for implementing the scheme was under consideration of the Ministry.

4.290. The Secretary of the Council stated that in the case of 'Indo-Asian Culture', the print order had been reduced. Out of 1,000 copies printed half were distributed free which mostly took place through the Indian Missions abroad. The Council had also its own list which included the names of the members of the Council and important libraries, Universities, institutions etc. The number of copies distributed in India was small.

4.291. The Committee feel concerned to note that the percentage of the copies of 'Indo-Asian Culture' and 'Cultural News from India' sold during the years 1951-62, 1962-63, and 1963-64 was negligible, while the copies distributed free ranged from 66 per cent to 92 per cent and those in stock from 5 per cent to 31 per cent. They hope that the setting up of a sales unit by the Council will help in boosting sales and avoiding accumulation of copies in stock.

(ii) Books

4.292. The Council has also brought out 16 books (10 English and 6 Persian) upto 31st March, 1964 with a view to promoting cultural understanding amongst nations. The number of copies of some of the books printed, sold, distributed free and the balance in stocks when the stocks are heavy, are indicated below:—

Name of Book	Year of Publication	Cost of Printing	No. of books printed	No. of copies sold	No. of copies distributed free.	Balance
		Rs.				
Britain in India	1960-61	2,250	1,885	704	317	864
India Today and Tomorrow	1960-61	4,683	2,806	1,820	974	12
One World and India	1960-61	6,660	5,002	1,547	2,326	1,129
Future of U.N.O. and Democracy	1961-62	26,000	2,030	658	345	1,027
Indian Sculpture	1961-62	..	2,976	727	510	1,739
India and the World	1962-63	..	1,103	603	103	397

4.293. Referring to 1027 copies of 'Future of U.N.O. and Democracy' lying in stock, the Committee asked about the justification of spending a sum of Rs. 26,000 on printing the book when there

were no adequate arrangement for its sale. The Secretary of the Council stated that after printing, books were sent by the publishers to the distributors. After one or two years when the distributors felt that sale had gone down, they sent back unsold copies. The Council were not satisfied with the performance of the earlier distributor and the contract was terminated. They had sent back the unsold copies. These copies were being utilised by the Council for distribution and presentation abroad. The witness admitted that they were feeling a great deal of difficulty in selling translation works. The Indian Publishers and distributors did not have facilities to promote sale abroad except London, New York, etc. But the Council were interested to make translations available in countries in Asia, Africa, etc. The distributors could not held the council much in these countries. The Review Committee had therefore recommended setting up a sales unit of the council to promote the sale of its own works abroad and also other suitable books.

4.294. In reply to another question the witness stated that the total income from sale of books both in India and abroad amounted to Rs. 40,000 in 1964. The C. & A.G. pointed out that according to the sales statement received from the publishing houses for the year ending 31st December, 1963, the books were sold only in India. The Secretary of the Council admitted that the sale of books abroad was not satisfactory as the commercial distributors had not been promoting the sales satisfactorily. But he added that it was discovered that they had sold some of the books in India to certain parties who took them abroad and sold them there.

4.295. The Committee desired to be furnished with a statement showing the number of copies of various books actually sold abroad, so far. The statement furnished by the Ministry of Education is at appendix XXXIV.

4.296. The Committee note that the sale of books brought out by the Council is tardy, and more so in foreign countries. They note that it was proposed to set up a sales unit to promote sales of the council's publications abroad. They hope that the expenditure on the sales unit would be commensurate with the results achieved and that the unit should work in close liaison with the Indian Mission abroad.

Expenditure on hostels and summer camps—Sub-Para (f), Page 128.

4.297. The Council has been maintaining hostels for the benefit of foreign students at Calcutta, Bombay, Madras and Delhi. The

Council also arranges roving camps of the duration of four weeks each for the benefit of foreign students, who are required to pay Rs. 200 per head. The following table indicates the deficits met out of Government grants by the Council:

(in Rupees)

	1962-63			1963-64		
	Expenditure	Receipt	Deficit	Expenditure	Receipt	Deficit
(i) Hostels						
Delhi . . .	31,950	9,204	22,746	25,070	9,585	15,485
Calcutta . .	54,034	25,325	28,709	52,283	28,105	24,178
Madras . . .	11,563	3,081	8,482	13,915	2,469	11,526
Bombay . . .	23,557	9,106	14,451	22,881	7,610	15,271
(ii) Summer Camps :	52,230	30,200	22,030	59,125	32,764	26,361

4.298. It had been stated that the detailed provisions for summer camps and hostels are sanctioned by the Council and the policy is determined every year. The Government have, however, laid down no specific pattern of assistance for this purpose.

4.299. The Committee asked if the Ministry had considered the desirability of laying down the pattern and limit of Government assistance to be given to the hostels and summer camps of the council. The Secretary (Education) stated that the subsidy made to the Council towards these facilities was not excessive. The demand for more facilities of this kind was increasing and these could not be met by the present limited resources of the council. The full details of the income from the inter-national student's hostel and summer camps, the total expenditure and the subsidy required in each case were given in the council's budget which was approved by the Finance Committee and the Governing Body. The Government grant was released on the basis of the budget of the council. Government was also represented on the Finance Committee as well as the Governing Body of Council.

4.300. Asked why the deficit was more in the case of the hostel in Calcutta, the Secretary of the Council stated that the hostel building in Calcutta was bigger with accommodation for 45 students and its rent was high (about Rs. 2,000 per month). In reply

to a question the Secretary (Education) stated that the subsidy paid to council for these hostels and summer camps did not form part of the scholarship money. In reply to another question, the Secretary of the Council stated that the hostel buildings in Madras and Bombay were also rented by the Council. Asked if in view of large amounts of rent paid there was any proposal to have its own buildings, the witness stated that so far as the regional offices were concerned, they had no such proposal under consideration. The Ministry had, however, a proposal to set up international students' houses in Bombay and Calcutta.

4.301. In view of the fact that the deficits in the maintenance of the hostels and organisation of summer camps involve large amounts (Rs. 96,418 in 1962-63 and Rs. 92,821 in 1963-64), the Committee suggest that the Ministry should consider the desirability of laying down the pattern and the extent of Government assistance for this purpose. The chances of the Council eventually having its own buildings for regional hostels needs careful examination.

International Seminars and Conferences Page 128, Sub-para (g):

4.302. During the period 1961-62 to 1963-64 the Council organised two International Conferences, viz., Asian Historical Conference and East-West Music Conference. Against the estimated expenditure of Rs. 30,000 each (revised to Rs. 93,000 in respect of Asian Historical Conference), the actual expenditure amounted to Rs. 0.35 lakh and Rs. 0.53 lakh.

4.303. The Committee asked if the Ministry had enquired into the reasons for the abnormal increase in actual expenditure over the original estimates in regard to the Asian Historical Conference. The Secretary (Education) stated that a provision of Rs. 50,000 had been made in the Councils own budget for the Asian Historical Conference. A further sum of Rs. 25,000 was received from the India International Centre, which was one of the Co-sponsors. Thus the correct position was that against this provision of Rs. 75,000, the actual expenditure came to Rs. 85,000. The excess was due to the fact that the arrangements made for the stay of the delegates at the India International Centre fell through a few days before the Conference Alternative arrangements had to be made and these proved to be more expensive. The Secretary of the Council stated that the India International Centre had offered to provide free lodging to most of the delegates by way of their contribution to the Conference. But the arrangement fell through, as the building of the India International Centre could not be completed in time. As

a compensation, the India International Centre agreed to contribute a sum of Rs. 25,000 towards the expenses of the seminar, but the actual expenses exceeded the amount.

4.304. The Committee find that against the original estimated expenditure of Rs. 30,000 in each case, the actual expenditure incurred was Rs. 85,000 and Rs. 58,0000 respectively, in the cases of Asian Historical Conference and East West Music Conference. This tendency initially to under estimate the proposed expenditure should be discouraged. The Committee hope that such omissions will not occur in future.

Miscellaneous—sub-para (i), Pages 128-129.

4.305. (1) The Council has not been preparing annual income and expenditure accounts and the balance sheets to indicate its financial position.

(2) The Council had also maintained a consolidated account of the permanent and semi-permanent assets acquired out of Government grants, as required under the conditions attached to the grants.

4.306. The Committee asked about the reasons for non-preparation of annual income and expenditure accounts and the balance sheets by the council. The Secretary (Education) stated that the budget estimates of the Council for the year gave full details of the actual receipts and expenditure of the preceding year. The witness urged that the Council was not a productive organisation in the commercial sense, and it was for that reason that the Finance and Accounts Code of the Council which was more or less similar to that of the Akademies and which was approved by Government, did not stipulate preparation of annual income and expenditure accounts. The witness however, added that the suggestion of Audit was acceptable to the Ministry, and they would ask the Council to prepare these accounts. As regards the maintenance of consolidated accounts of permanent and semi-permanent assets acquired out of Government grants, the Secretary (Education) stated that these accounts had since been completed.

The Committee hope that council will also now prepare annual income and expenditure accounts and balance sheets showing its assets and liabilities regularly.

Grants-in-aid to Private Schools—para 93, Pages 129-130.

4.307. The inadequacy of internal check arrangements in respect of Government schools was commented upon in para 16 of the 29th Report of the Public Accounts Committee (Third Lok Sabha). The

amounts of grants-in-aid paid by the Delhi Administration to private recognised higher secondary and middle schools during the years 1961 to 1964 are detailed below:

(In lakhs of rupees)

Year	No. of Schools	Amount of grants paid	
		Plan	Non-plan
1961-62	113	19.61	59.85
1962-63	120	20.63	104.99
1963-64	128	33.10	103.50

4.308. Though the necessity for internal check of these schools has been accepted by the Delhi Administration, only a small number of schools were audited each year, as indicated below:

Year	No. of schools	No. of schools audited
1961-62	113	9
1962-63	120	25
1963-64	128	35

4.309. A review of some internal audit reports covering the period upto 31st March, 1964, showed that there were a number of cases in which final adjustments of grants were outstanding for several years though subsequent grants had been released to the schools. The year-wise details of the grants for the period 1961-62 to 1963-64, in respect of which final adjustments were outstanding in December, 1964 are given below. (The information relating to the period upto 1960-61 was not available with Audit):—

(In lakhs of rupees)

Year	No. of schools	No. in which final adjustments were outstanding	Amount outstanding
1961-62	113	23	16.07
1962-63	120	55	58.91
1963-64	128	117	112.11

4.310. In regard to the internal check of the schools, the Secretary (Education) stated in evidence that the staff for the purpose was inadequate. The staff, which comprised one accountant and one U.D.C., was sanctioned in 1950 when the aided schools numbered only 49. The number of such schools had now increased to 128. The staff of the internal audit department devoted its attention mostly to checking of receipts, accounts and release of instalments of grants with

the result that it could not intensively audit sufficient number of schools. The Ministry had asked the Delhi Administration to examine the need for more audit staff. The Committee asked why the staff was not increased after the number of schools increased to 128. The representative of the Ministry stated that the increase in the number of Schools did not involve an increase in the work. (The grant had increased from Rs. 17 lakhs to Rs. 137 lakhs). About 85 per cent. of this amount related to the salaries of staff and provident fund contributions, in respect of which there was not much chance of misuse or mismanagement of Government grants. On his attention being drawn to the observations of the Committee made in para 16 of their Twenty-ninth Report (1964-65) pointing out the need for strengthening the internal check of Government schools, the representative of the Ministry of Education stated that the staff had been augmented and further increase was under consideration.

4.311. The Committee asked how in the case of private schools the need for internal audit was not considered strictly necessary, while the internal check was being intensified in Government schools where also a major portion of the expenditure related to the salaries of staff etc. The representative of the Ministry stated that in the case of Government schools, they were responsible for the contingent expenditure and therefore audit of these schools had to be more thorough. But in the case of private schools, the Ministry gave only a certain percentage of approved expenditure on contingent grants. When these schools came for the next grant, they produced sufficient evidence to show that the grant had been utilised properly. So there was no chance of irregularities continuing there. The schools might have spent in excess of the approved expenditure but that was not Government's concern.

4.312. The representative of the Ministry stated that they had now felt that it was necessary to undertake an internal check of the private schools. But, for reasons of economy and otherwise, Finance had expressed the view that most of the expenditure was on salaries of teachers and there was no need for having staff for intensive internal audit. When they came for the next grant, the receipts and the contingent expenditure could be checked. Finance had further suggested that the Administration might undertake a little test audit, because the rest of the audit was being done by the local audit parties of the A.G.C.R. The Administration had not yet been able to get additional staff and the matter was still under consideration.

4.313. The Secretary (Education) admitted that in a number of cases grants had to be released to the schools, even though the accounts of the previous grants had not been finalised. But he added that adequate check was exercised by the Directorate of Education,

Delhi inasmuch as fresh grants covered only salaries and provident fund contribution for staff. This expenditure was inflexible and afforded the least chance of misuse by the management. The other grants like those for contingent expenditure were not released until the previous accounts were made available to the Delhi Administration. The managements of the schools had also to satisfy the Directorate of Education that the salaries and CPF contributions covered by the previous grants had been fully paid to the staff. The witness added that since December, 1964 the Department had received and audited 134 accounts, and there had not been a single case in which the provisional payment of salaries or CPF contribution were found to be on overpayment.

4.314. As regards, the system of releasing subsequent grants before the final adjustment of accounts, the witness stated that the procedure was arrived at in consultation with Finance and Audit in 1959. The procedure had been allowed in order to avoid delay in making payments of salaries and provident fund to teachers.

4.315. The Committee asked if the schools could not be asked to submit the final accounts in time to ensure regular payment to teachers. The representative of the Ministry stated that sometimes the accounts were not clear and it took sometime to finalise them but the teachers could not remain unpaid for that reason. The witness added that the managements of the schools in some cases were not so anxious as the Ministry to ensure regular payment to the teachers.

4.316. The Committee are not satisfied with the present system of internal check by the Delhi Administration of the accounts of private aided schools to whom large grants are paid every year. Although the number of schools has increased from 49 in 1959 to 128 in 1963-64 and the total grant has increased from Rs. 17 lakhs to about Rs. 137 lakhs, the staff employed for the purpose has not been augmented. While the Committee appreciate the Ministry's view that the bulk of the grant (about 85 per cent.) related to the salaries of staff and provident fund where there was not much chance of misuse or mismanagement, they feel concerned over the inordinate delays in the final adjustments of these grants. They feel that both the size of the annual grant and the delays in their final adjustment point to the need for subjecting the expenditure both on salaries and contingencies to adequate internal check. The Committee note that the augmentation of the staff for the purpose of internal audit was under consideration. They desire that the matter should be finalised early and it should be ensured that the internal audit parties cover all the aided schools within a specified period to be laid down by the Ministry.

The Committee are also not happy over the payment of subsequent grants without receiving the final accounts of the earlier grants. They desire that the finalisation of the accounts should be vigorously pursued with the schools. In cases of persistent defaults without any valid reasons, the Delhi Administration and the Ministry of Education should seriously consider the question of withholding further grants till the final accounts are submitted, to enforce financial discipline.

Extra contractual payments—para 94, Pages 130-131.

4.317. The construction work of the buildings of the Regional Engineering College at Warangal (financed from grants given by the Central Government) was awarded to a contractor in May, 1960. The work was to be completed by October, 1962. The following payments were made to the contractor in addition to the amounts stipulated in the contract even though the contract stipulated "that the rates shall be firm and shall not be subject to exchange variations, labour conditions or any conditions whatsoever".

- (a) Rs. 3.32 lakhs, representing 25 per cent increase on the total value of work done after February, 1963 on the ground that there had been a general increase in the rates for labour as well as material. It had been stated (January, 1965) that the contractor claimed that he should be given at least 33 per cent. over 1959 schedule of rates to enable him to continue the work. (b) Rs. 55,318 on account of increase in the cost of cement and transport by road instead of by rail though according to the terms and conditions of the contract the contractor had to make his own arrangements for purchase of cement. The Ministry stated (January, 1965) that the contract was entered into when cement was not a controlled commodity. Later, Cement became a controlled commodity and transport difficulties by rail also developed.

4.318. According to Audit, the contract could have been cancelled at the contractor's risk and expense and awarded to another firm, when he expressed his unwillingness to continue the work at the rates quoted by him.

4.319. Explaining the reasons for the delay in the construction of the buildings of the Regional Engineering College, Warangal, the representative of the Ministry stated that the architect's had failed to supply the drawings in time and secondly cement and steel were in short supply. The witness added that the whole work was to be com-

pleted in three phases in 30 months i.e. by October, 1962. In February, 1963 the contractor pleaded his inability to carry on the construction at the contract rates on the ground that in the meanwhile the rates had gone up. The question was considered by the Board of Governors of the institute. On an enquiry from the Chief Engineer, State P.W.D. and the Finance Secretary, it was found that the State P.W.D. itself had raised its schedule of rates by 18 per cent on account of rise in the cost of building materials and other factors. The Board of Governors decided that the rates should be negotiated with the contractor, and after consulting the Chief Engineer and taking into consideration all the factors and alternatives if the contract was to be terminated, they came to the conclusion that in equity 25 per cent extra payment should be made to the contractor as against 33 per cent demanded by him. Accordingly fresh terms were drawn up and payments were made on that basis. The revised rates took effect in respect of the work done after February, 1963. By February 1963 only a few of the buildings had been constructed, and quite a number of buildings had yet to be constructed. None of the buildings included in Phase III (to be completed in 30 months) had been taken up for construction. Some of the buildings from phases I & II had also not been completed. Roughly 30 to 35 per cent of the work had been done within the time limit.

4.320. The Committee asked about the justification for allowing the contractor an increase of 25 per cent when the State P.W.D. had effected an increase of only 18 per cent in their schedule of rates. The representative of the Ministry stated that in the case of the works done departmentally 16½ per cent departmental charges were levied over and above the schedule of rates. The witness added that in the present case original contract rates were only 0.158 per cent over the schedule of rates of the State P.W.D. On the advice of the Chief Engineer and Finance Secretary of the State Government the Board came to the conclusion that it would be equitable to allow the contractor an increase of 25 per cent. The contractor had represented that he had suffered a loss and wanted an increase of 33 per cent. In justification of allowing an increase in the rate of the contractor, the witness stated that there was necessity of completing the work, and its allotment to another party would have involved even more expenditure. On attention being drawn to the provision in the contract that the rates "shall be firm and shall not be subject to exchange variation, labour conditions or any conditions whatsoever," witness admitted that legally the contractor was not entitled to any increase. But that would have resulted in discontinuance of the work and litigation with the contractor and allotment of the work to another. Asked if any penalty clause was included to give a specific reply. He

added that usually the penalty clause in contracts related to delay on the part of contractors in completing the work and was not applicable to the case of contractor refusing to do the work because of loss. In reply to a question, the witness stated that the work was now proceeding well.

4.321. The Financial Adviser stated that according to the Chief Engineer there was 18 per cent rise in the price of steel and cement during the period 1960 to 1963 during which 30 per cent to the work had been executed. But the contractor was not allowed any increase in the rate for this period. In equity, the contractor was entitled to the increased rate beyond the date fixed for completion, as the work had been delayed by the Ministry by not furnishing the designs in time. The contractor was therefore given an extension of time.

4.322. In a note* (Appendix) furnished at the instance of the Committee, the Ministry of Education have stated that the percentage increase in the State P.W.D. schedule of rates from 1959-60 to 1962-63 was on account of rise in the price of various building materials and labour. There was a rise of 11.5 per cent only in cement while there was no increase in the price of steel. There was a rise in the price of other building materials and labour. On the basis of the percentage increase in the schedule of rates of the various items, there was an over-all 17.2 per cent increase in the total cost of the construction of the buildings to which the thirteenth running bill (referred to in the Audit para) pertains. According to 17.2 per cent increase the additional payment to the contractor works out to Rs. 2.45 lakhs as against Rs. 3.32 lakhs actually paid on the basis of 25 per cent increase.

4.323. The Committee are not happy over the delay in the supply of the drawings to the contractor which not only resulted in non-completion of 2/3 of the work within the specified period but also an additional payment (25 per cent of the value of the work) to the contractor because of a general increase in the rates of labour and materials. The Committee consider that this delay was avoidable. The Committee also suggest that the Ministry should investigate reasons for delay in furnishing drawings to the contractor with a view to fix responsibility.

4.324. In view of the fact that the contractor was not responsible for the delay in completion of the work the Committee agree that in equity there was justification for some additional payment to the contractor due to a general increase in the rates of materials and labour. But they feel that the increase of 25 per cent allowed to the contrac-

*Not velled by Audit.

tor was excessive, for according to the revised schedule of rates of the State P.W.D., there was an over-all increase of only 17.2 per cent.

4.325. The Committee feel that in such cases the opinion of Law Ministry should be taken *viz.*, whether or not the contractor is entitled to any increase. The Committee also hope that work would not be completed expeditiously.

Campus Work Projects—para 95, Pages 131-132.

4.326. The Scheme was started in 1953-54 with the object of providing physical and recreational amenities in educational institutions. The grants for the purpose are given directly by the Ministry to institutions (at least a higher secondary school) which have a standing of not less than three years and possess their own buildings and also land for the contemplated project. The applications for the grant are generally recommended by the State Governments Universities.

4.327. During 1953-54 to 1961-62 Government paid grants totalling Rs. 158.10 lakhs for 788 projects. No new projects were sanctioned during the years 1962-63 and 1963-64; grants amounting to Rs. 12.03 lakhs and Rs. 10.39 lakhs respectively were, however, sanctioned during these years for the projects continuing from previous years.

4.328. The Ministry have not maintained any consolidated record to keep a watch over the receipts of periodical progress reports and audited statements of accounts from the institutions to whom grants had been paid. They explained (October 1964) that the receipt of audited statements and progress reports was watched through files relating to each grant and that they now proposed to open a consolidated register for all projects in hand in which the up-to-date position would be indicated. According to the information furnished by the Ministry, the audited accounts in respect of 111 completed projects and 161, incomplete projects involving grants totalling Rs. 25.26 lakhs and Rs. 33.18 lakhs respectively, were yet to be received and/or finalised as shown below:

(In lakhs of Rs.)

Years in which projects were sanctioned	No. of completed Projects	Amount of grants	No. of incomplete projects as in Sept. 1964	Amount of grants
1953-60	86	19.02	55	11.86
1960-61	18	3.76	78	17.24
1961-62	7	1.58	28	4.08
TOTAL	111	25.26	161	33.18

4.329. The projects are required to be completed within two years of the release of the first instalment of the grants. The above table brings out that the number of projects which have remained incomplete for a long time after the expiry of the two year period constituted about 20 per cent of the total number of projects (788) for which grants-in-aid were given.

4.330. The Committee asked if a consolidated record of the grants issued to the various projects had been completed. The Secretary (Education) stated that the work was still in progress and had not yet been completed. As regards the delay in completion of certain projects, the witness stated that the period had been extended by the Ministry beyond 2 years according to the need of a particular case. The delays were due to lack of building materials and late sanctioning of projects. In reply to a question, the witness stated that there had been no case where the next grant was paid without obtaining the utilisation certificate for the earlier grant.

4.331. The Committee asked about the check exercised by the Ministry to see that the grants had been utilised for the purpose for which they were granted. The Secretary (Education) stated that periodical progress reports were required to be certified and countersigned by the State PWD Engineer in the case of Government institutions and by Chartered engineers in the case of private institutions. That was a sufficient guarantee for the satisfactory progress of the projects and proper utilisation of the moneys. But the Minister, had no machinery to inspect the projects in order to ensure that the work had been done.

4.332. The Committee enquired about the criteria laid down for selection of schools for giving grants under the scheme. The Secretary (Education) stated that the State Governments and Universities were requested to forward their schemes to the Ministry. A good deal of screening took place at the level of the State Governments and the Universities who indicated their priorities. The conditions for selection were good record of the institution, contribution of about 25 per cent of the expenditure on campus work by the institution (the institution might get a grant from the State Government) and at least 5 per cent contribution by the institution in the form of shramdan. On receipt of the lists of the institutions in the Ministry, they invariably accorded the priorities recommended by the State Governments and the Universities. The Ministry's main purpose was to apportion the funds equitably among the Universities and the States.

4.333. The Committee regret to note that 161 projects involving grants-in-aid amounting to Rs. 33.18 lakhs and representing approximately 20 per cent, of the 788 projects sanctioned during the period 1953-54 to 1963-64, remained incomplete for periods ranging from two to ten years after the expiry of the prescribed period of 2 years of the release of the first instalment of the grant. In other 111 cases, the audited accounts had not yet been received for periods ranging between 2 to 10 years. This, the Committee feels, does not speak well of the working of the scheme, in as much as various projects sanctioned remained incomplete for long periods. They desire that the Ministry should examine the working of the scheme with a view to ensure that the projects sanctioned are completed within 2 years and the audited statements of accounts furnished to them soon after that. In cases of long delays, the Ministry should consider the question of the recovery of the amounts from the institutions concerned.

4.334. The Committee also hope that the Ministry would take vigorous steps to ensure that the incomplete projects are completed and statement of audited accounts furnished promptly in cases where they are outstanding.

4.335. The Committee also desire that a consolidated register showing upto date position of the progress reports of the projects and of the audited statement of accounts thereof should be prepared early, as that would help the Ministry in having the control over the incomplete projects and outstanding statements of accounts.

COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH

Loss in investments—Para 108, Page 152.

4.336. In November, 1960, the Council adopted the Government Pension Rules and gave option to its employees who were governed by the Contributory Provident Fund Scheme to elect the pensionary benefits.

4.337. In November, 1962 the Council, in consultation with the Government, decided to create a self-sufficient Pension Fund to meet the pensionary liabilities out of the income to be derived from its investments. The Pension Fund has not, however, been established so far as no decisions have been taken about the size of the Pension Fund and the mode of investment of the moneys to be credited to it.

4.338. Pending a final decision, an amount of Rs. 266.50 lakhs (representing the employers' contribution to the Provident Fund of the employees who had opted for the Pension Scheme) which had been invested in National Plan Certificates yielding interest at 4 per cent. per annum was transferred to short term deposits bearing interest at 3 per cent. from 16th January 1962 to 25th March, 1963;

from 26th March, 1963 the amount was deposited in the current account of the Council.

4.339. The premature withdrawal of the money from long term deposits and its investment in the short-term deposits and subsequent deposit in the current account have thus resulted in a loss of about Rs. 1.41 lakhs to the Council (upto October, 1964).

4.340. The Committee asked why, in the absence of a final decision regarding setting up of the pension Fund, the Council withdrew the amount of Rs. 26.50 lakhs from long term deposits and transferred it to short term deposits. The representative of the Council stated that the money was originally invested in 12 years National Plan Certificates. For meeting the pensionary liabilities, it was necessary to keep the money in hand. Therefore, the money was put in short-term deposits in the State Bank of India. After the pension scheme started in 1960, the Council had actually paid Rs. 1.68 lakhs in 1962-63 and Rs. 2.36 lakhs in 1963-64 towards meeting the pensionary liabilities.

4.341. The Committee asked why it was considered necessary to transfer the entire money to the short-term deposits, when it was not required for disbursement immediately. The witness stated that sometimes the ways and means position of the council was difficult and there was delay in the receipt of the grant from Government. In March, 1963, the Government grant was not received in time. In that contingency, they had to utilise this money.

4.342. As regards setting up of the Pension Fund the witness stated that there had since been some revised thinking in this regard. On one hand Government would pay interest on the investment and on the other they earned income which would be liable to income-tax. Instead of having a separate pension fund, the council would like the Government to give a regular grant to meet the pension liabilities. He hoped that a decision in this regard would be taken shortly.

4.343. The witness urged that the loss of interest by financing the money in the short-term deposits was actually more or less notional.

4.344. The income derived from the National Plan Certificates was treated as receipts of the CSIR and adjusted against the grant given by Government. In case the money had not been withdrawn from 12 years' National Plan Certificates, Government would have paid higher interest but they would have reduced the grant to be

given to the Council by the amount of interest earned. The witness further stated that in this case another agency of Government (State Bank of India) had paid less interest to the Council and so there was no loss to Government. On being pointed out to him that so far as the council were concerned, they should invest in a manner which would get maximum return, the witness agreed with that view. He also agreed that there was a loss to Government in-as-much as Government would have to pay less grant if the council had earned more interest. Also the Government could have utilised the money invested by the Council on some other project.

4.345. The Committee enquired whether it was not irregular to utilise the money for the purposes other than making pension payments. The representative of the CSIR stated that in case of delay in the receipt of the Government grant some arrangement had to be made. In this case as the pension fund had not yet been created, the money was credited to Industrial Research Fund from which it was withdrawn. The witness added that the money represented the CSIR's contribution of the Compulsory Provident Fund in respect of those employees who had opted for the pension scheme. The employees' share had been converted into the General Provident Fund.

4.346. The Financial Adviser stated that when the pension scheme was introduced in 1962-63 it was proposed to create a Pension Fund starting with a nucleus of the CSIR's original contribution to the Compulsory Provident Fund, and if necessary to ask for contribution from Government. There had since been a rethinking on this question, as the Government's share to the Pension Fund would have to be calculated in an elaborated manner involving actuarial calculations. The Controller of Insurance had asked for some data which the CSIR found difficult to give. The witness added that either the CSIR should have a pension fund on an ad hoc basis or they should have a system of forthright pension as in the case of Government Departments and for this purpose CSIR should be treated as a regular Department of Government, so that every year the Government grant would be enough to meet the pension liability. Asked if the money was withdrawn from the 12 years Plan Certificates with the concurrence of the Finance Ministry the witness stated that from the papers he did not find any discussion on the point.

4.347. The Committee are not happy over the loss amounting to Rs. 1.41 lakhs suffered by the CSIR by way of less receipt of interest as a result of transfer of the money from the long term deposits to short term deposits and subsequently to the current account of the council. The Committee are unable to accept the argument that the

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lots was notional. Firstly the CSIR as an autonomous body should invest its funds in a manner which would bring in the best return to them. Secondly the action of the council to withdraw the money from the long term deposits will entail payment of a larger grant by the Ministry than would otherwise be necessary. Besides, Government have been deprived of the benefit of investing this money in useful plan projects.

4.348. It is surprising how the council withdrew the money from the long term deposits in January, 1962 even before a decision to create the pension fund was taken in November, 1962. Even the Ministry of Finance were not consulted before the withdrawal of money. As the setting up of the pension fund involved detailed examination of certain aspects viz., size of the fund, Government contribution etc., the council should have waited till a final decision in this regard had been taken. The Committee consider that there was undue haste on the part of the council in withdrawing the money from long term deposits and that this step was premature.

4.349. The Committee desire that an early decision should now be taken with regard to setting up of the pension fund or transferring the pension liability to Government as in case of any other Government department. In the meantime, the money should be deposited in the way it would bring in maximum return to the Council.

Non-utilisation of building—para 109, Pages 152-153.

4.350. Certain construction works (estimated cost Rs. 2.26 lakhs) were started in the Central Glass and Ceramic Research Institute, Calcutta in July, 1962 and were completed in December, 1962 but the building has not yet been utilised due to delay in installation of electric and sanitary fittings on account of following reasons:

- (i) Tenders for electrical installations were invited in November, 1962 but the lowest tender for Rs. 28,016 was accepted only on 31st May, 1963.
- (ii) In August, 1963, it was decided not to award the work to the lowest tenderer on the ground that the quality of certain electrical installation work previously executed by that contractor was not satisfactory.
- (iii) Instead of negotiating the work with the next higher tenderer who had quoted Rs. 30,249 fresh tenders were invited in October, 1963 in response to which two tenders for Rs. 36,905 and Rs. 40,789 were received. Though the CPWD to whom the tenders were sent for scrutiny,

worked out the cost of the proposed work as Rs. 28,000 only, nevertheless, the institute awarded the contract to the contractor who quoted Rs. 40,789. The agreement with the tenderer was executed only July, 1964, and the work was stated to be in progress (December, 1964). Explaining the reasons for the delay in accepting the lowest tender, the representative of the CSIR stated that after the Building Sub-Committee decided to award the contract to the lowest tenderer the proposal was referred to the Council because at that time the Building Sub-Committee had not got powers to sanction such an expenditure. On receipt of the proposal in the Council, the papers were found to be incomplete and further papers were asked for. The papers were returned for clarification of certain discrepancies. After the receipt of the clarification, it was decided to award the contract to the lowest tenderer on the 31st May, 1963. Later it was decided not to award the contract to him as the architectes had reported that the contractor had not fared well in an other work allotted to him. After reinviting tenders, the Building Sub-Committee, of which the Superintending Engineer of CPWD was a member, recommended that the work should not be given to the lowest tenderer because he had not quoted according to the specifications. The other tenderer who was a reputable firm (GEC) had quoted according to the specifications. The Superintending Engineer of CPWD on the Building Sub-Committee had stated that the award of contract to the firm would ensure supply of GEC make fittings as provided in the contract. On the recommendation of Building Sub-Committee the contract was awarded to the higher tenderer. The witness admitted delay in awarding the contract in the case and added that it had been decided to empower the Building Sub-Committee to award contracts of that value in order to avoid delays in future.

4.351. The Committee asked why instead of re-inviting tenders, negotiations were not held with the next higher tenderer whose quotation of Rs. 30,249 was only about 2,000 more. The representative of the CSIR stated that by the time it was decided not to allot the work to the lowest tenderer, a period of ten months had elapsed since the date of the tender. It was considered that because of increase in the rates of most of items on account of Government levies, the next higher tenderer would not be able to do the work within the tendered amount. The tenderer was, however, not contacted in this connection as the local engineer knew that the work could not be done at those rates, a period of 10 months having passed since the

rates were quoted. The Committee asked how the local engineer came to this conclusion, when in October, 1963, the CPWD who scrutinized the reinvited tenders, worked out the cost of the work as only Rs. 26,000. The witness stated that the CPWD had give only an estimate which did not take into account the local fluctuations. After this, a meeting was convened for the final award of the contract, where the Superintending Engineer of the CPWD was also present. He had stated that taking into account the market fluctuations, the cost would be about Rs. 31,000.

4.352. The Superintending Engineer had recommended the award of the contract to higher tenderer who had quoted Rs. 40,789 because delay in this regard would have resulted in further increase in the cost on account of rising prices.

4.353. The Committee are distressed to note that the building which was constructed in December, 1962 could not be utilised for more than 2 years due to non-completion of electric and sanitary fittings. There was a delay at every stage. The tenders for electric installations were invited in November, 1962 and it took 7 months to accept the lowest tender. Even then, the tenders were not properly scrutinised as is apparent from the fact that subsequently in August, 1963 it was found that the contractor whose tender was the lowest was not suitable for the work. The unsatisfactory nature of the work previously executed by the contractor should have been known to the authorities concerned before accepting the tender on 31st May, 1963.

4.354. When the lowest tender was not considered suitable, the natural course should have been to contact the next higher tenderer whose quotation was Rs. 30,249 for the entire work. The Committee regret to observe that this course was not adopted. They also find no justification for the building Sub-Committee to come to the conclusion that the tenderer would not have been able to work within the tendered amount because of the increasing rates as no negotiation was carried out with him. The Committee feel that the extra expenditure of Rs. 10,540 (difference between the accepted tender of Rs. 40,789 and this tender of Rs. 30,249) could have been avoided. Further this would have saved time and enabled the Institute to utilise the building much earlier.

4.355. The Committee feel that had institute acted more promptly and called tenders well in advance before the completion of the building in December, 1962 the electric and sanitary fittings could have been fitted simultaneously and the building utilised on its completion. They desire that such works should be carried out in coordinated and

well planned manner and the pre-falls as revealed in this case, like delay in calling for tenders, delay in execution of the work etc. will be strictly avoided in future.

Publications—para 110, Page 153.

4.356. The expenditure of the Publications Directorate of the Council for the year 1963-64 amounted to Rs. 11.18 lakhs, out of which Rs. 3.16 lakhs was incurred on the pay and allowances of the editorial staff, Rs. 3.86 lakhs on other office establishment and the balance of Rs. 4.16 lakhs on purchase of paper, printing of publications and other contingent expenditure. The income of the Directorate from the sale of publications amounted to Rs. 1.14 lakhs. The Directorate has not prepared proforma accounts showing profits and losses in respect of the different publications.

4.357. The Council brought out about 78 titles between 1942 and 1962. It was observed that about 44,000 copies of the various titles, of the value of Rs. 6.12 lakhs were lying in stock (March 1964). The Council intimated Audit (December, 1964) that many of the publications lying in stock were out of date and that steps were being taken to weed them out and write off their value.

4.358. The representative of the CSIR stated that the Publication Directorate of the Council had been established as a central agency for collection and dissemination of scientific and technological information through scientific papers, monographs, journals etc. The work regarding the coordination of the publications brought out by the various National Laboratories was also assigned to it. The witness urged that the Directorate was not a commercial unit and was actually a service unit to make available to the council laboratories, scientists, research workers, industrialists and other scientific bodies in India, latest information in the field of research and to direct their energies towards maximum utility and advancement of science and technology in the country. The collection and dissemination of scientific and technological knowledge inseparably went with scientific research and could not be dissociated from the research work itself.

4.359. As regard the 78 titles brought out by the Council between 1942 and 1962, the witness stated that they were left with only 17 titles which were obsolete and which had to be written off. The cost of these publications, which had to be disposed of was approximately Rs. 20,800. The remaining titles were still useful to the council and were being retained. They were still in demand and were being sold.

4.360. The Committee desired to be furnished with a statement indicating (a) the titles of the books Published by the CSIR (b) the number of copies printed (c) the amount spent on printing them (d) the number of copies sold (e) the amount realised as sale proceeds (f) the number of copies still in stock and (g) remarks if any, (including the number of copies destroyed). The statement furnished by the Ministry is at Appendix XXXVI.

4.361. The Committee feel that the expenditure of the Council's Publication Directorate as compared to the income derived from the sale of publications, has been very much on the high side. The Committee desire that the wide gap between the expenditure and the sale proceeds should be investigated. They also suggest that it should be examined whether the pricing policy of the publications needed any revision to narrow the gap between the expenditure and income.

4.362. The Committee also desire that the Directorate should prepare its proforma accounts showing the profits and losses in respect of the different publications. As regards the weeding out of old publications, the Committee desire that these publications should be reviewed periodically and unwanted publications should be disposed of. It should also be examined as to what extent the number of printed copies of future publications could be reduced taking into consideration the Directorate's past experience about their sale. The Committee also suggest that how far these publications have been useful should be assured by an Independent and competent body.

*Non-recovery of grants in respect of terminated schemes—para 11.
Page 153.*

4.363. Apart from conducting researches in the laboratories, the Council paid grant-in-aid for *ad hoc* schemes of research at other research institutions and universities. Of the schemes financed, 446 schemes were terminated and unspent balances amounting to Rs. 5.44 lakhs were recovered from the grantee institutions in respect of 369 schemes till December, 1964. Recoveries of unspent balances had yet to be effected in respect of the remaining 77 terminated schemes. The unspent balance in 7 of these schemes amounted to Rs. 3,083, while the balance in respect of the rest of the schemes had not yet been ascertain by the Council from the grantees concerned.

4.364. The representative of the CSIR stated that there had been improvement in the position in regard to recovery of money in respect of terminated schemes. They had since received unspent balances amounting to Rs. 7.81 lakhs for 386 schemes. In respect of only

60 terminated schemes the unspent balances had not yet been received, but these were expected to be recovered after some time.

4.365. Asked about the reasons for the termination of schemes, the witness stated that in some cases the schemes did not progress satisfactorily and sometimes the investigator in-charge died or resigned his job. Explaining the measures taken to watch the progress of the schemes, the witness stated that the Council received progress reports which were considered by expert Committees every year—If the expert Committee felt that a scheme was not progressing satisfactorily, it was terminated. If no Report was received after one year, further grant was not issued.

4.366. The Committee drew attention to the recommendation contained in para 51 of their 29th Report (Third Lok Sabha) and asked about the steps taken to avoid premature termination of schemes. The representative of the CSIR stated that recommendation had been noted. The research schemes were sanctioned after a careful scrutiny by research Committees. In some cases termination of schemes became unavoidable for the aforesaid reasons. So far as scientific research was concerned, the Council had to take a little risk. The witness added that the number of terminated schemes was not so large as to warrant a radical change in the procedure.

4.367. The Committee feel that the number of terminated Research Schemes is large. (During the period 1957-58 to 1963-64, 446 schemes were terminated). They desire that the council should examine whether the machinery to review the progress of the schemes at periodical intervals was adequate or whether it needed strengthening. Where a scheme is not likely to progress, and has been terminated, recoveries of unspent balance should be made promptly.

AUDIT REPORT ON THE ACCOUNTS OF THE COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH, NEW DELHI FOR THE YEAR 1963-64:

*Grants-in-aid by the Council (Headquarters) Utilisation certificates—
para 2:*

4.368. In a number of cases, the audited accounts have not been received from the grantee institutions in respect of grants-in-aid given by the Council. The following table indicates the grants paid by the Council during the years 1958-59 to 1963-64 and the position

of the receipt of audited accounts from the grantees institutions (February, 1965):

Year	Total No. of cases in which grants were paid	Total amount of grant paid (in lakhs of rupees)	No. of cases in which audited accounts not received	Amount for which audited a/c are awaited in lakhs of Rs.	Percentage of grant for which audited a/c awaited
1958-59	384	26.87	198	14.22	52.92%
1959-60	572	46.76	323	27.27	58.32%
1960-61	690	43.33	257	16.24	37.32%
1961-62	981	60.11	277	15.63	26.00%
1962-63	1158	71.14	623	26.47	37.21%
1963-64	1952	76.54	1747	61.00	79.70%

4.369. The representative of the CSIR stated that there had been some improvement in the position. Since February, 1965 audited accounts had been received in respect of 405 cases more. Explaining the steps taken to liquidate the outstanding cases, the witness stated that the AGCR had been requested to take up the question of expeditious submission of utilisation certificates with Accountants General all over India. The Council had also written to the Vice-Chancellors of the various Universities. The witness expressed the hope that with a little more effort on their part and help from the AGCR, the position would improve.

4.370. The Committee asked how in the absence of the audited statements of accounts, the Council satisfied themselves before releasing fresh grants that the earlier grants had been properly utilised and no unspent balances were lying with them. The representative of the Council stated that while conveying the sanction to the head of institutions, the Council enquired about any unspent balance left. The institutions informed the council about the unspent balance which was deducted while releasing the fresh grant. The witness admitted that in order to verify whether the unspent balance intimated to the Council was correct they had to await the audited statements of accounts prepared by the respective Accountants General. They had started giving the accounts, but it would take some time before all of them were settled.

4.371. Asked if any performance reports were received from the grantees, the witness stated that the Council received their annual reports which were checked.

4.372. The Committee feel concerned over the delay in the receipt of audited statements of accounts in respect of the grants-in-aid issued by the Council, specially those paid during the years 1958-59 to 1961-62. The Committee desire that the Council should take special steps for speedy issue of utilisation certificates in respect of old grants and avoid accumulation of outstanding utilisation certificates in respect of current grants. The Committee would like to watch the progress through future Audit Reports.

Misappropriation of Funds—para 3:

4.373. The cashier of the Central Road Research Institute, New Delhi, absconded on 18th April, 1965 without handing over charge of cash. The safe was opened by a Committee on 16th May, 1964 and it was found that there was a shortage of Rs. 6,965. The Cash Book had been written only upto 4th April, 1964. The cashier turned up on 16th May, 1964. admitted the act of mis-appropriation and deposited the short amount. The case which had been reported to the police on 27th April, 1964 was withdrawn on 6th June, 1964.

4.374. The Council intimated Audit (March, 1965) that the Director had passed orders on 15th March, 1965 demoting the cashier from the post of Upper Division Clerk to Lower Division Clerk for a period of two years and on restoration, the period of reduction would not postponed further increments. The preliminary enquiry report against the supervisory staff was stated to be under consideration.

4.375. The Committee asked why the police case was withdrawn. The representative of the CSIR stated that since the individual had returned the money and disciplinary action was taken against him, it was not considered necessary to pursue the police case. Asked if demotion of the individual was considered adequate punishment for the offence of misappropriation of funds, the witness stated that the competent disciplinary authority had taken into consideration all the factors before passing the order. The witness added that if the disbursing officer had been vigilant, such a case would not have happened. For this lapse, action was being taken against him and a preliminary report had been received.

4.376. The Committee asked if in awarding punishment, the Council and the Ministry were consulted. The representative of the Council stated that under the classification, Control and Appeal Rules, the Council had delegated certain powers to certain authorities who took action of their own. But in cases of misappropriation, the local head of the laboratory sent a report at the earliest opportunity to the Head of Office or the Secretariat. In the present case all the necessary action had been taken except the finalisation of the

charges against the disbursing officer, for which preliminary report had been completed. A notice under the Classification Control and Appeal rules would also be issued to him shortly.

4.377. The Committee cannot appreciate the Council's action in withdrawing the police case against the cashier who had misappropriated an amount of Rs. 6,965. They also feel that *prima facie* the punishment meted out to the individual *i.e.* demotion from the post of the Upper Division Clerk to Lower Division Clerk was not adequate. The punishment in such cases should be deterrent enough to prevent recurrence of such cases. The Committee would like to be informed about the action taken against the supervisory staff.

UNIVERSITY GRANTS COMMISSION

Delay in fixing the block grants to Central Universities—para 112, Pages 154-155.

4.378. Section 12 of the University Grants Commission Act, 1956 provides that the Commission may enquire into the financial needs of universities and allocate and disburse out of the Fund of the Commission grants to universities established or incorporated by or under a Central Act for the maintenance and development of such universities or for any other general or specified purpose.

4.379. A reviewing committee which was appointed by the Commission to fix the block grants for the Central Universities for the quinquennium 1961—66 submitted its report in December, 1962 which was accepted by the Commission. The suggestions of the committee, however, have not yet been implemented (October, 1964). In the meantime, the following 'on account' grants were released to the universities during the years 1961-62 to 1963-64, as compared to block grants paid during 1956—61

In lakhs of rupees

	Block grants	'On account'		grants paid during
	paid during 1956-61	1961-62	1962-63	1963-64
Aligarh	37.00	52.03	52.00	71.65
Banaras	55.00	75.00	72.00	91.00
Delhi	27.00	39.00	41.00	52.35
Vivek Bharati	13.75	21.40	20.00	25.00

It was observed that the unspent balances amounting to Rs. 21.26 lakhs lying with the universities out of annual grants for the period ending 1960-61 have not yet been recovered or adjusted against other grants by the Commission.

4.380. The Ministry informed Audit in January, 1965 that the question of determining the annual maintenance (block) grants to

the universities was considered in a meeting of the Vice-Chancellors of the Central Universities held in March, 1964 and a committee was appointed to review the present machinery of budget preparation in the universities, and that the procedure suggested by the committee had been accepted. The revised budget for 1964-65 and budget estimates for 1965-66 in the prescribed form had been received and examined. The block grants for previous years were being assessed on the basis of the actual approved deficit and necessary adjustment would be made keeping in view the unspent opening balance as on 1st April, 1961.

4.381. Explaining the position regarding block grants to Central Universities, the representative of the Ministry stated that on the basis of the recommendations of the various review committees, which met in September 1961, November 1962 and September, 1963 and of the Central Universities' Vice-Chancellors' meeting held in March, 1964, the U.G.C. at their meeting held on 6th May, 1964 decided that for 1961-62, 1962-63 and 1963-64, maintenance grants to Central Universities should be fixed on the basis of net approved deficit and that for subsequent years, the maintenance grants should be fixed after examining their annual budgets. Accordingly on receipt of statement of accounts on this basis maintenance grants for Visva Bharati had been settled for 1961-62, 1962-63 and 1963-64. Accounts of the Banaras Hindu University and Aligarh Muslim University for 1961-62 had also been received and were under examination. In respect of Delhi University, the grants to be finally made for 1961-62 and 1962-63 had been worked out and the University had been asked to conform to the figures. The unspent balances for all these Universities on 1st April, 1961 amounting to Rs. 21.25 lakhs had been adjusted in the above accounts. The accounts for 1963-64 from Aligarh, Banaras and Delhi Universities had not yet been received and these had been called for

4.382. The witness added that for the revised estimates 1964-65 and budget estimates 1965-66, the Commission in their meeting held on the 5th November, 1964 referred the matter to a Committee which examined the budget estimates of the Central University and recommended that the following grants might be paid to them during the years 1964-65 and 1965-66.

	In lakhs of rupees	
	1964-65	1965-66
Aligarh	71	76
Banaras	95	99
Delhi	60	63
Visva Bharati	31	33
TOTAL	260	270

4.383. The witness admitted that there had been delay in fixing the block grants to Central Universities, but added that this was due to a great deal of rethinking done by the various Committees on how the block grants should be fixed. The conclusion reached in these discussions was that it would be better to have the budgets of these Universities and calculation of maintenance grants on an annual basis and that the five-year period basis for fixing block grants was unrealistic. Accordingly, the principle of block grants for 5 years period had been given up and now the block grants would be given from year to year.

4.384. In reply to a question whether grants were given after the type of inquiry envisaged in Section 12 of the U.G.C. Act, the representative of the Ministry stated that in order to fix the block grants for the year, the U.G.C. appointed a Sub-Committee consisting of the Chairman, U.G.C., the Secretary (Education) and the Finance Secretary to go through the budgets of these 3 Universities (barring Visva Bharati for which there was a separate arrangement).

4.385. The witness informed the Committee that in 1964-65 and 1965-66 the maintenance grants were fixed on the basis of the scrutiny envisaged in the Act. This scrutiny was carried out by a Committee of three, appointed by the Commission. This Committee examined the budget estimates of the Central Universities and recommended certain specific grants for the years 1964-65 and 1965-66. But for the earlier transitional period, when the various Committees were holding discussions, the Ministry had to give on account grants.

4.386. In reply to a question, whether the on account payments had been regularised the Secretary, U.G.C. stated that for the years 1961-62, 1962-63 and 1963-64, the block grants for each university had been settled on the basis of net approved deficit. Explaining the term "approved deficit", the representative of the Ministry stated that the U.G.C. had to examine the accounts of the Universities and approve them. It would not accept whatever was declared to be deficit by the Universities.

4.387. In reply to a question whether the U.G.C. had accepted the recommendations of the Reviewing Committee made in its report of December, 1962, the witness stated that the U.G.C. accepted the recommendations at a meeting held on 5th December, 1962 and the four Central Universities were informed on 1st January 1963 in regard to the method on which they should calculate the committed expenditure and the further expenditure required in order to determine the block grant. The information asked for from them was

received from 3 of them after some delay. It was not received from the fourth viz. Banaras Hindu University. This information was placed before the subsequent meeting of the Commission held on 4th September, 1963, which decided that the whole matter be referred to a Committee. The Committee held a meeting on 28th September, 1963 and its recommendations were accepted by the Commission at its meeting held on 3rd October, 1963. The witness also added that it was not possible on the basis of the recommendations of the Reviewing Committee to fix the block grants for the first two years of the quinquennium. According to the recommendation of the Reviewing Committee the normal expenditure for the first year of the Five Year Period of 1961-62 was taken as the basis and the difference between this and that budgeted for the normal expenditure of the 2nd year was treated as the normal rate of increase in expenditure per annum. The new Committee laid down a procedure that for subsequent years, each item of the budget would be examined and approved and the grant would be made only on the basis of the expenditure incurred on approved items and not on 'cover-the-deficit' basis.

4.388. The Committee note that the block grants for the Central Universities for the years 1961-62 to 1963-64 are now being fixed retrospectively on the basis of net approved deficit. They feel that it would be more appropriate for the Commission to fix the grants in advance, after the careful scrutiny of the budget proposals, instead of making 'on account' payments and then fixing the grants *ex post facto*.

4.389 Asked to explain the difficulties in getting the information from the universities relating to the accounts for 1963-64 the Secretary, U.G.C. stated that the difficulty arose because certain new posts had been created during the period by the Universities without the approval of the U.G.C. This issue had to be settled first. The posts created in the Second Plan were to be included for the block grants and this process took time. The representative of the Ministry agreed that the information asked for from the Universities could have been easily given and the autonomy enjoyed by them did not justify delays of this kind and the Government would advise U.G.C to see that such information was forthcoming promptly.

4.390. The Committee feel concerned that block accounts for 1963-64 for Aligarh, Banaras and Delhi Universities have not yet been settled because the required information is still awaited from the Universities. The Committee feel that if the delay in getting the requisite data had been avoided, the necessity of making on account payments to the tune of Rs. 6.12 crores for the years 1961-62, 1962-63

and 1963-64 to four central Universities would not have arisen. In this connection, the Committee would like to invite the attention of the U.G.C. to the provision in section 12 which empowers it to get such information as may be needed relating to the financial position of any university. On this subject, the Committee are in entire agreement with the observation of the Standards Committee appointed by the U.G.C. viz. "There is no inherent conflict between the principle of accountability and the idea of autonomy." (Their recommendation No. 114) Keeping in view these observations, the Committee desire that the U.G.C. should impress upon the universities the need to supply the required information promptly in future.

4.391. The Committee desired to know whether the new principle of giving grants to the Universities on yearly basis is conducive to economy. The representative of the Ministry stated in reply that the annual examination was more realistic than a 5 year estimate and there was an incentive to economy because a university could carry forward whatever it saved to the next year. The Secretary, U.G.C. added that for fixing the grants for the four central Universities for 1964-65 and 1965-66, not only the budgetary procedure but also the principle of fixing up the block grant had been taken into account. When Rs. 76 lakhs had been fixed for Aligarh University for the current year, they could do anything within that fixed amount but not more than that. So there was an incentive for economy and the new procedure suited the universities also. In reply to a question as to the main reason for the increase in the grant for Aligarh University from Rs. 52 lakhs in 1962-63 to Rs. 71.65 lakhs in 1963-64, the representative of the Ministry stated that in 1961-62 and 1962-63 only on account grants were made and adjustments for those years also reflected themselves in the grants paid in 1963-64.

4.392. The Committee do not find any justification in the argument of the Department that the grants for the year 1963-64 to Aligarh University were much in excess of those during the year 1962-63 because the adjustment in the earlier years viz. 1961-62 and 1962-63 got reflected in the grants for the year 1963-64. They find that whereas a grant of Rs. 71.65 lakhs was given in the year 1963-64 to this University, a grant of Rs. 73.00 lakhs was given in the year 1964-65 and a grant of Rs. 76.00 lakhs is being given for the year 1965-66. The reasons for enhancement from Rs. 52.00 lakhs in 1962-63 to Rs. 71.65 lakhs in 1963-64 and Rs. 76.00 lakhs in 1965-66 have not been fully explained. The Committee would like to be informed of the main reasons which led to the sudden increase of grants from the year 1963-64 onwards.

4.393. The Committee note that for fixation of the grants to the Central Universities from the year 1964-65 onwards, the U.G.C. has

made a departure from the formula suggested by the Reviewing Committee, which was initially accepted by the Commission, and has decided instead to proceed on an annual basis by examining their annual budget estimates. They would like to be informed whether in actual practice this has proved conducive to economy.

4.394. The Committee would emphasise that the annual block grant for the Universities should be fixed after getting full information from the Universities and after a thorough scrutiny of the demands made by the Universities. They would also like to know the steps, if any, taken by the U.G.C. to ensure that the figures of annual grants fixed for Central Universities are reasonable and not inflated.

4.395. The Committee enquired whether it was a fact that in the Visva Bharati University, the annual budget for about 700 students of University level was Rs. 58 lakhs and whether U.G.C. approved of this high cost. The Secretary, U.G.C. stated that the Visvabharati University was deemed to be an institution of national importance and it had a specialised purpose of training men in a different way and because of that, the cost was bound to be higher, especially because the number of students there was less. He also informed the Committee that expenditure on school part of the Visvabharati was also met by U.G.C. in the total grant. The Visva Bharati had now opened science Departments also. When they got more students, the per capita cost would go down.

4.396. In reply to a question, whether at the time of sanctioning grants, the U.G.C. took the per capita expenditure on students into consideration, the representative of the Ministry replied in the negative and added that the per capita expenditure was affected by the total enrolment, rate of growth etc.

4.397. The Committee desired to be furnished with a statement showing the per capita expenditure on students in different universities in India, including institutions like Jamia Millia which were deemed to be universities under the U.G.C. Act. The note* furnished by the Ministry is at Appendix XXXVII.

4.398. The Committee enquired how the per capita cost in Central Universities came to Rs. 1,000/- as against the all-India average of Rs. 300/-. The Secretary, U.G.C. stated that the figure of Rs. 300 was

*Not vetted by Audit.

an average all-India figure which included students of all the undergraduate colleges numbering 1300 only for the arts, science and commerce colleges, apart from those of teachers' training, engineering and medical. The total number of colleges was thus 2000. If the average number of 13 lakhs of students and the total recurring cost were taken into consideration, it would naturally reduce the per capita cost. The per capita cost varied from college to college and from State to State.

4.399. In reply to a question, the witness informed the Committee that the average all-India figure of teacher-pupil ratio was 1 to 20.

4.400. The Committee desired to know whether it was a fact that in universities, where the per capita expenditure was low, the standards were also low. The Secretary, U.G.C. stated that it depended on how standards were measured and to a certain extent there was some relationship between the amount spent and the standards established.

4.401. The Committee enquired as to the reasons for the per capita expenditure in professional colleges in Delhi being Rs. 2,749 as against the all-India average of Rs. 758. The Secretary, U.G.C. stated that professional colleges might include colleges for engineering and medical education and the gap in this case was gradually decreasing.

4.402. From the note* furnished at the instance of the Committee, it is observed that the disparity on the per capita recurring expenditure for the year 1960-61 in the various Universities of the country was very wide. Whereas it is Rs. 340 in the case of Burdwan University, it is Rs. 5,029 in the case of Visvabharti. As between the Central Universities also the disparity is wide. It is Rs. 1,323 in the case of Aligarh Muslim University, Rs. 2,034 in the case of Banaras Hindu University and Rs. 1,124 in the case of Delhi University and Rs. 5,029 in the case of Visvabharti University. While the Committee note that the per capita expenditure in Universities depends to a certain extent on the total enrolment, the state of its development and whether a University is residential type or affiliating type, they do feel that the disparity in the per capita expenditure is very wide. They would like the Ministry to examine the reasons for these wide disparities with a view to minimise them as far as possible.

*Delay in the submission of the accounts by the Calcutta University—
Para. 114, Page 155.*

4.403. In August, 1957, the Commission approved a scheme for the upgrading of the salary scales of the teachers in affiliated colleges

*Not vetted by Audit.

initially for a period of five years from April, 1957. The period was subsequently extended upto the end of March, 1963. Grants amounting to Rs. 81.37 lakhs were released for the purpose to the Calcutta University during the period April, 1957 to March, 1963. It was observed that the accounts for only Rs. 1.45 lakhs could be settled by the Commission till the end of August, 1964 and the accounts for the balance of Rs. 79.92 lakhs were still outstanding (October, 1964).

4.404. Audit was informed in January, 1965 that according to the latest report of the University, the entire amount paid for the purpose by the Commission had been paid to the colleges except an amount of Rs. 20,000 which was lying with the University and which was likely to be adjusted against the grants to be released during the year 1964-65 towards the arrears of pay. But the accounts of the payments were still awaited in January, 1965.

4.405. The Committee enquired why the Commission was so liberal in giving grants to the University when there was no pressing necessity or urgency. The Secretary (Education) while explaining the position stated that in January, 1965 the unspent balance of Rs. 20,000 reported by the Calcutta University had been adjusted during the current year against grants payable to the colleges affiliated to the University. Audited accounts amounting to over Rs. 51 lakhs representing the U.G.C.'s share towards salary revision had been received up-to-date, against a total grant of Rs. 81.37 lakhs released for the purpose for the period 1957-58 to 1962-63 and audited accounts for the balance were awaited. The Vice-Chancellor agreed to settle the accounts within the next 3 months. The Secretary, U.G.C. added that during the last fortnight utilisation certificates for about Rs. 5 lakhs had been received.

4.406. The Committee feel that there has been abnormal delay in obtaining the accounts from the Calcutta University for grants paid as early as 1957. They are surprised that the grants were continued to be paid year after year without settling the accounts in respect of grants already paid in the previous years.

4.407. Since the grant of Rs. 81.37 lakhs given by the U.G.C. was for a specific purpose viz. upgrading the salary scales of the teacher in affiliated colleges, the Committee are unable to see the reasons for delay in the submission of accounts. The Committee would like to be furnished with a detailed note indicating how and when the grant was disbursed by the Commission and how and when it was utilised by the University. The Committee would also like to be informed of the steps proposed to be taken by the Commission to avoid such delays in (a) utilisation of grants for a specific purpose; and (b) rendering accounts thereof.

**Release of grants without audited statements of accounts—para 115,
Pages 155-56.**

4.408. During the period 1953-54 to 1962-63 the Commission released grants amounting to Rs. 1.10 crores to the Osmania University. Though the audited statements of accounts for the periods 1953-54 to 1958-59 and 1962-63 were not received in the Commission the production of such accounts was not made a condition for the payment of grants for subsequent years. The University had submitted upto the end of August, 1964, the audited statements of accounts for Rs. 35.86 lakhs only.

4.409. The Ministry informed audit in January, 1965 that the audited accounts for the year 1958-59 had since been received and that the accounts for the years 1954-55 and 1955-56 were received by the Commission but not in complete form. They added that the audited accounts for the year 1962-63 would be received by the Commission towards the middle of 1965-66.

4.410. The Committee enquired whether the audited statements of accounts were not prepared by the Osmania University annually and why these were delayed for years. The representative of the Ministry admitted the fact and stated that the matter regarding the issue of utilisation certificates had been taken up with the Osmania University by the U.G.C. The University in its letter of the 14th October, 1964 informed the Commission that the A.G., Andhra Pradesh was being requested to depute his staff immediately to check up the accounts of the University and to issue utilisation certificates. Since then, at least two letters, one in December, 1964 and the other in March, 1965 had been issued to the Coordinating Officer and the Registrar of the University, but no reply from the University had come so far. The Vice-Chancellor was now being approached in the matter. The Secretary, U.G.C. added that he would depute an officer or go there himself to impress upon them the importance of the matter. When the Committee enquired what would be the use of accounts of 1954-55 and 1955-56 being received in 1965 and how these would be checked or verified, the witness stated that the attention of the University had been drawn to the matter. In reply to a question whether the U.G.C. had satisfied itself that the University had been spending the development grants for the purposes for which these were given, the Secretary, U.G.C. stated that they were now insisting on the utilisation certificates from each university and a specific machinery had been set up for the purpose. /

4.411. When the Committee enquired whether U.G.C. had asked every University to have a Coordinating Officer, the Secretary,

U.G.C. stated that Coordinating Officers were appointed only in those universities where the expenditure was more than Rs. 10 lakhs. They had to prepare the statement of accounts and deal with the correspondence with the U.G.C.

4.412. On being asked whether in those cases where the universities failed to submit the accounts in spite of repeated requests or persuasion, the U.G.C. stopped the grants, the Secretary, U.G.C. stated that it had not been done so far because stopping the grant was a drastic step which would mean hardship to the students and the teachers. The Committee enquired whether the U.G.C. had any occasion to take action against any university under Section 14 of the U.G.C. Act which authorised it to withhold the grant if the University did not carry out the directive under Section 12 about submission of accounts etc. The Secretary, U.G.C. stated that the Section had not been invoked so far. Asked whether any written warning had been given to any defaulting university, the Secretary, U.G.C. stated that it could be done but it was an extreme step. He added that it had happened in the case of Calcutta and Osmania Universities and in the case of the former an oral warning had been given. If they still failed, it would have to be done in writing. Similar action would have to be taken against Osmania if they failed to carry out the provisions of the U.G.C. Act. The Committee pointed out that a duty had been cast on the U.G.C. by a statute to ensure submission of accounts in time by the universities who, however, had been taking advantage of the former's leniency.

4.413. On being asked by the Committee as to how the U.G.C. discharged its statutory responsibility as laid down in Section 12 of the U.G.C. Act, the Secretary, U.G.C. stated that the amounts were not given straightaway but in instalments spread over a five-year period. A rough idea is given to each university of the grant that would be made available to it from the U.G.C. for its development programme. Within that ceiling the Commission examined each programme again as it was received by the Commission every year. Then followed the utilisation certificates. The whole procedure had been laid down and it was being made applicable to all the universities. He added that the final instalment was given only when the Commission was satisfied that the amount was utilised for the purpose for which it was given. It was pointed out by the Comptroller and Auditor-General that if the procedure above had been followed, there would not have been so many outstanding utilisation certificates. Up to the year 1962-63, 8605 utilisation certificates amounting to Rs. 34 crores were outstanding.

4.414. The Committee desired to know whether the U.G.C. had considered the recommendation of the Public Accounts Committee made under para 65 of their 29th Report (Third Lok Sabha) that in view of persistent defaults by some universities, the question of with-holding further grants should be considered seriously till the utilisation certificates were submitted and if so, with what result. The representative of the Ministry stated that in spite of small improvements effected in the matter recently, it was the view of Government that the position continued to be unsatisfactory. He added that the U.G.C. would be advised to improve its machinery for ensuring that the funds were properly spent and the information asked for from the universities and the utilisation certificates were obtained promptly.

4.415. The Committee asked whether it was not desirable to issue a directive in terms of the recommendations of the P.A.C. for better financial discipline, so that at least some action was taken and the unsatisfactory state of affairs might not continue. The representative of the Ministry stated that so far Government had not issued any formal direction to the U.G.C., but this suggestion could be considered by the Ministry. When the Committee observed that the time had come when some definite steps should be taken by the Government and the U.G.C. to remedy the state of affairs, the witness agreed with that view and mentioned that the concept of the autonomy of the universities had been misinterpreted and because of that the defaults had been tolerated. On being asked whether the Government had occasion to issue any directions to the U.G.C. under Section 20(1) of the U.G.C. Act*, the witness replied in the negative and stated that the Government had to balance the advantages and disadvantages of issuing a directive. So far the Commission had functioned to the great benefit of the universities, as admitted by the public and Parliament and the Commission's efforts had resulted in the improvement of higher education in India. In view of that, the Government had always felt that the Commission should have the utmost independence.

4.416. Apart from that, the Secretaries of the Ministries of Finance and Education were members of the Commission and the Government were aware of the working of the Commission at the stage of making decisions. The day-to-day administration was in the hands of the Commission. He also added that the Government

*Section 20(1) of the U.G.C. Act:—In the discharge of its functions under this Act, the Commission shall be guided by such directions on questions of policy relating to national purpose as may be given to it by the Central Government.

as also the Chairman of U.G.C. were aware of the position as revealed in the Audit Report and the Government would advise the Commission and if necessary direct the Commission to improve its financial administration and the communication system between the Commission and the universities.

4.417. In reply to a question whether the U.G.C. had any occasion to use the special powers given to it under Section 13 and 14 of the Act*, the Secretary, U.G.C. replied in the negative and stated that to their knowledge there had been no evidence that the money given had been ill-spent, or there was malpractice or corruption to justify such action.

4.418. On being pointed out that misappropriation or defalcation could not be found out if the accounts were delayed for 10 years, the Secretary, U.G.C. stated that the officers and experts of the U.G.C. visited the universities and found that the buildings, laboratories, libraries etc. were there and that the students and teachers were enjoying the fruits of development. The issue of utilisation certificates was delayed because these had to go to the Auditor and the Auditor took a long time.

*Section 13:—(1) For the purpose of ascertaining the financial needs of a University or its standards of teaching, examination and research, the Commission may, after consultation with the University, cause an inspection of any department or departments thereof to be made in such manner as may be prescribed and by such person or persons as it may direct.

(2) The Commission shall communicate to the University the date on which any inspection under sub-section (1) is to be made and the University shall be entitled to be associated with the inspection in such manner as may be prescribed.

(3) The Commission shall communicate to the University its views in regard to the results of any such inspection and may, after ascertaining the opinion of the University, recommend to the University, the action to be taken as a result of such inspection.

(4) All communications to a University under this section shall be made to the executive authority thereof and the executive authority of the University shall report to the Commission the action, if any, which is proposed to be taken for the purpose of implementing any such recommendation as is referred to in sub-section (3).

Section 14:—If any University fails within a reasonable time to comply with any recommendation made by the Commission under section 12 or section 13, the Commission, after taking into consideration the cause, if any, shown by the University for its failure to comply with such recommendation, may withhold from the University the grants proposed to be made out of the Fund of the Commission.

4.419. The Committee are distressed to note that audited statements of accounts for the period from 1953-54 to 1957-58 and 1962-63 have not been received from Osmania University even in July, 1965. In view of the persistent default on the part of the University, the U.G.C. should have taken more effective steps than routine correspondence and reminders to the University. The Committee are at a loss to understand how these accounts, if received after a lapse of more than 7 to 12 years could be checked or verified.

4.420. The Committee fail to understand why even a formal warning to the Osmania University was considered to be excessive and no action was taken even when the University had failed to carry out the directive regarding regular submission of audited accounts. The Committee would like to draw attention of the Government to item 114 of the Summary (page 189) of the Report of the Standards Committee which says *inter alia* "There is no inherent conflict between the principles of accountability and the idea of autonomy.....". The Committee fully agree with these remarks. They hope that the U.G.C. and the Government will keep them in view while asking for accounts from the Universities. The Committee would also like to be informed of the latest position in regard to the receipt of audited statements of accounts from this University in respect of the period 1953-54 to 1957-58 and 1962-63. The Committee desire that the U.G.C. should take effective steps to ensure that the Universities do not delay the preparation and submission of accounts. They suggest that the Universities, like the public corporations should prepare their accounts within a specified period after the close of the year.

4.421. The Committee note from evidence that the U.G.C. now proposes to insist on getting utilisation certificates from each University and that an enquiry has been instituted in regard to the Osmania University. They would like to know the results of this enquiry.

The Committee also regret to note that utilisation certificates upto the Year 1962-63 in respect of Rs. 34 crores covering a total of 8605 cases are still pending. In this connection they would like to draw the attention of the Ministry to their recommendation made in para 65 of the Twenty-ninth Report (Third Lok Sabha). To enforce financial discipline in the cases of persistent defaults without

valid reasons, the question of withholding further grants till the utilisation certificates are furnished, should be seriously considered. The desirability of issuing of formal direction to this effect by the Central Government to the U.G.C. under Section 20 of the U.G.C. Act may also be examined.

Unauthorised Expenditure—para 116, Page 156.

4.422. In November, 1955 the Commission sanctioned a recurring grant of Rs. 46,800 per annum to the Banaras Hindu University for meeting the expenditure on the staff in connection with post-graduate courses in Advanced Metallurgy in the College of Mining and Metallurgy. It was observed from the analysis of the expenditure of Rs. 46,000 on staff furnished by the University in September, 1956 that it included payments to non-academic staff which were not contemplated in the grant.

4.423. Though the Commission have been objecting to such irregular expenditure ever since, no effective action was taken to stop such irregular expenditure but in October, 1964, the expenditure incurred on non-academic staff was approved by the Commission on a request received from the University.

4.424. The Committee enquired why the recurring grant sanctioned by the Commission for staff in connection with the post-graduate courses in Mining and Metallurgy in Banaras Hindu University was spent for a purpose not contemplated in the grant i.e. on non-academic staff. The representative of the Ministry stated that originally the U.G.C. did not agree to finance the posts created by the university. But after a great deal of discussion with the University authorities, the U.G.C. ultimately agreed that the posts were essential for the successful manning of the post-graduate courses in advanced metallurgy and therefore, the expenditure was approved. The Secretary U.G.C. while explaining further stated that the recurring grant of Rs. 46,800 was utilised for the post-graduate Metallurgy Department and they had also created some posts of non-academic staff. The teaching staff was approved by the Commission. But an explanation was sought from the university as to why this non-academic staff was required for which approval was not given earlier. But the question was under discussion for a long time and ultimately after 4 or 5 years, when the non-academic staff was considered really necessary, the U.G.C. gave *ex-post facto* sanction. He added that now the U.G.C. had created a special fund for the purpose for Banaras and Aligarh Universities of the order of Rs. 40,000 beyond which they would not be able to create posts of this kind.

4.425. The Committee are surprised to note that the irregularity which came to the notice of the Commission in September, 1956, was allowed to continue for over 8 years and the U.G.C. continued to give the grant every year, though it was known that a part of it was being utilised for a purpose other than that for which it was sanctioned. The Committee feel that the U.G.C. has not been able to take effective action in this matter as the University continued to employ the staff in spite of repeated objections and ultimately the U.G.C. had to give an *ex-post facto* sanction to regularise the payment. The Committee take a serious view of this type of indiscipline and irregularity particularly in a university. They hope the U.G.C. and the Ministry would take necessary steps to ensure that such cases do not occur again.

AUDIT REPORT ON THE ACCOUNTS OF THE UNIVERSITY GRANTS COMMISSION FOR THE YEAR 1963-64:

Construction of Science Block No. 1 at Gauhati University—para 3, Page 5.

4.426. In May, 1956, the University Grants Commission approved the construction of a new Science Block at Gauhati University at a cost not exceeding Rs. 6.5 lakhs inclusive of laboratory, services, fittings and furniture and released a grant of Rs. 2 lakhs on 18th March, 1957 as the first instalment for the purpose. The Development Officer of the Commission who visited the University in connection with the inspection of the building under construction in February, 1960 reported as under:

“The building for the Department of Chemistry is still near the plinth level although the project was sanctioned nearly three years ago. The University claims that they have spent more than Rs. 3½ lakhs but there was no visible sign how this amount had been spent. It is said that the grant has been used for other buildings as for example the library. The University was told that unless satisfactory progress of the building is received no further payment will be made”.

The Commission on receipt of the progress report in February, 1961 showing that the University had spent a sum of Rs. 3.73 lakhs upto December, 1960 asked the University on 6th March, 1961 to submit a certificate from the P.W.D. authorities of the Assam State that the Chemistry block was being constructed according to the plans and estimates approved by the Commission. The Commission also informed the University that further grant would not be released if the University did not furnish the required certificate.

4.427. However, on receipt of a progress report from the University in November, 1963 showing that a sum of Rs. 0.77 lakhs had been spent upto September, 1963 the Commission released a further grant of Rs. 2 lakhs in February, 1964 without insisting on a certificate from the Public Works authorities.

4.428. The Commission stated in January, 1965 that although the University had been repeatedly requested to send the necessary P.W.D. certificates, they had been finding it difficult to do so but had been sending estimates certified by the Executive Engineer, Gauhati University. Pending receipt of P.W.D. certificates, it was considered that Rs. 7,27,531 could be a reasonable estimate for this construction. In view of this and since the building work had been almost completed and the University had incurred considerable expenditure and had to pay the bills, further amount had to be released within the expenditure approved for the purpose by the Commission.

4.429. The Committee desired to know how the irregular expenditure incurred on the construction of Science Block No. 1 at Gauhati University was justified. The representative of the Ministry stated that the Gauhati University was repeatedly requested to send the necessary P.W.D. certificates, but they were finding it difficult to do so. They had sent the estimates certified by the Executive Engineer of the University. Pending receipt of P.W.D. certificates it was considered that Rs. 7,27,531 should be a reasonable estimate for this construction. In reply to a question, whether the Commission had enquired into the reasons for the increase in the cost of construction from Rs. 6.5 lakhs to Rs. 7.28 lakhs, the Secretary, U.G.C. replied in the affirmative and stated that the Secretary of the building committee of the U.G.C. went through the details of the whole construction programme and the estimated cost was calculated on the basis of these figures:

	Rs.
Civil Works	5,76,000
Internal Water Supply and Sanitary installation	28,000
Internal electrification	72,000
External Services	28,000
Contingencies	21,000

4.430. He added that the grant was two-third of the total estimated cost of Rs. 7,27,000. So the U.G.C.'s assistance amounted to Rs. 4.85 lakhs, out of which it had paid only Rs. 4 lakhs. The payment of Rs. 85,000 was subject to P.W.D. certificates being made available.

4.431. The Committee would like to be informed whether the P.W.D. certificates, required under the rules have since been furnished to the U.G.C. by the Gauhati University and the balance amounting to Rs. 85,000 paid by the U.G.C. The Committee would like the U.G.C. to take steps to ensure that the grants are released for specific schemes only when they are mature enough to be implemented expeditiously.

AUDIT REPORT ON THE ACCOUNTS OF THE INDIAN INSTITUTE OF
TECHNOLOGY, KHARAGPUR—1962-63.

*Surplus Stores—Sub-para relating to consumable stores—para 4,
Page 4.*

4.432. The following tables show the value of purchases of accessories and consumable stores made during the three years ending with 1962-63 and value of such stores consumed during the same period:

(Amount in lakhs of rupees)

Year	Opening Balance	Purchases	Consumed	Balance
<i>Accessories</i>				
1960-61	12.71	1.68	0.77	13.62
1961-62	13.62	1.46	0.66	14.42
1962-63	14.42	0.93	0.64	14.71
		Write off	0.30	

NOTE.—The value of the stock held on 31st March, 1963 was about 20 times the average annual consumption (0.9) lakh. Purchase was therefore made without due regard to the balance held in stock and the rate of consumption of accessories.

Consumable Stores

1960-61	7.90	1.54	1.15	8.29
1961-62	8.29	2.33	..	10.62
1962-63	10.62	1.54	2.11	10.05

NOTE.—The value of the stock held on 31st March, 1963 was about 10 times the average annual consumption (1.08) lakhs.

4.433. The Institute informed Audit in March, 1964 that the closing balance included cost of non-stock items (nearly Rs. 5 lakhs) mostly ferrous and non-ferrous materials, purchased from the Directorate General of Supplies and Disposals, which were reserved

for future use by the Institute especially in view of the high prices of the materials in the market.

4.434. It was mentioned in para 25 of the 24th Report of P.A.C. (1963-64) that a list of surplus stores worth Rs. 4,89,623 had been prepared by the Institute in March, 1961. Out of these, surplus articles worth Rs. 84,757 have since (January, 1964) been disposed of. The list of surplus stores has been forwarded (July, 1963) to the Directorate General of Supplies & Disposals by the Ministry of Scientific Research and Cultural Affairs for necessary action.

4.435. In addition, stores worth Rs. 10,115, were declared surplus, during the year 1962-63. No action has so far (November, 1963) been taken for the disposal of the stores. Out of these, stores worth Rs. 9,780 had been purchased between the periods 1953 and 1954 in anticipation of the starting of a course on Paper Technology which was subsequently postponed as per Reviewing Committee's Report dated 31st March, 1959. In this connection, the representative of the Ministry stated that some of the consumable stores had already been declared surplus and action had been taken for the disposal. The Committee enquired about the reasons for the heavy accumulation of stores.

4.436. The witness stated that a good deal of the stores obtained from D.G.S. & D. was war surplus which was made available to educational institutions at concessional price. The Institute had obtained these stores after scrutiny of lists sent to them in good faith thinking that they would be useful. But subsequently it was not found so.

4.437. The Committee feel, concerned over the heavy accumulation of stores with the Indian Institute of Technology, Kharagpur. The value of accessories at the end of the year 1962-63 was approximately 20 times the average annual consumption and in the case of consumable stores it was approximately 10 times. In para 25 of their 24th Report (Third Lok Sabha), the Committee have already commented upon the purchase of stores by the Institute without proper assessment of the requirements and about the inordinate delay in taking action to review the stores and disposal of surplus items. The Committee desire that the entire stock of the stores with the institute, the bulk of which according to the Ministry were war surplus stores, should be carefully screened and the items which were not likely to be utilised in foreseeable future should be disposed of, in order to avoid further loss resulting from deterioration.

House rent pending collection—para 6 page 5.

4.438. A sum of Rs. 21,190 was pending collection on 31st March, 1963 on account of rent recoverable from Institute staff (Rs. 6,000)—and private parties (Rs. 15,130) from the year 1960-61 onwards as indicated below:

	Due from private parties	Due from staff
	Rs.	Rs.
1960-61	4,335	206
1961-62	4,736	1,215
1962-63	6,059	4,639
	15,130	6,060

4.439. The Committee enquired what action was being taken to realise these amounts before they become irrecoverable. The witness stated that on 31st March, 1964 the house rent outstanding to the end of 31st March, 1963 was Rs. 14,990. On 31st March, 1965 the outstanding according to the Institute, to be verified by audit, was Rs. 14,534. The break-up was as follows:

Rs. 2,621—due to revision of pay scales, to be recovered at the time of drawing of arrears from staff.

Rs. 1,011—recoverable from staff mainly from their last salary.

Rs. 1,198—recoverable from N.C.C. staff.

Rs. 5,651—from C.P.W.D.

Rs. 4,500—from other private parties.

4.440. The Committee feel that adequate steps have not been taken by the Institute for realisation of arrears of rent. Vigorous steps may now be taken to realise the outstanding rents. The Committee would watch the progress of realisations through future Audit Report.

**AUDIT REPORT ON THE ACCOUNTS OF THE INDIAN INSTITUTE OF
TECHNOLOGY, KHARAGPUR, 1963-64.**

Value of Land—para 4 Page 4.

4.441. The value of land has been shown as Rs. 28 lakhs in the Assets side of the Balance Sheet. Neither the Institute's title-deed for the land nor any Register of assets showing the aforesaid value of land was made available for verification by Audit. The Institute has stated that arrangement is being made to open a register.

4.442. The Committee enquired as to the nature of technical difficulties being faced by the Institute in regard to the transfer of the land measuring 1400 acres in respect of which the title-deeds were not available.

The witness stated that the Institute had not yet taken over the property from the Government. The land originally belonged to the West Bengal Government from whom the transfer to the Government of India had already been made. The present value of the land had been computed on the basis of Rs. 2,000 per acre. When the title-deed was drawn up the exact value would be put down, because in the case of transfer to autonomous corporate bodies it was necessary to state the exact value.

4.443. The Committee would like to be informed whether the title-deeds of the land have since been executed.

AUDIT REPORT ON THE ACCOUNTS OF THE INDIAN INSTITUTE OF
TECHNOLOGY, MADRAS 1963-64.

Other losses, shortages & avoidable expenditure—para 4 Pages 2-3. Sub-Para (a)

4.444. As a result of physical verification of stores conducted in 1962-63 the following shortages were noticed:—

	Quantity	Value
		Rs.
Cement	19.50 M.T.	3,800
Steel . . . . .	..	24,000
Electrical Goods . . . . .	..	Yet to be assessed December, 1964.

The discrepancies in respect of steel were reported to be under reconciliation.

4.445. The Committee enquired as to the present position regarding reconciliation of final figures of shortages. The witness stated that since the Institute made a report in March, 1965, there had been no other report to indicate how much of it had been reconciled.

4.446. The Committee would like to be informed of the latest position regarding the reconciliation and working out of final figures of shortages. They also suggest that cases of shortages should be scrutinised thoroughly with a view to find out if there were pilferages etc.

**AUDIT REPORT ON THE ACCOUNTS OF THE INDIAN INSTITUTE OF
TECHNOLOGY, BOMBAY, FOR 1963-64.**

Physical Verification of equipment and stores—para 3 Page 2.

4.447. Physical verification of equipment and stores has not been completed in respect of nine out of the eleven Departments. Final report in respect of verification completed in two Departments has also not been prepared. The Institute has intimated (February, 1965) that the work of verification in respect of the other nine Departments is in progress.

4.448. The Committee enquired whether physical verification of stores was not being conducted every year as required under the rules and whether the Institute had given any explanation on that point. The witness stated that the explanation given by the Institute was that it had not been able to get the right staff viz. the stock verifiers to do the job. The Ministry was taking up the matter with the Institute to make arrangements for physical verification every year.

4.449. In reply to a question the witness admitted that no machinery had been set up in the Ministry to see that the rules in regard to the physical verification of stores in the Indian Institutes of Technology were implemented by them. The Committee desired to be furnished with a note on the position of verifications of stores in respect of each I.I.T. showing the amount of money involved, dates on which complete verification was made last, reason for not doing it earlier and the action being taken to ensure that there was physical verification every year as contemplated under the rules. The note furnished by the Ministry is at Appendix XXXVIII.

4.450. From the note* furnished by the Ministry, the Committee observe that annual physical verification of stock has not been done completely in the Institutes of Technology, Kharagpur, Bombay and Kanpur. Some of the Institutes have been in existence for a number of years and a lapse of this type on their part is understandable. The Committee need hardly emphasise the necessity of conducting annual physical verification of stock as it is only through these verifications that shortages or losses can be detected. They regret to observe that the rule regarding annual physical verification was not followed by the Institutes concerned. The Committee would also like the Ministry of Education to devise a suitable machinery to ensure that the annual physical verification of stock is conducted regularly in all the Institutes of Technology.

*Not vetted by Audit.

**AUDIT REPORT ON THE ACCOUNTS OF THE INDIAN INSTITUTE OF
TECHNOLOGY, KANPUR, 1962-63.**

Alleged fraudulent Withdrawal—para 3 Page 2.

4.451. An unauthorised withdrawal amounting to Rs. 11,481 on account of cost of materials alleged to have been supplied by a local firm in March, 1962, came to notice of the Management during April, 1962.

4.452. The case was reported to the Police on the 7th April, 1962 who have filed a challan in a local court in respect of four outsiders and two officials of the Institute. The case is still pending (October, 1963). In the meanwhile remedial measures have been introduced on the recommendation of a committee of officers appointed to investigate into the case to prevent recurrence of such fraudulent draws in future.

4.453. The witness informed the Committee that the case of unauthorised withdrawals of Rs. 11,481 on account of cost of material alleged to have been supplied to the Institute by a local firm was pending in Court and the judgement was expected shortly. He added that no departmental action had been taken against those who had not been prosecuted because the judgment was still awaited. Remedial measures had, however, been introduced so that there was no recurrence of such things in future. He promised to inform the Committee about the judgment when received.

4.454. The Committee would like to be informed of the judgment of the Court when received and the action taken against the staff held responsible.

**AUDIT REPORT ON THE ACCOUNTS OF THE INDIAN INSTITUTE OF
TECHNOLOGY, KANPUR, 1963-64.**

Payment to a contractor—para 4 Page 4.

4.455. In five cases payments aggregating Rs. 1.27 lakhs were made to contractors before the receipts of Architect's certificates as required under clause 49 of the Contract Bond. The payments are stated to have been made due to "extra-ordinary and special circumstances after Director's approval."

4.456. The Committee enquired as to the special circumstances under which the provision of the contract bond was not adhered to and payment to the contractor was made before the Architect's certificate was received. The witness stated that it was the need of the contractor that led to the payment. His information was

that this was done after the necessary measurements had been recorded by the Architect's site engineers and the engineering staff of the Institute had checked it. The necessary certificates of the Architect were received within a week's time from the date of the payment and the payments authorised were in no case more than those verified by the Architect.

4.457. The Committee are surprised to learn that payments amounting to Rs. 1.27 lakhs were made to contractors in five cases before the receipts of the Architects' certificates as was required under clause 49 of the Contract Bond. The fact that the certificate was received within a week of the making of payment does not in any way mitigate the violations of clause 49 of the Contract Bond. The Committee regret to note that the Ministry did not enquire from the Director of the Institute about the "extra-ordinary and special circumstances" under which these payments were made. In the opinion of the Committee, no such circumstances existed. They hope that such lapses will not recur.

AUDIT REPORT ON THE ACCOUNTS OF THE NATIONAL COUNCIL OF
EDUCATIONAL RESEARCH AND TRAINING. NEW DELHI, 1963-64.

General—para 1(a) Page 1.

4.458. The National Council of Educational Research and Training, a registered society, was set up in September, 1961 mainly to undertake, aid, promote and coordinate research in all branches of education.

4.459. The Council is financed mainly through grants-in-aid paid by the Government. Rs. 148.00 lakhs was paid to the Council during the year 1963-64 out of which the Council spent Rs. 143.37 lakhs. Rs. 3.33 lakhs representing unspent balance of the grant for the year 1962-63 was refunded to Government in July, 1963. Besides, the Council received special grants from the Ministry of Home Affairs (Rs. 0.36 lakh) for research into problems of Tribal Education and from U.S. Office of Education (Rs. 0.84 lakh) for Health, Education and Welfare Projects. The expenditure during the year out of these Special Grants amounted to Rs. 0.03 lakh and Rs. 0.37 lakh respectively.

4.460. The Committee enquired whether the Ministry had examined the reasons for increase in the cost of administration of the Council during 1963-64. The percentage of cost of administration to the total expenditure increased to 20.9% in 1963-64 as against 18.8% in 1962-63. The representative of the Ministry stated that

the National Council was in a developing stage, many of the departments were in the process of being established and the research and training activities were still in the process of further development. In this process, administrative expenses would normally go up at least 10 or 15 per cent till the institution reached a stage of development.

4.461. The Council was still functioning in different parts of Delhi and yet it had no full campus at Hauz Khas. He also informed the Committee that the total expenditure in 1961-62 was Rs. 13,37,167. In reply to a question whether the Ministry had seen as to how far the objectives of the Council had been realised and how the grants paid to the Council were being utilised, the witness stated that the Council presented its annual report each year to the Ministry of Education for examination and a copy of the annual report was also sent to Parliament.

4.462. The Committee enquired whether the Ministry had appointed an Evaluation Committee to see how far the objectives of the Council had been realised. The witness stated that a UNESCO expert, Dr. Heydon, who was with the Council for sometime recently carried out an evaluation, which was on the whole very helpful and satisfactory. The Ministry intended to appoint an Evaluation Committee in the near future, but not immediately.

4.463. The Committee would like to be informed whether an internal Evaluation Committee has since been appointed as proposed, and if so, what are its findings.

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MINISTRY OF FOOD AND AGRICULTURE
(DEPARTMENT OF AGRICULTURE)

Audit Report (Civil), 1965

*Irregularities in the supply and distribution of fertilisers—para 40,
Pages 46-47.*

In December, 1957, the Delhi Administration appointed the Delhi State Co-operative Federation Limited, as the sole selling agent of all types of fertilisers through its member co-operative societies in Delhi for a period of three years from 27th December, 1957. The agreement with the Federation expired on 26th December, 1960 but the Federation continued to function as the sole selling agent without any fresh agreement. No cash security had been obtained from the Federation so far (August, 1964).

5.2. It was stipulated in the old agreement that the Federation would deposit into the Treasury the cost of fertilisers sold during the previous month. It was observed that the Federation was not depositing the amounts regularly as shown below:—

(in lakhs of rupees)

	Opening Balance with the Federation	Cost of fertilisers supplied to the Fed- eration	Amount deposited by the Federation	Closing balance with the Federation
26-12-60 . . . . .	..	..	..	2.48
27-12-60 to 31-3-61	2.48	2.10	1.35	3.23
1961-62	3.23	2.72	3.75	2.22
1962-63	2.22	3.21	2.99	2.44
1963-64	2.44	4.30	3.37	3.37
1-4-64 to 26-12-64	3.37	2.94	2.80	3.51

5.3. Although the Federation was liable to pay interest at the rate of 3½ per cent. on the price of stocks of fertilisers released by Government, no interest had actually been paid by them. According to the Department, the amount of interest due from the Federation upto February, 1964 was Rs. 20,000.

5.4. According to the provisions of the old agreement, the stock of fertilisers in excess of Rs. 1.50 lakhs (raised to Rs. 4 lakhs from 2nd June, 1962) was to be kept under double lock, i.e., one lock by the Delhi Administration and other by the Federation, but this system was not being followed in practice.

5.5. The Committee desired to know why interest was not paid by the Delhi State Co-operative Federation Ltd. on the price of stock of fertilisers released by Government. The Secretary of the Ministry of Food and Agriculture (Deptt. of Agriculture) stated that the Federation had represented that pre-1957 Accounts might be treated separately and interest charges might be waived. During the period of the agreement, this amount of interest was estimated at Rs.20,000, but it might be a little less now. He admitted that provision had not been made in the margin of remuneration for payment of these interest charges, though the Federation had accepted the responsibility. He added that the matter would be considered shortly at Government level and a decision taken.

5.6. The Committee enquired about the margin of remuneration allowed to the Federation on the distribution of fertilisers. The representative of the Ministry stated that it was Rs. 30 per ton. Rs. 10 per ton was paid for transport and labour charges, Rs. 8 per ton as commission paid to the primary cooperative societies who did the actual distribution, Rs. 7 as storage, administration and handling and Rs. 5 as octroi. This octroi charges had been creating some difficulty. In other margins, octroi was not generally provided. The Federation had represented that it was not a fair allotment of Commission charges. The Delhi Administration while forwarding the draft agreement had also raised this issue. The witness added that soon they would be taking a decision on it. In reply to a question the witness stated that Rs. 30 per ton was paid as commission for ammonium sulphate, Rs. 45 per ton for urea and Rs. 35 per ton for nitrogen.

5.7. The Committee enquired why the amount of interest was not recovered periodically from the Federation and allowed to accumulate. The witness admitted that they had defaulted in this matter. The Federation had been continuously making representations about his matter on the ground that it was not covered by the margins of remuneration which had been allowed to them. He added that all these things could have been looked into if it had been promptly brought to the notice of Government in time. There might have been some justification for the Federation also. In other places, every State had been making representations about this matter. In reply to a question, the witness stated that in 1963

when the new draft agreement was sent up, these changes were proposed. Asked to explain why there had been a delay after 1963 when Government came to know of it, the Secretary admitted that this was an error.

5.8. The Committee are constrained to observe that the amount of interest payable according to the terms of the contract was not recovered periodically from the Federation but allowed to accumulate. They are also sorry to note that even the Federation's plea that the payment of interest charges was not covered by the margins of remuneration allowed to them, was not examined promptly to arrive at a definite conclusion. They hope that an early decision will now be taken in this case.

509. About the failure to deposit the cash security of Rs. 5,000, the witness stated that the Delhi Administration was of the opinion that as the co-operative societies were controlled under the Co-operatives Act, the non-deposit of cash security was not much of a default. This aspect was also under the consideration of Government. The Chief Secretary of the Delhi Administration added that when the Federation failed in depositing the security, the course of action before the Administration was to wind up the Federation and take up departmental distribution of fertilisers. This course of action was not accepted in view of the fact that in the past, the distribution of fertilisers was done departmentally for ten months from February, 1957 to 28th December, 1957 (before the agreement was entered into) and during that period they ran into arrears of Rs. 1.04 lakhs. The Administration did not have godowns, storage space, transport arrangements etc. Secondly, the then Chief Commissioner was emphatically of the view that not with-standing these defaults, this Federation was one of the better co-operatives in the Union Territory. It had been discharging its duties very well in the sense that fertilisers were reaching the cultivators. It was felt that their default in not furnishing the security and in not depositing the sale proceeds within the stipulated period under the agreement did not place Government funds in jeopardy. The maximum credit limit of this Federation was, some years ago, raised to Rs. 4 lakhs and at no stage did the overdues exceed this amount.

5.10. The Committee were further informed that the Federation had been in the field since 1954 and they had been doing this work only. In the opinion of the Delhi Administration the clause regarding security deposit was redundant and hence it was proposed to drop this provision from the new agreement. As regards provision for security deposit, the Secretary of the Ministry (Department of Agriculture) was of the opinion that it was not correct that the provision was redundant but the only point was that the Federation

was doing a good job and this did not affect the credit. In reply to question, the witness stated that the primary societies did not give any deposit or security for the fertilisers to the Federation. They could take loan from the Federation. He added that the primary societies had contributed Rs. 45,000 to the share capital of the Federation.

5.11. The Committee feel that the system of Security Deposit is a wholesome one and should not be done away with without a thorough examination of the pros and cons.

5.12. In reply to a question, the Secretary of the Ministry stated that they were **only pooling the imported and the local production** in nitrogenous fertiliser alone and passing on a fair quota to each State so that there was no mal-distribution at the production end and the import end. After that it was the responsibility of the States to ensure that fair distribution was made to cultivators. The Committee enquired whether the Ministry had any machinery in the Centre to check or ensure that the fertilisers reached the cultivators in time and at proper prices. The witness replied that they had no such organisation.

5.13. In reply to a question, the witness stated that the fertiliser Distribution Committee was appointed on 1-10-1964 and the life of the Committee had been extended to the end of July, 1965. The present Secretary of the Ministry of Food & Agriculture (Department of Agriculture) was the Chairman of this Committee. This Committee had to look into the system of distribution, pricing and extension problems and give their recommendations about these various factors.

5.14. The Secretary agreed to consider the suggestion of the Committee that there should be more than one federation for distribution of fertilisers so that there was no monopoly.

5.15. The Committee are of the opinion that for the efficient working of this scheme of distribution of fertilisers through co-operative societies Federation there should not be a monopoly of the institution. In their view more than one institution should be assigned this work, wherever feasible, to inculcate spirit of competition even among the co-operatives.

5.16. In the course of evidence it was stated that the Ministry had no organisation to check or ensure that the fertilisers reached the cultivators in time and at proper prices. The Committee feel that if the fertilisers do not reach the cultivators in time and at proper prices then the whole purpose of distribution of fertilisers through

the Federation is defeated. They, therefore, desire that some suitable device should be evolved to enable the Ministry to satisfy itself that there is proper and timely distribution of fertilisers to cultivators at proper prices.

5.17. The Committee desired to know why without insisting on a fresh agreement after the expiry of the old agreement in 1960, the Delhi Administration allowed the Federation to function as the sole selling agent (appointed in December, 1957). The Secretary of the Ministry of Food & Agriculture (Department of Agriculture) admitted that there had been some delay in this matter. The Committee desired to know whether this Federation discharged its obligations properly and fully prior to 1962 according to the terms of the agreement and whether there were any complaints of defaults or irregularities on their part during the period of three years. The Chief Secretary of the Delhi Administration stated that when the agreement expired in 1960, the Development Commissioner recommended that the agreement should be renewed for another two years and the interest charges should be waived. The case was examined at that stage and it was found that some clauses of the agreement had not been properly observed. For example, the amounts collected by way of sale of fertilisers had not been deposited in Government account within 15 days as provided. In spite of repeated reminders, the Federation had not furnished the security of Rs. 5,000 as provided in the Agreement. It was also found that they had not realised the interest charges. These defaults came to the notice of the Delhi Administration in 1961 and steps were then immediately taken to recast the agreement on more practical lines.

5.18. The Committee enquired the present position of the agreement. The witness stated that it had come recently to Government and they would be sending it back within a month. He admitted that there was no agreement technically now. At the instance of the Committee, the Ministry of Food & Agriculture (Department of Agriculture) have furnished a copy of the agreement entered into between the Delhi Administration and the Delhi State Co-operative Federation Ltd. regarding the Sale/distribution of the fertilizers (Appendix XXXIX).

5.19. In reply to a question as to whether any machinery existed for avoiding such delays as had occurred in the present case and for taking appropriate action, the witness stated that there was some defect and now they proposed to remedy it by having closer contacts with Delhi Administration.

5.20. During evidence the Committee were informed that in 1961, the Delhi Administration came to know that some clauses of the agreement had not been properly observed. The Committee regret to note that in spite of irregularities committed by the Federation and the fact that the old agreement had expired in 1960, no fresh tenders were invited but the present Federation was allowed to function till this day without any remedial action. This shows slackness on the part of the Delhi Administration and failure to abide by the wholesome practice of system of tenders. They feel that had the Delhi Administration taken timely action and kept a watch on the working of the agreement, these lapses would not have occurred. They trust that with the past experience the Delhi Administration/ Ministry of Food & Agriculture (Department of Agriculture) would in future be on their guard and keep a watch over the working of the agreement with the Federation.

5.21. The Committee regret to note the abnormal delay that has occurred in renewing the old agreement which expired in December, 1960 and hope that the new agreement would come in force soon and all the loopholes found in the old agreement would be plugged.

EXPLORATORY TUBEWELLS ORGANISATION

Delay in the utilisation of engines—para 41, Pages 47-48.

5.22. During 1956-57 and 1957-58 the Exploratory Tubewells Organisation imported 233 Diesel Engines (including 40 "Sheppard" engines) valued at Rs. 16 10 lakhs (including freight and custom duty) from the U.S.A. It was noticed that these engines remained unutilised for long periods; only 22 of them were allotted to the Divisions within one year of their receipt, and the rest were allotted after delays ranging over several years, as indicated below:—

	Nos.	
Between 1—4 years	62	}
" 4—6 years	41	
" 6—8 years	108	
		211

5.23. Of the 233 engines so allotted (which included 76 engines allotted to the State Governments), 21 engines were reported to have not been utilised upto December, 1964 for want of generators in 3 cases, of gear drives in another 17 and of pump in the remaining one case.

5.24. Audit was informed in December, 1964 that these engines had been imported for energisation of tubewells drilled in areas not

served by electricity and that the main reasons for the delay in their utilisation were:—

(i) electricity becoming available in several of the explored areas—a fact not anticipated earlier.

(ii) unpopularity of “Sheppard” engines.

5.25. It had been explained that “not many States were accepting them for powering of successful wells because of a defect in the design of pre-combustion chamber. This defect was pointed out to the local representative of “Sheppard” Engines but they were unable to improve upon it. On the advice of U.S. AID and the Department of Economic Affairs, surplus quantities of engines were transferred from the Exploratory Tubewells Organisation to various states”.

5.26. Explaining the delay in utilisation of 233 imported diesel engines, the Secretary of the Ministry stated that these engines were imported for energisation of tubewells drilled in areas not served by electricity. Later on, a little delay had occurred from the time the project was started till it was completed during six years or so. In the meantime those areas had been electrified.

5.27. The Committee desired to know whether the electrification was done according to a Plan and whether the Plan was examined before the sets were ordered. The witness stated that there were changes in the Planning priorities. When boring was started in those places, they expected that there would be no electricity. In reply to a question, the witness stated that it was a T.C.M. Project and that the pumps were received as an aid. As it was linked up with a project agreed upon by the T.C.M. to drill 350 bores, they estimated a requirement of 233 pumps for this purpose. So they had accepted these pumps. He added that against 350 bores expected to be made within that period, they could do 282 bores only. Out of these 282 bores, only 147 were successful. In the original plan it was expected that 233 out of 350 bores would be successful. The original estimate was made by the experts after taking into consideration probably their past experience, but that had not materialised in actual practice. Out of a total of 579 bores, only 262 had been successful. The witness admitted that they could not foresee that only half and not two-thirds, would be successful. He further stated that by the time they had finished boring at 38 places, these had received electricity, and in 29 places the States wanted to have their own diesel pumps. So, they could instal only 80 diesel pumps. During 1959—61, 99 bores were done, 50 were successful, 32 diesel sets were installed, 6 were electric and 12 were installed by the States. Then during the Third Plan 198 bores were done and only 65 of them were successful, (19 diesels were installed, 6 were electric and for 40 the States decided to instal themselves). At this stage,

they found that 74 engines were surplus. They had used about 46% of remaining sets for the Exploratory Tubewells Organisation. The Committee enquired why some of the engines were allowed to remain idle for a period of 8 years instead of diverting them elsewhere when there was a great need for similar engines in different parts of the country. The witness stated that it was overlooked.

5.28. In reply to a question, the witness stated that these engines could not be used in ordinary wells even by rectification as those were made for deep turbine tubewells.

5.29. The Committee desired to know the reasons for the unpopularity of Sheppard Engines and the nature of defects found in them. The Secretary of the Ministry stated that these engines were not as good as engines of other make. But they had been in use as turbine pumps. Punjab had taken 27 and those had been installed and were working now. He added that since these were received as gift, they had only the option of accepting them though they were not as good as the engines of other make. In reply to a question, the witness stated that at the time of acceptance of the gift, they did know about the defects. The Committee enquired at what stage was inspection with regard to the engines done. The witness stated that the inspection was done on their behalf in Washington by the India Supply Mission. Remarks about the defect had been made by the Officer on the Inspection Note but these details had not been looked into at that time. He added that this was one of the standard pumps manufactured in America and 'Sheppard' was as good a pump as any other pump. He opined that the defect was not as serious as it was considered by the expert because all those pumps were working and they had not received any complaint about them.

5.30. When the Committee pointed out that out of 233 engines, only 40 were 'Sheppard' engines and hence the defects and the unpopularity of the engines could not be ascribed as sole reason for delay in this case, the Secretary of the Ministry admitted that these were not the only reasons for the hold up. The Committee were informed that no extra expenditure on 'Watch & Ward' and 'Storage' was incurred exclusively for these diesel engines.

5.31. The Committee desired that a note might be furnished giving the details about the date of actual utilisation of engines stating how all the 233 engines had been utilised, the dates when electrification came as a result of which Exploratory Tubewells Organisation could not utilise these engines and the reason why an earlier decision was not taken to divert them elsewhere to areas which were not covered by electricity.

5.32. The note has been received and is at Appendix XL. From the note the Committee find that only 50 sites which were originally

earmarked for installation of diesel engines were electrified. The Committee feel that the reason of electricity becoming available in the areas where diesel engines were intended to be installed does not hold good for non-utilisation of all the 233 diesel engines. They would like to know whether, at the time when 233 diesel engines were imported, any planning was done about their installation, and if so, the reasons for the failure of that plan.

5.33. The Committee also regret to note that 108 engines were allowed to remain idle for a period of 6 to 8 years when there was a great need for similar engines in different parts of the country.

5.34. The Committee are perturbed to learn that several aspects of this case were overlooked: Firstly 108 engines remained idle for about 6 to 10 years. Secondly the defects pointed out by the Inspector of the India Supply Mission in some of the engines were also not looked into. Thirdly the project as a whole was carried out in a halting manner without any planning. The Committee hope that important irrigation projects will be carried out in a better planned and co-ordinated manner in future.

FOREST RESEARCH INSTITUTE AND COLLEGES, DEHRADUN

*Non-utilisation of the full capacity of a paper plant—para 42(A),
Pages 48-49.*

5.35. In para 22 of the Central (Civil) Audit Report, 1958, mention was made of the delay in the operation of a pilot plant which had been set up at the Forest Research Institute and Colleges, Dehradun at a cost of Rs. 47.94 lakhs for the production of different types of papers and boards from indigenous raw materials. The Public Accounts Committee* of 1959-60 had observed in March, 1960 that the entire project was ill-conceived and desired that the working of the plant should be watched. In a note** submitted to the Committee in February, 1961, it was stated by the Ministry that the feasibility of producing special type of papers would be investigated after the plant was fully commissioned and that production would be taken up to the extent of the spare capacity available in the light of the results of the investigation.

5.36. The plant was commissioned into service on 3rd November, 1960 in a building constructed at a cost of Rs. 12.53 lakhs. Against the estimated annual capacity of 1,800 tonnes of paper, the actual production during the years 1961-62, 1962-63 and 1963-64, was 5.82 tonnes, 23.98 tonnes and 17.61 tonnes respectively and the expenditure on the pay and allowances of the staff employed for working the plant was of the order of Rs. 50,000 a year.

*Paras 28-31 of the 25th Report (Second Lok Sabha), Vol. II.

**Appendix XXXVI to the 42nd Report, (2nd Lok Sabha), Vol. II.

5.37. The Ministry informed Audit in December, 1963 that:

- (i) till the end of November, 1962, the plant had been used only for training and research purposes;
- (ii) in the context of National Emergency it was proposed towards the end of November, 1962 to put the plant into full capacity, but as the production capacity of the plant and its pulping unit were not balanced, difficulties arose in its continued use for production purposes; and
- (iii) the question of utilisation of the plant for commercial purposes was considered in May, 1963, and in accordance with the decision taken, a sub-committee was set up on 20th May, 1963 to consider all aspects and suggest suitable measures for the best possible use that should be made of the plant for training and research as well as for production.

5.38. The sub-committee gave its report in January, 1965 which is stated to be under examination of the Department.

5.39. The Committee desired to know the action taken on the report of the special Committee (Thirumala Rao Committee) which was set up to consider all aspects and suggest suitable measures for the best possible use that should be made of the paper plant for training and research as well as for production. The Secretary of the Ministry stated that the Committee was appointed in September 1963 and it submitted its report in January, 1965. The paper making machine had a capacity of 6 tonnes per day and the pulping machine had a capacity only of 2 tonnes. They suggested that the pulping capacity should be brought up to the full strength of the paper making machine. This meant an extra expenditure of about Rs. 5 lakhs. Meanwhile, the Ministry had appointed another Committee, the Thacker Committee, to go into various aspects of the Forest Research Institute and in dealing with it they had come across certain new facts which were passed on to the Ministry by the Inspector General of Forests who was one of the members of the Committee. The witness added that this committee had not yet submitted its report but as those points were rather important, the Inspector General of Forests brought these to their notice. First was the problem of effluents. The two-tonne plant itself had created certain effluent problem and the Uttar Pradesh Effluent Board had taken certain objection to it. The Government were examining the problem in consultation with the experts about the treatment of the effluents for proper release. This problem had not been brought to their attention by Thirumala Rao Committee. The

Thacker Committee was tentatively suggesting that instead of making the pulp, it might be desirable to buy pulp either from abroad or from other factories in the country and make only certain high quality paper so that it might be a profitable venture. Secondly, there was no water for this large scale plant. Even the present plant had got its water difficulties, but it was hoped that a tubewell might give water. They were awaiting the report of the Thacker Committee and would take action on it.

5.40. The Committee pointed out that this particular project was conceived in 1946, taken up in 1950, machinery was erected in 1955 and yet in 1965 the problem of effluents remained to be solved. They wanted to know as to whether the problem of effluents which was associated with every paper mill, was not foreseen by the technicians. The witness admitted that they had not considered the problem of effluents before. He also added that this was not a commercial paper mill. It was, more a training paper mill.

5.41. The Committee enquired whether by investing additional Rs. 5 lakhs, even low quality paper worth Rs. 45 lakhs annually could be produced. The witness stated that it could be done on 6000 tonne pulping capacity and promised to look into the matter of costing more carefully.

5.42. In reply to a question, the witness admitted that every year they were losing production worth about Rs. ½ crores for want of taking a decision in this regard, but added that the Ministry had to depend for its advice on technical experts.

5.43. The witness informed the Committee that it had been decided that paper would be made at the mill but they would have to decide about the quality of paper and about producing pulp or buying it.

5.44. The Committee then desired to know the action taken in pursuance of the recommendations of the Public Accounts Committee made in March 1960 in their 25th Report (Second Lok Sabha) that this project was ill-conceived and its working should be watched. The witness stated that they had appointed a committee under Dr. John, the paper & pulp technologist in 1960 to go into the working of this plant. Then, they had a report of the Paper Technologist Committee consisting of P. S. Kothari and B. P. Bhargava. Thirumala Rao Committee had also studied the problems of paper plant. There was also another Committee in June, 1964. But none of these Committees had raised the problem of effluents.

5.45. The Committee enquired whether the concurrence of the T.C.M. would be required before the plant could be used for commercial purposes as the plant was received under T.C.M. Agreement. The witness stated that they had to take their consent before using the plant for commercial use. He added that during national emergency they had not taken the consent of T.C.M. The Committee desired that a note might be furnished stating as to why at the time of reassessment in 1955 the capacity of the pulping plant was not correctly estimated and increased. The note has been received. (Appendix XLI).

5.46. The Committee are amazed at the way this project has been tackled. It is indeed incomprehensible that the project which was envisaged in 1946 and for which machinery was erected in 1955, is producing papers which are negligible in quantity even in 1965, despite the fact that four Committees had separately been appointed to look into some aspect or other of this project. In spite of all this delay and Expert Committee's Reports, it is yet to be decided finally how this Plant is going to be utilised in future—only for purposes of research and training or for Commercial purposes also.

5.47. The Committee are also surprised to be told that the problem of effluents had not been considered before in connection with this project. They are unable to understand how such an essential matter connected with a paper plant could be overlooked by the technical officers and Expert Committees all these years.

5.48. The Committee were informed in evidence that the special Committee appointed in September, 1963 had suggested that the capacity of the pulping plant should be brought upto the full strength of the paper making machine. It has also been stated in the note furnished (Appendix XLI) that at the time of re-assessment it was considered that the pulping plant and stock preparation equipment to be installed should be equal to the capacity of the 6 tonne paper machine. In these circumstances the argument of the Ministry that "Incidentally it may be mentioned that in all such pilot paper plants attached to research and training institutions in other parts of the world, the pulp plant has always a much lower capacity than the paper plant" does not have any force.

5.49. It has also been stated in the note that it was not possible to obtain a 6 tonne pulping plant within the T.C.M. grant. The Committee observe that the capacity of the planning and stock preparation plant had been found inadequate by the Ministry even as early as May, 1950 and that they had accordingly obtained under foreign technical assistance, plant, equipment, etc. worth ₹3.8 lakhs (Rs. 18

lakhs) during 1952 to 1957. The Committee are surprised to find that although the Ministry had realised the need of a 6 tonne pulping plant again in 1955, the Department of Agriculture did not consider it worthwhile to spend Rs. 5 lakhs more on the purchase of this additional equipment and produce paper worth about Rs. 45 lakhs annually. The Committee were surprised to be told in evidence that even now a final decision about this pulping plant was not taken. In fact one of the proposals under consideration is to buy pulp from abroad. The Ministry surely knows the foreign exchange position of this country which can hardly permit such avoidable imports annually. This lapse on their part has resulted in a loss of production of paper worth about Rs. 45 lakhs annually. The Committee take a serious view of it and desire that an early decision may be taken in the matter so that there may not be further loss on this account.

5.50. The PAC had dealt with this project as early as 1959-60 in paragraphs 28-31 of their 25th Report (Second Lok Sabha), Vol. II. They are constrained to observe that despite their earlier observations the position remains more or less static. They cannot help expressing the opinion that not only was the project "ill-conceived", but there has been unconscionable delay and indifference in gearing up the plant to work to its full capacity. The Committee had also desired to be furnished with a note indicating the total expenditure incurred on the various committees appointed by Government to examine the different aspects of the paper plant under the Forest Research Institute, Dehradun. The Committee regret to note that the note is still awaited.

Surplus paper—para 42(B), Page 49.

5.51. It was observed that the paper produced by the Institute in excess of its own requirements had been allowed to accumulate as indicated below:—

	(Quantity in tonnes)
Opening balance as on 1-4-62	17.02
Paper produced during 1962-63 to 1964-65 (upto 31st August, 1964)	45.74
TOTAL	62.76
Paper utilised during 1962-63 to 1964-65 (upto 31st August, 1964)	37.83
Balance to date (31st August 1964)	24.93

5.52. A quantity of 24 tonnes of paper from the production made after December, 1962 was offered for sale to the Chief Controller of Printing and Stationery in October, 1963 and September, 1964 out of

which the Stationery Office, Calcutta was stated to have accepted 2.5 tonnes only; the question of disposal of the balance 21.5 tonnes was stated to be under consideration (January, 1965).

5.53. The Committee enquired the circumstances under which 13 tonnes of paper (out of 37.83 tonnes shown as utilised upto 31-8-1964) was re-pulped. The Inspector General of Forests stated that on this paper plant, they had to try various raw-materials of different species for producing paper. The paper produced from the pulp prepared out of various raw-materials of different species came out in different qualities. The paper produced was not intended for commercial sale or use. Out of whatever came out as paper, such paper which was required for replacement in the Institute or sale was kept aside and the rest of the paper was used for repulping again for training purposes.

5.54. The Committee desired to know why the Chief Controller of Printing and Stationery had accepted only 2.5 tonnes of paper out of 24 tonnes. The witness stated that the paper produced by them was of different types, colour and grades and it did not comply with the requirements of the Controller for various stationery purposes in Government. Only 2.5 tonnes of file-board which was produced was found useful by the Controller and he accepted it.

5.55. When the Committee expressed doubts about the use of paper produced in the plant for re-pulping so as to give training, the Secretary promised to examine whether some commercial paper could be produced out of them.

5.56. The Committee desire this matter to be examined and a report furnished to them.

5.57. The Committee desired to know the position of the disposal of the balance of 21.5 tonnes of surplus paper. The Secretary of the Ministry stated that they had taken clearance about the excise duty from the Ministry of Finance and that they would be selling them. The Committee would like to know about the disposal of 21.5 tonnes of surplus paper.

5.58. In reply to a question, the Secretary of the Ministry informed the Committee that right from the time the plant was commissioned, 60 students had been trained in paper technology using the plant for demonstration purposes. He added that one of the conditions of accepting the trainees was that they should be sponsored by the industry. The Secretary of the Ministry, however, accepted that there was a case for making the training facilities available to candidates not sponsored by the industry also.

5.59. The Committee are surprised to note that only 60 students have so far been trained in the paper technology, using this plant for demonstration purposes. The Committee feel that the number of candidates to be trained should be suitably increased. The Committee also do not find any reason for restricting the acceptance of trainees only to candidates sponsored by the industry. They suggest that the training facilities should be extended to all meritorious candidates desirous of having training in paper technology irrespective of whether they are sponsored by the industry or not.

Indian Central Oilseeds Committee—para 117, Pages 156-57.

5.60. Under Section 3(2) of the Indian Oilseeds Committee Act, 1946, the net proceeds of cesses levied on all oils extracted from oilseeds crushed in any mill and on all oilseeds exported from India are required to be paid to the Committee for expenditure on improvement and development of:—

- (a) the cultivation and marketing of oilseeds; and
- (b) the production, manufacture and marketing of oilseeds products.

5.61. It will be seen from the table given below that unspent balances which have accumulated with the Committee increased from Rs. 52.86 lakhs at the end of 1951-52 to Rs. 124.64 lakhs at the end of 1963-64, which roughly correspond to the total expenditure of the Committee during the five years ended with 1963-64.

(In lakhs of rupees)

Year	Proceeds of cess paid to the Committee	Other receipts (including Govt. grants)	Expenditure during the year	Unspent balance at the end of the year		
				Cash	Securities	Total
1951-52	15.30	0.87	4.75	15.78	37.08	52.86
1956-57	24.21	2.49	10.63	52.36	53.40	105.76
1960-61	19.13	10.56	41.16	81.96	23.15	105.11
1961-62	19.96	3.28	51.98	84.11	22.66	106.77
1962-63	21.98	8.44	27.11	32.90	77.18	110.08
1963-64	24.00	14.87	24.31	18.16	106.48	124.64

5.62. Audit was informed in December, 1964 that a decision had since been taken that the expenditure on certain Plan Schemes concerning agriculture research on oilseeds, which was, at present, financed from the budget provision for Plan Schemes should be met by the Committee from the cess collected and placed at their disposal. They had also added that the question of repealing the Act or alternatively amending the same suitably was also under their consideration separately.

5.63. The Committee desired to know the justification for giving grants:

	(Rs. in lakhs)
1960-61	8.12
1962-63	5.00
1963-64	3.50

to the Indian Central Oilseeds Committee when it had been holding large amounts of accumulated balances and when they had no regular research station under them. The Secretary of the Ministry stated that they were following two kinds of schemes under the Indian Central Oilseeds Committee. One was the Plan scheme which was taken up in the Plan and for which provision was made in the Plan. This was worked through the Oilseeds Committee. He added that now they had noticed that the Oilseeds Committee had not been spending their own money. Therefore the Oilseeds Committee had been asked to incur expenditure on the Plan schemes also out of their own funds. The Oilseeds Committee had not been given grants during 1964-65 and they would not be given any in 1965-66.

5.64. The Committee enquired whether the Oilseeds Committee had given reasons for non-utilisation of large amount of money lying with them. The witness stated that the Oilseeds Committee had not taken up sufficient schemes for development of Oilseeds. Therefore, Government had taken a decision on 30th April, 1965, to take over this work directly in the Department now. He added that for this purpose, a suitable bill would have to be brought before Parliament and after that, the other action would follow. The draft bill was being prepared in the Law Ministry and it would come up in the August Session (1965) of Parliament. In reply to a question, the witness stated that in fact the Oilseeds Committee did not appear to have done as much as they should have done. The Committee enquired whether Government had decided to abolish some of the Commodity Committees, including the Oilseeds

Committee. The witness replied in the affirmative. The Committee desired to know whether all the work that was at present being done by the Committee would be partly or fully transferred to the Indian Council of Agricultural Research. The Secretary of the Ministry stated that the research part would be done by I.C.A.R. The rest of the portion, viz development, statistical and marketing work would be taken over by the main Ministry. Advisory Development Councils were also being formed for some of the commodities to advise the Ministry in these matters.

5.65. The Committee are surprised to find that Government had been giving grants to the Indian Central Oilseeds Committee year after year even when it had been holding large amounts of accumulated balances. They are unhappy to learn that the Indian Central Oilseeds Committee did not do as much as they could have for schemes for improvement and development of oilseeds and oilseeds products while cess continued to be levied. It is really unfortunate that Government did not look into the working of the Indian Central Oilseeds Committee earlier inspite of the fact that unspent balances with them were continuously increasing since 1956-57. In the light of this case, the Committee would suggest that Government should keep a careful watch over the activities of all Commodity Committees and ensure that they fulfil the objectives for which they were constituted and for which cess is levied and funds given to them.

INDIAN COUNCIL OF AGRICULTURAL RESEARCH

Infructuous expenditure—para 118 (a), Pages 157-158

5.66. A project called the "Pircom" scheme which included among its objective the creation of an organisation on a permanent footing for dealing with agricultural problems on a regional basis, and the organisation of research on cotton, oilseeds and millets with the maximum of efficiency coupled with economy in expenditure was launched by the Council in 1957. The scheme was originally financed jointly by the Indian Central Cotton Committee, the Indian Central Oilseeds Committee and the Indian Council of Agricultural Research, but later on, with effect from 1st April, 1961, funds for running the scheme were provided to the Council in the Third Five Year Plan. Under the scheme, nine main centres and eight sub-centres were opened for the purpose; one of these centres and three of the sub-centres were later merged with the other centres in view of the National Emergency. An expenditure of Rs. 63.66 lakhs was incurred on the scheme up to 31st March, 1964.

5.67. As a result of reports received in 1962 that the centres were not working satisfactorily and in some cases were duplicating the work done by the State Research Stations, a Committee was appointed in December, 1962 to review the working of the scheme and suggest measures of improvement. In their report submitted in March, 1964, the Committee remarked that "the research programme deviated considerably from its basic objectives" and that "the centres had failed in fulfilling the objectives for which they were established". The Committee drew attention to the inadequate organisation and staffing, and to the failure of the machinery set up for co-ordination and supervision. The Committee recommended that the three centres should be re-constituted as Regional Agricultural Research Institutes for carrying out fundamental Research of a high order on cotton, oilseeds and millets and also on pulses and Forage Legumes, and that the other centres should be abolished.

5.68. Pursuance to the recommendations of the Committee, it has been decided to transfer seven centres and five sub-centres to the State Governments concerned, while the remaining one centre to the Indian Agricultural Research Institute, New Delhi.

5.69. Government are of the view (October, 1964), "that within the short period the "Pirrcom" centres had functioned, very useful results in several directions had been achieved".

5.70. The Committee desired to know whether any kind of control was being exercised by the Indian Council of Agricultural Research or Government to ensure that the 'Project for the Intensification of Regional Research on Cotton, Oilseeds and Millets Scheme' (Pirrcom Scheme) was working on the prescribed lines and useful results achieved. The Secretary of the Ministry stated that broadly speaking, two regional research schemes were tried out by the Ministry, namely, the maize scheme and the oilseeds scheme. In the maize scheme the work was done through the State Governments in their farms. In the oilseeds project the work was done by the Central authorities in the central research stations. It was found that there was lack of co-ordination in the 'Pirrcom' in taking note of the work done by the State laboratories and farms and as a result there was duplication of efforts. On the other hand, it was found that the State Government taking up the maize scheme succeeded substantially because the States were brought into the picture. When the inherent defect of the Central Scheme working without relation to what was happening in the States was noticed, it was decided to pass on some of the farms to the States to enable them to undertake research in their areas. He added that now only

3 stations were being kept as Central Research Stations for fundamental research.

5.71. As regards the success of this scheme, the witness stated that there were a number of achievements to its credit. In cotton they had done work on a material obtained from Russia and a new variety had now been introduced which was grown in the rice fallows in Andhra Pradesh in substantial quantities. Then, experiments were conducted to find out the upper most limit to which cotton yield could be increased in established varieties. Some results had been obtained in variety H-40 and 320-F. Similar experiments in Amravati were done with B-147 and results had been good. In Jowar, a hybrid called CSH-1 had now been issued which had proved very effective. A hybrid bajra No. 1 had been issued which had also been found to be useful. In groundnut, experiments on pre-sowing treatment of seed for substantial increase in yield had proved effective. In castor, varieties resistant to rust had now been found though research had to be pursued. Work had also been taken up on bacteriological dusting and a dwarf variety of castor had been developed for inter-cropping with groundnut.

5.72. With regard to the working of the scheme, the witness stated that there was defect in the method of organisation and therefore, the I.C.A.R. was taking up regional research schemes on a co-ordinated basis with the help of the States and the universities so that there might be co-ordination and no duplication of work. Moreover, as the farms were far away from the Centre, they could not exercise proper control. The witness added that the Pirrcom scheme had done good work and obtained some useful results. They were taking action for improving the organisation.

5.73. Attention of the witness was drawn to the observation of the committee of experts which was appointed in December, 1962 to review the working of the scheme that the centres had failed in fulfilling the objectives for which they were established and the research programme had deviated considerably from its basic objectives. The witness stated that Government could not accept this broad sweeping statement and added that substantial work had been done on groundnut, cotton, castor, bajra and jowar. Asked why in that case the schemes were stopped by Government, the witness stated that the achievement took time to materialise as the project was continued. He, however, admitted that there were defects like lack of co-ordination with the States and defect in organisation.

5.74. The Committee enquired about the safeguards which Government/I.C.A.R. had laid down to ensure that the centres which would be run by the State Governments etc. from funds provided

by the Centre, work on proper lines. The Agricultural Commissioner stated that two safeguards were being provided. The reports of these centres would come to the I.C.A.R. and they would be scrutinised by the various scientific committees appointed by the Council. Secondly, the experts of the Council would also pay visit to these centres from time to time and they would also make on the spot assessment of the work. In reply to a question, the witness stated that in most of the cases either the State Government or the Agricultural University concerned had agreed to take them over and run the schemes relating to single crops. The Committee enquired whether the Centre would give assistance to the States for these research centres which had been transferred to them. The witness stated that in respect of four centres which would be maintained by them, block grants would be given and assistance might also continue in the Fourth Plan. Other centres would be financed by them only upto the end of the Third Plan period and thereafter the States would have to include expenditure in their respective Plans. The State Governments had agreed to this arrangement.

5.75. The Committee feel unhappy to note that there was lack of co-ordination in the "Pircom" in taking note of the work done by State Laboratories and farms which resulted in duplication of work. This, in the opinion of the Committee, calls for a comprehensive review in consultation with the State Governments, of the various Research programmes being done under the aegis of the Indian Council of Agricultural Research in order to ensure that such duplication and lack of co-ordination do not exist in other fields.

Para 118(b), Pages 158-159.

5.76. On the recommendation of the Government of Kerala, the Council sanctioned in February, 1958 a scheme for the cultivation of camphor in Wynad for a period of five years, at an estimated cost of Rs. 44,800. The scheme was to be carried out in Mangalam Carp Estate by a private individual, and the State Government was to have a general supervision over the scheme. The scheme started functioning in October, 1958. In November, 1958, the Chairman, Essential Oils Research Committee to whom the progress of the work was required to be made available, expressed the opinion that research on camphor was not of any practical significance in the existing context of synthetic camphor and plastics; nevertheless, it was decided to go ahead with the scheme. In February, 1961, after an expenditure of Rs. 18,500 had been incurred, the scheme was discontinued on the recommendation of the State Government, owing to certain disputes between the private individual and the officials of the State Government. Audit was informed in October,

1964 that "the production of synthetic camphor was increasing gradually, which was cheaper than the natural product and, as such, it was not considered essential to carry on any further research on tree camphor".

5.77. The Committee desired to know why the scheme for the cultivation of camphor in Wynad continued when the Chairman, Essential Oils Research Committee, had expressed the opinion that research on camphor was not of any practical significance in the existing context of synthetic camphor and plastics. The Secretary of the Ministry stated that the advice of the Chairman, Essential Oils Research Committee, was placed before the Medicinal Plants Committee which dealt with this scheme. The Medicinal Plants Committee at that time did not agree with the Chairman of the Essential Oils Research Committee who was not directly concerned with this project. The Main Board also did not agree with the advice of the Chairman, Essential Oils Research Committee. Later on, the advice of the Chairman, Essential Oils Research Committee turned out to be correct. It took two years for them to come to that conclusion and then the research programme was stopped as it was felt that even if it became successful, the natural camphor from the tree could not compete in cost with the synthetic stuff. In reply to a question, the witness stated that the scheme was also terminated due to lack of understanding between the Kerala Government and the particular individual who was to carry out the scheme. The Committee enquired whether at the time the research programme was given up, synthetic camphor was manufactured in India. The witness replied in the negative. The witness agreed that since synthetic camphor was not being manufactured in India when the scheme was given up, the decision was premature.

5.78. The Committee desire that the decision regarding suspension of research on camphor should be reconsidered in the light of the price of indigenous synthetic camphor rather than the price of imported synthetic camphor, if our natural resources justify.

**AUDIT REPORT ON THE ACCOUNTS OF THE INDIAN COUNCIL OF
AGRICULTURAL RESEARCH FOR THE YEAR 1963-64**

Publications—para 2

5.79. (a) As reported in the Audit Report on the Accounts for 1962-63 the proforma Accounts of the eleven Journals published by the Council had not been prepared so far (August 1964) although a decision to maintain accounts of publications on commercial lines had been taken by the Governing Body as early as in August, 1961.

(b) The value of the unsold costly publications priced at Rs. 10 and above per copy as on 31st March, 1964 was Rs. 3.41 lakhs. Some of these publications which had been in stock for more than 4 years constituted 41 per cent to 86 per cent of the total number of copies printed.

(c) An amount of Rs. 2.60 lakhs (Rs. 1.57 lakhs from Government Departments and Rs. 1.03 lakhs from private parties) was pending recovery on 31st March, 1964 from various parties on account of publications sold and advertisement charges. Out of this, an amount of Rs. 1.57 lakhs (Rs. 1.27 lakhs from Government Departments and Rs. 0.30 lakh from other parties) was outstanding for recovery for more than one year.

5.80. The Committee desired to know why proforma accounts of 11 journals were not prepared when a decision to maintain accounts of publications on commercial lines had been taken by the governing body of the Council in August, 1961 and whether it had been done now. The witness stated that the Standing Finance Committee and the governing body of the Council had decided in March, 1964 to prepare proforma accounts. Proforma accounts for 1964-65 had been prepared and submitted to Publication Committee in April 1965. This would be submitted to the Board at their forthcoming meeting. The witness admitted that this decision could have been taken earlier. He promised to look into this delay.

5.81. The Committee regret to note that the Indian Council of Agricultural Research took more than 2½ years to implement the decision of the governing body of the Council to prepare proforma accounts of journals. They hope that such delays would be avoided in future.

5.82. The Committee enquired about the position of unsold costly publications lying in stock. The witness stated that the stock value had been reduced to Rs. 2.28 lakhs from Rs. 3.41 lakhs.

5.83. With regard to recovery of outstanding amount of Rs. 2.60 lakhs, the witness stated that Rs. 1.03 lakhs had been recovered and Rs. 1.57 lakhs was the balance to be recovered. Out of Rs. 1.57 lakhs, Rs. 1.25 lakhs was outstanding from Government Departments and Rs. 0.32 lakh from private parties. They were pursuing the matter. The witness further stated that total sale of I.C.A.R. publications during the period to which recoveries related amounted to Rs. 53.86 lakhs @ and out of it sale of publications was Rs. 45.79 lakhs* and revenue from advertisement was Rs. 8.07 lakhs.**

@Rs. 47.86 lakhs (as stated in a written note furnished subsequently).
quently).

*Rs. 40.95 lakhs (as stated in a written note furnished subsequently.)

**Rs. 7.03 lakhs (as stated in a written note furnished subsequently.)

5.84. The Committee desired that a statement might be furnished showing the amount due for one year or above out of total due of Rs. 1.57 lakhs.

5.85. From the statement furnished by the Ministry of Food and Agriculture (Department of Agriculture), the Committee find that out of Rs. 1.57 lakhs, about Rs. 1.36 lakhs is due for one year or more. They desire that vigorous steps may be taken to recover this amount, and to avoid such accumulation of arrears in future.

5.86. The Committee desired to know the action taken on the recommendations made by the Estimates Committee in their 75th Report (Third Lok Sabha) that the Publications Committee of the Council might carefully examine the question of converting monthly journal into quarterly and quarterly into half-yearly so as to avoid wasteful expenditure. The witness stated that the Secretaries' Committee had gone into this question of rationalisation of these journals and their report was expected shortly. This Committee had made some suggestions and as soon as the report was received, they would implement them.

5.87. The Committee would like to be informed about the final decision taken in the matter.

5.88. As regards stepping up sale of publications, the witness stated that vigorous efforts were made to step up sale and prices in three cases were reduced. In reply to a question, the witness promised to consider whether the price of costly books could be reduced for students and teachers.

5.89. The Committee would like to be apprised of the decision in this case.

Grants-in-aid—para 4(i)

5.90. In respect of grants paid to the State Governments upto 31st March, 1963, utilisation certificates were still awaited for Rs. 159.88 lakhs. The certificates were outstanding mainly on account of non-receipt of departmental accounts of the grants by the Accountants General concerned.

5.91. In reply to a question the representative of the Ministry stated that against the amount of Rs. 159.88 lakhs, the utilisation certificates for Rs. 38 lakhs had been received till the end of 31st March, 1965. He added that they had found out that a substantial part of the funds had been spent on the schemes legitimately but due to certain formalities which were required to be fulfilled,

utilisation certificates could not be furnished. The reconciliation of accounts between the Accountant General and the University was taking time and till this reconciliation was completed, the Accountant General could not issue a certificate. The witness stated that in the case of one of the Central Institutes, out of Rs. 8 lakhs pending, Rs. 6.33 lakhs could be cleared on the spot.

5.92. The Committee desire that prompt action may be taken to clear the outstanding utilisation certificates.

Para 4(ii)

5.93. In respect of 130 schemes completed during 1961-62 to 1963-64 the value of assets left over was yet to be recovered from State Governments/Grantee Institutions. The value of such assets in 4 cases was Rs. 46,145. The information in respect of the other 126 cases was awaited from the grantees.

The Committee desired to know whether a complete assessment had been made of the total value of assets left over with the grantees on the termination of the Schemes and the present position regarding the adjustment/recovery of their value. The witness stated that out of 130 schemes completed during the period from 1961-62 to 1963-64, the value of assets in respect of 56 schemes had already been adjusted. For the remaining schemes every possible effort was being made to obtain the relevant details from the authorities concerned. Out of the four schemes referred to in audit para, the accounts of three had been settled and the value of assets amounting to Rs. 14,850 had been adjusted. As regards the fourth scheme, the representative of the Ministry stated that they were trying to settle it quickly.

5.94. The Committee desire that vigorous steps should be taken by the Indian Council of Agricultural Research to assess the total value of remaining assets left over with the grantees and to make necessary adjustments/recoveries early.

Balance Sheet—para 5

5.95. As reported in the Audit Report on the Accounts for 1962-63 the Council did not prepare any balance sheet of the assets such as buildings, investment etc., and liabilities such as Reserve Funds, etc. although the desirability of preparing a balance sheet had been pointed out by Audit as early as in 1958. It was stated by the Council in 1960 that the form of the balance sheet would be ascertained from other autonomous bodies, but the matter was stated to be still under consideration.

5.96. In this regard, the witness stated that the Council had decided that the balance sheet would be prepared annually. The

draft form in which the balance sheet was to be prepared had been referred to Audit and it was received back only a few days ago. The matter was being pursued to see that the balance sheet was prepared accordingly. The Committee enquired why the Council had taken seven years to take the decision to prepare the balance sheet (Audit had suggested the preparation of the balance sheet in 1958 and the Council decided in 1964). The witness stated that it had taken a much longer time. The Council had stated in 1960 that they would consider the desirability and practicability of maintenance of balance sheets after consulting other autonomous bodies. They took a final decision to prepare the balance sheet only in 1964. In reply to a question, the witness stated that the Council was disputing all the time the need for the balance sheet.

5.97. At the instance of the Committee, the Ministry of Food and Agriculture (Department of Agriculture) have furnished a note stating the reasons for delay in preparing the balance sheet (Appendix XLII).

5.98. From the note, the Committee find that the Indian Council of Agricultural Research took about two years in ascertaining from various autonomous bodies whether those institutions were also maintaining the balance sheets and the form in which the balance sheets were prepared by them. Further, the Indian Council of Agricultural Research took about three years in taking the decision to prepare the balance sheet.

5.99. The Committee feel that a period of 2 years taken to ascertain the form of balance sheets from other autonomous bodies and another period of 3 years in taking the decision on preparation of balance sheet was too long. They trust that in future the Indian Council of Agricultural Research would act more promptly when some omissions are pointed out by Audit.

5.100. In the note it is also mentioned that every effort will be made to collect the details required to complete the balance sheet for the year 1965-66 onwards, and that, if there is any difficulty in getting all the requisite details for this purpose, the position will be brought to the notice of the Audit and their advice obtained in regard to the future course of action to be taken in these circumstances.

5.101. The Committee hope that henceforth the balance sheet would be prepared regularly by the Indian Council of Agricultural Research.

National Dairy Research Institute—Section XXXVI, PAGES 190—193, of Audit Report (Commercial), 1965.

Introduction—Para 1.

5.102. The National Dairy Research Institute, Karnal was established in July, 1955. The former Imperial Institute of Animal Husbandry and Dairying which had been set up at Bangalore in the year 1923 was added to the Institute as its Southern Regional Station in 1955.

The main functions of the Institute are:—

- (i) To conduct research on problems of breeding, physiology and feeding of cattle for high milk production, technology of production, processing and transport of milk, manufacture of milk products, etc.
- (ii) To impart dairy training.
- (iii) To arrange for dissemination of the results of research.
- (iv) To give advice and guidance to the dairy industry.

5.103. The Southern Regional Station at Bangalore also took up the implementation of the following two Schemes:—

- (a) The Central Artificial Insemination Scheme. This Scheme, started in 1954-55, is being financed out of grants given by the Indian Council Agricultural Research. An expenditure of Rs. 4,11,255 was incurred by the Institute up to March, 1964 out of which a sum of Rs. 3,64,524 has been reimbursed by the Council leaving a balance of Rs. 46,731 (November, 1964).
- (b) The Southern Regional Animal Nutrition Scheme for conducting research in the nutritive value of new feeds and fodder.

5.104. This Scheme, started in the year 1953-54, was implemented by the Institute on behalf of the Indian Council of Agricultural Research till 31st March, 1962; against an expenditure of Rs. 4,64,236 incurred by the Institute, a sum of Rs. 23,886 is due for recovery from the Council (November, 1964).

5.105. During 1962-63 the Indian Council of Agricultural Research took over administrative control of the Scheme and again transferred it to the National Dairy Research Institute from the year 1963-64. The Scheme is now financed from the funds provided in the budget of the Department of Agriculture.

5.106. The Committee desired to know the reasons for financing the Central Artificial Insemination Scheme undertaken by the Regional Station at Bangalore out of grants given by the Indian Council of Agricultural Research. The Committee also desired to know the advantage to be achieved in a Government Department financing its Research Scheme not direct from funds voted by Parliament but by grants from Indian Council of Agricultural Research which itself was dependent on Government grants for its finances. The Secretary of the Ministry of Food & Agriculture (Department of Agriculture) stated that there was duplication of research effort through the Indian Council of Agricultural Research and Government but the main idea appeared to be that the Indian Council of Agricultural Research being in the know of the overall research planning would be in a better position to assess the requirements of the schemes. He added that now the Ministry had taken a decision that the Indian Council of Agricultural Research would control fundamental research and applied research in the field through its own system of co-ordination with the State Governments and Universities. Their idea was to centralise the research programme under some authority who could look to all sides of research. In future, the research wing would be handled by the Indian Council of Agricultural Research and the funds would be disbursed through the Indian Council of Agricultural Research to the National Dairy Research Institute for research work. In reply to a question, the witness stated that the Institute was being transferred to the Indian Council of Agricultural Research and the Indian Council of Agricultural Research would have control over the Institute. But for the specific scheme of breeding programme the overall control might be of the Animal Husbandry Commissioner in the Ministry. The Development Wing was being taken over by the Ministry and the Research Wing by the Indian Council of Agricultural Research. The Committee enquired whether there would not be any complication when the Institute would have two sources of finance, one through I.C.A.R. and another directly from Govt. The representative of the Ministry replied that they would have to look into this question as to how the account should be drawn upto avoid duplication.

5.107. The Committee feel unhappy to note that there was duplication of research effort through the Indian Council of Agricultural Research and Government.

5.108. The Committee are, therefore, of the view that the proposed transfer of the National Dairy Research Institute to the Indian Council of Agricultural Research needs a further detailed examination before a final decision is taken in the matter as it is necessary

to examine whether there would not be complications when the research wing of the National Dairy Research Institute would be financed by the Indian Council of Agricultural Research whereas the scheme for breeding programme would be financed direct by the Ministry. The Committee would like to be informed of the final decision in this case.

5.109. As regards imparting dairy training in the Institute, the witness stated that in 1962-63, the total number of students was 152, and number of students passed out was 56. The respective figures in 1963-64 were 185 and 56, in 1964-65 these were 194 and 74. The Committee enquired the mode of admission in the Institute. The witness stated that it was through advertisement as well as through State Governments. State Governments sponsored students for admission in the Institute. In reply to a question, the witness stated that the average number of students admitted annually was about 50 or 60 and at a time 200 students could be given training in the Institute.

5.110. The Committee enquired whether all such persons who got their training in the Institute had been absorbed. The witness replied in the affirmative. As regards the total number of students trained till now, the witness stated that about 2,000 students had been trained from 1923. In reply to a question, the witness stated that 20 per cent seats in the Institute were reserved for Scheduled Castes/Scheduled Tribes. The Committee desired that the total number of students belonging to Scheduled Castes and Scheduled Tribes trained until now at the National Dairy Research Institute, Karnal, might be furnished. The note* has been received and is at Appendix XLIII.

5.111. From the note, the Committee find that during the 5 years (1961 to 1965) only two Scheduled Castes/Scheduled Tribes students were admitted to the Institute. In the note, it is also mentioned that the minimum number of marks required to be secured by the candidates are reduced by 5 per cent in the case of Scheduled Castes Scheduled Tribes Candidates. As over 60 per cent of candidates are State nominees and as each State sends only 1 to 3 candidates, Scheduled Castes/Scheduled Tribes are seldom included. The Committee feel that the existing procedure does not give much chance to Scheduled Castes/Scheduled Tribes candidates to get admission in the Institute to the extent envisaged i.e. 20 per cent. They desire that this procedure may be examined and suitably revised to enable more Scheduled Castes/Scheduled Tribes candidates to get admission in the National Dairy Research Institute.

*Not vetted by Audit.

Working Results — Part 2.

5.112. (a) The Dairy Section of the Institute at Karnal was declared non-commercial in February, 1961 and the preparation of Profit and Loss Account and Balance Sheet was dispensed with. Only a Receipts and Expenditure Account is now being prepared. Now action has so far (August, 1964) been taken for the framing of the accounting rules, procedure and forms for the proper maintenance of accounts.

The following table indicates the working results of the institute:—

(Rupees in lakhs)

	Receipts			Expenditure			
	1961-62	1962-63	1963-64	1961-62	1962-63	1963-64	
(i) Sale of Cattle	1.46	1.65	0.82	(i) Pay of Officers	1.73	2.12	2.52
(ii) Sale of Dairy produce.	3.20	3.11	3.87	(ii) Pay of Establishment.	3.54	4.52	5.89
(iii) Sale of Grain and Fodder.	0.13	0.13	0.16	(iii) Allowance & Honoraria.	0.71	1.24	1.60
(iv) Miscellaneous Receipts.	0.31	0.28	1.14	(iv) Feed and upkeep of Cattle	1.98	2.00	2.00
Total Receipts	5.10	5.17	5.99	(v) Other Charges	14.09	18.38	14.17
Excess of Expenditure over Receipts	16.95	23.09	20.19				
	22.05	28.26	26.18		22.05	58.26	26.18

5.113. (b) The preparation of proforma account for Southern Regional Station at Bangalore has also been discontinued with effect from 1962-63 and a Receipts and Expenditure Account as at Karnal is being prepared instead. The following table indicates the working results of the Institute:—

(Rupees in lakhs)

	Receipts		Expenditure		
	1962-63	1963-64	1962-63	1963-64	
(i) Sale of Cattle	0.19	0.03	(i) Pay of Officers	0.70	0.87
(ii) Sale of Dairy produce	1.99	2.12	(ii) Pay of Establishment	2.52	2.75
(iii) Miscellaneous Receipts	0.90	0.37	(iii) Allowances and Honoraria	1.18	1.34
Total Receipts	2.08	2.52	(iv) Feed and Upkeep of Cattle	1.40	1.40
Excess of Expenditure over Receipts	7.57	6.93	(v) Other charges	3.89	3.09
	9.65	9.45		9.65	9.45

No Receipts and Expenditure Account was prepared for 1961-62. The proforma account for the year exhibited a loss of Rs. 72,123 (on revenue account).

5.114. The Committee enquired whether the necessary accounting rules procedure and forms for the proper maintenance of accounts had been prepared. The witness stated that there was some delay in getting an expert from the Office of the Accountant General for framing rules. The person who came was not able to do it and so he was sent back. The work had been taken up by the Accounts Officer and it was expected that it would be done shortly. The Committee enquired why the tabulation of the Profit & Loss Accounts and the Balance Sheet was given up in 1961. The Secretary of the Ministry stated that it was considered that a commercial account need not be maintained because this was not really a commercial scheme and most of it was for research and training. In addition, the institute at Karnal had been running a key village scheme which was more of a demonstration scheme and was not amenable to a Profit and Loss Account. Only a part of it i.e. milk production might be called a commercial account. The witness added that the commercial system of accounting was introduced only much later and not in the initial stage of the institute's establishment. As per instructions of Government, the then Director introduced the system. It was tried for some time and the matter was taken up with the Director of Commercial Audit who was convinced that this institution was not subject to such commercial accounting procedures. Thereafter fresh instructions were issued that they might introduce Income and Expenditure account. The Committee enquired about the difficulties in following the system. The representative of the Ministry stated that it was distribution of expenditure over the three items viz. development, teaching and research. The staff was common. Many of their services were common. The animals used for purpose of teaching research and development were common. It was very difficult to make distinction and say at which point development started, at which point teaching and research started.

5.115. The Committee are sorry to note that the preparation of Profit and Loss Accounts and Balance Sheet was dispensed with without framing the accounting rules, procedure and forms for the proper maintenance of accounts. They feel that the existing system should not have been discontinued till the new system was introduced. Now that an expert officer has been posted, the Committee hope that the accounting rules, procedure and forms would be finalised soon and annual accounts prepared according to the new procedure.

Production—para 3

5.116. Production Statistics.—The following are the statistics relating to production of milk, fodder, etc. for the last three years:—

Particulars	Karnal			Bangalore		
	1961-62	1962-63	1963-64	1961-62	1962-63	1963-64
(1) Total Yield of Milk.	6,58,028 Kilos	6,35,478 Kilos	6,09,417 Kilos	2,53,118 Litres	2,90,783 Litres	2,87,307 Litres
(2) Purchase of Milk and milk products.	1,91,387 Kilos	2,75,189 Kilos	3,31,860 Litres	1,380 Litres	15,533 Litres	1,25,707 Litres
(3) Yield of fodder.	7,865.3 Tons	7,529.3 Tons	7,419.5 Tons	2,943 Tonnes	3,440 Tonnes	3,464 Tonnes
(4) Purchase of concentrated dry fodder for cattle (in rupees).	1,57,237	1,57,260	1,51,825	1,39,146	1,20,135	1,39,99

5.117. The Committee desired to know the reasons for the fall in yield of milk and yield of fodder in 1963-64 at Karnal Institute. The representative of the Ministry stated that the fall in the yield of milk was due to transfer of cattle to the subordinate stations. The Committee desired that a statement might be furnished indicating the per capita yield of milk at National Dairy Research Institute, Karnal and Southern Regional Station at Bangalore. It has been received and is at Appendix XLIV.

5.118. The Statement* furnished by the Ministry shows that there was no increase in the total production of milk during 1963-64 as compared to the previous year at the Southern Regional Station of the National Dairy Research Institute, Bangalore, although the total number of cattle had increased there in that year. The total production remained at 276 metric Tonnes in both the years whereas the number of cattle was 376 in 1962-63 and 427 in 1963-64. The Committee, therefore, would like to know the reasons for the milk production remaining the same in 1963-64 as in 1962-63 even though the number of animals was more in the former year.

5.119. From another statement furnished, the Committee find that while the production of cows milk at the farm during 1963-64 was 4,54,040 litres, it came down to 3,16,799 litres in 1964-65. This of course resulted in more purchase of buffalo milk by open tender @ 75 p. per litre. As the production cost of cow milk at the farm was 50 p. per litre, purchase of extra buffalo milk from market in lieu of cow milk meant a substantial extra expenditure. The Committee would like Government to examine if this extra expenditure

*Not vetted by Audit.

cannot be reduced by suitably augmenting supplies of cows milk at the farm itself or such other remedial measures as they consider necessary.

5.120. As regards making the institute self sufficient in milk, milk products and fodder, the witness stated that they were planning for self sufficiency in fodder at Karnal. During the Fourth Plan period, they wanted to acquire another 1,000 acres of land. But they could not make it self-sufficient in all the concentrates as these could not be produced there in the immediate future. In the long run the Institute might become self-sufficient. He stated that it was better to purchase fodder from outside till such time.

5.121. With regard to self-sufficiency in milk, the witness stated that they had only cows of three breeds viz., Red Sindhia, Tharparkar and Sahiwal. Red Sindhis cows had been transferred to Eastern Regional Stations. In Karnal they had got buffaloes also. For the various researches, buffalo milk had to be purchased from outside over and above the milk produced at the farm. There was no immediate plan to have more buffaloes. But in the Fourth Plan they would be having more buffaloes. The witness was doubtful, if he would be able to find all the milk which he required for the training from the farm itself. In reply to a question, the witness stated that they bought milk only from the key villages and other areas and milk products were all done in the Research and Training Centres. The Committee enquired whether the breeds were purchased at a uniform price. The witness stated that the price was compared to the market price prevailing at that time and then the rate was fixed. So far as milk was concerned, its price was fixed twice a year viz. in lean season and flush season, and that price was made applicable to all the suppliers.

5.122. The Committee desired to know how the quality of milk was ensured. The witness stated that the price was fixed on the basis of fat percentage. A certain percentage of fat content was fixed and a premium was given, depending upon per unit increase. There were pro-rata reductions also for any adulteration or below Sub-standard milk.

5.123. In Bangalore, there was scarcity of land. The farm was rather small. Land values were very high. So, it was a question of balancing the two i.e., advantages of producing fodder at the farm and purchasing it from the market. They were talking up new fodder areas.

5.124. The Committee enquired why at the time when the institute was located in 1923 in Bangalore they did not make provision

for sufficient land which might be required by the institute. The witness stated that during the Second World War they had acquired a certain amount of land at Agaram and nearabout areas. But later on, after the war, the Ministry of Defence re-acquired the land belonging to the institute. Thus they were deprived of a certain area of land. Due to very high prices of land they had not been able to purchase land in that area. The witness added that moreover, in 1923, they never thought that the institute would really become so big as it was now.

5.125. While the Committee hope that the Karnal farm would become self-sufficient in fodder during the Fourth Five Year Plan, they are of the opinion that instead of buying fodder from market and incurring expenditure every year, it would be profitable if the Southern Regional Station of the National Dairy Research Institute, Bangalore, also acquires more land and becomes self-sufficient in fodder. They desire that the economics of making these institutes self-sufficient in fodder or to buy fodder from outside sources should be carefully examined and necessary action taken keeping in view the prevailing market price of land.

Stores—para 4.

5.126. (i) General Stores of the value of Rs. 77,946 were held by the Institute at the end of March, 1964 as against the maximum stock limit of Rs. 50,000 approved by the Government of India in September, 1962 (Karnal).

(ii) No maximum and minimum limits of stores had been fixed for the Institute at Bangalore. The Ministry had informed Audit in December 1964 that the limits would be fixed in due course.

5.127. The Committee desired to know why general stores of the value of Rs. 77,946 were held by the institute at Karnal at the end of March, 1964 as against the maximum stock of Rs. 50,000 approved by Government in September, 1962.

5.128. The Secretary of the Ministry stated that they felt that probably a higher limit would be required for this institution and they were examining the whole matter in consultation with the Ministry of Finance.

5.29. The Committee enquired whether maximum and minimum limits of stores had been fixed for the institute at Bangalore. The witness stated that it had not been fixed. Explaining the reasons for delay in taking the decision, the witness stated that they were examining the increase in price etc. The correspondence was going on. He admitted that it had been inordinately delayed and assured that they would take a decision next month.

5.130. The Committee do not feel happy over the inordinate delay that has already taken place in this matter. They desire that an early decision may be taken in both the cases.

Idle Machinery—para 5.

5.131. (a) Five tractors valued at Rs. 97,075 had been lying idle for want of spare parts for periods ranging between 9 months and 34 months (June, 1964). Foreign exchange equivalent to Rs. 18,000 for the import of spare parts was sanctioned by Government in February, 1962 and the indent was placed in March, 1962. The Director General Supplies and Disposals however, placed the order with the suppliers only in September, 1963. No material has been received so far (Dec. 1964) although the due date of delivery originally specified was 25th October, 1963.

5.132. The Committee desired to know the reasons why the D.G.S. & D. took about 1½ years to place the order for the spare parts. The representative of the Ministry of Industry and Supply (D.G.S. & D) giving the details of the sequence of events stated as follows:

5.133. On 7th March, 1962 the indent was received from the Ministry of Food and Agriculture (Deptt. of Agriculture) in the Office of D. G. S. & D. It was incomplete as the financial sanction was not clearly indicated for foreign exchange. On 20th March, 1962 the indenter was asked to indicate the U.O. No. of the Ministry of Finance sanctioning the foreign exchange and also No-objection Certificate from the Development Wing. On 19th April, 1962 they reminded the Ministry of Agriculture which crossed the Ministry's reply dated 17th April, 1962. On 21st May, 1962 the D.G.S. & D. issued the tender enquiry to the firms in India as these were spare parts to be purchased from the agents handling this type of tractor. On 8th June, 1962 the firm wanted the serial number of the tractors for which spare parts were required. On 18th June, 1962 the indenter was asked to furnish the necessary information direct to the firm under advice to them (D.G.S. & D.). On 27th June, 1962 the firm informed them that they had sent telegram to the indenter to advise serial number of the machine and advised D.G.S. & D. to extend the opening date of the tender until 31st July. Information regarding one model was supplied to the firm on 7th February, 1963 and for the second one on 14th March, 1963. Almost a year was taken by the Ministry of Agriculture in supplying information about the change in the nomenclature of the spare parts as well as the serial number of the tractor. The D.G.S. & D. did not receive the information supplied by the Ministry of Agriculture. The exact date of the letter was not with him but apparently the indenter did

reply to the firm on 9th July, 1962 or probably a few days before that. Just about 9th July, 1962 they must have received the information about the serial number of the tractor. As, after receiving this information, on 16th July, 1962 the firm pointed out the discrepancies about the part numbers of these spares. First the Ministry gave the model and part numbers but the firm asked for the serial number of the tractor, when the serial number was given they probably found that the part numbers did not tally. So the firm pointed out the discrepancies about part numbers of the spares. A copy of this letter dated 16th July, 1962 was also endorsed to the indenter. The indenter was requested on 24th July, 1962 to rectify the discrepancies by providing a fresh and correct list of spare parts required by them. The indenter was reminded with reference to their letter on 7th August, 1962. On 10th August, 1962, the indenter addressed a letter to the firm giving the revised list of spares and also requesting them to send a copy of the spare parts booklet for their reference and record. On 7th September, 1962 the firm was reminded to furnish their quotation on the basis of the indenter's letter of 10th August, 1962. On 7th November, 1962 the firm pointed out further discrepancies relating to spare parts. They, therefore, enclosed a revised list of spares, giving the correct description and part number, as shown in the spare parts catalogue, with a copy of the indent for his perusal and confirmation. On 19th November, 1962 the firm also forwarded a catalogue and sent it to the indenter in order to enable him to prepare revised list of his requirements. On 14th December, 1962, on the basis of the letters received the indenter was requested to revise the list. On 7th January, 1963 the firm addressed a letter to the indenter, drawing attention to their letter and stated that they had not till that date received the revised list of the spare parts. In this connection, they had referred to the visit made by one of their men to the Dairy Office at Karnal. On 23rd January, 1963 the indenter was informed that unless they submitted the revised list of spare parts within 15 days it would be presumed that they were no longer interested in procuring the spare parts and the spares indented would be treated as cancelled.

5.134. On 7th February, 1963 the indenter furnished a revised list of spares but it related to only one type of tractor namely Model 880. The indenter did not submit the list for the other type of tractor namely Model 660. On 16th February, 1963 the firm was asked to submit quotation on the basis of the revised list furnished by the indenter. On 5th March, 1963 another change took place. Until then the D.G.S. & D. were dealing with the firm's Bombay Office. On 5th March, 1963 the firm informed them that in future

the D.G.S. & D. should deal with the firm's New Delhi Office to whom all the relevant papers had been forwarded. On 14th March, 1963, the indenter forwarded the revised list of spare parts for 660 Models. On 23rd March, 1963 the firm was asked to expedite their quotation. The firm informed that they were making a reference to their principals. On 22nd May, 1963 they submitted their quotation.

5.135. In reply to a question, the witness stated that they could not get the import licence because they did not have the actual c.i.f. cost, but only the foreign exchange was sanctioned. He added that while the c.i.f. value of spare parts of the foreign exchange component was Rs. 38,540, they had sanction only for Rs. 18,000. So, they could not order the spare parts unless they were sorted out by the indenter to decide which of them should be ordered to be covered by Rs. 18,000. This inquiry was made from the indenter on 22nd May, 1963. They got the tender on 10th June, 1963. Then the firm requested that the foreign exchange to the extent of Rs. 38,540 might be provided. For the available amount of foreign exchange the indenter forwarded a revised list on 18th June, 1963 of the spare parts, for which the c.i.f. value did not exceed that limit. At that time, a decision was taken that the order would be placed under the rate contract. At that stage some delay took place and that was why the supply order was placed on 7th September, 1963. The Committee enquired the basis on which the original sanction for Rs. 18,000 was obtained. The Secretary of the Ministry of Food and Agriculture stated that the prices appeared to have gone up during this period.

5.136. The Committee pointed out that according to the sequence of events revealed by the representative of the D.G.S. & D., it seemed that the indenter did not know what exactly he was ordering because the indenter did not know either the model number, or catalogue number or even the item number. The Committee enquired in such circumstances how the indenter found out the price. The representative of the Ministry of Agriculture stated that the list was prepared on 6th July, 1961 for sanction of Rs. 18,000 on the basis, which might be wrong, of prices, of spare parts. Broadly this was the volume of foreign exchange required in 1961 for all the spare parts. He added that the sanctioning of foreign exchange took some time.

5.137. The Committee enquired, when it was already delayed by one year, why was it delayed for another three months for the rate contract on the expectation that it would be more beneficial. The representative of the D.G.S. & D. stated that it was difficult to say that now but normally a rate contract was better. Since they

were taking the initiative for negotiating a rate contract, decision was taken that, this should be covered on that basis.

5.138. The Committee desired that a note might be furnished stating why the rate contract system was considered more favourable than the tender system in the import of spare parts of five tractors lying idle at the National Dairy Research Institute, Karnal. The Note* has been received (Appendix XLV).

5.139. The witness further stated that on 7th September, 1963 they placed the order and the delivery was to take place on 31st October, 1963 f.a.s. in America. In three months the spare parts should have been received. When the supplies did not materialise till 31st December, 1963 the indenter informed the firm that they should expedite the supplies. The D.G.S. & D. also reminded the firm.

5.140. The Committee desired to know why, when the order was placed by the D.G.S. & D., the indenter was to persue the supply of the spare parts with the firm. The representative of the D.G.S. & D. stated that when an order was placed in India, they were to persue the matter. When an order was placed abroad, unless they got the intimation, they could not take any followup action, because there was no inspection in America, particularly of spare parts. Otherwise normally, for imported stores if inspection notes were not received in a reasonable time they alerted them. But in the case of America there was no inspection at all for any equipment, much less for spares. He added that this order was placed with the firm in India but for imported stores.

5.141. Asked about action taken between 31st December, 1963 and 13th April, 1964 when the indenter informed the D.G.S. & D. that stores had not been supplied, the witness admitted that between 31st December, 1963 and July, 64 there was a period of inaction on the part of D.G.S. & D. The witness also admitted that the indenter took four months to inform them about non-receipt of spares and the D.G.S. & D. took three months to take up the matter with the firm. Only on 7th July, 1964 they took up strongly with the firm. The firm then advised that the Shippers had not been able to provide a ship to them. The C. A. O., I. S. M. Washington had not been advised that the payment was to be made although the material was lying ready. Then they took it up with the I.S.M. for the shipping and with the Pay and Accounts Officer for asking the C.A.O., I.S.M., Washington to make the payment. The shipment was the responsibility of the firm but on all f.a.s. contracts their

agents there tried to nominate an Indian ship to save foreign exchange. This case was in the period when they wanted to save foreign exchange. He added that perhaps their agents did not nominate because the payment was not made and the payment was not made because perhaps the Pay & Accounts Officer did not give them the information. At one stage the P. & A.O. wanted them to send a certified copy of the supply order which again took some time. In reply to a question, the representative of the D.G.S. & D. stated that they had been advised by the firm in January, 1965 that the goods were lying ready, duly packed in their principal's works, awaiting shipment instructions from D.G.S. & D. freight forwarders M/s Dyson Shipping Co. of U.S.A. and also payment authorisation to I.S.M. for making payment of net ex-works price to their principals. But before that, on 14th August, 1964, the firm had intimated that it had not been possible for them to process the order because clarifications and amendments sought by them had not been issued. The firm also stated that in terms of the agreement it would be for the I.S.M. freight forwarders to take delivery of the stores from the makers' works. The firm had requested their principals to indicate the best delivery they could offer.

5.142. The Committee desired to know whether any action was taken by the D.G.S. & D. to persuade the firm to despatch the goods as the firm had taken more than 15 months against the delivery period of one month. The representative of the D.G.S. & D. stated that the only thing they could do in a case like this where the material was to come from abroad and was a proprietary article and which only that firm could supply, was to go on pressing the firm to expedite delivery.

5.143. The Committee enquired what more details were required in July, 1964 when details had been obtained by July, 1963 and on the basis of that the tender had been accepted and orders placed. The witness stated that the supply order against the rate contract was issued to M/s. Greaves Cotton & Company stating delivery ex-stock, when terms and conditions were still being negotiated with the firm's principals, firm's agents in India, D.G.S. & D. and the I.S.M. Normally, the payment was made in rupees in India convertible into dollars. The Committee enquired how the firm accepted the contract unless the terms and conditions were settled. The representative of the D.G.S. & D. stated that the firm accepted the contract because the terms and conditions of the contract were already under negotiation. The terms of payment were undefined. The order was placed against rate contract. There was the delay in the finalisation of the terms and conditions and then also in the execution of those terms and conditions.

5.144. In reply to a question, the representative of the D.G.S. & D. stated that even now they did not know whether the spares had arrived or not and they did not get any document.

5.145. The representative of the Ministry of Agriculture stated that two of the three cases of the spares had been received in the middle of June, 1965 from Bombay and the other was still expected. The weight of the cases would not be very substantial.

5.146. The Committee were further informed that as the revised list covered only spares for one model (No. 880) that part was covered against the rate contract to the limit of Rs. 18,000 foreign exchange. No spares for the other model (No. 660) were included in this revised list. Now after receiving World Bank Loan for procurement of spare parts fresh rate contracts had been concluded on that basis. The 5 tractors were received in 1959-60 as gift from the T.C.M. They worked till about 1962. Four went out of order in 1962 and one in 1961. Asked if the production of fodder was affected by non-utilisation of these five tractors, the witness stated that there was no particular difficulty in that respect. The Committee enquired why the Ministry did not order the proper spare parts. The Secretary of the Ministry stated that they had ordered the spare parts according to the catalogue numbers. These firms were changing their catalogue numbers. They were the sole suppliers in the country. They did not keep Government informed about these changes. When they informed about the changes, the Ministry had again to submit it and they might have to do it several times. The Committee enquired whether the Ministry approached the T.C.M. for spare parts. The witness replied in the negative. In reply to a question, the witness stated that to give the correct part numbers was the responsibility of the indenter. Asked about the responsibility for the delay after the orders were placed in September, 1963, the representative of the D.G.S. & D. stated that the delay was attributable to the firm.

5.147. The representative of the Ministry of Agriculture informed the Committee that preliminary correspondence was conducted with the suppliers about the requirements of foreign exchange. Apparently the cost had gone up very substantially during these two years. The Committee enquired whether there was any machinery to check up to what extent the cost had gone up. The Secretary of the Ministry stated that in fact at one time they asked the D.G.S. & D. to finalise it and bring it direct from the Oliver Clétrac the manufacturer in America.

5.148. In reply to a question the witness stated that there were 16 tractors in the institute and that the actual need of the tractors would be much more than 16 as the total area in the Institute was 1800 acres. The tractors were needed for transport, ploughing and for harvesting.

5.149 The Committee are unhappy to observe the delays at different stages in this case. It brings credit neither to the Ministry of Food and Agriculture (Department of Agriculture) nor to the Directorate General of Supplies and Disposals. They are sorry to note that from the very beginning the whole case was dealt with in a haphazard and halting manner. From the evidence, the Committee find that none of the parties namely the Department of Agriculture, the Directorate General of Supplies and Disposals and the firm knew what exactly required to be done and naturally it resulted in prolonged correspondence.

5.150 They are unable to appreciate the fact that the order was placed by the Directorate General of Supplies and Disposals with the firm without the finalisation of terms and conditions of the contract.

5.151 It was also stated in evidence by the representative of the Ministry of Food and Agriculture (Department of Agriculture) that they had placed order of the spare parts according to the catalogue numbers available with them. Usually as the firms change their catalogue number and Government were not informed, the orders had to be changed many times. The Committee feel that the delay of about 8 months could have been avoided if the indenter (Deptt. of Agriculture) had placed the order according to the latest catalogue numbers or given the year of the catalogue from which the number was quoted. They feel that had the order been placed directly with the foreign supplier giving the numbers of the spares and the year of the catalogue, the Government would have saved not only lot of time (a few years) but also valuable foreign exchange. The Committee cannot appreciate this waste of time and money lost mainly due to lack of knowledge and vision on the part of officers concerned.

Delhi Milk Scheme—Section XXXVIII, pages 193-194:

5.152. *Working of an Ice Cream Plant:* An Ice Cream Plant (with three units for the production of cups and bars) was installed in February, 1960 for the utilisation of surplus milk at a cost of about

Rs. 3.88 lakhs. The plant had so far been utilised only to a small extent as shown below:—

(Figures in lakhs)

Year	Annual rated capacity (cups and bars, etc.)	Actual production (cups and bars, etc.)	Percentage of actuals to rated capacity
1960-61	57.60	Figures not available	
1961-62	57.60	Do.	Do.
1962-63	57.60	2.05	3.6
1963-64	57.60	2.36	4.1
1964-65 (April to Oct.)	33.60	1.47	4.4

It had been stated that the surplus milk available was generally utilised for the production of butter and ghee, that ice cream had a low priority in the production of by-products and that there was not much surplus of milk during summer. A fuller utilisation of the plant would be possible only if the target of production of milk fixed for the Third Plan was achieved.

5.153 The Committee desired to know how much of the total capacity of the ice-cream plant was utilised during the year 1964-65. The Secretary of the Ministry stated that in 1964-65 against the rated capacity of 57.60 lakhs of cups and bars the total production was only 1.95 lakhs. Explaining the reasons for low utilisation of the plant, the witness stated that the real difficulty was that the plant had to work on an overall input of 7,000 maunds of milk a day. They had not been able to achieve more than 3,500 maunds during summer and that was the period which was most profitable time for ice-cream. Due to shortage of milk the plant could not work to the full capacity. In reply to a question, the witness stated that for the entire ice-cream plant, 2500 litres of milk was required per shift and against that they had used about 100 liters of milk which came to 4%. The Committee enquired whether the comparative economics of making ice-cream or butter or ghee had been worked out. The Secretary of the Ministry stated that ice-cream was the more profitable scheme. Milk Products were much more profitable than milk which was being sold at a subsidised price.

5.154. Explaining the position of supply of milk to the Delhi Milk Scheme, the witness stated that basically milk supply was not done by any one of the dairies or collection agents. The Kurian Committee had pointed out that unless the procurement of milk was done in a planned way, there would be difficulty. The witness added that even before the Kurian Committee gave the advice, they had started

the intensive cattle development under the crash programme—one in Meerut and another in Punjab. Their idea was that they would be able to develop the milk in the milk shed and take it over by the D.M.S. The State Government authorities felt that the DMS were interfering in their States' milk sheds. They were compromising on a 50—50 basis in collection of milk. In Punjab they started the milk collection at Jind. But now the State authorities wanted to put up a milk powder plant very soon and they wanted to take over the milk produced in that area. The real difficulty had been that a large number of milk products factories had come up in Punjab and U.P. Production of milk products was very profitable because butter etc. could be sold any where and the price of the same compared to price of milk was substantially higher. Therefore there was a tendency for milk product factories to spring up in the milk shed areas which created further problems. They could control licensing of units which required more than Rs. 25 lakhs of capital. But, for those which had less than Rs. 25 lakhs capital, there was no licensing. The Ministry was examining this problem of bringing control over these small units by legislation.

The Committee would like to be apprised of the decision taken in the matter.

5.155. In reply to a question, the witness stated that the Kurian Committee had pointed out that the DMS was supplying sub-standard milk.

5.156. The Committee pointed out that the DMS had suffered a loss of Rs. 5.01 lakhs during the period from November, 1959 to 31st March, 1961, Rs. 6 lakhs in 1962-63 and Rs. 23 lakhs in 1963-64 and enquired the reasons for the increase in losses year after year and steps taken to minimise or eliminate these losses. The witness stated that while the selling prices remained the same, the purchase price of milk had gone up as also the rate of dearness allowance paid to staff. The element of subsidy in the milk sold by the DMS was very substantial. During this summer they purchased milk at 84 paise per litre and also paid commission on it. The selling price was 70 paise per litre. The expenditure on processing and distribution was extra. The rate of Commission payable to the contractor varied during the various periods of the year. In the summer, there was a lot of competition for purchase of milk so it was decided to give an increased rate of commission, namely Rs. 3.50 per quintal of milk. During the rest of the year it was Rs. 3 per quintal. Again, during the summer under agreement with the contractors, they paid Rs. 4 per quintal as commission on the quantity of milk supplied over and above 60 per cent of the quantity of such milk supplied by them in the flush season.

5.157. The Committee enquired how much of loss was due to negligence, pilferage or wastage during 1962-63 & 1963-64. The witness stated that there were normal handling losses.

5.158. Asked about the targets of milk procurement for 1964-65 and 1955-56, the witness stated that the targets that they tried to achieve were 7,000 maunds of milk in summer per day. But they had not been able to achieve that figure because of the difficulties namely that the milk shed was now being interfered with by 12 big factories, milk factories & milk products factories which had been taking away the milk at much higher prices. There were also a large number of small manufactories which were also doing this work. They were now organising the work in Meerut, Bulandshahr area in consultation with U.P. Government on half-and-half basis. They were also doing cow milk collection in Bikaner in consultation with the Rajasthan Government on the half-and-half basis. These units would take a little time to develop because for the supply of milk they depended on the contractors. They have to build up a solid base for the milk supply which did not exist. Co-ordinated schemes of the Ministry were now under way. In reply to a question, the witness stated that Government had accepted the Kurian Committee's report generally and many of the recommendations had been translated into action.

5.159. Asked about the action taken to remove the defects pointed out by the Public Accounts Committee in para 131 of their 23rd Report (Third Lok Sabha), the Secretary of the Ministry stated that the basic difficulty was in the structure itself namely, they had to depend on the contractor. They had no connection with the actual producer of milk. This was the point which the Kurian Committee had also specified and asked them to have the Co-operative structure which succeeded very well in the Anand Milk Union Supply Ltd. area. This required the active support of the co-operative structure of the States concerned and the Delhi administration. Within 50 miles of Delhi it had been found that the contractors and the other producers had always an edge over the Delhi Milk Scheme because these were areas where transport into Delhi could be easily arranged by the contractor. Therefore, the Kurian Committee had recommended that they should now spread over their area to 300 miles. Therefore, they were trying to establish the collection centres in Meerut-Bulandshahr Area. They had also gone up to Jind in Karnal and they were going to Bikaner. They were trying to get some milk from the Gujarat Co-operatives on a reasonable basis. The Committee enquired why the Ministry was running the Delhi Milk Scheme instead of the Delhi Administration running it. The witness stated

that the Delhi Administration would not get the co-operation of U.P. or Punjab or Rajasthan.

5.160. In reply to a question, the witness added that they had already taken steps to register Delhi Milk Scheme as a company. The Directors had been selected, the Articles of Association were ready. They were just waiting for acceptance from some of the individuals proposed for the Board of Directors. As soon as this was given, they would go for registration.

5.161. The Committee enquired why the Delhi Milk Scheme was not able to control the supply of milk while in Bombay, the Aarey Milk Scheme did not find any difficulty. The witness stated that the Bombay scheme depended on the heavy support of Amul which happened to be one of the co-operatives which had developed over the years. That was the reason why they were also trying to develop the co-operative structures.

5.162. The Committee desired that a statement might be furnished on the month-wise production of butter and ghee for the last two years. It* has been received (Appendix XLVI).

5.163. The Committee regret to observe that though the Delhi Milk Scheme has been functioning for more than 5 years it has not been able to meet in full the requirements of the people of Delhi and that its plant has been working much below its capacity. The losses of the Delhi Milk Scheme have also been increasing year by year. The amount of the losses was Rs. 5.01 lakhs during the period Nov., 1959 to March 1961; Rs. 6.00 lakhs in 1962-63 and Rs. 23.00 lakhs in 1963-64. The Committee feel that the D. M. S. should make every effort to increase the procurement of milk and also to reduce its losses. They also trust that with the increase in the procurement of milk the ice-cream plant would also work to its full capacity.

5.164. The Committee also hope that with the conversion of Delhi Milk Scheme into a Company, there would be an all-round improvement in its working. The Committee enquired about the action taken by the Ministry in regard to adulterated and unhygienic milk brought into Delhi. The witness stated that they had a number of times taken it up with the Municipal Commissioner. The DMS had provided a van and also laboratory facilities for checking up. They had asked the Administration to take up this matter. The Committee desired that a note might be furnished stating the nature of complaint made by them and action taken and the results achieved. The note has been received and is at Appendix XLVII.

*Not vetted by Audit.

5.165. In the note*, the Ministry of Food and Agriculture (Department of agriculture) have stated that their Ministry had requested the Delhi Municipal Corporation to introduce a vigorous check at the Jamuna Bridge and other suitable points so that milk brought into Delhi satisfied the requirements of prevention of Food Adulteration Rules.

5.166. The Committee are distressed to note that unhygienic unwholesome and adulterated milk is brought to Delhi in large quantities by milk vendors. It is all the more disquieting to note that with their dubious methods, these milk vendors resort to unhealthy competition with Delhi Milk Scheme. Further supply of such milk is a source of danger to the health of public. The Committee feel that the steps taken by the Ministry of Food and Agriculture and Delhi Municipal Corporation to prevent this sad state of affairs have not been adequate. They desire that immediate and effective steps should be taken to prevent the import of unhygienic, unwholesome and adulterated milk in the city.

5.167. During evidence, the Committee were informed that the Kurian Committee had pointed out that the Delhi Milk Scheme was supplying sub-standard milk. The Committee consider this to be a serious matter, specially when a Government Undertaking are responsible for such lapses which are more likely than not to undermine public confidence in the purity of their products. They hope this would be given serious consideration and all remedial steps taken forthwith.

AUDIT REPORT ON THE ACCOUNTS OF THE INDIAN CENTRAL COCONUT
COMMITTEE FOR THE YEAR 1963-64.

5.168. The main source of income of the Committee is the amount it receives from the Government of India, as the net proceeds of the cess levied under Section (3) of the Indian Coconut Committee Act, 1944. A sum of Rs. 8.29 lakhs was received by the Committee from this source during 1963-64. The Committee also received grants amounting to Rs. 3 lakhs from Government of India for the Coconut Research Schemes under the Third Five Year Plan and Rs. 0.92 lakh from the American Embassy, New Delhi under P.L. 480 Schemes.

5.169. The Schemes undertaken by the Committee include the running of two Research Stations, in Kerala State and a scheme for the procurement and supply of seed coconuts to State Governments. In addition, grants-in-aid are given to institutions and State Governments for schemes sponsored by them. The schemes undertaken by Government departments include the running of Regional Research

*Not vetted by Audit.

Stations, schemes for investigation and control of coconut diseases pilot scheme for the correct estimation of area and yield of coconuts etc.

5.170. A broad analysis of the receipts and payments of the Committee for the four years ending 1963-64 is given below:—

(Rupees in lakhs)

Receipts					Payments				
Particulars	1960-61	61-62	62-63	63-64	Particulars	1960-61	61-62	62-63	63-64
Opening Balance	10.71	11.91	11.93	15.18	Administrative Expenditure.	1.55	1.75	1.83	1.94
Advances—recoverable	0.74	1.51	1.31	1.35	Research & other Schemes.				
Amount transferred to the Committee by the Govt. of India representing the proceeds of Coconut cess.	6.46	10.29	11.78	8.29	1. Schemes undertaken by the Committee	8.48	8.89	9.27	10.25
Grant from Govt. of India.	7.61	3.21	3.30	3.00	2. Grants-in-aid given to:—				
Other receipts	2.21	2.55	2.55	2.41	a. Depths of State Govts.	4.08	2.75	2.56	2.68
					b. Non-Govt. Institutions including those sponsored by State Govts.	0.27	0.05	0.05	0.08
					Other Miscellaneous Expenditure.	0.20	0.61	0.33	0.31
					Refund of balance of grant received from Govt. of India		1.69	0.53	0.16
					Advances recoverable.	1.01	1.31	1.54	0.17
					Closing Balance	11.91	11.93	15.18	14.54
TOTAL	27.83	29.70	30.90	30.21	TOTAL	27.83	29.70	30.90	30.21

5.171. The proper utilisation of grants-in-aid paid by the Committee watched through:—

(a) audit certificates from the Accountants General in respect of Government departments and other bodies, the audit of which has been entrusted to them and from professional auditors in other cases, regarding the utilisation of the grants-in-aid, and

(b) grant-in-aid statements from State Government departments showing the sums allotted, actual expenditure incurred, outstanding liabilities and unspent balance.

5.172. It was observed that these audit certificates and grant-in-aid statements covering amounts of Rs. 6.90 lakhs and Rs. 5.97 lakhs respectively were due to the Committee (December, 1964) in respect of grants-in-aid paid by it from 1957-58 to 1963-64 as shown in the Statement below:

1. Audit Certificates yet to be received

(Rupees in lakhs)

Name of State	1957-58	58-59	59-60	60-61	61-62	62-63	63-64	Remarks
Andhra Pradesh			0.40	0.54	0.33	0.48	0.42	In respect of Schemes undertaken by the State Govts. the issue of Audit Certificates is pending mainly due to the delay on the part of the Govt. departments in furnishing statements of expenditure and other relevant information to the respective Accountants General
Assam		0.09	0.14	0.09			0.32	
Kerala		0.09	0.63	0.50			0.05	
Maharashtra			0.07	0.13		0.18	0.02	
Orissa	0.27	0.16	0.19	0.10	0.09			
West Bengal		0.03	0.02	0.01		0.18	0.27	
Madras						0.12	0.17	
Mysore							0.75	

2. Grant-in-aid statements still to be obtained from Government Departments

(Rupees in Lakhs)

Name of State	Regional Coconut, Research Station		Coconut Nurseries		Miscellaneous Schemes	
	Year	Amount	Year	Amount	Year	Amount
Kerala	1960-61	0.12	1958-59	1.09	1960-61	0.51
Andhra Pradesh	1958-59	0.24	1960-61		& 1963-64	1.64
Maharashtra	1959-60	0.20	1959-60	0.21	1963-64	0.20
West Bengal	1960-61		Nil		1963-64	0.27
Madras	1962-63	0.11			1959-60	0.42
Mysore	1963-64	0.47			1960-61	
					&	
					1962-63	
					1963-64	
					1963-63	0.47
					1963-64	

5.173. Effective steps are called for to ensure that the Audit Certificates and grants-in-aid statements are received promptly.

5.174. With regard to the outstanding audit certificates and grant-in-aid statements, the witness stated that audit certificates covering an amount of Rs. 5.47 lakhs were still pending. In respect of grant-in-aid statements balance pending was Rs. 3.94 lakhs. Referring to para 30 of their 35th Report (Third Lok Sabha) the Committee desired to know the progress made in the clearance of old cases. The witness stated that they had to depend upon the local Accountants General for clearance of these accounts. If they tried to send round the party to each of the State and to each of the institute, probably the expenditure would be prohibitive.

5.175. The Committee reiterate their earlier recommendation made in para 30 of their 35th Report (Third Lok Sabha) that more effective steps should be taken to obtain audit certificates and grant-in-aid statements promptly. The Committee desire that if even after vigorous efforts, the Indian Central Coconut Committee is not able to obtain audit certificates and grant-in-aid statements, the question of stopping further grants may be considered.

5.176. The Committee enquired the reasons for the considerable reduction in receipts during 1963-64 (from Rs. 1.19.956 in 1962-63 to Rs. 200 in 1963-64) inspite of the fact that the expenditure had gone up by about Rs. 96,000 during the year (from Rs. 1,85,416 to Rs. 2,81,697) in respect of the 'scheme for the procurement and supply of seed Coconuts to states' worked at the Coconut Research Station, Kasargod. The Secretary of the Ministry stated that during 1964 and 1965 the State Governments of West Bengal and Assam indented for 2,46,000 and 80,000 seeds respectively. The Ministry considered that the continuance of the scheme under the Central Coconut Committee was not justified and the State Government should negotiate with a Director of Agriculture (Kerala) direct. However, in order to enable the Coconut Committee to fulfil the commitments already made, the scheme was extended upto 31st July, 1965 and instructions were issued to clear the outstanding indents by that date. The Committee enquired the reasons for less receipts in 1963-64. The witness stated that Rs. 1.37 lakhs and odd was received from the State Government by cheques and drafts but they could not be credited during the year. They were credited in the next year.

5.177. The Committee pointed out that from Receipts & Payments Accounts they found that the receipts from publication and the

expenditure on publicity and propaganda during 1962-63 and 1963-64 were as follows:—

	1962-63	1963-64
	Rs.	Rs.
Receipts	22,357	7,427
Expenditure	33,074	30,750

The Committee enquired the reasons for the considerable reduction in receipts from publication during 1963-64. The witness stated that the sale of publications went down in 1963-64. He added that probably saturation had been reached for the book, *Coconut Monographs*. The cost of this Monograph was Rs. 44 per copy.

5.178. The Committee desire that ways and means to promote the sale of publications may be found out. In this connection they would like the Indian Central Coconut Committee to examine the feasibility of reducing the price of such publications which are not much in demand so that their sale may be pushed up.

AUDIT REPORT ON THE ACCOUNTS OF THE INDIAN CENTRAL ARECANUT
COMMITTEE FOR THE YEAR 1963-64.

Loss in Seedlings—para 3.

5.179. The measures for the improvement of cultivation of arecanut included distribution of quality seedlings through the Aracanut Research Stations run by the Aracanut Committee. In the Regional Aracanut Research Station at Mohitnagar which started research activities in 1961-62, heavy damages to seedlings during the period 1961-62 to April, 1963 resulted in a loss of 140065 seedlings valued at Rs. 18,208. It was reported by the Committee in September, 1964, that the loss of seedlings was due to adverse weather conditions, undeveloped nature of land, lack of irrigation facilities and growth of 'Khans' grass.

5.180. With regard to a loss of Rs. 18,208 due to heavy damages to seedlings, the witness stated that in 1961-62 and 1962-63 the Mohitnagar Research Station, West Bengal reported severe casualties due to acute drought, hail storm, lack of irrigation facilities and growth of Khans grass. They had taken up the provision of irrigation facilities through a channel from the adjacent seed farm of the State Government. For the control of growth of Khans grass, the specialists were working on that problem.

5.181. The Committee feel that the suitability of the site for the establishment of this Research station was not properly examined before setting it up, and that was why there was heavy loss of seedlings. They hope such losses will be strictly avoided and sites for Research station of this type will be selected after proper survey.

**AUDIT REPORT ON THE ACCOUNTS ON THE INDIAN CENTRAL JUTE
COMMITTEE FOR THE YEAR 1963-64**

Irrigation Tubewell Long Remaining Inoperative—para 3

5.182. With a view to raising the production of Jute seeds through tubewell irrigation a deep tubewell was sunk in the Panagarh Jute Seed Farm in July, 1962 at a cost of Rs. 32,000. A pumping set with accessories and electric motor was purchased at a cost of Rs. 11,184 after about 9 months in March, 1963 on the expectation of availability of power from a proposed nearby installation of the State Electricity Board. As the supply of power by the Board was not assured in the near future, it was decided by the Committee in December, 1963 to operate the tubewell with diesel power as an interim arrangement and accordingly, additional equipments including one diesel engine were purchased in July, 1964 at a cost of Rs. 10,691. The Tubewell has not, however, been commissioned (December, 1964) since installation of the pumping set with diesel engine was held up owing to delay in the construction of the pump house, surge tank and irrigation pipe lines by the C.P.W.D. In all Rs. 53,875 have been spent so far (December, 1964) without any benefit being derived from the tubewell purchased about 2½ years ago.

5.183. According to Government (January, 1965) the delay in starting other ancillary works for commissioning of the Tubewell, is mainly due to delay in obtaining the relevant estimates from the C.P.W.D., one received in November, 1964 was considered on the high side and had to be referred back (December, 1964) for revision as a matter of economy.

5.184. The witness stated in evidence that in December, 1960, the Secretary, Indian Central Jute Committee, asked for estimates for the tubewell and electrification of the farm. The estimates were received in July, 1961. The C.P.W.D. was approached in August, 1961, for construction of Pump House and Irrigation Channel. Sanction was recorded by Government in June, 1962. In July, 1962, sinking of tubewell was completed. The C.P.W.D. having failed to furnish estimates for pump house, irrigation Channel etc. up to November-December, 1962, tenders for departmental construction were invited. In July, 1963, estimates for Pump House and Operator's quarter were received from C.P.W.D. In August, 1963, sanction was accorded for construction of Pump House and tank. As the State Electricity Board intimated that electricity supply would be delayed, the Jute Committee decided to purchase a diesel engine for running the tubewell. Upto December, 1963—, the C.P.W.D. did not submit estimate for irrigation channel etc. Between October and November, 1964, the C.P.W.D. submitted revised estimates for Pump

House and construction of surge-tank and irrigation pipe line. In December, 1964, estimates for construction of Surge-tanks and irrigation pipe line were referred to Government for sanction. The Ministry of Finance desired that the possibility of reducing the estimated cost of the works in the interest of economy be explored. Revised Estimates for Pump House and Operators quarters were referred to Government between February and March, 1965, for approval. The Secretary of the Jute Committee intimated between April and May, 1965 that there was no scope in reduction of estimated cost of construction of Surge tank and irrigation pipe line. There after Government approved the estimates.

5.185. The Committee are constrained to observe that in this case delay had occurred at every stage. Initially the expectation that the power would be available soon did not materialise and as such an expenditure of Rs. 11,000 on the purchase of electric motor was rendered infructuous temporarily. Later, when diesel engine was purchased at a cost of Rs. 10,691 in July 1964, the pump house, surge-tank and irrigation pipe line were not ready. The Central Public Works Department, also took abnormally long period in furnishing estimates for pump house etc. The execution of the work was thus not planned properly. The Committee hope that the work will now be completed promptly and such delays strictly avoided in future.

**AUDIT REPORT ON THE ACCOUNTS OF THE INDIAN LAC CESS COMMITTEE
FOR THE YEAR 1963-64**

Para 4—

5.186. According to Rule 22(1) of the Indian Lac Cess Rules, the Lac Cess Committee, is required to arrange for the inspection of the work of the Institute by a Review Committee, once in every three years, but the Central Government is empowered to direct the postponement of the Inspection for such period as it thinks fit. The Reviewing Committee appointed by the Central Government in 1956 presented its report in the same year. Thereafter, no Review Committee was appointed.

The Committee desired to know the reasons for not conducting the three year review after 1956. The Secretary of the Ministry stated that the last Review Committee was appointed in May, 1956, which submitted its report the same year. The next review was to be taken in 1959. In February, 1959, the Governing Body of the Indian Lac Cess Committee resolved that in view of the fact that the recommendations of the previous Review Committee appointed

in 1956 had not been fully implemented and the research and development programmes to be included in the Third Plan for Lac being under consideration, Government of India be requested to postpone appointment of the next Review Committee for at least two years. The Government of India agreed to the postponement.

5.187. In 1961, subsequent action on the appointment of a Review Committee was initiated. As proposals for the reorganisation of the Commodity Committee were under consideration, the appointment of the Review Committee was kept pending. There was also delay of one year in the appointment of the Director of the Lac Cess Committee. The Committee desired that a note might be furnished stating the names of various Commodity Committees which were to be wound up and to whom their work was to be entrusted. The note has been received and is at Appendix XLVIII.

5.188. The Committee would like to know why the recommendations of the Review Committee appointed in 1956 were not fully implemented by 1959. They would also like to know if the recommendations have since been implemented in full.

5.189. The Committee hope that with the abolition of the various Commodity Committees it would be ensured that all duplication of work and efforts in research and development would cease and there would be proper co-ordination with the States in this matter.

VI
MINISTRY OF FOOD AND AGRICULTURE
 (DEPARTMENT OF FOOD)

Scheme for the purchase of Foodgrains—Para 68, page 84

The State Trading Scheme for the Purchase of Foodgrains introduced in 1943-44 continued during the year 1963-64. The proforma accounts for 1963-64 are enclosed in Appendix XLIX.

6.2. A broad analysis of the transactions during the year 1963-64 is given below:

	Quantity (in lakh tonnes)	Value (in crores of rupees)		Quantity (in lakh tonnes)	Value (in crores of rupees)
<i>Opening stock :</i>			<i>Sales</i>	60.19	240.05
Book balance	20.19		Loss in distribution :		
Storage losses awaiting write off	0.16		Storage losses written off	0.09	
Purchases (including freight, incidental and direct charges)	53.23	235.89	Transit Losses	0.16*	0.54
Deduct cost of short-handed quantity charged to insurance	(—)	0.69	Closing Stock :		
Indirect expenses**		6.11	Book balance (excluding damaged grain)	12.85	
Interest on Capital		5.71	Damaged grain	0.18	
			Storage losses awaiting write off	0.11	54.04
			Loss on transactions (including value of grain lost in transit and in distribution)		33.88
Total	73.58	328.51	Total	73.58	328.51

*Transit losses during the year	29,439	tonnes
Less transit losses charged in excess during 1963-63	13,746	tonnes
Net	15,693	tonnes
**Directorates of Food	Rs. 3.43	crores
Expenditure on the maintenance of godowns	Rs. 2.20	crores
Miscellaneous	Rs. 0.48	crores
	Rs. 6.11	crores

6.3. The Committee invited the attention of the representative of the Ministry to the fact that during 1963-64 the Scheme showed a loss of Rs. 33.88 crores against a turn-over of Rs. 240.05 crores (worth of sales) the percentage of loss being 14:11. The Committee pointed out that the total loss of Rs.33.88 crores incurred was partly due to a deliberate subsidy given in pursuance of the Government decision to sell foodgrains at a particular price and desired to know what other elements had accounted for the loss. The witness explained that other elements of the loss were on account of transit and storage and also the cost of running the whole scheme.

6.4 The witness gave the following break-up of the figure of loss of Rs. 33.88 crores during 1963-64:

(Rupees in crores).

Loss in the sale of foodgrains which was the difference between the cost and sales price	20.93
Loss on account of transit and storage	1.13
Cost of incidentals (which included establishment charges).	6.11
Interest on capital	5.71
	33.88

6.5 The witness admitted that the amount of Rs. 20.93 crores was entirely a subsidy given to the consumers and it did not include any element of loss. The physical loss of foodgrain was fairly reflected in the figure of Rs. 1.13 crores.

6.6 In reply to a question the witness stated that losses on account of transit and storage during the years 1960-61 to 1963-64 were as follows:

1960-61	....	Ra. 1.99 crores.
1961-62	....	Ra. 64.27 lakhs.
1962-63	....	Ra. 1.93 crores.
1963-64	....	Ra. 1.13 crores (approximately).

6.7 Explaining the reasons for the variation in the figures from year to year the witness stated that it was dependent on the total quantities handled which varied from year to year. The percentage of storage losses was as shown below:

1961-62	....	0.182
1962-63	....	0.247
1963-64	....	0.186

6.8 Explaining why the figures in 1962-63 had substantially gone up, the witness stated that it was because during that year there were very large quantities of foodgrains in storage. The quantum of wheat held in stock was about 2 million tonnes. There was not much demand for this wheat and it was only from 1963 onwards that those stocks got reduced because of the failure of the crops. The witness stated that these losses were brought into account only after they were written off and they might pertain to the stock of an earlier year. When the Committee pointed out that in that case no comparison of figures was possible and therefore no conclusion could be arrived at, the witness stated that the average losses could be ascertained from the figures over a period of four or five years and a broad conclusion could be arrived at.

6.9. From the figures furnished in evidence, the Committee find that the percentage of storage losses in 1963-64 was 0.186 which was no doubt less than the previous year but was still higher than the figure of 0.182 for 1961-62. The quantity of foodgrains lost in transit, storage and due to theft etc. was 42,649 tonnes in the year 1962-63 and 29,439 tonnes in the year 1963-64. In view of the prevailing shortage of the foodgrains in the country, the Committee desire that loss in transit and storage should be reduced to the minimum.

6.10 The Committee desired to have the break-up of the amount of subsidy of Rs. 20.93 crores given to the consumers on the sale of foodgrains i.e. what was the purchase and sale price of wheat etc. which resulted in giving subsidy to this extent and what was the purchase and sale price of rice. The witness stated that during 1963-64 the cost price of wheat was Rs. 42.63 per quintal while the issue price was Rs. 37.51 and the amount of subsidy given per quintal was Rs. 5.12. (The subsidy of Rs. 5.12p. per quintal of wheat included all charges e.g. interest on capital, establishment etc.) The total amount of subsidy given on wheat was roughly Rs. 20 crores. As regards rice the witness stated that its cost price varied in 1963-64 from Rs. 52.99 to Rs. 77.97 per quintal and the issue price was Rs. 42.87. In a subsequent note the Ministry have stated that on an average a subsidy of Rs. 12.32 per quintal was given on the sale of rice during 1963-64. The total quantity of rice sold during 1963-64 was 11,78,719 tonnes. Only a part of this quantity of rice representing coarse varieties was subsidised. The amount of subsidy was Rs. 13.95 crores involving a quantity of 11.32 lakh tonnes. The Committee note that the element of subsidy on rice is more than double that of wheat.

6.11. The Committee would reiterate their earlier recommendation made in para 34 of the 35th Report (Third Lok Sabha) and desire that

the Ministry should show separately the element of subsidy and the value of grain lost in transit and distribution under the column 'Losses on transactions' in the Proforma Accounts.

Sales—para 68(A), Page 85.

6.12 Despatch advices in respect of sales made to Government consignees and sale accounts in respect of sales to private parties have not yet been received by the Chief Pay and Accounts Officer, to the extent of Rs. 24.40 crores (October, 1964). Credits for such sales have been taken in the proforma accounts in anticipation of the receipt of the sale documents. Similar credits had been taken in the proforma accounts of the earlier years also, as shown below:

Amount (In crores of rupees)

1961-62	..	..	14.67
1962-63	..	..	12.83

6.13 In December, 1963, the Chief Pay and Accounts Officer agreed that a record would be maintained to verify the subsequent receipt of the sale documents and the consequential adjustments in the account. The account was not complete even in November, 1964.

6.14 As regards the despatch advices in respect of sales, the witness stated that the outstanding for the year 1963-64 amounted to Rs. 2.43 crores at present and for 1961-62 and 1962-63, it was Rs. 1.07 crores and Rs. 0.92 crores respectively. Asked to explain the difficulties experienced in reconciling the figures for 1961-62 and for the prior period, the witness stated that they were doing their best to impress upon the Regional Directors of Food to reconcile and find out why the despatch advices had not been sent. He further added that a quarterly statement to watch the progress of the admission of despatch advices had been prescribed. He, however, conceded that they were not satisfied with the explanation given for the non-despatch. The Regional Directors were informed at a Conference "that since despatch advice was very important from the point of view of the subsequent costing of the accounts, disciplinary action, as a matter of course should be taken against a depot which did not despatch them within a fortnight." As a result of all these measures there had been improvement though there was scope for further improvement.

6.15 The witness stated that the main default was in the eastern region where there were 143 cases, whereas in the Western, Southern and Northern regions the pending cases were 28, 2 and 11 respectively. In respect of some other items like transit and storage losses, there

had been accumulation in the eastern region, and a squad had been created to ensure that past accounts regarding storage or despatch advice or inter-depot transfers were regularised as quickly as possible.

6.16. The Committee are constrained to find that despatch advices, which are essential documents for adjustment of sale accounts in respect of sales even for the period 1961-62 to 1962-63 involving a sum of nearly two crores of rupees remain to be reconciled.

6.17 The Committee would like to emphasise that the steps already taken by the Ministry to expedite the matter should be vigorously followed and in the light of experience gained suitable changes made in the procedure so that reconciliation of figures is not delayed. The Committee are distressed to note that such accumulations were mainly in the Eastern region. They have also observed that the number of losses relating to transit and storage of foodgrains was by far the highest in the Eastern Region. They are, therefore, of the opinion that the administrative machinery in the Eastern region should be tightened with a view to improve the position. The Committee would also like to be informed of the progress made by the squad in liquidating the backlog of arrears in regard to past accounts.

Loss in Distribution—Para 68(B), pages 85-86

Storage Losses:

6.18 The accounts for 1962-63 showed a closing stock of 1,430 tonnes of Milo, which was stated to include a storage loss of 974 tonnes awaiting write off. It was stated in January, 1965 that the correct quantity of storage loss was 1,418 tonnes as at the end of 1962-63. Of this quantity, 498 tonnes had been written off so far; the balance 920 tonnes awaited investigation and regularisation even in January, 1965.

6.19 The Committee pointed out that at the time of preparing the accounts for the year 1962-63, it was known that 1,430 tonnes of milo was not in stock because it included 974 tonnes which were awaiting write off and enquired how in the circumstances, it could be included in the closing stock and felt that inclusion of such figures in the accounts would not reflect the correct financial position.

6.20 The witness stated that the loss of milo from storage related to a quantity of 34,000 tonnes which was imported in 1960-61 and there were no further imports in 1961-62 and 1962-63 and these distributions were spread over 3 years. The witness also stated

that in the proforma accounts for the year 1962-63, a quantity of 974 tonnes was shown as storage loss, which was not abnormal, but on actual physical verification and investigation afterwards it was noticed that actually there was no physical balance and the loss was to the extent of the entire quantity of 1,430 tonnes but for a small quantity of 12 tonnes of damaged grains which was really a storage loss and had to be regularised. As regards the present position, out of 1,430 tonnes, the quantity of 408 tonnes was written off as storage loss during the year 1963-64 and a loss of 252 tonnes was regularised, leaving a balance of 770 tonnes. All possible steps were being taken to regularise it and write off the loss as quickly as possible.

6.21 The witness further stated that so long as any item was not written off, it was included in the stock in hand, because the Pay & Accounts Office did not know whether it would be recovered or written off and as long as it was not written off the PAO would not take cognisance of it. The Committee invited the attention of the witness to a foot note at page 84 of the Audit Report (Civil), 1965 wherein the transit losses during the year were shown as 29,439 tonnes less transit losses charged in excess during 1962-63 as 13,746 tonnes and felt that under the prevailing system of account the correct position in regard to the present year or the previous year would not be known. The witness stated that the foot note reflected an error and a double entry was passed in the last year and the same has been corrected now.

6.22 The Committee referred to the statement on page 84 of the Audit Report which included a column "Storage losses awaiting write off" which obviously included milo. Explaining how the figure was arrived at, the witness stated that whenever there was a loss in storage it had to be investigated before it could be written off or otherwise regularised. Until that process was completed this figure was shown in the accounts in the remarks column of the ledger but it continued to form part of the closing balance of the stock in the accounts also. The depot officers would indicate in the monthly stock accounts submitted to the Pay & Accounts Office the quantity of storage loss which was awaiting regularisation. Similarly on that basis in the proforma accounts in the opening balance the figure was given of storage losses which awaited regularisation. They were included in the opening balance as also in the closing balance and they would be removed only after they had been dealt with for regularisation either by write off or by recovery from the parties responsible for the loss. The Committee feel that it is not quite correct to show a stock which does not physically exist in the closing balance. They desire that the Ministry should further examine this

point in consultation with the Comptroller and Auditor General with a view to exhibiting these non-existing stocks separately in the pro-forma accounts.

Transit Losses:

6.23. The Committee desired to know the present position regarding losses in transit aggregating 15,693 tonnes of foodgrains which awaited regularisation and also whether there were cases where individuals were held responsible for the losses. The witness stated that out of a total loss of about 31,705 tonnes, regularisation had been effected in respect of 9,567 tonnes, leaving a balance of about 22,000 tonnes which was being investigated and that the same would be regularised as soon as possible. He further added that there had been quite a number of cases in which individual contractors were responsible for road transit losses and recoveries to the extent of more than Rs. 2 lakhs had been effected. In a few cases there were 2 or 3 departmental enquiries against officials on the charge of manipulation of transit losses. In reply to a question the witness stated that the transit losses for the year 1962-63 were 31,757 tonnes while for the year 1963-64 the quantity lost was 31,705 tonnes.

6.24. The Committee would like to be informed of the results of the Departmental enquiries against officials on the charge of manipulation of transit losses. They feel that strict action should be taken in such cases with a view to avoid their recurrence. The Ministry should also examine if there is any loophole in the procedure, which resulted in manipulation of transit losses by employees in some cases, and they should try to plug those loopholes.

6.25. The Committee pointed out that at the end of November, 1964 the number of cases involving an amount of Rs. 15.49 lakhs of transit losses related to the period upto 1963 and cases pending settlement with the Railways were 3,043. The cases which related to the period for and upto 1959 were 612, involving an amount of Rs. 490 lakhs, constituting 20 per cent of the total number of cases pending for more than five years. The Committee after inviting the attention of the witness to para 40 of their 35th Report (Third Lok Sabha) wherein the Committee had urged to settle outstanding claims at an early date, desired to know the present position, whether Government had tried to sort out this problem with the Railways at a high level and whether there were any cases where claims had been rejected by the Railways owing to the fact that they were time barred. The witness stated that out of 5,715 cases involving an amount of Rs. 34 lakhs, the number was brought down to 1,952 covering a total amount of Rs. 12 lakhs as on 1st June, 1965. 3,763 more cases had been settled during the interval. The witness also added that they were continuously taking up the question of

expeditious disposal of the cases with the Railways at the highest level and there had been substantial progress recently. In reply to a question the witness stated that the outstanding claims upto 1,959 were 1,112 out of which 812 cases had been settled upto 1st June, 1965 and the number of cases pending was 300. The Committee desired to be furnished with a statement showing the amount realised from the Railways out of the 812 cases relating to transit losses which had since been settled. The Ministry have stated that out of 812 claims amounting to Rs. 3,30,647; 109 claims amounting to Rs. 21,343 had been accepted by the Railways for payment and the rest of the cases had been dropped.

6.26 As regards rejection of claims due to delayed submission, the witness stated that there was hardly any case where the claim was not preferred originally in time. In respect of all the cases where there were shortage at the destination, claims were preferred by the Depot officer but there were cases where claims were not pursued vigorously with the Railways in the past. Lately, the work in regard to the preferring of claims had been centralised so that further pursuing was done by the regional Director's office instead of by the depots themselves. In some cases the Railways had taken a stand that because the claims had not been pursued for a long time, the records were destroyed by them and it was difficult to settle the claims. Out of 1,952 cases, some were such where for want of records claims could not be settled. The cases were being pursued and the witness felt that in the long run these cases would have to be dropped or might have to be adjusted against certain excess deliveries made by the Railways. As regards the cases relating to missing wagons, the witness stated that out of the total outstanding cases on 1st June 1965, 59 were such where wagons had got unconnected and were delivered at other stations. He added that he had taken up the matter specially with the Railway Board who had issued instructions that wagons should be connected as quickly as possible and delivery made so that claims could be settled forthwith. The Railway authorities were proposing to set up some machinery to settle all these matters.

6.27 Explaining the circumstances under which the work of preferring claims was centralised at the Regional Director's Office, the witness stated that prior to the change the depots were more or less pursuing these claims on their own. In 1963 it was found that the work was not being done satisfactorily as the depots were not able to maintain separate files for each claim and most of the tenable claims were not being pursued properly and the cases were going by default. After further examination, it was decided to concentrate this work in Regional Director's Office so that a watch could be kept on each and every claim. As regards the procedure followed in filing claims,

the witness stated that the depots had been instructed to prefer claims as soon as shortage came to their notice. He further added that all the 812 cases were old cases where further action was not taken by the depots in the proper manner and the Directorate had to take up the old papers and start files afresh and had to take up matters afresh with the Railways. None of these claims had been dropped by the Ministry. Answering a question whether the Ministry was able to settle the claims with the Zonal Railway Headquarters who had finally to decide the claims the witness stated that difficulties had arisen only with one Railway who had taken an unreasonable attitude in settling the claims. However, the Ministry was able to convince the Railway Board about the correctness of their stand. There were instances where the attitude of the Railways had been reversed by the Railway Board.

6.28. The Committee regret to note that only 812 cases out of a total of 1,112 outstanding claims pertaining to the period prior to 1959 were settled upto 1st June, 1965 and that the number of cases pending still remained 300. It is all the more distressing to note that out of 812 claims amounting to Rs. 3,30,647, 109 claims amounting to Rs. 21,343 have only been accepted by Railways for payment and the rest of 703 cases have been dropped. Apparently this shows that the cases were not pursued promptly and with the passage of time it became all the more difficult to settle them. No wonder in some cases the Railways took a stand that the claims had not been pursued for a long time and that the records had been destroyed by them and it was difficult for them to settle the claims. The Committee suggest that the Ministry should examine the causes for rejection of 703 claims involving an amount of Rs. 3,09,304 with a view to find out the defects in the procedure and also fixing responsibility for not pursuing them vigorously. They also desire that all outstanding cases should now be pursued vigorously and an effective watch should be kept over the outstanding claims. The Committee hope that with the centralisation of work of preferring claims in the Regional Director's Office, the claims would be got settled more expeditiously.

Closing stock—Para 68(C), page 86

Quantity	13.14 lakh tonnes
Value	Rs. 54.24 crores

(i) The closing stock has been worked out arithmetically by adding together the figures of opening balance and of receipts and deducting the issues during the year; it has not been proved by reconciliation with the ground balances. A physical verification of stock held in the various depots as on 31st March, 1963 disclosed a net shortage of 14,368 tonnes of foodgrains valued at Rs. 0.53 crore. The shortage still remains to be reconciled (November, 1964).

(ii) The closing stock of 13.14 lakh tonnes includes 1.34 lakh tonnes stated to be in transit as on 31st March, 1964. Out of this, a quantity of 1.03 lakh tonnes is stated to have since been accounted for in the subsequent period; the balance of 0.31 lakh tonnes still remains to be linked (January, 1965).

(iii) Stocks involving 17,556 tonnes of damaged foodgrains included in the closing stock have been valued at prices applicable to sound grain.

6.30. The Committee desired to know the present position regarding the shortage of 14,368 tonnes of foodgrains valued at Rs. 0.53 crore disclosed after a physical verification of stock held in the various depots as on 31st March, 1963 and not reconciled till November, 1964. They also desired to know whether physical verification of stock in respect of all the depots was made during 1963-64 and 1964-65 and if so, the total shortage that came to light. The witness stated that the physical verification which was carried out on 31st March, 1963 showed a total shortage of 16,131 tonnes and an excess of 1,763 tonnes. The net loss, therefore, was 14,368 tonnes. As a result of the issue of stocks, shortages noticed at the time of physical verification had been reduced and the latest position was that as against the shortage of 16,131 tonnes detected at the time of physical verification, the real loss which had been established after issue of stocks was 7,121 tonnes. The Committee wanted to know how the figure of loss was arrived at the time of physical verification, the real loss which had been established after issue of stocks was 7,121 tonnes. The Committee wanted to know how the figure of loss arrived at the time of physical verification was reduced later on. The witness stated that at the time of physical verification, every bag in the godown was not verified. In respect of non-standardized bags there was a cent per cent weighment and in respect of standardized bags 10% was weighed. So far as the total quantity of bags and the number of bags in the godowns were concerned, 5% or 5,000 tonnes which ever was greater was weighed and cent per cent weighment was not done at the time of physical verification. As regards the variation in the figure of loss the Committee were informed that at the time of issue of stocks a cent per cent weighment was done. The witness conceded that mistakes could be discovered only at the time of actual issue of stocks and admitted that the system of physical verification in vogue was not very satisfactory. He also stressed that physical verification of every bag in the godown was a gigantic operation which involved weighment and suspension of work. The Committee pointed out that the purpose of physical verification was to verify whether the book balances were correct or not and if a system of verification

did not help to assess the correct position the purpose of physical verification was lost. The witness stated that the verification served as a check on the godown and it also ensured that there was no malpractice or big disparity between the book balances and the physically verified balances. There upon the Committee observed that from the point of view of accountancy a satisfactory system should be evolved and suggested that one godown might be taken up on any particular day for cent per cent weighment and verification of stocks. The witness agreed that such a measure could be taken in the case of smaller godowns but for a big godown storing 60 to 80 thousand tonnes of foodgrains it would be rather difficult. The witness agreed that once in a year 10% bag to bag physical verification could be done.

6.31. The Committee are not happy about the system of physical verification which is in vogue as it fails to provide the correct picture of the stocks held and thereby defeats the very purpose of stock verification. They would, therefore, urge that the Ministry should consider the possibility of introducing more satisfactory procedure either by raising the percentage of bags to be weighed or by having a weighment of 100% bags which may be done periodically in case of each godown.

6.32. The Committee desired to know whether the Pay and Accounts Officer had maintained proper records showing the details of the quantity stated to be in transit and quantity which was linked subsequently and also the present position regarding the linking of the balance quantity of 0.31 lakh tonnes. The witness stated that the quantity that still remained to be linked was only 10,000 tonnes. The Committee desired to know whether Government had examined an earlier recommendation of the Committee to get the physical stock verification done under the supervision of the Chief P.A.O. instead of the Regional Director. The witness answered in the affirmative but stated that they had not given effect to it because in the meantime the Food Corporation of India had been taking over the godowns from the Ministry in the South. He further added that it was expected that within a period of one or two years all the godowns which were with the Ministry would be handed over to the F.C.I.

6.33. The Committee pointed out that the closing stock included a quantity of 17,556 tonnes of damaged foodgrains, the value of which had been shown in the *proforma* accounts at prices applicable to sound grain and desired to know whether Govt. had investigated the circumstances in which the stock had become damaged and whether the stock had since been disposed of and the amount

of loss involved had been assessed. The witness stated that the total quantity of 17,556 tonnes of damaged foodgrains comprised 8,294 tonnes of foodgrains unit for human consumption, and 9,262 tonnes of sub-standard foodgrains which were fit for consumption but not fit for being issued through State Govts. at fair price shops. The first category of foodgrains was disposed of as poultry feed and some of it had to be destroyed because it was unfit even for that purpose and naturally loss was sustained. The second category was usually auctioned which fetched the cost price or sometimes even more. The total quantity damaged in the ship was 6,197 tonnes and the damage in transit etc. was 2,097 tonnes which made up the total of 8,294 tonnes of damaged foodgrains. The Committee pointed out that since at the time of preparation of the accounts, it was known that 6,197 tonnes were unfit for human consumption there was no point in showing it as stock at full value. The witness stated that in the accounts the value of the foodgrains had to be shown and at the time of the preparation of the accounts only the full value could be assumed.

6.34. The Committee do not feel happy with the system of accounting as a substantial quantity of foodgrains which was either unfit for human consumption or of sub-standard quality was shown at full value and to this extent an element of unreality was accepted and allowed to be shown in the accounts. They would, therefore, desire that the Ministry should consider the feasibility of evolving a method whereby these apparent inconsistencies can be avoided and the accounts may present a more realistic picture.

6.35. In reply to a question the witness stated that the damaged foodgrains received upto March, 1963 had been disposed of during the year and the total resultant loss during the year was roughly Rs. 22 lakhs on 7,430 tonnes.

6.36. The Committee desired to be furnished with a statement showing the break up of the disposal of 7,430 tonnes of damaged foodgrains i.e. how much was sub-standard and the quantum of loss incurred under each category out of the total loss of Rs. 22 lakhs.

6.37. The Ministry have stated that the entire stock of 7,430 tonnes of damaged foodgrains was unfit for human consumption, and the entire loss of Rs. 22,60,477.00p. pertained to the damaged foodgrains.

6.38. The Committee regret that while the country is faced with acute shortage of foodgrains, a very substantial quantity was rendered unfit for human consumption. They, therefore, feel that the circumstances in which this quantity was damaged should be probed

into and suitable steps taken to ensure that such wastage are avoided in future.

**Advances to State Governments for procurement of foodgrains—
para 68(D), Page 86.**

6.39. In the following cases, the advances given to the State Governments prior to 1st April, 1963, have still (October, 1964) remained unadjusted even after a period of 18 months.

Name of the State	Amount (in lakhs of Rupees)	Remarks
1. Punjab	17.51	} For want of detailed accounts.
2. U.P.	8.02	
3. West Bengal	44.85	This represents the balance of advances given to the State Government during 1955-56 as a result of decontrol of rice in 1954.

6.40. The Committee pointed out that the Ministry had informed in 1963 that the State Government of West Bengal had promised to settle the claim by the end of that year and besides the advances shown in the Audit para, detailed accounts were also awaited (May, 1965) from the State Government of U.P. in respect of advances totalling Rs. 142 lakhs paid to them upto 31st March, 1963, which were adjusted to the final heads of accounts on the basis of certificates of receipt of stock. The witness stated that the State Government of Punjab was not in a position to render the accounts as they were awaiting the audit certificate in respect of the bills finally prepared from the Accountant General, Punjab and the State Government had taken up this question of early finalisation of the Audit certificate. As regards U.P., the full amount had been adjusted completely. As regards West Bengal, out of Rs. 44.85 lakhs the State Government had refunded Rs. 18.42 lakhs in January, 1965, leaving a balance of Rs. 26.43 lakhs. The witness stated that according to their information there was no real dispute with regard to the refund of this amount but the State Government was withholding it because they had a claim for Rs. 20.46 lakhs against the Government of India in respect of the cost of atta and brawn supplied to the Defence Services in 1945-46 and the records were not traceable. The second item of claim was for an amount of Rs. 3.31 lakhs. The witness suggested that they should take this amount from any funds payable to the State Government on other accounts, if that was possible and recover their amount. As regards the State Government's promise to settle the Centre's claim by the end of 1963, the witness stated that the State Government had repaid a further amount of Rs. 2 lakhs and they were refunding another Rs. 2 lakhs.

6.41. The Committee regret to note that out of the total balance of Rs. 44.85 lakhs of an advance given to the State Government of West Bengal during 1955-56, a sum of Rs. 26.43 lakhs still remains to be settled. That the matter had been delayed for such a long time obviously indicates that enough care was not taken to settle the issue. The Committee would like to stress that immediate steps should be taken to recover the amount without further delay.

Inter Depot Transfers—para 68 (E), Page 87.

6.42. In respect of foodgrains transferred upto March, 1964, from ports to depots or from one depot to another 11,467 items involving a quantity of 10 lakh tonnes valued approximately at Rs. 40 crores have not yet been traced by the Pay and Accounts Officer into the stock returns of the receiving depots (November, 1964). 651 of these cases are more than one year old.

6.43. The Committee desired to know the present position in regard to the loss involved in inter-depot transfers upto March, 1964 and whether there had been any accumulation in respect of the subsequent period also after the introduction of the system of receipt and issue vouchers from September, 1963. The witness stated that the number of items outstanding on 20th July, 1965, was 5,167 involving a total quantity of 3,30,704 tonnes. He also added that out of 651 outstanding cases which were more than one year old only 251 were pending but the introduction of combined receipt and issue voucher would greatly improve the maintenance of accounts. As regards further accumulations, the witness mentioned that it was a continuous process as interlinked items were there. With regard to the functions which had been handed over to the Food Corporation, the witness stated that all the depots other than the ports in the southern region which were hitherto managed by the food dept. had been handed over to the Food Corporation between April and May, 1965. He also added that as the Food Corporation of India had taken over the godowns with the staff attached thereto, there was no question of any retrenchment of the staff. There had, however, been a substantial reduction in the staff at the regional offices. So far as the Food Ministry was concerned no reduction in staff could be effected because the quantum of work handed over to Food Corporation was still very small and the work regarding the storage of foodgrains in regard to the rest of the country was still being dealt with in the Ministry and some additional work had also arisen in the transitional process. The Committee desired to be furnished with a note indicating the number of godowns or centres transferred to the Food Corporation of India, the staff transferred to them, the number of godowns and staff proposed to be transferred during the next year,

whether there would be any reduction in the number of staff at the Centre, if not, the reason therefor and whether the work had actually increased and if so how it had increased. The note furnished by the Ministry is at Appendix XLIXA. In the note, it has been stated that as more and more field organisations are taken over by the Food Corporation from the Food Deptt. some of the staff at secretariat level would become surplus. The Committee would like to be informed in due course of the economies effected as a result thereof.

6.44. As regards the pending cases of losses in transit and storage relating to the depots in the South handed over to FCI the witness stated that the Ministry would be pursuing the past cases and they had already appointed three accounts teams to expedite regularisation of storage and transit losses outstanding at the time of transfer and when the assessment was done they would take up the question of reconciliation.

6.45. He also stated that with the centralisation of the work in the offices of the Regional Directors of Food and with the Director of Movements keeping an over-all watch over them it would be possible to find out the number of claims pending on any particular date or at the time of transfer.

The Committee hope that the 3 Accounts Teams would be able to deal with the old cases more expeditiously and ensure that accumulations are not piled up. They also desire that the Regional Director of Food should keep an effective and continuous watch over the claims and should pursue them vigorously so that the pending cases are settled without delay.

6.46. The witness further added that the Food Corporation of India at the time of taking over godowns had a cent per cent physical verification of stocks as the stocks in the godowns were not heavy. There had been some difference between the figures arrived at by 10 per cent verification and those arrived at by cent per cent verification. The Committee desired to be furnished with a statement showing the results of hundred per cent verification (in weighment) godown-wise and depot-wise before handing over to the Food Corporation of India. The statement has been furnished.

6.47. From the statement the Committee find that on the basis of physical verification at the time of transferring foodgrains to F.C.I. an over-all shortage of M.T. 5115 ,e. 4.24 per cent of rice and over-all shortage of wheat to M.T. 1218 i.e 1.72 per cent was detected. The Committee are happy to note that the Ministry have already instituted an enquiry to find out the high variations between the

book balances and the actual stocks both in respect of rice and wheat. They would like to be informed of the findings of the enquiry.

6.48. The witness also stated that the valuation of the foodgrains transferred to the Food Corporation was related to the final issue price which the Corporation would have to adopt. The issue price was fixed after a discussion between the Government of India and the Food Corporation. The Committee desired to know the net gain or loss suffered, if any, as a result of the transfer of depots 'godown to FCI. The witness stated that there would really be no loss on account of transfer but only on trade account there would be loss equal to the subsidy given. The Committee were also informed that it was the deliberate policy of the Government that grain whether issued through purely Governmental agency or through the Corporation would have to be subsidised.

6.49. The Committee are of the view that in the accounts of the Corporation from next year onwards, from strictly accountancy point of view, the stocks transferred to the Food Corporation should be shown at the cost price of the Ministry and the subsidy given shown separately.

6.50. The Committee would like to be informed of the action taken in the matter.

Handling and transport of Foodgrains—para 69, Pages 87—89.

6.51. (A) Contracts for handling and transport of foodgrains at the Central Storage Depots are usually entered into for a period of two years, Government reserving the right to extend them by a further year. The following points were noticed during a review of some of the contracts during 1962-63:—

- (i) the rates for various services differed widely; the rates in respect of certain services were abnormally high and in respect of certain others, abnormally low;
- (ii) the volume of services actually performed during the execution of the contract periods varied considerably from that assumed at the time of comparison of the tenders, it was considerably higher in respect of a number of items for which abnormally higher rates had been quoted and considerably less than the estimated figures in respect of other items for which the tendered rates were abnormally low;

(iii) as a result of the variations between the volume of services estimated and those actually performed, the comparison of tenders at the time of their acceptance proved to be unrealistic; further the actual cost of the services proved to be considerably higher than the tendered cost. Details of certain typical cases are given in Appendix L.

6.52. The unsatisfactory position was pointed out to the Department by Audit in April, 1963, Government stated in October, 1964 that "the Department of Food had been seized of the matter much earlier, having taken note of the trend of quotations received, particularly with regard to the contracts for inland depots in the Northern region; fresh thinking started in late 1960 itself." The procedure was, however, revised only with effect from 1st June, 1963 when a new system was introduced by which the tenderers were required to quote a percentage above below a standard schedule of rates fixed by the Department.

6.53. In August, 1963, Government agreed to review all the existing contracts which were on the old basis with a view to cancelling them, if necessary, after giving a suitable notice to the contractors and replacing them with contracts on the new basis.

6.54. The position as in October, 1964, in respect of the 118 contracts on the old basis, which were in force in inland depots before the 1st June, 1963 is given below:

Contracts brought on the new form	58
Contracts allowed to continue on the old basis	44
Tender enquiry being issued on the new form	8
Cases in which depots have since closed	6
Cases still under review	2

6.55. (B) A review of a few contracts placed on the new basis showed the following points:—

(1) In respect of 35 contracts subjected to review the Department expects to save about Rs. 73 lakhs over the contract

period, as shown below:

(In lakhs of rupees)

Region	No. of depots where the contracts were placed in the new form.	Expenditure which was incurred in these depots, during the previous contract period	Expenditure which would have been incurred in these depots at the rates provided in contracts in the new form	Magnitude of saving which would accrue under the new system
Northern Region	23	117.14	53.61	63.53
Southern Region	6	27.82	20.78	7.04
Eastern Region	5	6.00	5.11	0.90
Western Region	1	7.38	5.68	1.69
	35	158.34	85.18	73.16

It will thus be seen that despite the upward trend of market, the expenditure against the contracts on the old system was higher than that which would be incurred against the contracts on the new system, by 118 per cent in the case of the Northern Region, by 34 per cent in the case of the Southern Region, by 30 per cent in the case of the Western Region and by 17 per cent in the case of the Eastern Region.

(ii) The rates obtained in the tender enquiries under the new system, although substantially lower than those obtained under the old system, were still much higher than the schedule of rates fixed by the Department, in that, out of 58 contracts mentioned above, the percentage quoted (and accepted) above the schedule of rates ranged up to 50 in 29 cases, between 51 and 100 in 18 cases, and above 100 in 8 cases.

In eight of the cases relating to the Northern Region test-checked by Audit it was seen that adequate time and facilities had not been provided to the tenderers, in that the tender forms were made available to the intending tenderers either on the last date of opening of tenders or only a day or two in advance of it and even then only at the headquarters of the region but not at the depots.

In the case of the depots at Harduaganj and Meerut as a result of complaints from tenderers, fresh tenders were invited which resulted in reduction of the rates previously recommended for acceptance from 70/00 per cent above the schedule of rates to 17/27 per cent respectively.

6.56. On the position being brought to the notice of Government, they stated in May, 1964 that the Regional Directors were being advised:

- (i) to arrange the sale of the tender forms at least 15 days before the opening of the tenders; and
- (ii) to make the tender forms available at the Head-quarters office of the regions and also the sub-regional and the Zonal Offices.

6.57. As regards the Audit para under consideration, the witness conceded that the system was basically defective which gave rise to the irregularities, malpractices and the speculation by the tenderers. The system had worked in all the regions, but apparently some of the contractors exploited it for their own purposes and that was most apparent in the Northern region. The matter had come to the notice of the Ministry in 1960 and they were examining how to replace this system of tendering by another which did not give scope for these malpractices. The witness further conceded that it had taken a little time to arrive at a system which was more or less fool-proof and during the intervening period there was exploitation by the tenderers of the particular lacuna in the system. The system however did not exist any longer.

6.58. The Committee pointed out that apart from the cleverness of the contractors, the facts mentioned in the Audit Para revealed that there was some collusion between the contractors and the officers of the Ministry. The Committee felt that there was something wrong with the system under which even the quotation of one paisa was accepted for weighing 100 bags and under that system the public exchequer had lost more than Rs. 70 lakhs. The witness stated that undoubtedly some loss had occurred as a result of the defective system but a precise computation of the loss was not possible. Assuming that the new system had been adopted before, the result would have depended on the strength of competition at the time and with regard to the particular contract. The Committee expressed concern that where the rates were Rs. 30 and Rs. 70 as against Rs. 2 the work done was four or five times the estimated work but in respect of another case where the rate was 1 paisa as against 133 paise, the work done was nil. The witness stated that there were instances where even though the rate quoted had been absurdly low, viz., one or two paise the volume of work had been large. He further added that there might have been collusion with officers of the Ministry and the SPE was asked to enquire into typical cases and the scope of that enquiry would be extended to every contract, if necessary. He further added that three months ago on the basis of allegations and complaints some cases had been referred to SPE.

6.59. When the Committee desired to know how the Ministry could agree to the rate of one paisa for weighing 100 bags, the witness stated that the valuation of the tender was made on the basis of the total cost of all the services involved. The contractor who had quoted one paisa under certain head had quoted higher rates for other services, which might have been 70 or 80 in number. As a result of the total valuation it was found that a contractor might have quoted irrationally low rates for certain items and quoted irrationally high rates for certain other items but in totality his quotation was the lowest and there were at least 26 cases where the contracts had operated in favour of Government and the number of cases where Government had lost would not be large.

6.60. Adverting to the cases referred to SPE for inquiry, the Committee desired to know whether a review of all the existing contracts had been made. The representative of the Ministry stated that as regards the inland depots, 77 contracts were in operation of which 59 had been concluded in the new tender form and 18 were continuing the old form. Out of these 9 cases the market was tested by inviting tenders in the new form but as the rates received were higher, the contracts in the old form were extended further. As regards the port town depots there were 12 contracts in all of which 11 were under the new system and one continued in the old system in which case the market was also tested. The Committee desired to be furnished with a statement showing the details of the contracts entered into with 89 contractors for handling and transport of foodgrains at the Central Storage Depots which were still under the Ministry of Food, i.e., when these contracts were entered into, what were the rates, whether they were entered into under the tender system or any other system, since how long, they were in existence, when they would expire and what were the actual commitments made under these contracts etc. The Committee further desired to be furnished with another statement showing the total amount paid to the 89 contractors annually since 1955-56. These statements are still awaited.

6.61. Answering a question that if the work was done according to the schedule of rates, the difficulty of parties quoting ridiculously too low or too high a rate would not have arisen, the witness stated that the announcement of the pattern was to put the tenderers on a comparable footing for purposes of evaluation and in 1961 it was felt that as a result of the announcement of the pattern the element of speculation would be done away with. He, however, conceded that the announcement did not actually produce the desired results and after that the suggestion of prescribing a schedule of rates was

given a serious consideration. There was, however, delay in ultimately giving effect to that proposal because it involved consultation with the Ministries of Finance, Law and the Regional Directors, which the witness agreed, could have been easily cut down. He added that the Ministry were seized with the problem to some extent but it was found necessary to ensure that there was no interruption in the carrying out of the works on the godown to proceed on the basis of the lowest tender and on the pattern of work. The new system based on a schedule of rates was introduced in June, 1963. The Committee desired to know the difficulties experienced by the Ministry in negotiating with a tenderer for a reasonable rate when the rates quoted were either irrationally high or low. The Committee were informed that it was done only in the Meerut case where tenders were invited thrice and every time same irrational rates were quoted. Meanwhile, the contractor at the depot at the time was creating difficulties and wanted to be relieved of the work and ultimately the Ministry were forced to accept the lowest tender on the basis of those rates which were based on a series of tenders.

6.62. The Committee note with grave concern that a Ministry with long years of experience in dealing with private contractors, continued with a system of tendering which according to their own admission was basically defective and gave rise to irregularities, malpractices and speculations. The situation becomes all the more serious when the Committee find that the Ministry were aware of the defects inherent in the system of tendering as early as 1960 and yet they did not deem it necessary to move quickly in the matter with the result that the system was permitted to continue till June, 1963. During the intervening period of 2½ years, the tenderers exploited the situation in their own favour thus causing a huge loss to the public exchequer which was perhaps quite avoidable.

6.63. The Committee feel that it was scandalous to allow the public Exchequer to suffer such a huge loss by continuing a system in which not only the contractors exploited but even officers connived. The Committee hope that SPE would complete its investigation expeditiously and then the Government would punish the guilty officers adequately.

6.64. The Committee cannot but deprecate the delay on the part of the Ministry in introducing the necessary reform. The Committee are not at all impressed by the argument put forward by the Ministry that any change in the system would have caused interruptions in the working of the godowns, nor do they feel happy that the scope of negotiation with tenderers where the rates quoted were either too high or too low should have been restricted to a single (Meerut case) case only.

6.65. The Committee suggest that the Ministry should keep under constant watch the new system of tendering based on Departmental schedule of rates with a view to remove any defects found in its working.

6.66. In answer to a question whether the work could be done departmentally instead of being assigned to the contractors the witness stated that at the port towns the work had been departmentalised. It was started in Bombay in August, 1964 and it had been introduced in Visakhapatnam and Madras and there was a proposal to introduce it at Kandla and Calcutta. He also mentioned that it was too early to state whether the system was working better and more economically than the contractor system. It was true, the witness stated, that under the system the middle man's profit could be cut out but simultaneously with the Department taking over the work, labour's demands had been increasing from time to time resulting in the rise in the cost of that particular item. In Bombay, after the system had worked for one year, a financial survey would be made and results displayed.

6.67. The Committee may be informed whether any financial survey of working this system has since been made at Bombay. In case the survey has revealed some advantage over the contract system, they desire that the Ministry should examine whether the same system can be made applicable to big inland depots also.

6.68. Referring to the instances given in Section B of Appendix L [Appendix XIV of the Audit Report (Civil), 1965], the Committee pointed out that the nature of operations in different depots from period to period were not uniform. In two depots, namely Mokameh and Gaya, the standardisation of bags which was not done or very sparingly resorted to was undertaken on a large scale during the subsequent period at higher rates and in Manmad Depot cent percent weightment involving higher rates was resorted to resulting in an additional expenditure of Rs. 50,000. In all these cases, the rates for particular operations were very high. The Committee also mentioned that there were several instances in Appendix L [Appendix XIV of Audit Report (Civil, 1965)] where the actual cost of operation as a result of the variation was more than double estimated cost and the position was particularly bad in the northern region. The Committee desired to know whether the Ministry had examined the desirability of conducting a special investigation of these cases to ascertain whether the variations, in the quantum of operation undertaken were really necessitated by the circumstances obtaining in the depots at time and whether there was any room for suspicion that an undue favour was shown to the contractors in these cases by altering the volume of work to be done under a certain item. The witness

stated that some typically bad cases so far as as northern region was concerned had been handed over to SPE for investigation and on receipt of their report the Ministry would examine them. He added that if the inquiry revealed that there had been malpractices, the scope of enquiry could be extended to all the contracts. In reply to a question the witness stated that on receipt of certain allegations the Department had examined them but it was not possible to establish that there were malpractices. When the Department kept on getting such complaints they thought it best that SPE should investigate them independently. He further stated that each case was considered on merit as to whether it should be sent to SPE and there might have been complaints in regard to other contracts too. When the Committee desired to know why other complaints were not handed over to SPE, the witness stated that since the matter was related to the whole system they wanted to check up in a few typical cases whether any malafide could be established and they hoped to get the SPE report shortly.

6.69. The Committee desired to be furnished with a statement showing the number of complaints regarding malpractices or collusion in respect of transport contracts received by the Department and how many were referred to SPE. The Committee also desired to be furnished with a note explaining whether in regard to the cases relating to transport contracts which had been referred to the SPE for enquiry, the initiative was taken by the Ministry or by the SPE. The statement and the note have been furnished by the Ministry.

6.70. From the note furnished by the Ministry as also from the evidence tendered, the Committee note that steps are being taken to check and investigate the cases where complaints/allegations are made regarding corruptions etc. During 1962-65 the Committee, however, find that only 19 cases involving some allegations were examined by the Department and in addition some specific cases were also referred to SPE for investigation.

6.71. In this connection the Committee would like to suggest that the Ministry should examine whether a Departmental cell should be created to keep a special watch over cases where malpractices or collusion are suspected. Such a cell could also examine cases in different contracts where wide variations have taken place in the different items of work and satisfy themselves that those wide variations were justified. The Committee feel that instead of waiting for complaints to come which furnish facts about the cases of collusion, the Ministry should organise their own machinery in such a way as to eliminate the chances of collusion and also their early detection. In any case the onus should rest with the Ministry and

not with the components in regard to detection of cases of collusion.

Non-invitation of tenders—para 70, Pages 89-90.

6.72. In connection with the handling of imported foodgrains at Bhavnagar Port, the Department had been employing since 1951 two separate contracts for the work relating to (i) handling and transport, and (ii) stevedoring.

6.73. A proposal that a tender enquiry might be issued for a combined contract for both the types of services with a view to ensuring competitive rates for the work and achieving higher operational efficiency and speedier discharge of vessels was considered by the Ministry in June, 1961 but was dropped on the ground that 'on balance' an extension of the existing contract (which was due to expire on the 26th August, 1961) might be more advantageous as it was likely "that the freshly tendered rates for handling clearance work would be higher since the existing rates are those of 1957". The existing contract for handling and transport was, accordingly extended for one year from 27th August, 1961. For stevedoring work however, tenders were invited and a contract for the period 24th August, 1961 to 26th August, 1962 was placed on the lowest tenderer.

6.74. From August, 1962, however, when a single contract for the combined services was placed by the Department after inviting tenders, the accepted rates for the combined services were lower than those which were being paid for the two services separately. The reduction in expenditure on these services computed with reference to the volume of work executed in the previous year amounted to over Rs. 1 lakh.

6.75. The Committee pointed out that according to information available with audit the only difference between the contracts for stevedoring work and for handling and transport was that in the case of the first contract a right to extend the contract for a period of one year was not available, while in the case of the latter, it was available and the Regional Director had pointed out to the Government at this stage that he had positive indications of getting lower rates if a tender enquiry for combined services was issued, but it was not acted upon. In view of this, the Committee desired to know why the Department did not test the market by inviting tenders either separately for this service or for the combined services as in any case the right to extend the contract for handling and transport could have been exercised if favourable quotations were not received. The witness stated that there were two contracts—one for handling and transport which expired on 26-8-61 and the other for stevedoring which expired one month earlier. He conceded that the Regional Director had recommended that operationally and financially it would

be better to have a combined contract and while making the recommendations the Regional Director had also stated that the cost of labour was also rising. As against this it had to be estimated whether it was more advantageous to avail of the right of extension in respect of the handling and transport contract where the same labour rates had continued since 1957. It was felt that extension of the handling contract was more advantageous as the labour rates five years ago were much lower than the present rates. In reply to another question the witness stated that the Department had accepted the contention of the Regional Director that it would be cheaper to have one combined contract and the system was introduced from the next year. He also explained that the Department had pointed out to the Regional Director the contradiction contained in his letter regarding his contention of getting lower quotations vis-a-vis rising cost of labour and it was felt that it would be better to exercise the extension right for if the tenders for the combined contract turned out to be higher, the Department would have lost money on that account and also the right of extension. The question, with the Department was whether by exercising the right of extension they would be gaining or not and the decision was taken in consultation with the Ministry of Finance and the Director General of Food and was ultimately approved by the Minister. The Committee pointed out that the Department had taken a view without assessing full facts and felt that when the officer on the spot had a different opinion, the Department could have at least asked for further details. The witness stated that the Regional Director could have asserted his recommendation as his personal judgment and he thought that there was no other way in which he could have supported it. The Committee pointed out that after the issue of the order, the Regional Director had sent a telegram which stated "positive indications available of obtaining lower rates. Ministry's decision regarding extension of the contract is not based on our considered assessment of position" and desired to know whether the telegram was considered by the Ministry and if so, at what level. The witness stated that the telegram was considered and decided at the lower level because no few facts had emerged out of it and during the next year they had a combined contract. In reply to a question as to why the contractor agreed to the extension when he was aware of the rising rates, the witness stated that under the contract the Government had the right to extend it and for Government it would have amounted to foregoing that right in favour of an uncertain rate.

676. The Committee are not happy to find that the Deptt. had rejected, without verifying the facts fully, the proposal of the Re-

gional Director to make a tender enquiry for combined services for which the latter had positive indications of getting lower rates. The suggestion made by the Regional Director for a combined contract was basically sound and proved to be correct in so far as a tender for combined services in August 1962 brought lower rates than those which were being paid for the two services separately and the Ministry finally accepted the combined system from August 1962. The delay of one year in accepting the suggestion of the Regional Director resulted in an extra expenditure of Rs. 1 lakh which could have easily been avoided. It is inconceivable that the contractor would have accepted the extension without a murmur if the labour cost had in fact gone up and the contract had become uneconomic to him. The Committee hope that such cases would be examined in greater detail in future before extending to the contracts.

Award of a contract for the clearance of foodgrains at Bombay Port—para 71. Pages 90—94.

6.77. In response to a tender invitation for the clearance and transport of foodgrains and fertilisers imported at Bombay Port during the two years from March, 1962 to February, 1964, the lowest quotations was from an individual 'A'. The tender however, contained a reservation that Government should, in addition, reimburse the amounts that might be payable by him to labour for working on Sundays and Charter Party holidays. It was first estimated on the basis of previous experience that such additional charges would amount to 50 per cent of the normal wages; on this basis, the quotations of 'A' were worked out to an overall rate of Rs. 352.18 per 100 tonnes. The Ministry revised the figures to Rs. 344.63 per 100 tonnes on the basis of the tenderer's own estimate (subsequently conveyed to the Department on 18th January, 1962) that the additional charges would be 20 per cent of the normal wages. This was further revised to Rs. 339.13 per 100 tonnes after excluding the extra wages payable for working on Sundays and other holidays; 'A' was stated to have withdrawn the stipulation for the payment of additional charges by Government at a certain stage of the negotiations.

6.78. According to the information collected by the Ministry, the financial position of 'A' was not satisfactory (he had declined to produce for inspection, copies of his balance sheets for earlier years); he did not have any fleet of trucks and the Bombay Government for whom he had worked during an earlier period did not consider his performance satisfactory. In view of these facts and as a result of subsequent negotiations with 'A' the Ministry came to the

conclusion that he should not be entrusted with the entire contract; they, accordingly, entered into negotiations with contractors 'B' and 'C' who were already doing the work and whose performance had been reported to be highly satisfactory. The rates quoted by 'B' in response to the tender were inclusive of working on Sundays and holidays, while those of 'C' were exclusive of these charges, in respect of which they had claimed extra charges at 20 per cent of the normal wages of labour; the overall cost of operations in their cases had been worked out as Rs. 352.43 and Rs. 380.69 per 100 tonnes respectively. During the negotiations, firms 'B' and 'C' agreed to accept the contracts at their existing rates (Rs. 321.72 per 100 tonnes) plus the increase in wages which had become payable by them as a result of a recent Labour Award to which they were a party, subject, however, to the over-riding condition that rates would not exceed those offered by 'A'. A decision was, accordingly, taken by the Ministry on 14th March, 1962 that 20 per cent of the contract should be awarded to 'A' and 40 per cent each to the firms 'B' and 'C'.

6.79. As however firms 'B' and 'C' apprehended that the association of third party might lead to a demand from labour for increase in wages, and wanted a protection against the financial implications that might arise in that connection, the Ministry acting on the basis of further assurances given by 'A' awarded (31st March, 1962) the entire contract to him on a trial basis for three months from 14th April, 1962. This was to be followed by a regular contract for 3 years if the performance was found to be satisfactory.

6.80. The contractor 'A' failed to furnish at any time during the trial period the additional security of Rs. 8 lakhs which was required to be furnished within one week of the award of the contract to him.

6.81. The performance of 'A' during the trial period which was assessed on a number of occasions by different officers of the Ministry was reported to have been unsatisfactory in several aspects, e.g.

- (i) There was undue delay in clearance, throwing a heavy liability on Government for ship demurrage, shed demurrage and wagon demurrage, non-submission of returns forming the basis of recovery of cost of foodgrains supplied to Government consignees, etc.
- (ii) Government also found it necessary to give financial relief to the contractor by making 'on account' advance payments to him to the extent of Rs. 6.75 lakhs, without certification by the Regional Director of Food regarding the value of the services rendered and their satisfactory performance.

Such payments had not been made to the previous contractors without due certification.

It was, however, considered that on the whole, quantitatively, the performance of the contractor was not unsatisfactory.

6.82. In June, 1962, a decision was taken that, having awarded the contract to 'A' as the lowest tenderer, he should be assisted to cope with his difficulties. In August, 1962 'A' was advised to take in a partner to overcome his financial difficulties. He was permitted in October, 1962 to take three others into partnership with him for the purpose of this contract with Government. A new firm was formed and was declared as having come into being from the date of the commencement of the contract viz., 14th April, 1962. The additional security of Rs. 8 lakhs was furnished by this firm on the 20th December, 1962 and, on 28th December, 1962, a regular contract was executed with the new firm up to 13th April, 1964 extendable by another year. An unusual procedure was thus adopted of treating a partnership firm registered in December, 1962 as if they were the original lowest tenderer and could be awarded the contract from the 14th April, 1962, i.e. eight months before the constitution of the firm.

6.83. *Ad hoc* sanctions had been issued in the meantime, extending the trial period of three months by one month at a time. Government also continued to make *ad hoc* payments to the contractor without certified bills (Rs. 27.96 lakhs in all). In addition, 75 per cent of the additional charges payable by the contractor to the labour for work on Sundays and holidays were also reimbursed to the contractor from October, 1962 onwards on grounds of equity.

6.84. The following further points have been noticed in the operation of this contract:—

- (i) The actual cost of operations to Government worked out to Rs. 361.11 per 100 tonnes, as against Rs. 339.13 per 100 tonnes assumed at the time of award of the contract, and all-inclusive rates of Rs. 352.43 and Rs. 380.69 per 100 tonnes originally quoted by the firms 'B' and 'C' respectively before they agreed to a reduced rate during negotiations.
- (ii) Government also authorised the payment of about Rs. 2 lakhs on grounds of equity in reimbursement of 10 per cent of the wage bill paid by the contractor to the Dock Labour Board (labour handling foodgrains was brought under the Bombay Dock-workers Employment Scheme with effect from 17th June, 1963).
- (iii) During the two years of the currency of the contract and 4 months' extension, heavy ship demurrage was incurred,

while the despatch money earned was low, as compared with the earlier years during which the work was done by firms 'B' and 'C' as shown below:

(In lakhs of rupees)

Period	No. of ships arrived	No. of ships which earned despatch	No. of ships which incurred demurrage	Despatch money earned	Demurrage incurred	Amount for which the contractor was held liable.
1959-60	104	91	—	10.00	0.07	Nil
1960-61	131	88	31	8.12	7.34	
1961-62	73	51	22	4.52	3.63	
1962-63	79	23	55	2.20	19.25	2.03
1963-64	65	40	25	2.66	5.31	

December, 1963 to July, 1964. Detailed figures are not available but the total demurrage incurred during this period of 8 months known was about Rs. 33.00 lakhs.

6.85. A fresh tender enquiry was issued in March, 1964 for the performance of the services from April, 1964 onwards on the expiry of the two-year-period of the contract. The partnership firm holding the contract did not submit any tender in response to this enquiry but two of the partners (including individual 'A') submitted one tender; the other two partners also submitted quotations which were lower than the rate in the existing contract. Nevertheless, the existing contract with the partnership firm was extended for one more year on the same terms. This was done on the basis of a decision taken before the opening of tenders to the effect that the existing contract should be extended, as the tendered rates might have to be enhanced by 10 to 15 per cent for meeting extra claims from labour if a new contractor were appointed.

6.86. From May, 1964 onwards, Government was again compelled to make direct payments to the labour to the extent of about Rs. 12 lakhs instead of to the firm, in view of certain financial disputes which had arisen between the partners of the firm. This included an additional 15 per cent payment to labour, which Government had thought that they might avoid by extending the contract with firm 'A'. Government also found it necessary to terminate the contract from 1st August, 1964 after giving one month's notice; the work was thereafter undertaken by the Department itself.

6.87. The Committee desired to know why provision for working on Sunday and other holidays was not made while considering the tenders. The witness stated that tenders had been evaluated with and without the assumption of Sunday working and the question of extra liability involved therein had also been taken into account. The quotation of the firm 'A' was Rs. 344.63 including the charges for Sunday working. The labour had agreed to work on Sundays at an increased rate of 25 per cent. Out of that the contractor was bearing 61 per cent and the Department were bearing 181 per cent as against 20 percent evaluated by the Department in this regard. He further stated that the quotation received from the firm 'A' was the lowest and no financial loss was incurred as compared to the tenders given by the firms 'B' and 'C' merely because at the time of submitting tenders the question of Sunday working was not provided for.

6.88. The Committee note from the evidence given by the Secretary that at the crucial time when the decision to award this contract was taken, the tender of the firm 'A' was the lowest, with or without the assumption of Sunday working.

The Committee understand from Audit that in the final tabulation of tenders on 14th March, 1962, which ultimately formed the basis of the tender decision, the following rates per hundred tonnes were adopted for the purpose of comparison:

- (a) Firm 'A' Rs. 339.13
- (b) Firm 'B' Rs. 352.43
- (c) Firm 'C' Rs. 380.69

The rates of firms 'B' & 'C' included the element of charges on account of working on Sundays and other holidays. This would seem to indicate that the rates of firm 'A' also were perhaps inclusive of Sunday working. If so, the justification for the subsequent reimbursement of charges for Sunday working to firm 'A' is not free from doubt.

6.89. In reply to a question the witness stated that the firm 'A' had certain disputes with Government of Bombay (Maharashtra) which had been referred to arbitration and the firm had won in all those cases. The Regional Director of Food had made attempts to find out exactly on what grounds the work of the firm 'A' could be held unsatisfactory but the State Government were not able to locate the old records and files. When the Committee desired to know why the firm was considered eligible for the award of 20 per cent of the contract when Government had been satisfied that the

firms 'B' and 'C' would be able to handle the contract better and that they had the necessary organisation for the execution of the work, the witness stated that the firm 'A' had previous experience, his bank references were not unsatisfactory and he had assured the Department that he had entered into agreement with both the labour and the transport contractors regarding the supply of trucks. In view of all these it was considered prudent to allot him 20 per cent of the work and 40 per cent of the work to each of the other two contractors who had subsequently refused to share the work with the firm 'A'. When negotiations with the other two contractors broke down it was decided that the firm 'A' should be given a trial for 3 months and he had to give a security of Rs. 2 lakhs which the firm had given straightaway. It was also stipulated that if ultimately the contract was given to this firm on a permanent basis, an additional amount of Rs. 8 lakhs was to be obtained from this firm by way of security. The witness added that the firm had made payment of this amount though at a later date because of some difference over the types of bonds to be furnished. The Committee point out that although the quotations given by firm 'A' were considered to be the lowest, the subsequent concessions granted to it had made it much higher than the rates quoted by the other two contractors and the actual cost of operations to Government worked out to Rs. 361.11 per 100 tonnes as against Rs. 339.13 per 100 tonnes at the time of the award of the contract and the all inclusive rates originally quoted by the firm 'B' and 'C' respectively were Rs. 352.43 and Rs. 380.60 per 100 tonnes before they agreed to a reduced rate during negotiations. The witness stated that the actual cost of the contractor 'A' worked out to be Rs. 359.01 and in regard to the firm 'B' the cost would have been Rs. 362.53 per 100 tonnes. He admitted that these figures were not given to Audit when reply to draft para was sent to them.

6.90. The Committee feel that the department should have pointed out the comparative cost of clearing per 100 tonnes of foodgrains in respect of all the 3 contractors to Audit when the draft para was sent to them. It appeared that the department did not furnish the complete information to Audit at the time of the receipt of draft para. In this connection they would like to draw for strict compliance the attention of the Ministry of Food and Agriculture to their earlier recommendations contained in para 9 of Forty-Second Report (Second Lok Sabha) wherein they have already urged upon the Ministries to verify the facts contained in Audit paras fully, within the prescribed period. If in exceptional cases, it is not possible to do so, the correct position should be brought to the notice of

the Committee through Audit as soon as possible so as to enable them to arrive at proper conclusions without any waste of time.

6.91. The Committee understand from Audit that in computing the cost of operations in the case of firm 'A', the payment of Rs. 2.20 lakhs to the Bombay Dock Labour Board from June, 1963 to February, 1964 under the listing scheme had not been taken into account. This amount was, however, subsequently paid to the contractor on the grounds of equity in reimbursement of 10% of the wage bill paid by him to the Dock Labour Board.

6.92. As regards the increase in the demurrage charges, the witness stated that the increase was largely due to the fact that the Bombay Port Trust had reduced the number of berths from four to three from March, 1962 and as such the waiting period for the food ships had gone up. The Committee pointed out that the audit para had ascribed the slackness of contractor as the reason for the increase in the demurrage charges and desired to know why the real reason was not communicated to the Audit. The witness conceded that they should have done that. He further added that demurrage was divided into two parts—what could be ascribed to the contractor and what could not be his liability. Demurrages again were of two types—those in regard to ships and those in regard to sheds. Demurrage on ships devolved on the contractors from the time the ship was berthed and while the ship was waiting the demurrage did not accrue to the contractor because the situation was beyond his control. In the case of shed demurrage the contractor had a liability to ensure that discharge operations were not held up for non clearance from the shed. He further added that out of the total shipping demurrage of Rs. 60.70 lakhs Rs. 2.26,000 had been ascribed to the contractor and out of the total shed demurrage of Rs. 6.45 lakhs, Rs. 3.09 lakhs had been ascribed to the contractor making a total of Rs. 5.35,000 as the total demurrage recoverable from the contractor and out of which Rs. 1.99 lakhs had already been recovered.

6.93. The Committee would like to be informed about the recovery of the balance amount of Rs. 3.36 lakhs. The Committee note that the explanation that the increase in the demurrage charges was largely due to reduction in the number of berths at the Bombay port from four to three, does not fully take into account the fact that the number of ships handled after this contractor took up the work (79 in 1962-63 and 65 in 1963-64 upto November, 1963) was much less than the number handled at the port during earlier ~~period~~ (e.g. 104 in 1959-60 and 131 in 1960-61). It is not clear why steps were not taken by the Department for changing the ports of

destination for some of the vessels, if such a course was justified by the reduction of number of berths. The Committee find that the shortage of berths at port of Bombay is contributing heavily towards demurrage charges being paid by the Government. They feel that the Ministry should take immediate action in consultation with the Ministry of Transport and the Bombay Port Trust to remove this difficulty.

From the statement of demurrage paid by Government on the shipment of foodgrains furnished at the instance of the Committee, they find that a sum of Rs. 1.21 crores has been paid as demurrage from January, 1961 to May, 1965. As the amount paid to Shipping Cos. is mostly in foreign exchange and it constitutes an avoidable drain on our scarce foreign exchange, the Committee feel that the department should examine in details causes which lead to payment of such heavy demurrage charges and take suitable remedial measures in consultation with the Ministry of Transport. Cases where demurrage of more than Rs. 10,000 is paid should invariably be examined in future with a view to fixing responsibility

6.94. In reply to a question the witness stated that the then Secretary of the Ministry had enquired into the contractors' allegations that the programme for clearance as drafted by regional office was defective, unrealistic, needlessly complicated and unworkable. The then Secretary had found the programme to be faulty and had asked the Regional Director of Food to ensure that this did not recur. Explaining how the programme was described as needlessly complicated and unworkable, the witness informed the Committee that discharges took place at the same time from a number of berths. If grain was moved from the berth to a particular rail-loading point then the operation was easier. On the other hand, if from one berth a certain quantum was sent to the rail head and certain quantum was sent to the godowns, it became difficult to work. The Committee trust that all these defects have been removed in the programme for clearance of foodgrains and the system is perfect now.

6.95. As regards the direct payment made to the labour to the extent of about Rs. 12 lakhs instead of to the firm in view of certain financial disputes between the partners of the firm, the Committee desired to know whether Government had any knowledge about the suit filed by one of the partners of the firm 'A' (when the Government wanted to extend the contract) in October, 1963 and if so, why the contract with the firm 'A' was extended from April, 1964. The witness stated that the individual members of the partnership firm were not debarred from quoting separately but ultimately it was

decided to continue the old system as it was felt that the new quotations would not be advantageous to the Department as under the new system the labour was demanding 15 per cent increase in the wages which the Department thought could be avoided if the old contract was continued where the contractor had an agreement with the labour. In reply to a question the witness stated that as a result of the dispute between the partners, the Managing partner (firm 'A') was not able to operate the bank account and the Department had entered into a separate contract at the risk and cost of the party (Firm 'A') and the extra cost of Rs. 5,000 was being recovered or had already been recovered from the party.

6.96. The Committee would like to be informed of the recovery of this extra cost of Rs. 5,000.

Non recovery of terminal charges—para 72, Page 94.

6.97. In respect of foodgrains sold from the Central Storage Depots in Delhi during the period July, 1958 to February, 1964, octroi charges and terminal tax amounting to Rs. 6.18 lakhs paid by Government to the Municipal Corporation of Delhi were not recovered from the parties to whom the foodgrains were sold, although instructions to effect such recoveries had been issued by the Ministry in April, 1957 and the omission to effect the same was reported to the Ministry by the Pay and Accounts Officer in September, 1959.

6.98. It has been stated that recoveries amounting to Rs. 1.79 lakhs in respect of foodgrains supplied to mills had already been effected pursuant to separate orders relating to supply of foodgrains to mills, issued in April, 1960. The Ministry expected in December, 1964 that the balance recoverable (Rs. 4.39 lakhs), might be reduced by Rs. 1.80 lakhs taking into account the quantities lost in storage/transit and despatches outside Corporation limits.

6.99. The Committee desired to know the reasons why no action was taken by the Ministry to effect recovery for five years as the PAO had intimated the matter to the Ministry in September, 1959 and also whether there was any procedural lacuna which led to orders being overlooked. The witness stated that even though instructions had been issued for the recovery of the terminal tax to the Regional Director of Food, before the instructions could be implemented, he had a telephonic instruction from the officer on Special Duty in the Ministry not to implement the earlier orders.

Unfortunately the O.S.D. and another officer concerned in this case both the officers, were dead and the file was missing and efforts

to locate the file did not succeed. Certain reminders were received from R.D.F. to O.S.D. regarding the instructions conveyed on the telephone. The matter was prolonged for a very long period and no action was taken. He further added that an amount of Rs. 1.92 lakhs had been recovered from the Mills and as regards the fair price shops no list of recoverable arrears was available. The Committee pointed out that the Ministry had informed the Audit in 1964, that recovery of an amount of Rs. 1.79 lakhs in respect of foodgrains supplied to mills had already been effected and the balance recoverable was expected to be reduced by Rs. 1.8 lakhs taking into account the quantity lost in storage but when the actual position was given the storage loss was only Rs. 1500.

6.100. The witness also stated that the file at the office of the Regional Director was available but it contained only the reference about the telephonic order and papers seeking instructions from the Ministry regarding recoveries to be made in future. The file in the Ministry which would have contained all information was missing. On being pointed out by the Committee that the case of recovery related to 1957 and the death of the officers had taken place in 1964, the witness stated that some discussions might have taken place probably at the high level but in the absence of the file the whole thing could not be linked. He also added that there was no scope for further probe because efforts during the last several months had proved abortive. The Committee wanted to know how the amount of Rs. 1.92 lakhs was collected from the Mills when the Government's decision was not to collect this amount. The witness stated that in 1960 the question of refixation of prices to be recovered from flour mills was considered and the element of octroi duty was taken into account in fixing these prices and accordingly the octroi duty was recovered from the mills w.e.f. April 1960 and nothing could be recovered prior to that period. In reply to a question the witness stated that the decision to recover octroi duty from mills was consequent to representations received from the mills and at that time the question of recovery from fair price shops had escaped the notice of the Department. The Committee were informed that while fixing the revised price at which the mills could sell to customers in 1960, octroi duty was taken into account.

6.101. The witness further stated that under the normal practice when octroi was passed on, the issue price of fair-price shops was suitably modified but in this case it was not done. Since the issues were to fair price shops and not to the consumers the Deptt. was holding it as arrears.

6.102. The witness conceded that the point did not occur to them when the original order was suspended in 1957 and when in 1960 the cost price of mills was revised, the question of fair price shops did not come up at all. He also added that the amount was shown as arrears because there was no written sanction to the effect that terminal charges should not be collected as the order suspending it was only a verbal order.

6.103. The Committee are constrained to find that a substantial amount of money *viz.* Rs. 4.39 lakhs remains to be realised by the Government as octroi charges and terminal tax even after the lapse of five years when it was pointed out to the Ministry in September, 1958. They wonder how the orders for the recovery of terminal tax were withheld over a telephonic message and even though the reference of the telephonic order was available in the file of the Regional Director, the original file was missing in the Ministry. They would, therefore, urge that suitable instructions should be issued to all concerned that whenever any verbal orders are given, those should also be confirmed in writing and files dealing with important matters should always be kept under safe custody.

6.104. The Committee are further surprised to learn that the Department had never considered the question of making recoveries from the fair price shops either when the original order was suspended in 1957 or in 1960 when revised price was fixed for flour mill.

6.105. The Committee would like to be informed of the progress made by the Deptt. in making recoveries to the extent possible.

*Delay in preferring claims and non-recovery of Government dues—
para 73, Pages 94-95.*

6.106. A contract for the transport of foodgrains, etc. from the Calcutta Port Docks to Central Storage Depots in and around the city was entered into by the Regional Director of Food, Calcutta, with a firm 'A', for one year with effect from 16th March, 1957.

6.107. On 20th March, 1957 the firm made a request for the cancellation of the contract on the ground that considerable time was involved in making arrangements for the lifting of stock and effecting its delivery, causing payment of heavy detention charges. Two contracts at higher rates were, therefore, executed with two other firms 'B' and 'C' at the risk and expenses of firm 'A', with effect from 21st March, 1957. The cancellation of the contract was notified to firm 'A' on 15th April, 1957.

6.108. The contracts with the firms 'B' and 'C' expired on 15th March, 1958. A demand for the recovery of the extra cost of Rs. 1.26 lakhs was, however, made by the Regional Directorate on firm 'A' only on the 21st June, 1960, i.e. two years and three months after the expiry of the contracts with firms 'B' and 'C'. Enquiries into the financial standing of firm 'A' made subsequently from February, 1962 onwards showed that it had then little or no assets.

6.109. The net loss of Rs. 1.02 lakhs—after appropriating the earnest money of Rs. 4,000, and security deposit of Rs. 20,000 of firm 'A' was consequently written off by Government in August, 1964.

6.110. In reply to a question the witness stated that immediately after accepting the contract the firm 'A' declined to fulfil the contract and the Deptt. had to appoint two other firms 'B' and 'C' at the risk and cost of firm 'A' and the firms 'B' and 'C' did work for their contract period up to 15th March, 1958. The Deptt. could not press their claim earlier because they had to find out the difference in the cost between the first contractor and the subsequent two contractors.

6.111. The contract period was over only in 1958 and the contractors took sometime to furnish their bills because they had to know the final picture of liabilities and claims and only after these claims and liabilities could be fixed and adjusted against one another, the Deptt. could press their claim against the first contractor. By the time the Deptt. preferred their claim, the first contractor did not have enough assets to pay the claim and the Deptt. adjusted the security deposit of Rs. 20,000 and earnest money of Rs. 4,000 of the firm against the claim. He also added that it was not possible to prefer a tentative claim on the basis of the rates of the new contractors as it was not possible to assess the total gain or loss unless the contract period was over and the claims of the Government and the contractor were adjusted against each other. The Committee desired to be furnished with a note indicating the time when the last bill from the new contractor was received and whether there was any delay in preferring claim against the first firm 'A'. (The note is at Appendix LI).

6.112. As to whether the financial standing of the firm 'A' was checked before awarding the contract, the witness stated that it was normally assumed that the firm which gave a security deposit of Rs. 20,000 would normally be willing to do the work without allowing the security deposit to be forfeited. In this case the contractor might have found that his rates were too low and he would rather have his security deposit forfeited than to proceed with the work. He also added that the amounts of security deposit and earnest money taken in this case were according to the rules.

6.113. From the evidence tendered and also from the note furnished by the Ministry the Committee find that under the existing procedure Government cannot prefer their claims against a defaulting contractor unless the claims of the Government and the contractor are reconciled finally and this process sometime takes two to three years. The Committee feel that the procedure leaves enough scope for an unscrupulous contractor to defeat the Government claim. The Committee fail to understand why in such cases the extra expenditure cannot be worked out from the departmental records of the work performed by the contractors and recovery effected from the defaulting contractors. The Committee would therefore suggest that the Ministry should examine this and devise a method which will plug the existing loophole.

Non-recovery of extra expenditure—para 43, Pages 49-50.

6.114. In May, 1954 Government entered into a contract with firm 'A' in New Delhi for the import of 30,000 tons of East German Sugar at £37-16-8 per ton, on a C&F basis

The sugar was to be delivered as follows:

August 1954 Shipment.	10,000 tons Calcutta
Sept., 1954 Shipment.	10,000 tons Bombay
October, 1954 Shipment	10,000 tons Calcutta

6.115. In terms of the contract, the firm furnished a guarantee from the Punjab National Bank, in lieu of security deposit; it later turned out to be based on a counter-guarantee given to the Bank by another firm 'B'.

6.116. The last consignment of 10,000 tonnes which was to be delivered by the firm 'A' at Calcutta Port, was however, received at Bombay. The firm agreed to pay the cost of transport of the sugar to Calcutta Port. The Department arranged for the despatch to Calcutta of an equivalent quantity of imported sugar from Bombay Port at an expenditure of Rs. 3.29 lakhs. As the firm did not accept the liability for this expenditure, the matter was referred to an arbitrator who awarded a sum of Rs. 2.99 lakhs to the Government in December, 1958. The award was declared as a rule of the court on 23rd October, 1963. An appeal from the Firm 'A' in the Punjab High Court against this decree was pending disposal even in November, 1964.

6.117. As a result of a suit filed by the counter-guarantor, the firm 'B', the Bank guarantee furnished by the firm 'A' was held in May, 1959 by the Punjab High Court to be discharged owing to variations having been made in the contract without the knowledge of the Bank.

6.118. The bills of the firm 'A' amounting to Rs. 1.47 lakhs are reported to be held up by the Government.

6.119. Answering a question whether any legal advice was obtained before making variations in the terms of contract (extending the date of delivery of sugar with a reduction in the price) since the case involved a bank guarantee, the witness stated that the variations in the contract were made in consultation with the Ministry of Law but what effect the variations would have on the guarantee was not specifically put to them. The Committee desired to know why the firm was awarded the contract when there was a confidential report from the Reserve Bank of India that the financial standing of the firm was very unsatisfactory. The witness stated that the report was received after the conclusion of the contract. When the Committee pointed out citing from the preamble of the contract that there was enough time for the Deptt. to carry out the verifications as the offer from the firm was received on the 12th May, 1954 and the contract was concluded on 3rd July, 1954, the witness conceded that even though there was time in between no enquiry was made as the party was known. The witness also stated that the same firm had earlier defaulted to fulfil a contract pertaining to their Ministry and in that connection a reference was made to the Reserve Bank and the detailed facts came to their notice after the present contract was concluded. The Committee desired to be furnished with a note explaining why the standing etc. of the firm 'A' were not properly checked up before assigning the contract when the firm had defaulted once before. (The note is at Appendix LII).

6.120. The Committee were also informed that the amount of guarantee taken by the Deptt. was 3 per cent of the total amount of the contract. In reply to a question the witness stated that on being asked to fulfil the guarantee, the contractors got a court injunction against the Government from compelling the bank to give the amount, and the counter guarantor later sued the bank who had raised the question of variation in the terms of the contract. On a reference being made the court had held that because of the variations in the contract the guarantee was not valid. The Committee desired to be furnished with a note indicating the date when it was held by the court that because of the variations in the contract assigned to the firm 'A' & Co. the guarantee was invalid. (The note is at Appendix LII). When the Committee desired to know whether the guarantee which the Department had from the Punjab National Bank was a qualified, conditional or an unconditional guarantee and the type of guarantee which the Government would generally accept in such cases, the witness read out the guarantee bond which was executed (by the firm) in this case. The bond, however, revealed

that it was an 'absolute guarantee' given by the firm 'A' and there was no reference of a counter guarantor at all. The witness also stated that the form of the bond was settled in consultation with the Ministry of Law.

6.121. The Committee desired to be furnished with a note explaining whether the Punjab National Bank had refused to pay the guarantee amount to the Government or it was refused by the firm 'A' and also giving details about the guarantor. (The note is at Appendix LII).

6.122. The Committee were informed that the case was in the Punjab High Court since January, 1964.

6.123. From the notes furnished by the Ministry at Appendix LII and also from the evidence tendered, the Committee are surprised that even when legal advice was sought, the Department had failed to ascertain from the Ministry of Law regarding the consequences that the change in the terms of contract might produce. They fail to understand how a Deptt. which have been dealing with such contracts since long, could possibly overlook this aspect. It is surprising that it did not occur to the Ministry of Law that the changes in the terms of the contract would prejudice guarantee. Another serious omission on the Part of the Department was that even when there was enough time at their disposal, thorough enquiry was not made about the antecedents of the firm whose records were not clean as it had defaulted to fulfil a contract earlier despite successive extensions. The Committee therefore, hold that the contention of the Deptt. that no enquiry was made as the party was known is not based on facts. The firm was known to be a defaulter. The Reserve Bank report was also unsatisfactory and even then for reasons not known the Ministry chose to deal with such a firm. It is a matter of a great surprise and disappointment. If the Department had been a little more cautious and had verified the antecedents of the firm at the initial stage, much of the present trouble would not, perhaps have arisen. The Committee would also like to be informed of the final outcome in this case.

New Delhi,
October 19, 1965.
Avinia 27, 1887 (Saka).

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

APPENDICES

APPENDIX I. 1

APPENDIX I

MINISTRY OF CIVIL AVIATION

(Ref. Para 1·8 of Report)

Detailed Statement showing the dues as reflected in the Audit Report..
Landing/Housing/Parking charges.

S. No.	Name of the party	Amount	Period to which relate	Date realised	Normally received per month (average). Landing charges only.
1	2	3	4	5	6

A.G. WEST BENGAL.

(As on 31st December, 1963)

	Rs.		Rs.	
<i>Dum Dum</i>				
1. Airways (India) Ltd.	9,329·30	July, Oct. & Nov. '63	1/64	3,500·00
2. Air Survey Co.	82·50	Oct. & Nov. '63	1/64 & 4/64	
3. Tata Iron & Steel	468·00	Do.	1 & 2/64	
4. Union of Burma Airways	11,312·50	Sept. to Nov. '63	2/64	5,000·00
5. B.O.A.C.	91,285·00	Oct. & Nov. '63	1, 2 & 3/64	48,000·00

1	2	3	4	5	6
		Rs.			Rs.
6.	I.A.C.	75,970.25	Details not readily available .	Paid Rs. 68,745/-	25,000.00
7.	P.I.A.	6,010.00	Oct. '63	1/64	6,000.00
8.	K.L.M.	20,495.00	Oct. & Nov. '63	1 & 3/64	11,000.00
9.	P.A.A.	53,130.00	Do.	1/64	28,750.00
10.	Air France	17,530.00	Do.	3/64	13,000.00
11.	Quantas	51,850.00	Do.	1, 2 & 3/64	27,000.00
12.	Thai Intt. Ltd.	9,100.00	Oct. & Nov. '63	1/64	2,000.00
13.	Scand.navian	16,930.00	Do.	1, 2 & 3/64	9,000.00
14.	Cathey Pacific	3,645.00	Nov. '63	1/64	
15.	Swiss Air Transport	16,930.00	Oct. & Nov. '63	1 & 3/64	8,000.00
16.	Lufthansa	33,275.00	Do.	1, 2 & 3/64	14,000.00
17.	Skyways c/o B.O.A.C.	898.75	Do.	Do.	
18.	Malays Airways	290.00	Nov. '63	2 & 3/64	
19.	Eagle Airways c/o B.O.A.C.	21,345.00	Nov. '63	2 & 3/64	715.00
20.	Indian Explosives Ltd.	1,125.00	Oct. & Nov. '63	1 & 3/64	
21.	B.U.A. c/o B.O.A.C.	365.00	Nov. '63	2 & 3/64	715.00
22.	Royal Air Force	16,947.50 + 19,149.00	Nov. '62 to July 63		
23.	Shri M. P. Verma	17.50	Nov. '63	1/64	
24.	Pak. Air Force	2,360.00	Aug. to Nov. '63	1 & 2/64	

Amount payable by Ministry of Defence.

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25.	U.S. Naval Attache	54,147.50	Aug. '61, Nov. '62 March '63, & July '63.		A/C of U.S. Supply Mission.
26.	Aerofloat	500.00	Oct. '63	Rs. 200/- in 2/64	
27.	Govt. of Orissa	90.00	Sept. to Nov. '63	2 & 3/64	
28.	Associated Airworks	994.50	Aug. '61 to Nov. '63	Paid	
29.	Dr. Rahim	91.30	Oct. & Nov. '63	3/64	
30.	Hindustan Steel	567.50	Nov. '63	1/64	500.00
31.	R.N.A.	1,615.00	Oct. & Nov. '63	1/64	
32.	Bengal Flying Club	55.00	Dec. '62 & Feb. '63		
33.	Cambodian Air Force	160.00	Jan. '63		
34.	Vickers Armstrong	205.00	Oct. '63	1 & 3/64	
35.	Hawker Seddely Avn. Ltd. c/o B.O.A.C.	705.00	Do.	1 & 3/64	
36.	B.O.A.C. (Casual Flight)	365.00	Do.	Do.	
37.	All Nippon Airways c/o K.L.M.	50.00	Oct. '63	1/64	
38.	C.S.A. c/o B.O.A.C.	2,112.50	Nov. '63	1 & 3/64	
39.	Denair c/o B.O.A.C.	195.00	Do.	2 & 3/64	
40.	Advia Airways c/o Air India	345.00	Do.	1/64	
41.	Ford Foundation	10.00	Do.		
42.	Govt. of West Bengal	2,050.00	Sept. & Nov. '63		
43.	Japan Air Lines	38,980.00	Oct. & Nov. '63	2 & 3/64	18,000.00
44.	Darbhangs Aviation	195.00	April '63, May to August '63.		
45.	Casual aviators	1,101.50		1/64	
<i>Bagdogra.</i>					
1.	I.A.C.	7,192.50	Nov. & Dec. '63	Realised	2,100.00

1	2	3	4	5	6
		Rs.			Rs.
2.	West Bengal Govt.	75.00	Feb. '63		
3.	U.S.A.F.	47,115.00	Aug. '63		Amount payable by Min. of De- fence. A/C of U.S Supply Mission.
	<i>Barrackpore</i>				
	Late Capt. Ghosh	1,520.00	Dec. '62		
	<i>Coach-Bihar</i>				
	M/s Airways (India) Ltd.	1,650.00	Not known	1/64	1,700.00
	<i>Assam</i>				
	Casual	5.00	Do.	Appears realised.	
	<i>Behala</i>				
	Indian Explosives	80.00	Not known	5/64	
	<i>Panagarh</i>				
	Indian Iron & Steel	15.00	Do.	1/64	
	<i>Port Blair</i>				
	I.A.C.	420.00	Nov./Dec. '63	Realised	120.00
	TOTAL	<u>6,43,223.00</u>	(in round figures)		

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A.G. ASSAM (as on 31st December, 1963)

<i>Agartala</i>				
I.A.C.	42,225.00	Sept. & Oct. '63	Realised	9,500.00
<i>Mohanbari</i>				
I.A.C.	17,477.00	June to Dec. '63	Do.	Whether permitting Rs. 10,000/- otherwise Rs. 5,000/- Average Rs. 8,000/-.
<i>Khasnigirang</i>				
I.A.C.	9,000.00	Upto Dec. '63	Seems to be realised	4,000.00
<i>Gauhati</i>				
I.A.C.	44,364.00	Oct. to Dec. '63	Do.	21,000.00
<i>Imphal</i>				
I.A.C.	2,555.00	Nov. '63	Do.	1,800.00
<i>Khowai</i>				
I.A.C.	1,465.00	Oct./Nov. '63	Do.	650.00
<i>Kamalpur</i>				
I.A.C.	2,550.00	Oct. & Nov. '63	Do.	600.00

1	2	3	4	5	6
		Rs.			Rs.
<i>Kailashahr</i>					
	I.A.C.	1,205.00	Oct. & Nov. '63	Seems to be realised.	300.00
<i>North Lakhimpur</i>					
1.	I.A.C.	4,095.00		Do.	
2.	Darbhanga Aviation	25.00	Dec. '63		2,000.00
<i>Rupai</i>					
	Jamair & Co.	35.00		1/64	
	TOTAL	<u>1,24,996.00</u>			

BOMBAY REGION (as on 31st March, 1964)

1.	<i>Santa Cruz</i>				
	1. A.I.I.	98,576.25	Jan. to March. '64	Realised. (Date not known)	3,20,000.00
	2. I.A.C.	1,25,640.00	June '63 to March '64	Balance on 31-3-65 Bill No. 366, dt. 7-1-64 for Rs. 2,325.00 and No. 406, dt 20-2-64. for Rs. 1,065.00	98,000.00

3. T.W.A.	6,960.00	March '64	Realised	\$,000.00
4. Combata Aviation	725.00	March '64	Do.	No longer operating.
5. Bombay Flying Club	5.00	Do.	Do.	..
6. Maharashtra Government	10.00	Do.	Do.	..
7. U.S.A.F./R.A.F.	29,730.00	Aug. to Nov. '63 . . . . .	..	To be paid by Defence Ministry.
8. U.S. Air Attache	3,656.25	July '63 to Feb. '64	Realised	..
TOTAL :-	<u>2,65,312.50</u>			

2. *Poona*

1. Casual Operators	15.00	..	Realised	..
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3. *Nagpur*

1. M.P. Government	5.00
2. I.A.C.	23,745.00	..	Realised	23,000.00

4. *Akola*

1. Aviation Adviser to Maharashtra Govt.	30.00	..	Do.]	..
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5. *Aurangabad*

1. I.A.C.	1,505.00	} Feb. '64	Do.	1,500.00
2. U.S. Military Mission	7.50			
3. Maharashtra Government	10.00			
4. Bharat Industries, Calcutta	65.00			

1	2	3	4	5	6
		Rs.			Rs.
6. Kolhapur	Maharashtra Government	13.00	..	Realised	..
7. Solapur	Maharashtra Government	18.00	..	Do.	..
8. Ahmedabad					
1. U.S. Air Attache (Cal.)		600.00	Dec '62	..	..
2. I.A.C.		8,470.00	Jan. & Feb. '64	Do.	4,200.00
9. Bhavnagar	I.A.C.	2,905.00	Jan. & Feb. '64	Do.	1,500.00
10. Rajkot	I.A.C.	4,200.00	Feb. '64	Do.	2,200.00
11. Keshod	I.A.C.	1,190.00	Jan. '64	Do.	1,200.00
12. Porbandar	I.A.C.	1,225.00	Jan. & Feb. '64	Do.	600.00
13. Kandla	I.A.C.	875.00	Do.	Do.	450.00

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14. <i>Bhay</i>					
I.A.C.	2,625.00	Feb. & March '64	Do.	1,200.00	
15. <i>Bilaspur</i>					
Casual Operators	43.00	Feb. '64	Do.		
16. <i>Indore</i>					
1. I.A.C.	1,716.00	Feb. & March '64	Do.	Depends on IAC operation. Rs. 300.00 to 900.00	
2. M.P. Government	1,228.00	Aug. '63 to Jan. '64	Do.		
3. Casual Operators	35.00		Do.		
17. <i>Bhopal</i>					
1. Flying club	2.00	Feb. '64	Do.		
2. Mr. K. P. Patel	3.00		Do.		
3. I.A.C. & M.P. Govt	1,118.50		Do.	Depends on IAC operations.	
18. <i>Khandwa</i>					
(Not known)	50.00		Do.		
19. <i>Belgaum</i>					
I.A.C.	6,160.00	Jan. & Feb. '64	Do.	3,000.00	
20. <i>Jabalpore</i>					
H.P.F.C.	15.00	Dec. '63	Do.		

1	2	3	4	5	6
		Rs.			Rs.
21.	<i>Rajpur</i>				
	I.A.C. & M.P. Govt.	900.00	Feb. '64	Realised	Depends on IAC operations.
22.	<i>Juhu</i>				
	1. Aviation Adviser to Govt. of Maharashtra	2,923.00	Oct. '63 to March '64	Do.	..
	2. M/s Bhopal Aviation (liquidated Coy.)	1,805.00	Hangar rent incorrectly shown as Housing Charges. Relates to 1958. Question of write off under consideration.	..	..
	TOTAL	<u>3,28,815.00</u>	(in round figures)		

DELHI REGION (as on 31st March, 1964)

1.	<i>Safdarjung</i>				
	1. I.A.C.	8,350.00	Feb. & March '64	Do.	4,100.00
	2. R.N.A.C.	585.00	March '64	Do.	500.00
	3. U. S. Embassy	190.00	Feb. & March '64	Do.	..
	4. H. P. F. C.	228.00	Dec. '63 to March '64	Do.	..
	5. Bharat Commerce Industries	2,100.00	Jan. to March '64	Do.	..

6. Ford Foundation	60.00	March '64	Do.	..
7. Capt. Daniel Walcott	845.00	July '62 to Sept. '63	Decree obtained	..
8. M. P. Government	70.00	Oct. '63, Dec. '63 & March '64	Realised	..
9. Casual Aviators	15.00	March '64	Do.	..
10. French Embassy	20.00	Do.	Do.	..
11. Aviation Services	127.00	Jan. to March '64	Action under the PPE Act is being taken	..
12. N.I.F.C.	10.00	March '64	Realised	..
2. Amritsar				
1. I. A. C.	4,370.00	Feb. & March '64	Seems to be realised.	Rs. 2,200/-
2. Ariana Afghan Airlines	490.00	Feb. & March '64	Realised	Rs. 160/- Depends on No. of flights.
3. U. S. Embassy	10.00	March '64	Do.	..
4. Darbhanga Aviation	4,475.00	May to Dec. '63	Action under the PPE Act being taken.	..
3. Udaipur				
1. I. A. C.	7,835.00	Jan., Feb. & March '64	Realised (4/64)	2,200.00
2. H. P. F. C. Lucknow	25.00	Jan. '64	Do.	..
4. Kotah				
I. A. C.	35.00	March '64	Do.	..
5. Lucknow				
I. A. C.	20,465.00	..	Reported realised	10,000.00

1	2	3	4	5	6
		Rs.			Rs.
6. Jaipur					
1. I. A. C.	14,740.00	Feb. & March '64	Realised (5/64)	6,200.00	
2. U. S. Naval Attache'	50.00	May '62	" (4/64)	..	
3. Bharat Commerce Industries	130.00	Feb. & March '64	" (5/64)	..	
7. Varanasi					
1. I. A. C.	32,065.00	..	" (5/64)	Not available	
2. H. P. F. C.	47.50	..	Realised	..	
3. Bharat Commerce Industries	165.00	..	Do.	..	
8. Lalitpur	2.50	..	Do.	..	
9. Chandigarh					
I. A. C.	100.00	..	Reported collected by IAF. The CAD is claiming transfer of the credit. Under correspondence with the AGs concerned.		
10. Allahabad					
West Bengal Govt.	50.00	Dec. '62			
Darbhanga Aviation (Liquidated).	50.00	..	Matter reported to have been taken up		

11. <i>Jhansi</i>	11.00
12. <i>Panna.</i>	
Casual Operators	357.00
13. <i>Satna.</i>	
Casual Operators	205.00
TOTAL	<u>98,259.00</u>

with Mr. L. K.
Joha, executor of
the will of Late
Maharaja.

Reported realised.

Do.

Do.

APPENDIX II

MINISTRY OF CIVIL AVIATION

(Ref. Para 1·27 of Report)

Information required:

A note stating when a hangar in the Juhu aerodrome was allotted to a private party, the monthly rent of the hangar, dues outstanding, if any and the reasons for allotment.

[Para 31(B) item (iii) Audit Report (Civil) 1965]

Government reply:

The facts regarding allotment of Hangar accommodation (space in Hangar No. 10) to Shri M. U. Parekh, of Parekh Agencies at Juhu aerodrome, are as follows:—

Bhopal Aviation was in occupation of Hangar No. 10 at Juhu having been leased to them by the DGCA. Due to certain violations of the tenancy agreement, it became necessary to terminate the lease of the hangar to Bhopal Aviation. Since the Company failed to vacate the hangar as required, the Controller of Aerodromes in his capacity as an Estate Officer served them a notice on 3rd August, 1960 to vacate the Hangar. This notice was issued under directions from the Civil Aviation Department and in consultation with the Government Solicitor at Bombay. It came out that during their tenancy of Hangar No. 10, Bhopal Aviation had permitted Shri M. U. Parekh to use it.

On 26th July, 1960, Shri Parekh applied to the DGCA for allotment of the hangar space which was in occupation of Bhopal Aviation on the ground that he had purchased the aircraft and spares from Bhopal Aviation. In reply he was informed that his presence in Hangar No. 10 was unauthorised, as no official allotment was made to him. Shri Parekh appealed to the City Court, Bombay, and obtained a "Stay Order" against the eviction notice issued by the Estate Officer on the ground that he had purchased the right, title and interest of Bhopal Aviation and had become solely entitled to use hangar No. 10 at Juhu.

In May 1961 Shri Parekh approached the DGCA for formal allotment of hangar space and in his representation stated that he was prepared to accept hangar space only for one aircraft along with storage space for aviation spares and equipment, and that he needed this hangar space for his aviation business. The Controller was informed that Shri Parekh should:

- (a) vacate the accommodation in hangar No. 10 unconditionally.
- (b) On his agreeing to carry out the above, the DGCA will be prepared to consider allotment of hangar space to Shri Parekh subject to the over-riding condition that the space so allotted would be utilised only for aviation activities and nothing else like motor-body-building or furniture making etc.

In his letter dated 18th June, 1961 Shri Parekh stated that he had no intention of building motor car bodies and making furniture in the said hangar and that he needed hangar accommodation only for keeping his aircraft, spares and stores.

On the advice of the Law Ministry, the Controller of Aerodromes, Bombay, was authorised to negotiate with Shri Parekh on the following lines after consulting the Government Solicitor at Bombay:

Shri Parekh should apply to the City Court for the withdrawal of the stay order against the Government and that he should give an undertaking that he would not carry out any non-aviation activity in the portion of the hangar allotted to him.

The Controller of Aerodromes reported that Shri Parekh had already instructed his Solicitor to withdraw the case. The Controller also reported that he had consulted the Government Solicitor at Bombay regarding the terms and conditions of allotment of hangar space to Shri Parekh in hangar No. 10 at Juhu and the allotment was finalised after completion of the usual formalities such as furnishing security deposit and completion and signing of the lease agreement. The terms and conditions of the agreement stipulated that Shri Parekh should not use the premises for any purpose other than aviation as will be seen from the following extracts from the agreement entered into by Shri M. U. Parekh:

"Not to use the said premises or permit the same to be used for any purpose other than Aviation purposes without the previous written permission of the Director General."

The monthly rent of the entire hangar is Rs. 907 and the rent for the floor area in occupation of Parekh Aviation is only Rs. 196.62 Paise. There are no dues outstanding against Shri Parekh. The remaining portion of the Hangar is being utilised for housing Government-owned Gliders.

As it has been found that the aircraft which was purchased by Parekh Agencies is in a broken-down condition, they do not intend to rebuild it, they also do not have any serviceable aircraft spares, and are not doing any aircraft work but only engines of some transport vehicles belonging to the firm are undergoing overhaul in the hangar, the DGCA proposes to serve a notice on Shri Parekh for vacating the space occupied by the firm.

V. SHANKAR,

Secretary to the Govt. of India.

APPENDIX III

MINISTRY OF CIVIL AVIATION

(Ref. Para 1.32 of Report)

Information required:

A statement showing the exact position regarding the dues of rent recoverable from Government servants, caterers and shopkeepers; whether any inquiry into the matter was made and the action taken by the Department in this regard.

[Para 31 (B) item (iv) Audit Report (Civil) 1965]

Government reply:

Four statements showing the dues recoverable from Government servants, caterers and shopkeepers, the amounts recovered and the balance outstanding on 30th June, 1965 are attached.

2. The reasons for the outstandings briefly are as follows:—

- (1) A large number of outstandings are reflected because of the non-return of the rent demand statements sent to the Heads of the offices in respect of non-gazetted officers. Although charges on account of rent, electricity and water are deducted at source, procedurally the amounts have to be shown as outstanding pending the receipt of a certificate on the rent demand statement from the Head of the office.
- (2) In the case of gazetted officers there is usually a considerable time lag between recovery and intimation of such recovery by return of the demand statements by the Accountants General/Treasury Officers concerned. It is the practice at all aerodromes to establish personal contacts with Accountant General/Treasury Officer to enquire about and obtain these statements. In spite of this, a large number of rent demand statements have not been received back.
- (3) Although a strict watch is maintained on the progress of recovery, amounts continue to remain outstanding in the

Registers until the rent demand statements are received back and posted in the respective registers as certified by the Accountants General/Treasury Officers/Heads of offices.

- (4) With the progressive increase in the number of quarters at the four International Aerodromes, the existing staff is now unable to cope with the increased work relating to preparation of rent demand statements, posting of the amounts due and recoveries made from allottees of C.A.D. accommodation in the relevant registers.
- (5) In all the regions, the outstandings particularly in respect of C.P.W.D. officers and staff are heavy, compared to the amounts outstanding against employees of other departments. The reasons therefor are only procedural, as due to non-receipt of rent demand statements from the Executive Engineers concerned whose headquarters are not at the same places where quarters have been provided for their staff (except at the four International Aerodromes) the recoveries remain unposted in the registers.

3. Steps have already been taken at aerodromes to watch the progress of recovery in respect of rent, electric and water charges from Government servants as indicated below:—

- (1) Reminders are issued periodically including registered reminders to Accountants General/Heads of offices.
- (2) Personal contact is established where possible for obtaining the rent demand statements duly certified by Heads of offices in the case of non-gazetted staff and Treasury Officers/Accountants General in the case of Gazetted Officers.
- (3) The Controllers of Aerodromes as well as the D.G.C.A.'s office at Headquarters have addressed the Additional Chief Engineer in regard to outstandings against CPWD employees.

4. Further remedial action is proposed to be taken as follows:—

- (1) The D.G.C.A. is sending a list of all the outstandings together with names of officials against whom such outstandings are reflected at the aerodromes to the Chief Engineer requesting him to intervene in the matter and issue appropriate instructions to his subordinate offices.

- (2) The D.G.C.A. is forwarding a list of names of concerned officials to the Accountants General/Treasury Officers concerned, requesting their co-operation in the matter of return of the rent demand statements duly certified in regard to the recovery in respect of officers against whom outstandings have been reflected.
 - (3) In addition to addressing the Accountants General/Treasury Officers concerned, the C.A.D. is asking the Controllers of Aerodromes to settle this question by personal discussion at meetings with representatives of the Accountants General/Treasury Officers and the Heads of various offices at the Regional Headquarters.
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ANNEXURE I

DELHI REGION

Statement showing outstanding dues as on 31-3-1964 against Government Servants (Department-wise), Caterers & Shopkeepers.

Name of party	Amount due			Amount since recovered			Date of recoveries	Amount outstanding as on 30-6-1965		
	Rent	Elec. & Water	Total	Rent	Elec. & Water	Total		Rent	Elec. & Water	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
<i>Government Servants</i>										
C.A.D.	15,446	4,655	20,101	11,470	2,831	14,301	4/64, 5/64, 10/64, 12/64, 4/65	3,976	1,824	5,800(a)
MET.	1,015	444	1,459	990	441	1,431	4 & 5/64	25	3	28
C.P.W.D.	4,651	1,730	6,381	2,030	552	2,582	4/64 to 7/64, 10/64	2,621	1,178	3,799 (b)
Health	110	438	548					110	438	548
Customs	10,597	3,575	14,172	4,800	976	5,776	4/64, 5/64, 1/65, 4 & 5/65	5,797	2,599	8,396(c)
TOTAL	31,819	12,842	44,661	19,290	4,800	24,090		12,529	6,042	18,571
Caterers	36,990	4,945	41,935	24,142	491	24,633		13,248	4,454	17,702(d)
Shopkeepers	8,082	86	8,168	810	24	834		7,272	62	7,334(e)
GRAND TOTAL	76,891	15,573	92,464	44,242	5,315	49,557		33,049	10,558	43,607

Notes.—

- (a) The dues relate to about 60 gazetted government servants in respect of whom the rent statements have not been received from the A.Gs. and to some non-gazetted government servants at outstations. This also includes the dues from about 10 Pakistan Optees; the question of recovery of the amount has been under correspondence with Pakistan authorities but without any success so far.

- (b) Due to non-receipt of rent demand statements from the C.P.W.D. authorities in respect of about 40 staff covering a period of 4 to 5 months.
- (c) About 43 officials from the Customs Department have been allotted quarters and their rent demand statements have not been received back. Some of them have been transferred to other stations. Correspondence with the respective heads of offices is in progress.
- (d) This includes Rs. 14600/- due from an ex-caterer Shri Halim Jung against whom a revived civil suit is pending in a Delhi Court for the recovery of the dues. Another sum of Rs. 2500/- is due from M/s Raffles Restaurant on account of electric and water charges recovery of which is being pursued.
- (e) This pertains to the dues outstanding against half a dozen shopkeepers who have been charged rent at enhanced rate as prescribed by the W.H. & S. Ministry. The levy has been disputed by the shopkeepers. Action for recovery of the amount is in progress under P.P.E. Act, 1958.

ANNEXURE II

CALCUTTA REGION

Statement showing outstanding dues as on 31-12-1963 against Govt. Servants (Department-wise), Caterers & Shopkeepers.

Name of Party	Amount due			Amount recovered			Dates of payments	Amount outstanding as on 30-6-65		
	Rent	Electric & Water	Total	Rent	Electric & Water	Total		Rent	Electric & Water	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
Government Servants										
C.A.D.	41,086	12,754	53,840	22,360	9,337	31,697	1/64, 2/64, 3/64 & 2/65	18,726	3,317	22,043(a)
MET	2,995	3,654	6,649	1,097	2,662	3,759	3/64, 6/64	1,898	992	2,890(b)
C.P.W.D.	27,433	7,376	34,809	10,535	4,739	15,274	1/64, 2/64, 4/64, 10/64	16,898	2,637	19,535(c)
Health	1,137	397	1,534	792	337	1,129	4/64, 5/64	345	60	405
Customs	157	1,031	1,188	78	102	180	4/64, 7/64 & 10/64	79	929	1,008
Postal Deptt.	123	79	202	123	79	202	2/64, 4/64	..	..	..
TOTAL	72,931	25,291	98,222	34,985	17,256	52,241		37,946	7,935	45,881
Caterers	715	3,051	3,766	715	2,902	3,617		..	149	149
Shopkeepers	4,032	312	4,344	2,334	216	2,550		1,698	96	1,794(d)
GRAND TOTAL	77,678	28,654	1,06,332	38,034	20,374	58,408		39,644	8,180	47,824

Notes.—

(a) Indicates dues mostly from 50 to 60 gazetted officers in whose cases rent statements for a period ranging from 3 months to 4 or 5 years certifying recovery of the amounts are still awaited from the audit officers etc. Matter is under correspondence with the concerned authorities.

- (b) This relates to the recovery of rent from about 30 class IV staff and half a dozen gazetted officers. The class IV staff have represented that they were entitled for rent free quarters and a final decision on their representation is yet to be taken.
- (c) Non-receipt of the recovery statements from the C.P.W.D. in respect of about 85 allottees covering a period of 1 to 3 years has resulted in the accumulation of outstanding balance. The matter has been taken up by the D.G.C.A. with the Chief Engineer, C.P.W.D.
- (d) This outstanding amount relates to the dues from one Shri S. K. Kar, a shopkeeper who has since vacated the premises and against whom court proceedings are in progress for the realisation of the dues.

ANNEXURE III

BOMBAY REGION

Statement showing outstanding dues as on 31-3-1964 against Government Servants (Department-wise), Caterers & Shopkeepers.

Name of party	Amount due			Amount since recovered			Date of recoveries	Amount outstanding as on 30-6-65		
	Rent	Elec. & Water	Total	Rent	Elec. & Water	Total		Rent	Elec. & Water	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
Government Servants										
CAD	11,954	4,976	16,930	5,182	2,237	7,419	4/64, 5/64, 4/65, 5/65	6,772	2,739	9,511(a)
MET	997	2,346	3,343	185	277	462	4/64	812	2,069	2,881(b)
CPWD	28,401	15,776	44,177	4,344	2,127	6,471	4/64, 7/64 & 9/64	24,057	13,649	37,706(c)
Health	1,985	1,034	3,019	1,105	618	1,723	5/64, 6/64	880	416	1,296
Customs		496	496		280	280	5/64		216	216
TOTAL	43,337	24,628	67,965	10,816	5,539	16,355		32,521	19,089	51,610
Shopkeepers	998	475	1,473	998	475	1,473	4/64, 5/64, 6/64, 7/64, 8/64, 11/64			
Caterers	3,302	8,794	12,096	3,498	5,119	18,617	5/64, 9/64 & 6/65	394	3,679	4,073(d)
GRAND TOTAL	44,227	33,901	82,128	15,312	11,133	26,445		32,914	22,768	55,683

Period of outstanding

Year	Rs.
1957	430
1958	1,000
1959	8,500

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1960	8,700
1961	10,232
1962	10,132
1963	11,354
1964	1,272
TOTAL									51,690

Note. —

- (a) There are about 100 gazetted Officers who are, on an average, paying rent varying from Rs. 35/- to 140/- per month excluding electric and water charges. Invariably there is a time lag between the recovery of the amounts and receipt of the statements from the AGs / Treasury Officers. Sometimes the time lag is as long as 1 to 1½ years. Procedurally the amounts remain outstanding till advice of recovery of the amount is received.
- (b) Due to non-receipt of recovery statements in respect of five gazetted officers and eighteen non-gazetted staff covering a period of 2 to 8 months.
- (c) In respect of 75 allottees, both gazetted and non-gazetted, the rent statements have not been received back from the audit officers and heads of offices leading to heavy outstandings. The matter was taken up by the CAD with the CPWD at different levels but not much progress has been made.
- (d) The outstanding reflected in the statements pertain mainly to the electric charges of about Rs. 3600/- due from the "No Profit No Loss" Canteen at Santacruz. It is proposed to adjust it from the Govt. subsidy payable to the Canteen.

ANNEXURE IV

MADRAS REGION

Statement showing outstanding dues as on 30-9-1963 against Government Servants (Department-wise), Caterers and Shopkeepers.

Name of Party	Amount due			Amount since recovered			Date of recoveries	Amount outstanding as on 30-6-65		
	Rent	Elect. & Water	Total	Rent	Elect. & Water	Total		Rent	Elect. & Water	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.
<i>Government Servants</i>										
C.A.D. (a)	20,062	6,434	26,496	19,090	6,033	25,123	10/63 to 12/63, 1/64, 2/64, 3/64, 6/64, 8/64 to 10/64, 1/65 to 3/65	972	401	1,373(a)
MBT. (b)	33	292	325	27	285	312	10/63, 11/63	6	7	13
C.P.W.D.	4,170	2,535	6,705	2,755	1,814	4,569	10/63 to 12/63, 1/64 to 3/64, 5/64, 9/64, 3/65	1,415	721	2,136(b)
Health	385	94	479	348	88	436	10/63 to 12/63, 7/64, 9/64	37	6	43
Customs	6	4	10	6	4	10	10/63	..	..	..
P & T	7	12	19	7	12	19	11/63	..	..	..
TOTAL	24,663	9,371	34,034	22,233	8,236	30,469		2,430	1,135	3,565
<i>Caterers</i>	3,180	4,671	7,851	3,180	4,671	7,851	10/63, 11/63	..	..	..
<i>Shopkeepers</i>	883	1,583	2,471	883	1,588	2,471	10/63 to 12/63 & 3/64
GRAND TOTAL	28,726	15,630	44,356	26,296	14,495	40,791		2,430	1,135	3,565

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<i>Period of outstandings</i>		
<u>Year</u>		<u>Rs.</u>
1959		109
1962		1,341
1963		2,115
TOTAL		<u>3,565</u>

Notes. —

- (a) The major portion of the amount represents outstandings against about 20 gazetted officers especially those who have been transferred to other stations, for periods ranging from 1 to 3 months. The rent demand statements after recovery have not been received back so far from the audit/Treasury Officers concerned.
- (b) Rent statements in respect of two gazetted officers and about 30 non-gazetted staff of CPWD working under different Executive-Engineers and covering a period of 8 to 9 months have not been received. Matter is under correspondence with the C.P.W.D. authorities.

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APPENDIX IV

(Ref. Para 2.27 of Report)

MINISTRY OF COMMERCE

Ministry's Reply:

During the six financial years from 1957-58 to 1962-63, the total amount of insurance claims lodged in respect of exhibition goods, is Rs. 5,50,360. This includes claims in respect of goods belonging to the Directorate of Exhibitions and also claims lodged by private participants in respect of their exhibition goods sent for exhibitions arranged during this period. The value of claims in respect of goods belonging to the Directorate of Exhibitions is Rs. 1,97,907 out of which claims to the value of Rs. 96,587 (i.e. 43.3 per cent.) are outstanding on 31st July, 1965.

The claims lodged in respect of the goods belonging to the participants amount to Rs. 3,52,453. These claims are settled directly with the participants by the Insurance Company on mutually agreed basis. As intimation of settlement of such claims is not received in the Ministry in all cases, the exact figures of such claims outstanding are not available. As soon as outstanding claims are collected from parties, the figure will be communicated to the Committee.

APPENDIX V

(Ref. Para 2.34 of Report)

MINISTRY OF COMMERCE

Delay in submission of Pool Fund Accounts.

The accounts of the Pool Fund are compiled in respect of each crop season as required under Rule 34(2) of the Coffee Rules, 1955. Normally, a new account on account of each season is opened on the 1st July of each year to account for payments on account of Administration of Marketing incurred from July onwards although coffee commences to arrive into the Pool from September/October of the year. Separate Bank Accounts are opened on account of each season and all transactions pertaining to that season are accounted in those accounts.

The release of coffee every month for the internal market has to be regulated by the Board according to the needs of the market and the availability of stocks in the Pool. Though coffee begins to arrive into the Pool in bulk from December, the Arabica Plantation Coffee will be ready for marketing only by the end of January. The arrival of Robusta coffee into the Pool is late, and it will be available for marketing only by the end of March/April. The stock of Robusta coffee of the previous season necessarily to be carried over to meet the internal demand till the Robusta Coffee of the new Season is ready for marketing by the end of March/April. The sale of coffee of each season, which commences in January is thus spread over a period of 15 months. The entire sale proceeds on account of sale of the respective season's crop is accounted in the respective seasons's accounts.

Payments to planters are also made from the respective season's account spread over a period of about 18 months (in instalments ranging from 8 to 10 for large growers and in 2 to 3 for small growers). Thus it will be seen that the accounts opened in July will be in full operation or in full swing for a period of 24 months from the commencement to enable the payment to planters/curers and accounting of the entire season's transactions. Even after 24 months there will be certain payments and adjustments to be finalised before closing the accounts. Therefore, the account is kept open

for another six months. Thus one crop season's account of Pool Fund would cover 30 months' transactions, as against the accounts of the General Fund which are maintained fiscal year-wise. The Pool Fund Accounts which run for a period of 30 months require considerable amount of time to compile and finalise, as the transactions run to over 30 crores of rupees and there will be multitudes of postings, reversal entries, adjustment entries, etc. on account of payment to planters through Pool Agents and the Collecting Depots. Normally about further 3 to 4 months are required to finalise the accounts after getting all the particulars for compiling the final accounts for the season and after reconciling the personal accounts of the Pool Agents and the stock accounts.

In the circumstances, the final accounts of the Pool Fund will be available only at the expiry of three years after the date on which the accounts are opened.

Latest position of Pool Fund Accounts

It may also be mentioned that the accounts of the Pool Fund are always posted upto date then and there and the accounts are also reconciled monthly and Trial Balances struck. Thus there is no question of delay in so far as accounting is concerned.

The present position regarding various seasons' accounts is as follows:—

(A) 1961/62 Season's Accounts—

The accounts commenced on 1st August, 1961 and closed on 31st January, 1964. Accounts are finalised and are under Audit.

(B) 1962/63 Season's Accounts—

Accounts commenced on 1st July, 1962 closed on 31st March, 1965. Compilation of final accounts has now been taken up. Special steps are being taken to compile this account also by the middle of October and give it to audit. This will mean that the time lag is reduced by 'one year' i.e. 1962/63 Pool Fund Accounts will be ready along with 1964/65 General Fund Account. Audit is being requested to take up the audit of 1962/63 Pool Fund Accounts also, along with 1961-62 accounts which they are now checking.

(C) 1963/64 Season's Accounts—

Opened on 1st July, 1963 is still in operation and the final payment thereof was declared only in April 1965. The disbursements to planters are being now made and may be completed in another 2 or 3 months.

Bonus Coffee Valuation Reports in respect of additional points awarded for Arabica Cherry and Robusta have yet to be issued by the Regional Deputy Chief Coffee Marketing Officers. Immediately after these Coffee Valuation Reports are issued, the Pool Agents will have to render the Pool Payment Claim Statements. These Claim statements will have to be verified by the Deputy Chief Coffee Marketing Officer and sent to Accounts Department for making the payment. The Accounts of this season are expected to be closed by 31st January, 1966.

(D) 1964/65 Season's Accounts—

Opened on 1st July, 1964, is the current season.

The period of operation of the accounts, the system adopted in making payments to large and small growers and the magnitude of the transactions are to be taken into account for determining the period required for finalising each season's Pool Fund Accounts. However, all possible steps are being taken to close the accounts of a season at the earliest possible time and give it to audit.

APPENDIX VI

(Ref. Para 2.40 of Report)

MINISTRY OF COMMERCE

(1) Details—yearwise of the loan amount collected and loan amounts due:

A. Crop Hypothecation Loans

Note.—These short-term loans are repayable within a period of 18 months from the date of advance. Interest is always adjusted first, from out of a remittance and then the principal. The scheme was introduced from 1962-63 crop season.

Season	Total advanced	Total recovered	Balance (as on 31-3-1965)
	Rs.	Rs.	Rs.
1962-63	1,03,225	1,03,225	—
		*interest	
1963-64	2,54,875	2,54,875	—
		*interest	
1964-65	3,14,065	2,74,506	*39,559
		*interest	

*This has not yet become really 'outstanding' inasmuch as the planters have 18 months' time to clear the loans

B. Intensive Cultivation Loans

Note.—These loans are paid in instalments and recovered in annual instalments commencing from the 6th year. The 1st batch of loans to be advanced (those disbursed in 1957/58) became due for repayment in 1962-63. Therefore, the year 1962-63 is taken as the starting point for reviewing the progress of recovery, although there were cases of repayments even earlier

Loan Payments :

Year	Rs.
1957-58	37,025
1958-59	2,91,493
1959-60	2,73,224
1960-61	4,31,228
1961-62	6,64,300
1962-63	4,77,300
1963-64	4,22,119
1964-65	6,30,145

Loan Re-payments:

	1962-63		1963-64		1964-65	
	Due	Received	Due*	Received	Due*	Received
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Repayments in Scheduled Instalments	12,192	3,954	74,529	37,513	1,62,321	63,065
Recoveries from loans called up before maturity or refunded for other reasons		28,975		25,040		1,09,235
		<u>32,929</u>		<u>62,553</u>		<u>1,72,300</u>

*The amounts shown as due in 1963-64 and 1964-65 include the unrealised dues of the previous year.

The total balance outstanding from loanees as on 31st March, 1965 is Rs. 1,61,848 made up as follows:

From loans that are being repaid in yearly instalments	Rs. 95,256.00
From loans called up before the due date	Rs. 62,592.00
	<u>Rs. 1,61,848.00</u>

*Yearwise details, Vide Enclosure No. 1

These balances show the position as on 31st March, 1965 and are, therefore, inclusive of payments which fell due just towards the end of the financial year and had not yet become really serious cases of default.

The names of all defaulters are regularly intimated to the Board's Pool Agents and Depots for recovering the dues involved, including penal interest, from the value of the coffee delivered by them into the Pool. All outstandings are thus being collected, together with the interest accrued up to the date of collection. *Not a single loan has so far become a bad debt.*

The same remarks apply to payments due from planters granted aid in the form of equipment and machinery supplied on hire-purchase terms under Scheme V in the Development Plan.

Demand Notices are regularly issued to planters advising them in advance of the amounts falling due from them. The demand notices are followed by regular reminders wherever necessary. On the whole, the progress of collection has been satisfactory so far.

- (2) *Whether the Fourth Year's account in respect of Coffee Development Plan has been completed and reconciled and if so, when?*

In so far as the two loan schemes in the Development Plan are concerned, the accounts relating to them are reconciled every year before the annual accounts are prepared and got certified by Audit. With regard to Scheme V in the Plan (to which evidently this query relates), the accounts relating thereto for the year 1963/64 (viz., the 4th year's account referred to in the query) have duly been completed, but only need reconciling, with the accounts opened in the individual names of planters. This is being attended to and will be made available to audit for scrutiny shortly.

- (3) *Number of suits filed to recover the dues under the Coffee Development Plan and the result of those suits.*

Eight suits have so far been filed to recover the dues from loanees. The matter is taken to Court only as a last resort when recovery through normal channels looks difficult or is likely to be unduly delayed. The position with regard to the outcome of the suits so far filed is as follows:

Decrees by Court in favour of the Board, with costs	5
Pending in Court (files only recently)	3
	8

Out of the five cases decreed by Court, one party has since remitted the entire decretal amount while another is paying it in monthly instalments as allowed by the Court. Payment in the other three cases has not yet started as the cases were disposed of by the Court only recently.

- (4) *Are any loans time-barred?*

None. The first batch of loans to be advanced viz., those against which payments were started in 1958-59 became due for repayment only as recently as 1962-63. The recovery of every loan is individually watched and appropriate action is taken whenever the planter tends to default.

ENCLOSURE I

Loans granted under the Coffee Development Plan--Yearwise analysis of overdue payments as on 31-3-1965.

	Amounts outstanding from			Total outstanding as on 31-3-1965
	1962-63	1963-64	1964-65	
	Rs.	Rs.	Rs.	Rs.
1. From loans in force-- Being repaid in instalments	2,448 32	18,493 87	78,314 05	99,256 24
2. From loans called up before due date	37,205 35	7,912 15	17,474 67	62,592 17
	39,653 67	26,406 02	95,788 72	1,61,848 41

Action taken for recovering the dues:

(1) Apart from Demand Notices issued direct to the parties followed by reminders, the names of all defaulters are regularly notified to the Board's Pool Agents and Depots, with instructions to recover the outstanding dues, including interest, from the value of the coffee delivered by the concerned planter into the Pool.

(2) When recovery by deduction from pool payments proves difficult or unduly protracted, Legal notices are issued to the defaulters, followed by the filing of a suit as a last resort in consultation with the Board's Legal Adviser. Eight suits have so far been filed, of which five have been disposed of in favour of the Board, with costs. The remaining 3 cases filed recently are still pending in the Court.

APPENDIX VII

(Ref. Para 2.61 of Report)

MINISTRY OF COMMERCE

Rule 37(2) of the Rubber Rules, 1955, before its amendment in November 1963, was as follows:—

"Any money not required for current expenditure may be placed in deposit account with the Central Government in the Public Accounts."

Surplus moneys in the Pool Fund were accordingly kept in the Personal Deposit Account in the District Treasury at Kottayam and moneys required for current expenditure were kept in current account in the Central Bank of India, as there was no State Bank of India at Kottayam then.

The following statement shows the receipts and expenditure of the Pool Fund:—

(Rs. in lakhs)

Year	Receipts	Expenditure
1956-57	2.07	..
1957-58	11.77	..
1958-59	62.50	0.13
1959-60	1.92	0.43
1960-61	0.19	0.33
1961-62	0.85	1.08
1962-63	21.35	1.47
1963-64	6.69	2.18
1964-65	1.07	9.29

It will be noticed from the above figures that a sizeable amount was collected in 1958-59 and was kept in the Personal Deposit Account in the District Treasury. As this money did not earn any interest, the Board suggested to Government in April, 1963 that the above rule may be amended suitably so as to enable it to invest the

money in short-term deposits in Banks, which may be approved by Government. In consultation with the Ministry of Finance, the rule was amended with the addition of the following words:—

“Or invested in short-term deposits with such Banks as may be approved by the Central Government for the purpose.”

The Board, therefore, invested the surplus moneys of the Pool Fund as follows:—

- (1) Rs. 50 lakhs in Fixed Deposits in the Central Bank of India for a period of one year from 25-11-1963.
- (2) Rs. 20 lakhs in Fixed Deposit in the State Bank of India, Cochin, for a period of one year from 2-12-1963.
- (3) Rs. 10 lakhs in Short-term deposits in the Central Bank for a period of six months from 25-11-1963.

Since the Board had its current account with the Central Bank of India since 1947, and it as an approved one, the money was kept with that Bank in fixed Deposits. It may be mentioned in this connection that the rate of interest for fixed deposit for one year given by the State Bank of India was 4%; the Central Bank gave in addition 1% as brokerage. There is however, no variation in the rate of interests, but the Central Bank, out of its own volition, is giving 1% as brokerage. Hence the Board took advantage of this concession. No other Bank was approached in this matter nor the Central Bank of India was asked to increase their rate of interest.

In their Memorandum dated the 11th March 1964, the Ministry of Finance issued instructions regarding Banking arrangements for Local authorities, Statutory Boards etc. The Rubber Board was asked to suggest amendments to the Rubber Rules incorporating the instructions issued by the Ministry of Finance. While suggesting the amendments, the Board informed this Ministry that the instructions governed the funds provided by the Government and not the funds acquired by the Statutory Bodies out of contributions from private parties etc. The Board, however, had no objection to the investment of the surplus moneys of the Pool Fund also in deposits in the State Bank of India.

The question whether the instructions should apply to the Pool Fund of the Board especially after the amendment of the Rules enabling the Board to invest its surplus moneys in approved Banks was taken up with the Ministry of Finance. That Ministry, however, permitted the Board to keep the money in short-term deposits with

the Central Bank of India. Pending examination of the question whether the instructions issued by them should govern all funds maintained by the statutory bodies or apply to funds received from Government only. The deposit with the Central Bank of India is being renewed after three months and the current period is to expire on the 25th August, 1965.

After the receipt of the Finance Ministry's instructions, the current account in the Central Bank of the Pool Fund, General Fund and Provident Fund were closed and the moneys were transferred to the corresponding accounts opened in the State Bank of Travancore, Kottayam. The sum of Rs. 10 lakhs placed in deposit with the Central Bank in short-term deposit was also transferred to the State Bank of Travancore, Kottayam, on its maturity i.e. 28-5-1964. All subsequent investments or surplus moneys in Pool Fund have been made in the State Bank of Travancore only.

A statement showing the existing deposits of surplus moneys in the Pool Fund is given below:—

	Rate of interest
State Bank of India, Cochin— Rs. 20,00,000.	Deposit for 1 year from 2-12-1964 5%
State Bank of Travancore, Kottayam—Rs. 10,00,000.	Deposit for 1 year from 5-5-1965 6 1/8%
Central Bank of India, Kot- tayar—Rs. 50,00,000.	Deposit for 91 days from 27-5-1965. 5%
State Bank of Travancore, Kottayam—Rs. 10,00,000	Deposit for 91 days from 5-6-1965. 5 1/8%

The Rubber Board has now pointed out for the consideration of the Government that the Central Bank of India is participating in the loan scheme for rubber planters proposed by the Agricultural Finance Corporation and that, if the amount is withdrawn from the Bank, it is likely that the Bank may withdraw its participation from the Loan Scheme. The orders of the Ministry of Finance are being solicited in the matter.

APPENDIX VIII

(Ref. Para 3·20 of Report)

MINISTRY OF COMMUNITY DEVELOPMENT AND COOPERATION

STATEMENT—I(a)

Statements showing total amounts of loans received by the National Cooperative Development Corporation from the Central Government upto the year 1963-64

Year	Amount (in lakhs)
	Rs.
1962-63 (14-3-63 to 31-3-63)	1,90·00
	Details given in Annexure I.
1963-64	8,30·00
	Details given in Annexure II.
TOTAL	10,20·00

ANNEXURE—I

Details of loan received by the National Cooperative Development Corporation from the Central Government during the year 1962-63 (14-3-1963 to 31-3-1963).

Date of receipt	Amount (in lakhs)	Remarks
	Rs.	
30-3-1963	1,90·00	For Centrally sponsored schemes of Consumers' Cooperatives.
TOTAL	1,90·00	

ANNEXURE—II

Details of loans received by National Cooperative Development Corporation from the Central Government during the year 1963-64.

Date of Drawal	Amount (in lakhs)	Remarks
Rs.		
1-8-1963	43.00	For Centrally aided Schemes of Cooperative Development.
27-9-1963	44.00	
17-12-1963	44.00	
26-3-1964	103.50	
27-9-1963	275.00	For Centrally Sponsored Schemes of Consumers' Cooperatives.
6-3-1964	320.50	
TOTAL	830.00	

STATEMENT—I(b)

Statement showing how the interest was earned on the amounts disbursed to the State Governments out of loans received by N.C.D.C. from the Central Government.

S.No.	Name of State	Loan issued during the period from 14-3-63 to 31-3-1963			Recovery of Interest	
		Total amount of loan issued (in lakhs)	Amount on which interest was chargeable for the 1st year 1963-64 (in lakhs)	Amount on which interest was chargeable during the 2 years 1963-64 (in lakhs)	1962-63 14-3-63 to 31-3-63 Rs. Ps.	1963-64 Rs. Ps.
1	Andhra Pradesh	14.75	13.25	1.50	Nil	(C) 5,797/-
2	Assam	3.58	3.20	1.38	..	(A)
3	Bihar	15.50	14.00	1.50	..	(A)
4	Gujarat	2.60	2.60	..	..	(B) 779/-
5	Kerala	5.43	5.43	..	..	..
6	Madhya Pradesh	4.10	4.10	..	..	..
7	Madras	15.64	13.95	1.69	..	6,752/-
8	Maharashtra	19.38	17.50	1.88	..	(A)
9	Mysore	11.62	10.50	1.12	..	4,500/-
10	Orissa	1.75	1.00	0.75	..	3,750/-
11	Punjab	9.00	9.00	..	..	..
12	Rajasthan	10.37	10.37	..	..	..
13	Uttar Pradesh	24.50	24.50	..	..	..
14	West Bengal	4.90	4.90	..	..	..
TOTAL		143.12	134.30	8.82		21,578/-

(A) Interest was received in the year 1964-65.

(B) Interest on refund made by the State Government.

(C) This includes a sum of Rs. 348/- on refund made by the State Government.

STATEMENT—I (c)

Statement showing details of loan paid to the State Governments during 1962-63 (14-3-63 to 31-3-63) and 1963-64 (out of the loans received by the National Cooperative Development Corporation from the Central Government).

(Amount in lakhs)

State	1962-63 (14-3-63 to 31-3-1963)	1963-64
1. Andhra Pradesh	14.75	76.10
2. Assam	3.58	15.74
3. Bihar	15.50	45.24
4. Gujarat	2.60	27.66
5. Kerala	5.43	33.27
6. Madhya Pradesh	4.10	48.71
7. Madras	15.64	88.87
8. Maharashtra	19.38	75.23
9. Mysore	11.62	67.57
10. Orissa	1.75	19.78
11. Punjab	9.00	43.14
12. Rajasthan	10.37	27.04
13. Uttar Pradesh	24.50	86.00
14. West Bengal	4.90	83.89
TOTAL	143.12	738.24

STATEMENT I (d)

Statement showing how income tax amounting to Rs. 1.15 crores was assessed and paid to the Central Government

Assessment year	Income from interest on loans advanced to State Governments out of grants received from Central Government for		Income from interest on bank deposits		Income from dividends on shares of Central Warehousing Corporation		Total income assessed	Income tax as determined by the I.T.O.
	National Co-operative Development schemes	Warehousing schemes	National Co-operative Development Fund	Warehousing Fund	National Co-operative Development Fund	Warehousing Fund		
1956-57			4,331	415				
1957-58	73,320	5,371	2,003	17,222			4,746	2,206.89
1958-59	5,53,995	1,28,733	27,505	3,876			97,916	50,426.74
1959-60	6,91,403	1,87,452	1,26,138	71,762			7,14,109	3,67,766.14
1960-61	13,09,584	8,09,589	38,731	2,03,596		2,65,623	13,42,358	5,50,940.50
1961-62	21,98,961	11,21,902	1,69,596	5,74,604		5,30,302	28,91,802	11,95,250.50
1962-63 (1-4-62 to 19-3-1963)	19,40,393	17,71,586	1,88,632	2,71,304		4,48,767	45,13,830	22,19,788.55
1962-63 (14-3-63 to 31-3-63)	12,62,358		4,58,931				41,71,917	20,85,958.50
1963-64	(A) 57,48,000		27,76,000*				17,21,289	8,60,644.50
TOTAL	1,37,78,016	40,24,633	37,91,867	11,42,779		12,44,672	2,39,81,967	1,15,94,982.32

* This was estimated income for the purpose of advance tax. The actual income was however Rs. 89,29,722/-. The difference of income-tax on account of change in income was paid during the year 1964-65.

(A) This includes an amount of Rs. 21,578/- received as interest on loans advanced to the State Governments out of loan received from the Central Government.

STATEMENT II

Statement showing details of grants received by National Cooperative Development Corporation from the Central Government for the period from 14-3-63 to 31-3-64

Year	Date of drawal	Amount in lacs	Total
1962-63		Rs.	Rs.
(14-3-63 to 31-3-63)	19-3-63	88.50	
	30-3-63	9.80	
			98.30
1963-64	23-7-63	74.00	
	24-9-63	75.00	
	24-9-63	25.00	
	22-11-63	19.35	
	17-12-63	75.00	
	3-3-64	24.40	
	26-3-64	24.00	
			316.75
	TOTAL		415.05

APPENDIX IX

(Ref. Para 3.25 of Report)

STATEMENT NO I (a)**NATIONAL COOPERATIVE DEVELOPMENT CORPORATION***Statement of loans—Statewise release*

(Rs. in lakhs)

Name of State	1962-63 (14-3-63 to 31-3-63)	1963-64	1964-65	1965-66 (Upto 31st July, 1965)	Remarks
1. Andhra Pradesh	15.64	76.10	57.42	3.54	
2. Assam	4.43	15.74	11.05	..	
3. Bihar	17.31	45.24	28.19	..	
4. Gujarat	5.08	27.66	11.99	2.50	
5. Kerala	5.52	33.27	15.37	1.00	
6. Madhya Pradesh	3.63	48.71	95.05	..	
7. Madras	32.63	88.87	47.96	27.75	
8. Maharashtra	35.50	75.23	80.88	12.00	
9. Mysore	17.46	67.57	142.44	..	
10. Orissa	1.75	19.78	50.80	..	
11. Punjab	11.05	43.14	26.65	..	
12. Rajasthan	11.35	27.04	5.72	..	
13. Uttar Pradesh	32.02	86.00	88.05	..	
14. West Bengal	17.27	83.89	32.98	..	
TOTAL	210.64	738.24	694.55	46.79	

STATEMENT No 1 (b)
NATIONAL COOPERATIVE DEVELOPMENT CORPORATION
Statement of subsidies—Statewise release

Name of State	(Rs. in lakhs)			
	1962-63 <u>14-3-63</u> to <u>31-3-63</u>	1963-64	1964-65	1965-66 <u>Upto</u> <u>31st July,</u> <u>1965</u>
1. Andhra Pradesh	4.75	14.26	19.43	0.50
2. Assam	0.18	12.99	7.91	0.06
3. Bihar	0.39	19.21	17.68	..
4. Gujarat	2.07	16.97	12.99	1.29
5. Kerala	(—) 0.09	9.25	9.29	..
6. Madhya Pradesh	2.83	31.12	34.55	0.19
7. Madras	15.35	30.91	28.96	..
8. Maharashtra	(—) 11.99	43.78	39.57	..
9. Mysore	3.08	23.77	21.53	..
10. Orissa	0.25	12.14	13.40	..
11. Punjab	3.01	14.11	21.84	0.14
12. Rajasthan	2.17	20.08	17.21	0.10
13. Uttar Pradesh	8.32	56.91	52.87	0.08
14. West Bengal	(—) 5.68	18.58	17.46	0.05
Reimbursement for earlier years	..	..	20.71	..
TOTAL	24.64	324.08	335.40	2.41

STATEMENT No 2(a)

NATIONAL COOPERATIVE DEVELOPMENT CORPORATION

Statement showing refund of loan by State Governments

(Rs. in lakhs)

Name of State	1962-63	1963-64	1964-65	1965-66
	14-3-63 to 31-3-63			Upto 31st July, 1965
1. Andhra Pradesh . . .	Nil	·49	25·51	Nil
2. Assam	·71	·51	..
3. Bihar	3·77	8·93	..
4. Gujarat	1·35	3·68	..
5. Kerala	·12	..	..
6. Madhya Pradesh
7. Madras
8. Maharashtra	·62	2·45	..
9. Mysore	·13	..
10. Orissa
11. Punjab	2·19	..	..
12. Rajasthan	2·50	3·57	..
13. Uttar Pradesh	1·67	..
14. West Bengal	6·00	·05	..
TOTAL	17·75	46·50	..

STATEMENT No. 2(b)

Statement showing refund of subsidy by State Governments.

(Rs. in lakhs)

Name of State	1962-63	1963-64	1964-65	1965-66
	14-3-63 to 31-3-63			upto 31st July, 1965
1. Andhra Pradesh	9.21	4.77	..
2. Assam	0.87	2.47	1.59	..
3. Bihar	2.10	3.71	..
4. Gujarat	0.25	0.83	0.03
5. Kerala	0.86	0.09	..
6. Madhya Pradesh	1.55	0.01	..
7. Madras	1.00	..
8. Maharashtra
9. Mysore	0.77	1.86	..
10. Orissa	0.18	..	..
11. Punjab	2.88	0.33	0.10
12. Rajasthan	1.31	4.01	..
13. Uttar Pradesh	0.07	0.04	..	..
14. West Bengal	0.30	..
TOTAL	0.94	21.62	18.50	0.13

APPENDIX X

(Ref. Para 3·38 of Report)

MINISTRY OF COMMUNITY DEVELOPMENT AND COOPERATION

*Statement indicating the break-up of Rs. 870·29 lacs given to different
state Governments for construction of godowns for the second plan
period and for the year 1961-62 and 1962-63.*

(Rs. in lakhs)

Name of the states & U. Ts.	Assistance claimed as utilized by the State Govern- ments during second plan period.	Assistance claimed as utilised by the State Govern- ments during the first year of of 3rd Plan (1961-62)	Assistance claimed as utilised by the State Govern- ments during the second year of the 3rd Plan (1962-63)	Grand total
<i>States</i>				
1. Andhra Pradesh	49·087	4·780	6·420	60·287
2. Assam	22·439	4·350	3·380	30·169
3. Bihar	57·906	13·870	1·870	73·646
4. Gujarat	133·671	13·580	9·950	211·571
5. Maharashtra	133·671	18·720	35·650	
6. Kerala	6·664	2·950	6·100	15·714
7. Madhya Pradesh	47·247	11·520	9·380	68·147
8. Madras	41·598	34·130	23·060	98·784
9. Mysore	60·916	8·630	12·740	82·286
10. Orissa	16·030	5·380	4·430	25·840
11. Punjab	17·781	13·220	8·290	39·291
12. Rajasthan	34·019	4·170	1·880	40·069
13. Uttar Pradesh	39·777	10·280	31·160	81·217
14. West Bengal	28·125	2·820	6·710	37·655
<i>U. Ts.</i>				
15. Delhi	0·045	0·050	0·200	0·295
16. Himachal Pradesh	1·965	0·400	0·400	2·765
17. Manipur	0·603	0·050	..	0·653
18. Tripura	1·225	0·380	0·300	1·905
TOTAL	559·094	149·280	161·920	870·294

STATEMENT No. II

Note explaining the position regarding the number of State Governments which have complied with Direction No. 2 given by the N.C.D.C. in October, 1964 regarding the appointment of suitable technical staff.

Replies from State Governments on the action taken by them have not been received. The present position regarding the arrangements for technical supervision of construction of Godowns by Cooperatives in various States is as follows:—

The State of Madras has already got engineering staff consisting of an Assistant Engineer and Supervisors for this purpose. In the States of Madhya Pradesh, Kerala, Rajasthan, Gujarat, Uttar Pradesh, and West Bengal the construction work is supervised by the engineering staff of the N.E.S./C.D. blocks or of the Panchayat Samities. In Orissa, this work is performed by the State Rural Engineering, Organisation Under the scheme for setting up assessment and promotional Cells, sanctioned by the Corporation some time ago, apex cooperative marketing societies in the States of Madhya Pradesh, Rajasthan, Punjab, Gujarat and Uttar Pradesh have appointed technical staff with engineering qualifications for, *inter alia*, supervising the work relating to the construction of godowns by the cooperatives

APPEDIX XI

(Ref. Para 3-61 of Report)

MINISTRY OF COMMUNITY DEVELOPMENT OF COOPERATION

Statement showing details of cases of cooperatives in the Union Territory of Delhi against whom prosecutions for serious irregularities and embezzlement were initiated during the year, 1963-64.

During the financial year 1963-64, the following cases of cooperative societies came to the notice of the Delhi Administration against whom prosecution for serious irregularities and embezzlement were initiated:—

Sl. No.	Name of the society.	Brief details of irregularities or embezzlement	Latest position of cases.
(1)	(2)	(3)	(4)
1.	Northern Railway employees Cooperative Thrift and Credit Society Ltd.	(i) Non-production of records before the Inquiry Officer under Section 43 of the Bombay Cooperative Societies Act, 1925 as extended to the Union Territory of Delhi. (ii) Embezzlement and misuse of the funds of the Society.	(i) A case under Section 175 IPC is pending in the Court of Law for the production of records. Records have not been produced by the Ex-Custodian of the records. (ii) A case under Section 406 IPC for embezzlement and misuse of the funds of the cooperative society is being investigated by the police.
2.	National Defence Workers Cooperative House Building Society Ltd.	Misappropriation of funds of the Society and destruction of record.	A case under Section 406 IPC has been registered with the Tilak Nagar Police Station and police investigations are in progress.
3.	Vehicle Depot Workers Cooperative Thrift and Credit Society Ltd.	Misappropriation of funds of the Society, manipulation of fictitious records; and Benami Loans.	The case is pending with the Police for investigation.
4.	Delhi Municipal School Teachers Cooperative House Building Society Ltd.	Misappropriation of funds of the Society by adopting foul means in the purchase of land.	The case is under investigation with the police.
5.	Delhi State Central Coop. Stores Ltd.	(i) Storing and sellings of Gur Khandasari unauthorisedly and not submitting fortnightly returns. (ii) Blackmarketing of Iron and Steel. (iii) Import of inferior quality of coke.	(i) The case for storing and selling Gur Khandasari unauthorisedly and not submitting fortnightly returns is pending in the Court of Law. (ii) The case of Black marketing in Iron and Steel is also pending in the Court of Law. (iii) Police investigation has been completed and the case is now being processed in the Central Bureau of Investigation.
6.	Secular State Cooperative House Building Society Ltd.	Maintenance of fictitious records and embezzlement of funds of the	The case is under investigation with the police.

APPENDIX XII

(Ref. Para 4.19 of Report)

MINISTRY OF EDUCATION

List of Hindi books published by the Jamia by 1952.

1. Kahani-1 (story)
2. Kahani-2 (story)
3. Kahawaten
4. Kheti Bari Ki Jantri
5. Khad Banao Khad Dalo
6. Hara Chara hara rahe
7. Phalon Ki Kheti
8. Sag Sabzi ugaiye
9. Murghi paliye labh uthaiye
10. Mukadme Ki mar
11. Gopi Tangewala
12. Sampat Kahar
13. Phoolchand Moolchand Pansari
14. Abdul Rahman Raj
15. Chhotelal Barahi
16. Kallu Halwai
17. Pyarelal Darzi
18. Dhulji Rasioya
19. Dwarka Prasad Nai
20. Aung aur uske Kam
21. Aung aur uski Raksha-1
22. Aung aur uski Raksha-2
23. Vyayam-1
24. Vyayam-2
25. Plague aur Mata
26. Haiza aur Malaria
27. Kshya Rog aur Uska Ilaj
28. Sardi Zukam
29. Jachcha-Bachcha
30. Bimar ki seva tahal
31. Gharelu Nuskhe
32. Ham kya Kahen
33. Mahabharat-1
34. Mahabharat-2
35. Mahabharat-3
36. Hatim Tai-1
37. Hatim Tai-2

38. Hatim Tai-3
 39. Panchtantra-1
 40. Panchtantra-2
 41. Panchantra-3
 42. Ramayana-1
 42. Ramayana-2
 44. Alha Udal-1
 45. Alha Udal-2
 46. Shakuntala aur Dushyant
 47. Akbar Allahabadi
 48. Rahim ke Dohe
 49. Surdas ke Dohe
 50. Kabirdas ke Dohe
 51. Limu, Anar, Ber
 52. Munshi Premchand
 53. Rajendra Singh Bedi
 54. Shri Ramchandrajaji (2) parts in one book).
 55. Shree Krisinnaji
 56. Mahatma Gautam Budh
 57. Mahatma Isa
 58. Hazrat Mohammad
 59. Guru Nanak Deva
 60. Karbala ke Amar Shahid
 61. Hazrat Nizamuddin Aulia
 62. Bhakat Kabir
 63. Swami Dayanand
 64. Amir Khusru
 65. Mustafa Kamal-1
 66. Mustafa Kamal-2
 67. Hawai Jahaz ki Kahani-1
 68. Hawai Jahaz ki Kahani-2
 69. Bijli ki Kahani-1
 70. Bijli ki Kahani-2.
 71. Dharti Mata-1
 72. Dharti Mata-2
 73. Dharti Mata-3
 74. Chand Tare
 75. Achcha Bhartiya
 76. Panchayat Raj
 77. District Board
 78. Municipality
 79. Zile ki Sarkar
 80. Bharat ka Shasan Vidhan
 81. Nagrik Adhikar
 82. Chunao ke Bhed
 83. Hamara Bharat
 84. Sarkari Karon ke Bhed
 85. Karkhanon ke Kamun
 86. Rupae ki Kahani
 87. Bharat 5000 baras pahle
-

APPENDIX XIII

(Ref. Paras 4.21, 4.25 & 4.4.48 of Report)

MINISTRY OF EDUCATION

(2) When did **Maktaba Jamia Limited** intimate the **Ministry of Education** that the publication work was bound to be delayed because of various difficulties.

The **Maktaba** did not intimate to the **Ministry** that the publication of the **Series** would be delayed. When the delay became evident to the **Ministry**, a discussion was held on 20-8-1957 with the **Jamia** authorities and the work was transferred from the **Maktaba** to the **Research, Training and Production Centre**.

(3) (i) What were the steps taken by the **Ministry of Education** to scrutinise the manuscripts of **Volumes I and II**.

A **Committee** was constituted by the **Government of India** to assist **Maktaba** in the publication of the **Gyan Sarovar**. The corrections of factual information and data of the manuscripts was the responsibility of the **Committee** and the **Editor**.

(ii) What was the composition of the **Committee** which scrutinise the manuscripts.

The names of the members of the **Committee** which scrutinised the manuscripts are given below:—

- (1) **Shri K. G. Saiyidain**, Joint Secretary, **Ministry of Education**, **Government of India**, **New Delhi**.
- (2) **Pt. Sunder Lal**, Secretary, **Hindustani Culture Society**, **Allahabad**.
- (3) **Mr. Hamid Ali Khan**, Editor, **Maktaba Jamia Ltd.**, **Jamia Nagar**, **Delhi**.
- (4) **Shri Chandergupt** Vidyalanker, **Publication Division**, **Ministry of Information and Broadcasting**, **Delhi**.
- (5) **Prof. Lakshmi Dhar**, **Delhi University**, **Delhi**.

(iii) In what capacity was **Shri Sunder Lal** associated with **Maktaba Jamia Limited** in regard to the publication of **Gyan Sarovar**.

Pt. Sunder Lal was a member of the **Committee** constituted by the **Government of India** for assisting the **Maktaba** in the publication of **Gyan Sarovar**. His functions in regard to this **Publication**

have also been specified in the Government Order No. F. 40-20/50-B. 1 dated 28-7-1952 sanctioning the Scheme. (See Appendix XIV).

Sub-para. (ii)

4. A detailed note on the dispute between the Research, Training and Production Centre and the Press may be furnished.

The Jamia Millia authorities in charge of the R.T.P. Centre have been requested to send a detailed note, which will be transmitted as soon as it is received. The Ministry is trying to expedite this.

Sub-para (iv)

5. A note stating the date when the Ministry of Finance originally approved payment of five per cent as over-head expenses, when they subsequently objected to the payment and when they finally agreed to this payment; and

a copy of the comments of the Ministry of Finance in this regard may also be furnished.

This is being processed separately in consultation with the Ministry of Finance and will be sent shortly.

Sub-para. (v)

6. What is the total amount of expenditure involved in the payment at 25% discount.

The total amount of expenditure involved in the payment of 25% discount for Volume I is not available as the original accounts have been sent to A.G.C.R. The amount drawn under this head in respect of Volume I (Reprint) and Volume II is Rs. 4,987.00 and Rs. 3,868.75 respectively

Sub-para. (vi)

7. A statement showing the names of the writers who were paid at the rate of Rs. 40 per thousand words, and the total amount paid to them may be furnished.

What are the names of the Members of the Expert Committee which had suggested payment at the rate of Rs. 25 to Rs. 40 per thousand words.

The Maktaba Jamia is not in a position to supply the list of contributors to Volume I and Volume II.

The contributors to these volumes were paid @ Rs. 40 per thousand words. In the absence of these lists, it is difficult for this Ministry to furnish the list of writers who were paid @ Rs. 40 per thousand words for Volumes I and II and the total expenditure incurred thereon.

The rate of payment to the authors was fixed by Pandit Sunder Lal with the approval of other members of the Committee. The names of the members of the Committee have already been mentioned in reply to point 1 above.

8. What is the number of copies of the second edition of Volume I of Gyan Sarovar still lying in stock?

The second edition of Gyan Sarovar Volume I has been completely sold out.

APPENDIX XIV

(Ref. Para 4.28 of Report)

No. F. 40-20/50-B. 1

GOVERNMENT OF INDIA

MINISTRY OF EDUCATION

New Delhi, 28th July, 1952.

To

The Director,
Maktaba Jamia Millia,
Delhi.

SUBJECT:—*Publication of the Popular Encyclopaedia (in Hindi).*

Sir,

I am directed to say that the Government of India have decided to bring out a "Popular Encyclopaedia" in several volumes for adults whose educational level is, generally speaking, that of under-matriculates. For this purpose they propose to secure the cooperation of the Maktaba Jamia on the lines indicated below.

2. The Government of India have appointed a Committee to help in the preparation of the Manuscript of the different volumes of the Encyclopaedia which will be responsible for the supervision and preparation of each volume. The Maktaba is expected:

- (A) to arrange for its publication, and
- (B) to dispose it of in accordance with the instructions of the Government of India.

3. So far as 'A' is concerned, the Maktaba will abide by the decision of the Committee as conveyed to them by the Government of India regarding:

- (a) the quality and size of the paper;
- (b) the size and font of type;
- (c) the physical make-up of the book-format, st, binding etc.;
- (d) number of copies of each volume to be printed;
- (e) the time interval between the handing of a MSS to the Maktaba and its publication;
- (f) the rates of printing.

4. So far as 'B' is concerned, the Maktaba will

- (a) store printed copies of the Encyclopaedia free of cost to Government for three years, and
- (b) will carry out Government of India's instruction regarding:—
 - (i) the supply of copies to persons or institutions on such terms and conditions as may be laid down,
 - (ii) the manner of the sale of the work, including price, sale agents, commissions etc.,
 - (iii) the publicity to be given to the work.

5. The work of putting the MSS of the different volumes of the Encyclopaedia in proper shape has been entrusted to Pt. Sunder Lal, Secretary, Hindustani Culture Society, Allahabad, who will be authorised to employ, subject to the approval of the Encyclopaedia Committee, a person or persons for the preliminary scrutiny of MSS before they are submitted to the Committee for advice or approval and to incorporate into the MSS the suggestions made by the Committee. Pt. Sunder Lal will fix the amount and the method of payment of the remuneration to such person or persons, in consultation with the Government of India, who will reimburse him the expenditure so incurred through the Maktaba.

6. As soon as a volume is ready for printing, the Maktaba will submit an estimate detailing the expenditure to be incurred on the work. If the Government of India will approve these estimates they will issue orders to the Maktaba to draw the amount from the Fund mentioned in para 7 below. Similarly the Maktaba will submit bills regarding expenditure incurred on items (i) to (iii) under 4(b) above, and after the necessary scrutiny, the Government of India will authorise the Maktaba to draw the approved amount from the Fund mentioned in para 7 below.

7. (a) The Government of India hereby convey the sanction for the payment of Rs. 5,000 to the Maktaba, with which the Maktaba will create, under its own administration, the Popular Encyclopaedia Fund.

(b) Government of India will, from time to time, make such further contributions to the Fund as it may decide on receiving a request from the Maktaba.

(c) All expenditure in connection with the publication of the Encyclopaedia will be incurred by the Maktaba from this Fund with the approval of Education Ministry, Government of India.

(d) The Maktaba will maintain separate accounts of all expenditure to be incurred in connection with the preparation and the publication of the Encyclopaedia and all contributions received from the Government of India and receipts accruing from the sales etc., of the work. The account shall be open to inspection by any person authorised by the Government of India to do so.

(e) The Maktaba will submit quarterly accounts of the receipt and expenditure from the Fund.

(f) If, in the opinion of the Government of India, the state of the Fund so permits, they will direct the Maktaba to refund to the Government of India such amounts as it may decide after consultation with the Maktaba.

8. The Maktaba will be authorised to reproduce the Encyclopaedia or any volume of the Encyclopaedia in any regional language on such terms and conditions as may be agreed upon for the purpose between the Maktaba and the Government of India.

9. If desired by the Government of India, the Maktaba will agree to reprint the Encyclopaedia or any volume of it on the terms and conditions which Government of India may fix in consultation with the Maktaba.

10. The copyright of the Encyclopaedia and any of its translations or reproductions shall vest with the Government of India.

Yours faithfully,

Sd/-

for Joint Secretary.

APPENDIX XV

(Ref. Para 4.32 of Report)

MINISTRY OF EDUCATION

A note on the delay in payment to the various parties by RTPC.

Information supplied by the RTPC goes to show that all parties except the press had been paid their dues. The settlement with the press has been delayed owing to the insistence of the press with regard to some unreasonable terms like storage charges etc. The RTPC has however undertaken to expedite the settlement. Details of the dispute between RTPC and the press were not known to the government except that certain bills were pending for payment. The settlements were made to the RTPC to enable them to clear their dues including the pending bills with the press.

APPENDIX XVI

(Ref. Para 4.37 of Report)

MINISTRY OF EDUCATION

A note on the transfer of funds from Maktaba to RTPC and from RTPC to the Publications Division of the M/I&B and the balance in each case adjusted on these occasions—

It was decided to transfer the work of publishing the encyclopaedia Gyan Sarovar from the Maktaba to the RTPC in 1957 and at that time it had balance of Rs. 633.44. This amount was credited to the Treasury by the Maktaba then. When the work was transferred from the RTPC to the Director, Publications Division, M/I&B in 1959 as also at the time of the final settlement of accounts the balance with them was Rs. 1020.94. This was adjusted at the time of final settlement.

APPENDIX XVII

(Ref. Para 4.50 of Report)

Ministry of Education

(National Scholarships Division)

*Public Accounts Committee—Consideration of Audit Report (Civil)
1965 and Appropriation Accounts (Civil), 1963-64—Para 37—
Scholarship Schemes.*

As far as the National Scholarships Division is concerned, the following Scholarship Schemes have been in operation during the financial years 1961-62 to 1964-65 :—

1. *General Scholarships Scheme*

Scholarships are awarded to students of certain Asian, African and other foreign countries and to Indian students domiciled in those countries for post-Matriculation studies in India. The scheme was initiated in 1949-50 with 70 scholarships to be awarded every year. Encouraged by the results of the scheme, the number of annual awards was raised to 100 in 1952-53 and again to 140 in 1956-57, due to the increasing number of demands from foreign countries for award of scholarships. It has been further raised to 220 with effect from 1965-66. The applications are invited from the foreign countries concerned, through the Indian Missions abroad who are required to make preliminary selections and to recommend double the number of candidates against the quota of scholarships allotted. The final selection rests with the Government of India. The scholarships are tenable for the period required for completion of the course of study to which the scholars are admitted. The scholars are paid—a maintenance allowance of Rs. 250 per month; tuition, examination and all other fees compulsorily payable by the student; cost of books, instruments and equipment necessary for course of study within the ceiling of Rs. 200 per annum; typing charges at prescribed rates for the thesis within the ceiling of Rs. 200 per annum (as stated above) provided the thesis is submitted by the scholar before leaving India; approved study tour and medical expenses; expenses on holiday or youth camps organised by the Government of India (such students who do not attend these camps are entitled to a vacation grant of Rs. 150 per year provided they go out of their place of study; the concession is, however, not admissible to scholars who have appeared in the final examination of their course of study). Besides, approved travel expenses are paid

for scholars for attending Introduction course as also tuition fees is given to scholars desirous of learning Hindi. Passage expenses both ways are also given to scholars from non-self governing territories and return passage only to indigenous students from South Africa. At present 50 foreign countries are covered under the scheme.

2. Foreign Languages Scholarships Scheme

Scholarships are awarded to Indian nationals for specialisation in certain foreign languages abroad. The scheme was initiated in 1954-55 for a period of three years in the first instance and envisaged the award of 30 scholarships (3 in each language) for specialisation in Arabic, Chinese, French, German, Italian, Japanese, Persian, Spanish, Turkish and Russian. It was implemented during the three years 1954-55 to 1956-57. The scheme, however, remained in abeyance during 1957-58 and 1958-59 as the Finance Ministry did not accord their approval to the continuance of the scheme due to foreign exchange position. Its continuance was approved for a further period of five years from 1959-60 with certain modifications and the number of awards was fixed upto 20 every year. It was implemented during 1959-60 and 1960-61. In 1961-62, it was modified to meet the specific requirements of the I&B Ministry (A.I.R.) and three more languages, namely, Burmese, Indonesian and Pushto were included with the number of awards remaining upto 20. Due to protracted discussions between the I&B Ministry and Finance Ministry, the awards for 1961-62 were announced late in January, 1962 and consequently it was decided to regard the selections for 1961-62 as for 1962-63; it was implemented in 1963-64 also. The question of continuance of the scheme for a further period of five years from 1965-66 onwards is under consideration with the Ministry of Finance. The duration of a scholarship varies from language to language and ranges between 1 to 3 years. The scholars are entitled to—(i) monthly maintenance allowance which differs from country to country; (ii) annual allowance for books and study tours; (iii) actual tuition and examination fees; and (iv) passage expenses both ways. On return after completion of studies abroad, they are required to serve the Government of India for a period of at least five years.

3. Union Territories Overseas Scholarships

Awards under the scheme are meant for persons who are residents of Union Territories of Andaman and Nicobar Islands, Delhi, Himachal Pradesh, Lacadive, Minicoy and Amindive Islands, Pondicherry, Manipur, Tripura, North East Frontier Agency, Dadar and Nagar Haveli and Goa, Daman and Diu. It was initiated in 1925 and

provided for the award of one scholarship every year. No scholarship was, however, awarded in the years 1942 to 1945 and 1949. The number was raised from one to five scholarships with effect from 1954-55, but in 1954-55 only three awards could be made. The scheme has continued regularly thereafter. The scholarships are tenable for a period not exceeding three years, and provide for (i) a monthly maintenance allowance which differs from country to country; (ii) allowance for books, essential apparatus, study tours and cost of typing and binding thesis; (iii) actual tuition and examination fees and (iv) passage expenses both ways. The scholars on return after completion of studies abroad are required to serve the Union Territory concerned for a period of at least three years.

4. Overseas Scholarships for Scheduled Castes, Scheduled Tribes, Denotified, Nomadic and Semi-Nomadic Tribes and other Economically Backward Classes

Scholarships are awarded to the above categories of students for post-Graduate studies abroad. The scheme was initiated in 1954-55 with six scholarships to be given annually. The number of scholarships was raised to 12 with effect from 1955-56. Awards to the Denotified, Nomadic and Semi-Nomadic Tribes and other Economically Backward Classes are subject to the income of their parents/guardian which should not exceed Rs. 1,000 per month. The scholarships are of the duration of one to three years depending upon the course of study. The scholars on return after completion of studies abroad are required to remain in the country for a period of at least five years. The allowances regarding maintenance allowance, etc. are the same as under the Union Territories Overseas Scholarships (No. 3 above).

5. Passage Grants for Scheduled Castes, Scheduled Tribes, Denotified, Nomadic and Semi-Nomadic Tribes and other Economically Backward Classes

Under this scheme the Government of India give passage grants to the students of the above categories who are in receipt of merit scholarships for post-Graduate study/research abroad which do not provide for passage cost. Twelve passage grants are available for award every year. The scheme has been in operation since 1954-55.

6. Scheduled Castes, Scheduled Tribes, Denotified, Nomadic and Semi-Nomadic Tribes and other Economically Backward Classes Scholarships Scheme for post-Matriculation Studies in India.

Scholarships are awarded to the students of the above categories for post-Matriculation studies in India. The scheme was initiated in 1944-45 with an annual grant of Rs. 3 lakhs and provided for the

award of scholarships to Scheduled Castes only. In 1948-49, an additional grant of Rs. 50,000 was sanctioned for award of scholarships to Scheduled Tribes students also. It was revised in 1949-50 and the benefit under the scheme was extended to educationally backward classes. A grant of Rs. 10 lakhs was sanctioned for 1949-50 which was raised progressively in subsequent years. From 1958-59, the expenditure on the scheme has been stabilised at Rs. 222 lakhs a year. Its implementation was entrusted to the State Governments/Union Administrations with effect from 1959-60. The Central Government lays down the policy for the award of scholarships and gives grants to the State Governments/Union Administrations for the implementation of the scheme. Scholarships are subject to a means-test of Rs. 500 per month in the case of Scheduled Castes, Denotified, Nomadic and Semi-Nomadic Tribes and of Rs. 2,000 per annum (Rs. 2,400 for technical degree courses) for other Economically Backward Classes. The value of the Scholarship includes—

- (i) maintenance allowance per month which varies from course to course;
- (ii) all compulsory fees;
- (iii) expenses on approved study tours and
- (iv) expenses on typing/printing of thesis.

7. National Scholarships Scheme for Outstanding Students for post-Matric Education

This scheme was instituted in 1961-62 for the award of a total of 12,000 fresh scholarships, 2,400 every year, to students of outstanding merit during the third Plan period. The annual awards comprised, 1800 to be made on the results of School Leaving examinations, 400 on the results of PUC/Intermediate examinations and 200 on the results of first degree examinations. Scholarships are subject to a means test under which full scholarships are given to students whose parent's/guardian's income is upto Rs. 6,000 per annum and half scholarships to those whose parent's/guardian's income is above Rs. 6,000 but not exceeding Rs. 12,000 per annum. Full quota of scholarships was made during 1961-62 and 1962-63. From 1963-64, the total number of annual awards was raised to 2,650 viz., 1,820 at School Leaving stage, 400 at post-Intermediate stage and 430 at post-Graduate stage. 2,650 scholarships each have been awarded during 1963-64 and 1964-65. A scholarship once awarded is tenable from the start of the post-Matriculation studies to the post-Graduate stage, i.e. M.A./M.Sc. provided that the progress of studies is satisfactory in accordance with the criteria laid down thus enabling the award to become renewable from year to year basis. The value of the scholarship is Rs. 50 per month for I.A./I.Sc., Pre-University course and the 1st year of the 3-year degree course; Rs. 75 per month for B.A./B.Sc. and 2nd and 3rd year of the 3-year degree course; Rs. 100

per month for M.A./M.Sc. and Professional courses (1st degree). The rate for those in residence is more by Rs. 10 at various stages of education.

8. Scholarships for Children of Primary and Secondary School Teachers for post-Matric Studies

This scheme also was instituted in 1961-62 and provides for the award of a total of 2,500 fresh scholarships (500 each year) to meritorious wards of Primary and Secondary School Teachers for post-Matric studies. The awards under this scheme also are subject to the means test as applicable under the National Scholarships Scheme (No 7 above). Full quota of awards has been made during 1961-62 to 1964-65. A scholarship once made is renewable subject to satisfactory progress in studies from year to year basis as under the National Scholarships Scheme. The value of the scholarship for studies at different stages of education is also the same as under the National Scholarships Scheme.

9. Scholarships for Higher Studies in Hindi for persons from non-Hindi Speaking States

Scholarships are awarded to students from non-Hindi Speaking States to study Hindi as one of the subjects of study at the Pre-University/Intermediate/Graduate/M.A./Oriental courses equal to Intermediate and higher standards and for research leading to Ph.D degree. The scheme was started in 1955-56 when eight scholars were selected for the degree and post-Graduate courses. In 1956-57, the scope of the scheme was extended to cover Intermediate courses also and 66 scholars were selected in that year. The number of scholarships was raised to 110 in 1957-58 and again to 220 with effect from 1961-62, i.e. 110 under the Normal budget and 110 under third Plan budget. It was, however, decided to give 40 scholarships under the Plan in 1961-62 and to increase the awards under the Plan in subsequent years. During 1962-63 and 1963-64, 220 scholarships were given. In 1964-65, the total number of awards (both under Normal and Plan budgets) was raised to 1,000. A total of 1,500 scholarships were, however, awarded during 1964-65. Provision for 1,000 scholarships exists for 1965-66 also, but efforts will be made to give as many more scholarships as possible. A scholarship once awarded is tenable from the stage at which it is given to the completion of the course, subject to good conduct, regular attendance and satisfactory progress in studies; the duration of scholarship for Ph.D. is two years but is extendable for one more year subject to good progress in research work and the recommendation of the appropriate academic authorities. The value of scholarship for Pre-University/Intermediate/first year of three-year degree course and

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equivalent courses is Rs. 50 per month in non-Hindi Speaking States and Rs. 80 per month in Hindi Speaking States; for B.A. (Pass and Hons.) (second and third years of three-year degree course and equivalent courses) it is Rs. 75 per month in non-Hindi Speaking States and Rs. 105 per month in Hindi Speaking States and for M.A., Ph.D. and equivalent courses and Hindi Teachers' Training course it is Rs. 100 per month in non-Hindi Speaking States and Rs. 125 per month in Hindi Speaking States. Scholars who study in Hindi Speaking States are entitled to second class railway fare from the place of residence to the place of study and back; similar concession is also given during the vacations. For Ph.D. scholars the concession is given once in a year.

10. *Scholarships to Young Workers in Different Cultural Fields.*

The scheme seeks to give financial assistance to young artists of outstanding promise for advanced training in India in the various fields of arts. It aims to absorb the young talent into the profession of music, dance, drama and fine arts. Both the performing artists and others who can contribute positively to preserve and strengthen the tradition of the Indian arts, are eligible for awards under the scheme. The scheme was initiated in 1954-55 and 49 scholars were awarded scholarships in that year. For 1955-56 and 1956-57, 29 and 31 scholars were given the awards. The number of scholarships sanctioned each year upto 1962-63 was such that not more than 100 scholars were to be in receipt of the scholarships at any one time. From 1963-64, the number of scholarships has been fixed at 50 each year, and a scholarship is tenable for a period of two years, and is continued for the second year, subject to the scholar's satisfactory progress in the annual test which is conducted by a Committee appointed by the Government of India for the purpose. It is extendable for the third year, subject to the recommendation of the committee. The value of the scholarship is Rs. 250 per month all inclusive.

11. *Merit Scholarships for Study in Residential Schools*

The Scheme provides opportunities of public school education to those who would otherwise not be in a position to afford it. Scholarships are awarded to meritorious students in the age groups 9 to 12 and are tenable in schools which are full members of the Indian Public Schools Conference and certain other schools which have been approved by the Government of India for the purpose. It has been in operation since 1953, when 57 scholars were given the scholarships. Fresh scholarships involving an expenditure upto Rs. 1 lakh are awarded every year under the Normal budget. The number of scholarships has been raised to 200 with effect from

1961-62, i.e., about 70 to be given under the Normal budget and 130 under the third Plan budget. Full quota of 200 awards has been made since 1962-63 onwards. A scholarship once awarded can be continued until the scholar completes the school leaving examination course, provided the progress in studies is satisfactory. The value of the scholarship is determined on the basis of the income of the parents/guardian of the candidate and includes exemption from payment of school fees, payment of clothing allowance and travelling allowance from residence to school of study and back at the end of each term. Ten per cent of the total scholarships are reserved for Scheduled Castes and Scheduled Tribes students in the ratio of 7½ : 2½.

12. National Loan Scholarships Scheme

This scheme has been instituted with effect from 1963-64 and provides for the award of nearly 70,000 (18,100 in 1963-64, 22,300 in 1964-65 and 26,500 in 1965-66) interest-free loan scholarships during the last three years of the third Plan to needy and meritorious students to enable them to complete their education. The loan is recoverable in monthly instalments commencing one year after the loanee secures employment. The scheme extends a special privilege to such of the loanees as join the teaching profession after completing their studies. In their case, one-tenth of the loan is written off for every year of service put in. The scheme is implemented through the State Governments/Union Administrations in accordance with the policy laid down by the Government of India; the Central Government gives grants for the purpose. During 1963-64 about 10,000 loan scholarships were given by the State Governments/Union Administrations. On the basis of the experience gained in the working of the scheme in the first year (1963-64), certain modifications in the conditions of eligibility were made during 1964-65; and as a result, the response to the scheme improved considerably. The information about the number of scholarships which have been awarded by the State Governments/Union Administrations for 1964-65 is still awaited. The rules governing the award of scholarships have been further relaxed for 1965-66 and candidates who obtain 50 per cent marks in the aggregate have been made eligible for consideration for these scholarships.

13. Scholarships and other Educational Facilities to the Children of Political Sufferers

This scheme was instituted in 1959-60. It provides, *inter alia* the following concessions: (a) special consideration in the matter of admissions and award of freeships and half freeships in all the

recognised Primary, Basic, Middle and High|Higher Secondary Schools; (b) free seats in hostels attached to the recognised Schools and Colleges and (c) a limited number of stipends and book grants to scholars from the primary to the post-Graduate level. The scheme is administered through the State Governments|Union Administrations. The Central Government gives grants to the State Governments on a 50:50 basis, while in the case of Union Territories, the entire expenditure is met by the Centre.

14. *Post-Matric Merit Scholarships Scheme.*

This scheme was instituted in 1956-57 and envisaged the award of 200 scholarships annually for post-Matriculation studies. It has been replaced by the National Scholarships Scheme which was instituted in 1961-62. Budget provision has been made from 1961-62 onwards to meet expenditure on scholars who continue their studies.

15. *Post-Graduate Scholarships in Humanities*

This scheme was taken over from the University Grants Commission with effect from 1961-62. It provided for the award of 80 scholarships every year to students who possess either a first or a high second class bachelor's or honours degree. Scholarships were tenable for a period of two years. From 1963-64, the scheme has been amalgamated with the National Scholarships Scheme.

16. *Post-Graduate Merit Scholarships in Sciences*

This Scheme also was taken over from the University Grants Commission with effect from 1961-62. It provided for the award of 150 scholarships every year to students who possess a first class bachelor's degree in science. Scholarships were tenable for one year and were extendable for another year subject to satisfactory progress. From 1963-64, this scheme also has been amalgamated with the National Scholarships Scheme.

A statement giving information about the number of scholarships available, amount provided and the actual amount spent, etc. under each of the above schemes is given in the statement enclosed.

MINISTRY OF EDUCATION
(National Scholarships Division)

Statement showing the names of the various Scholarships Schemes which have been in operation during 1961-62 to 1964-65, the number of scholarships available under each scheme, amount provided and the actual amount spent during the four years and reasons for short fall.

Number of scholarships available, amount provided and the actual amount spent during 1961-62 to 1964-65

Name of Scheme	1961-62		1962-63		1963-64		1964-65					
	No. of scholarships available	Amount Provided	Amount Spent	No. of scholarships available	Amount Provided	Amount Spent	No. of scholarships available	Amount Provided	Amount Spent			
1	2	3	4	5	6	7	8	9	10	11	12	13

1. General Scholarship Scheme	140	15,00,000	14,71,761	140	18,10,000	16,70,293	70	17,71,000	15,37,362	140	19,61,000	17,56,000
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Reasons for Short fall :—

- 1961-62 Savings because out of 140 awards, 16 were not availed of by foreign students.
- 1962-63 Savings is due to (i) 33 scholarships which were offered under the Unesco Emergency Programme for which Rs. 1 lakh was provided, were not availed of and (ii) out of 140 awards made, 6 were not utilised.
- 1963-64 Saving because (i) against 70 scholarships, 4 awards were not availed of and some scholars joined studies later than anticipated, (ii) a number of old scholars left earlier than anticipated as also awards of some were cancelled due to unsatisfactory studies.
- 1964-65 Saving because out of 140 awards, 13 more not utilised; a number of scholars joined studies later than anticipated and a good number of old scholars completed studies during the year.

4. Passage Grants for Scheduled Castes, Scheduled Tribes etc. classes.

12

11

12

12

6. Scheduled Castes, Scheduled Tribes, De-Notified Nomadic & semi-nomadic Tribes and other economically backward classes scholarships scheme for Post Matriculation studies.

No fixed Number

2,19,42,300 2,19,42,300

No fixed Number

2,19,36,000 2,19,36,000

No fixed Number

2,19,36,000 2,19,36,000

No fixed Number

218,29,000 218,29,000

7. National Scholarships scheme for outstanding students for Post Matric Education.

2,400

15,54,600 7,12,000

2,400

31,60,000 21,47,183

2,650

52,60,000 39,26,152

2,650

65,00,000 60,00,000

Reasons for shortfall:—

Late finalisation of scholarships cases and the cancellation and suspension of scholarships for not maintaining the standards.

8. Scholarships for children of Primary & Secondary school Teachers for Post-Matric studies.

500 2,31,500 1,69,900 500 5,23,600 4,10,143 500 8,41,000 6,53,697 500 12,04,800 9,76,364

Reasons for shortfall:—

Late finalisation of scholarships cases and the cancellation and suspension of scholarships for not maintaining the standards.

9. Scholarships for higher studies in Hindi in persons from non-Hindi speaking States.

150 3,42,000 3,14,997 220 6,50,000 4,10,238 220 6,72,000 3,74,800 1,000 5,62,000 9,62,000

Reasons for shortfall:—

1961-62 Savings because lesser number of renewals than anticipated.

1962-63 Savings because recommendations for renewal of scholarships were not received from Institutions in a large No. of cases and hence scholarships could not be renewed and payments could not be made which resulted in savings.

1963-64 The terms were revised in 1963-64 and automatic renewal of scholarships was stopped. (ii) The number of scholarships to be awarded for each stage is not pre-determined. While more provision was made for higher courses involving higher rates of scholarships, actually more scholarships were awarded for lower courses with the lower rates.

1964-65 Due to large number of applications, 15,00 scholarships were awarded against the initial proposal of 220.

14

10. Scholarships to Young Workers in different Cultural fields.

44 2,00,000 1,89,000 39 2,60,000 2,19,000 31 2,25,000 2,20,000 50 3,30,000 2,25,000

Reasons for Shortfall:—

Savings due to lesser number of scholarships awarded than anticipated.

10. Scholarships to Young Workers in different Cultural fields.

11. Merit Scholarships for study in Residential Schools.	70	5,20,000	7,10,706	200	8,21,000	6,41,718	200	9,70,000	8,19,353	200	13,55,400	10,96,175
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Reasons for shortfall:—

The scholarship amount is released only when the categories of the scholars are fixed after the receipt of the Income Declarations from the parents of the scholars for the preceding year. As the categories of some of the scholars could not be determined in the absence of the income declarations their payments could not be released. The excess in 1961-62 is due to the fact that many of the Public Schools had increased the rates of their school fees.

12. National Loans Scholarships Scheme	18,100	1,93,00,000	57,00,000	220295,20,000	2,22,52,000
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Reasons for shortfall:—

1963-64, 1964-65 Due to the utilisation of lesser number of scholarships (by the State Governments) than provided for.

13. Scholarships & other Educational facilities to children of Political exiles.	No fixed Number	3,00,000	3,11,000	No fixed Number	10,00,000	10,08,563	No fixed Number	10,00,000	10,00,032	No fixed Number	10,00,000	10,00,000
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Reasons for shortfall:—

The budget estimates are framed on the basis of the past year's expenditure but the actual grant is sanctioned on the basis of the 50% expenditure actually incurred by the State Government in the previous year. The total expenditure on the basis of the actual entitlement of each State exceeds a little from the estimated provision and is met from savings in other schemes.

14. Post-Matric Merit Scholarships scheme.	No fresh awards are made, only old students were continuing.	9,60,000	7,45,846	No fresh awards	8,63,500	6,60,545	No fresh awards	7,75,000	4,87,058	No fresh awards	3,44,000	3,25,610
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Reasons for shortfall:—

The scheme has been discontinued with effect from 1961-62. The scholars who were selected during the period 1956-57 to 1960-61 and are to complete their course are being paid scholarship, under this scheme. As students completed their courses the number of students goes on decreasing from year to year, hence the savings.

	1	2	3	4	5	6	7	8	9	10	11	12	13
15. Post-Graduate Merit Scholarships in Humanities.	80		14,25,000	9,22,536	80	1,74,000	1,53,139	No fresh awards	1,74,000	97,658	No fresh awards	1,74,000	12,300
16. Post-Graduate Merit Scholarships in Science.	150		..	..	150	3,24,000	2,30,737	No fresh awards	3,24,000	1,61,987	No fresh awards	3,24,000	16,850

Reasons for shortfall:—

The schemes were amalgamated with the "National Scholarships Scheme" with effect from 1963-64. The scholars who were selected upto 1962-63 and are to complete their courses are being paid scholarships under the Scheme. As the students complete their courses the number of students goes on decreasing from year to year which resulted in savings.

As regards the savings in the year 1961-62, the University Grants Commission transferred four scholarships Scheme in April, 1961 but later in October, 1961 two Schemes relating to post-Graduate Research Scholarships in Humanities and Science were transferred back to the University Grants Commission.

NOTE.— The figures shown under Col. No. 13 represent the Financial Grant.

APPENDIX XVIII

(Ref. Para 4.50 of Report)

MINISTRY OF EDUCATION

Note on Scholarship Schemes

(Ref.:—Lok Sabha Secretariat Office Memorandum No. 2|1|6|65|PAC dated 13th May, 1965).

1. International Association for Exchange of Students for Technical Experience.

The object of 'International Association for the Exchange of Students for Technical Experience' is to arrange facilities for practical training for students belonging to various member countries of the Association. India, as a member of the Association provides training facilities in India for foreign students from the other member countries and in return sends Indian students abroad for practical training in the other member countries. The headquarters of the Association are located in West Germany, and India is a member of this Association since 1955.

Budget provision, under this scheme, is made for expenditure towards (1) subscription of membership fee, (2) T.A. and D.A. to the members of Indian National Committee of the Association and (3) cost of publications etc. Government of India does not bear any expenditure for the trainees whether they are Indians or foreigners. During the period 1961-62 to 1964-65, 34 foreign trainees belonging to other member countries have undergone practical training in India and 9 Indian trainees have undergone practical training in other member countries.

Information regarding budget provision and actual expenditure each year are indicated below:—

Financial Year	Budget Estimates	Actual Expenditure	Savings (—) Excess (+)	No. of Indian Trainees in foreign countries	No. of foreign Trainees in India
1961-62	1,000	886	(—) 114	..	4
1962-63	1,000	850	(—) 150	..	7
1963-64	2,500	712	(—) 1,788	3	15
1964-65	2,500	592	(—) 1,908	6	8

No expenditure was incurred on the Indian National Committee of the I.A.R.S.T.E. Hence the Savings.

2. Scholarships offered by West German Government/Organisation & East German Government.

Under this head, provision is made to meet the expenditure relating to scholarship offered by West German Govt./Organisations and East German Govt. The expenditure mainly relates to T.A. of candidates, T.A./D.A. to experts attending the Selection Committees meetings and passage costs in respect of poor and needy candidates where a scheme does not provide passage costs, one or both ways. The object is to promote cultural relations between West and East German Governments and India in Scientific and technical education etc. The number of scholarships varies from country to country and from year to year depending upon the study/training facilities the West and East German Governments may be able to provide. These scholarships generally provide maintenance allowance, passage costs, tuition fees, clothing grants etc. and are awarded on merits. The awards are for practical training and/or for the post-graduate studies/research in Engineering, Technology Science, Medicine, Architecture, Humanities and Fine Arts. The scholarships are advertised in all the leading newspapers and selection of candidates is made by specially constituted Selection Committees for different scholarships schemes. After interviewing the candidates, Nominations of selected candidates are made to the awarding countries. Sometimes, the awarding countries due to non-availability of study/training places in the particular fields within the main subject-fields, are not in a position to accept nominations of all the candidates and as a result some of the scholarships offered remain unutilised even though nominations from Reserve Lists are also made consistent with availability of time before their scheduled departure to the foreign country. At times, some of the selected scholars also decline to accept scholarships offered to them. As such those scholarships remain unutilized. Sometimes, in case study/training places are found by the awarding countries in subsequent year, the unutilized scholarships of the previous year are utilized in the subsequent year.

Provision for T.A. of candidates is made on the basis of 3 to 4 candidates for each scholarship. Sometimes there is less expenditure than expected on T.A. of candidates and T.A./D.A. to experts attending Selection Committee meetings as all the candidates called for interview sometimes do not turn up and as a result there is saving on T.A. of those candidates who failed to turn up.

Detailed information regarding the number of scholarships offered by West German Govt./Organisations and East German Govt.,

number of scholarships utilized etc., during year 1961-62 to 1964-65, is furnished below:—

Financial Year	Budget Provision	Actual Expenditure	Savings (—) Excess (+)	No. of scholarships utilised
1961-62	15,000	21,254	(+) 6,254	67
1962-63	34,300	16,139	(—) 18,161	78
1963-64	26,000	35,156	(+) 9,156	91
1964-65	40,000	34,637	(—) 5,327	77

The excess during the financial year 1961-62 and 1963-64 was mainly due to the fact that additional expenditure had to be incurred on interview of candidates and the meetings of the Selection Committees in respect of some new offers for which no budget provision was made. Moreover applications are received from all over the country and it is difficult to anticipate the expenditure with accuracy. As regards the savings during the financial year 1962-63 and 1964-65 it may be mentioned that payment of return passage in certain cases was deferred due to delay in the departure of Indian students from West Germany.

3. Exchange Programme of Scholars between India and Foreign Countries.

(i) Exchange Programme with Rumania—1961-62 (Non Plan).

The Programme of Exchange of Scholars between India and Rumania which formed part of the Cultural Exchanges Plan between the two countries envisaged exchange of two scholars.

Two Indian scholars were sent to Rumania in 1961 who have come back after completing their studies in 1963. In return, two Rumanian Scholars came to India in 1962 and after completing their studies left for their home countries in 1964.

The Rumanian scholars were offered the following terms:

- (a) Maintenance allowance—Rs. 250 p.m.;
- (b) Tutlon and Examination fees;

(c) Medical expenses; |

(d) Study tour and Holiday Youth Welfare Camps.

The Budget Provision etc. are furnished below:—

Financial Year	Budget Provision	Actual Expenditure	Savings (—) Excess (+)
1961-62	7,000	..	(—) 7,000
1962-63	7,500	3,360	(—) 4,140
1963-64	8,700	5,921	(—) 2,779
1964-65	7,700	2,620	(—) 5,080

(ii) *Exchange Programme of scholars with foreign countries (Excepting P.S.S.R. and Rumania).*

Ceylon.

The programme was approved by the Cabinet on June 20, 1962. It envisaged exchange of 10 scholars during 1962-63 and 1963-64 (5 each year). The terms of scholarships agreed to be given to Ceylonese scholars are as below:—

Ceylonese scholars awarded Government of India Scholarships.

- (a) Maintenance allowance—Rs. 250;
- (b) Actual Tuition and Examination fees;
- (c) Book allowance of Rs. 200 per annum;
- (d) Study tour expenses—Class II rail fare and Rs. 4 per day daily allowance;
- (e) Actual Medical Expenses;
- (f) Passage both ways—tourist class.

Against the offer of 10 scholarships for 1962-63 and 1963-64 offered to the Govt. of Ceylon, six scholars came to India.

Against the offer of 10 scholarships offered by Government of Ceylon to India for 1962-63 and 1963-64 four Indian scholars went to Ceylon. Three have declined the offer and one is expected to go as soon as the arrangements for his work in the University is finalised. Selection for two scholarships is still to be made.

Greece.

The Cultural Agreement between the Government of India and the Government of Greece provides, *inter alia*, an exchange of scholars between the two countries. The Programme was approved by the Cabinet in December, 1961 envisaging exchange of two scholars on either side. Under 1961-62 Programme, one scholar from Greece came to India and one went to Greece from India.

The terms of the offer for Greek Nationals are as follows:—

Indian Scholarships:

- (a) Rs. 300 p.m. as Maintenance allowance;
- (b) Actual Tuition and Exam. fees;
- (c) Actual Medical Expenses;
- (d) Study tours and visit to Holiday/Youth Welfare Camps.

The duration of scholarships on both the sides was 2 years. The Cabinet again approved the Programme of Exchange of scholars with Greece in July, 1963. It envisaged an exchange of two scholars on either side. The duration of scholarships on both sides was two year. Two scholars from Greece came and are studying in India. Two Indian scholars went to Greece and have come back in 1964-65.

Poland.

On the recommendation of the Indian Embassy in Poland the Ministry worked out an Exchange Programme of scholars between India and Poland and the Cabinet approved the same in June, 1962. It envisaged exchange of two scholars on either side.

The term of the offer for Polish Nationals are as follows:—

Maintenance allowance @ Rs. 480 p.m.

The duration of scholarships on both the sides was 1 year extendable by upto 1 year, in special cases.

Two Polish scholars came to India and have gone back after completing their studies. Two Indian scholars went to Poland; one has come back and one is still studying there.

Under the Cultural Exchange Programme, it was decided to exchange scholars for 1964-65 and 1965-66 as below:—

Polish Scholarships: 10 for post-graduate studies (duration 1-2 years) (Selection to be made) 20 for practical training in an industry (1 year) Selection to be made. 5 for

National Economics Planning (4 scholarships have since been utilised).

Indian Scholarships: 10 (None have come so far).

The terms of the Indian Scholarships are as follows:—

- (a) Fellows: Rs. 450 p.m.
Scholars: Rs. 250 p.m.;
- (b) Actual Exam., Tuition and other compulsory fees;
- (c) Book allowance upto Rs. 300 p.a.;
- (d) Actual Medical Expenses.
- (e) Study tours and Holiday/Youth Welfare Camps.

U.A.R.

Under the Indo-U.A.R. Cultural agreement 1960-61, it was envisaged that both sides would exchange 10 scholars each year. The Cabinet approved the Programme of Exchange of scholars between India and the U.A.R. in August, 1961. The duration of scholarship on both sides is two years.

Under this programme, the terms are based on complete reciprocity i.e., the allowances, etc. The allowances paid to the U.A.R. scholars are as below:—

- (a) Rs. 300 p.m. as Maintenance allowance;
- (b) Actual Tuition and Exam. fees;
- (c) Medical Expenses;
- (d) Cost of essential study tours and Holiday/Youth Welfare Camps.

The position of scholarships utilised by the Government of the U.A.R. is as below:—

1962-63—5.

1963-64—8.

1964-65—(Yet to come—nominations received).

The Govt. of India utilised the following number of scholarships offered by the Govt. of U.A.R.

1960-61	4
1961-62	3
1962-63	6
1963-64	6
1964-65	Scholars are still to go, 2 already in the U.A.R.

Yugoslavia.

The Cabinet approved the Programme of Exchange of scholars with Yugoslavia on 29-8-1962 envisaging exchange of five scholars

on each side. The duration was two years on both sides. The programme was again approved by the Cabinet in 1962 and 1963.

The terms and conditions are as below:—

Government of India Scholarships for Yugoslav nationals:—

Maintenance Allowance: Fellows: Rs. 450/- p.m.
Scholars: Rs. 250/- p.m.

Actual Tuition and Exam. fees.

Actual Medical Expenses.

Cost of essential study tours and Holiday/Youth Welfare Camps.

The position of scholarships utilised by both the sides is as below:—

Yugoslav Scholars :		
	1961-62	2
	1962-63	2
	1963-64	5
Nominations received are under consideration.	1964-65	1 (4 more to come)

Details regarding budget provision of the exchange programmes are mentioned below:—

Financial Year	Budget Provision	Actual Expenditure	Savings (—) / Excess (+)
1961-62	93,000	34,228	(—)58,772
1962-63	1,34,000	26,623	(—)1,07,377
1963-64	1,40,000	82,190	(—)57,810
1964-65	2,01,000	1,01,425	(—)99,575

The general explanation for the shortfall of the expenditure in respect of all Exchange Programme mentioned above is that foreign scholars expected to arrive in India did not turn up during the financial year(s) in question.

(iii) Exchange Programme with the U.S.S.R.

Under the Indo-U.S.S.R. Cultural Agreement, the U.S.S.R. Govt. offer 50 scholarships to India every year. The number of U.S.S.R. scholars who came to India on Govt. of India Scholarships during the last four years is as follows:—

	1961-62	14
	1962-63	24
	1963-64	29
	1964-65	15

Soviet scholars are given the following terms:—

- (a) Maintenance allowance: Rs. 250 p.m.
- (b) Actual tuition and Exam. Fees.
- (c) Medical Expenses.
- (d) Study tour and Holiday/Youth Welfare Camps Expenses.
- (e) Cost of travel from port of disembarkation to place of study and back.
- (f) Rs. 100 per head for beddings.

Financial Year	Budget Estimates	Actual Expenditure	Savings (—) Excess (+)
1961-62	10,500	20,942	(—)10,442
1962-63	47,300	52,116	(+) 4,816
1963-64	54,000	83,196	(+)29,196
1964-65	79,800	83,431	(+) 3,631

Although we requested for more funds (under this scheme), the Ministry of Finance did not agree to our proposal. As that Ministry imposed a cut on our requirements, the expenditure was in excess.

4. Financial Assistance to Indian Students awarded Foreign Scholarships,

In order to meet expenditure on the following items in connection with the various *ad hoc* scholarships offered by foreign Govts. budget provision is made every year:—

- (i) Payment of T.A. to candidates called for interview under various *ad hoc* scholarship schemes.
- (ii) Payment of T.A. to Non-official members of the Selection Committees constituted.
- (iii) Payment of passage costs to candidates where the passage is not fully or partially provided.
- (iv) Payment of passage costs to poor and needy candidates.
Payment of supplementary maintenance allowance where the amount offered by the foreign Govt. is not considered adequate.

Details of budget provision etc. are furnished below:—

Financial Year	Budget Provision	Actual Expenditure	Saving (—) Excess (+)	No. of Awards utilised
1961-62	1,84,200	1,05,336	(—) 1,78,864	115
1962-63	1,66,500	51,149	(—) 1,15,351	142
1963-64	1,00,000	56,114	(—) 43,886	129
1964-65	1,00,000	33,010	(—) 66,990	97

The overall savings are due to the fact that less expenditure is incurred on payment of travelling allowance to candidates called up for interview under the various foreign *ad hoc* awards. Also, the number of passage grants sanctioned to scholars under the "Poor and deserving" category was lesser than anticipated.

5. Modified Central Overseas Scholarships Scheme.

The scheme was meant for Universities, Colleges and Comparable Institutions of higher education in order to enable them to obtain for their teachers for higher studies/training abroad and thus to raise the standard of instructions and research in the country. This scheme was not continued after 1958-59 due to certain financial reasons. Budget provisions were, however, made in 1961-62, 1962-63 and 1963-64 for the candidates who were still abroad.

Information regarding Budget Provision etc. are indicated below:—

Financial Year	Budget Provision	Actual Expenditure	Savings (—) Excess (+)
1961-62	42,100	32,575	(—) 9,525
1962-63	1,000	8,945	(+) 7,945
1963-64	200	570	(+) 370
1964-65 . . . . .	..	..	..

Saving (1960-61) is due to non adjustment of certain debits which were subsequently adjusted in the succeeding financial years.

6. Commonwealth Education Cooperation Scheme.

The first Commonwealth Education Conference was held at Oxford in July, 1959 in order to set in motion constructive efforts to share resources to ever greater common advantage so that all the people of the Commonwealth would reap the benefit, and the bonds which tie the Commonwealth countries together would be strengthened by service given and received. It considered educational cooperation under four headings; a scheme of scholarships and fellowships, the training of teachers, the supply of teachers and technical education.

India as a Member of the Commonwealth is taking keen interest and playing its role in implementing the objectives of the Commonwealth Education Cooperation Scheme. It is taking full advantage of the scheme drawn up by other Commonwealth Countries in this direction and on its part has the following schemes in operation:—

- (i) Commonwealth Scholarship/Fellowship Plan;
- (ii) Govt. of Indian Teacher Training Bursaries for nationals of other Commonwealth Countries;
- (iii) Training of Technical Teachers (Craftsmen); and
- (iv) Short Term Visit to India by Senior Educationists.

(i) Commonwealth Scholarship/Fellowship Plan.

Under this scheme, scholarships/fellowships are tenable for a programme of study or research extending over a period of two academic years and leading to a University degree or a similar qualifications. The value of awards include maintenance allowance at a rate of Rs. 250 p.m. per scholar (Rs. 450 p.m. for Fellows) in addition to approved tuition fees, Book allowance, study tour and medical expenses and the cost of transportation to India and return.

The Govt. of India, on its part, decided to offer 200 scholarships/fellowships, 50 each year to be given for four years with effect from 1960-61. As the terms and conditions to be offered with these awards could not be settled earlier, the awards for the academic year 1960-61 were announced late and the Commonwealth countries were requested to send their nominations together for two years *i.e.* 1960-61 and 1961-62, *viz.*, 100 nominations. In subsequent year also the Govt. of India renewed its offer of 50 awards (45 scholarships and 5 fellowships), and again 50 awards were offered for 1964-65.

Teacher Training Bursaries to the nationals of the other Commonwealth Countries for study in India.

The Programme is one of a number of ventures in Commonwealth Cooperation in education; its purpose is to provide to Commonwealth Countries courses of initial and advanced teacher training i.e. B.Ed./B.T. or M.Ed. courses. For these courses the normal qualifications are a first class degree and post graduate degree respectively. The value of the award includes the maintenance allowance at a rate of Rs. 250 p.m. actual tuition and exam. fees, approved medical expenses, study tour expenses and expenses on Holiday or Youth Welfare Camps and Book allowance.

The Govt. of India decided to award a total of 225 Bursaries to the nationals of the other Commonwealth countries for teacher training in India during the Third Plan period—50 in 1961-62, 75 in 1962-63 and 100 in 1963-64. Against the offer of 50 bursaries made for 1961-62 to the Commonwealth countries, nomination was received. Against the 75 bursaries offered for 1962-63, only two nominations were received from the Ceylon Govt. As these nominations were received very late, it was decided to carry them over for 1963-64. For 100 bursaries offered for 1963-64, a total of five nominations (besides two received from Ceylon against 1962-63 offers) namely two each from New Zealand and Trinidad and Tobago and one from United Kingdom were received. All the seven nominations were approved by the Govt. of India through a Selection Committee which was constituted for this purpose. The nomination made by the U.K. Govt. was subsequently withdrawn. Ultimately only one candidate availed of the offer.

The scheme was revised in 1964 to allow under graduate study followed by B.Ed./M.Ed. Course permissible in a fresh offer of 50 bursaries was made, against which only 5 nominations were received. As these nominations were received late, it was decided to carry them over to 1965-66 session.

Short Term Visits of Senior Educationists from other Commonwealth Countries.

These awards cover (a) return tourist class air travel; (b) maintenance allowance of Rs. 50 per day for Senior Professors and Administrators and Rs. 30 per day for Senior Headmasters. In case accommodation is provided by a University/Institution the allowance would be Rs. 35 and Rs. 20 per day respectively; (c) travel in India by rail (first class) or Bus and if the distance between the two cities is more than 75 miles by air; (d) free medical and hospital facilities (e) local conveyance charges subject to a maximum of Rs. 10 only per day.

The Govt. of India offers 3 awards annually for visits by Senior Educationists (Professors, Senior Educational Administrators or Senior Head Masters) of the Commonwealth Countries for study and observations in any field of their choice. The awards are of three to six months duration depending upon the expressed needs. The scheme came into operation in 1963-64. The scheme has found a good response. During 1963-64, an educationist from Canada came to India and in 1964-65, one educationist from Singapore came.

Training of Craft Instructor (Technically Teachers in India).

The Government of India offers annually since 1963-64 ten awards for the training of Craft Instructors at the Central Training Institutes in India to the nationals of these countries which have not been included in the Colombo Plan. The main objects of the courses are:—

- (a) to provide theoretical and practical instruction in various trades and in the art of teaching trades.
- (b) to provide a refresher course enabling instructors to be informed about the latest production techniques and methods of teaching in their respective trades.

The course in each trade extends to nine months. The value of the Bursary includes maintenance allowance @ rupees 250 p.m. tuition and exam. fees, medical expenses, and Book or equipment grant.

The response to the scheme has been fairly good. 17 technical teachers have already visited India under the scheme.

The combined Budget Provision and the actual expenditure for all the four schemes referred to above are indicated below:—

Financial Year	Budget Provision	Actual Expenditure	Savings (—) Excess (+)	No. of Scholarships etc. availed of.
1961-62	3,00,000	1,04,307	(—) 1,95,693	23
1962-63	5,45,200	1,94,642	(—) 3,50,558	23
1963-64	3,08,000	2,60,614	(—) 47,386	35
1964-65	4,99,700	3,05,272	(—) 1,94,428	29

Details regarding Scholarships (mentioned in the last col. of the statement above) are set forth hereunder:—

	1961-62	1962-63	1963-64	1964-65
Commonwealth Scholarships and Fellowships Plan	23	22	23	21
Government of India Teacher Training Bursaries for Nationals of the Commonwealth Countries	..	..	..	1
Training of Technical Teachers (Craftsmen)	..	..	11	6
Short term visits to India by Senior Educationists	..	..	1	1

The main reason for non utilisation of funds is that the Teachers Training Bursaries did not find favour with the under-developed countries who did not have sufficient number of under-graduates etc. to avail of the facilities offered to them.

7. Scholarships/Fellowships to India by other Commonwealth Countries.

Under the Commonwealth Scholarship and Fellowship Plan the Govts. of Australia, Canada, Ceylon, New Zealand, Malaya, Nigerias, Rhodesia and the U.K. have so far offered a total of 263 scholarships to Indian nationals for studies in the respective countries.

The Govts. of U.K. and New Zealand have also offered 98 Teacher Training Bursaries under the Commonwealth Education co-operation Scheme. Under this scheme, the Govt. of India is not required to bear any expenses in respect of scholars selected and sent abroad under this scheme. However, the budget provision for this scheme is made to meet the expenses on T.A. to candidates called for interview and on T.A. and D.A. to experts of the Selection Committee. Details regarding budget provision and the actual expenditure are however, indicated below:—

Financial Year	Budget Provision	Actual Expenditure	Savings (—) Excess (+)	No. of scholarships offered
1961-62	22,000	16,386	(—) 5,614	63
1962-63	32,500	15,923	(—) 16,577	60
1963-64	25,000	17,428	(—) 7,572	7
1964-65	25,000	14,145	(—) 10,855	65

The savings are due to combined Selection Committee meetings in respect of scholarships offered by some Govts. In some cases, selections were finalised without calling the candidates for interview.

8. Twenty Fully paid Overseas Scholarships Schemes.

The scheme was initiated during Second Five Year Plan for higher study/research/training abroad in such branches of science, Engineering, Technology, medicine and humanities for which suitable facilities did not exist in India. The first batch of scholars under the scheme was selected in 1957-58. Thereafter the scheme could not be continued due to the paucity of funds. Budget provisions in the subsequent years were made only for those scholars abroad under the scheme 1957-58.

Financial Year	Budget Provision	Actual Expenditure	Savings (—) Excess(+)
1961-62	14,500	5,130	(—) 9,370
1962-63	86,200	223	(—) 85,977
1963-64	7,800	9,203	(+) 1,403
1964-65 . . . . .	..	..	..

The overall savings are due to the fact that some scholars did not return to India as expected, and as a result the amount earmarked for meeting their passage costs was not spent.

9. Indo-German Industrial Cooperation Scheme.

This scheme was a biennial scheme and included scholarships, free studentships and apprenticeships for the Indian nationals for study training in West Germany. This scheme was included in the Second Five Year Plan during the year 1956-57. During the above period, 50 freeships for post-graduate studies in Scientific, Engineering and Technological subjects in German Universities and Technical Institutions and 80 places for practical training in German Industries were offered to Indian nationals. The Govt. of India converted these offers as follows:—

(i) of the 50 scholarships referred to above, 25 scholarships for post-graduate studies tenable for a period not exceeding 2 years and 2 months (2 months for German Language Course).

(ii) 25 free studentships for post-graduate study to private students at their own expenses; and

(iii) 80 scholarships for practical training in German industries tenable for a period of one year.

Against the offer of 25 scholarships for post-graduate studies, 23 were utilised. The remaining two were not utilised as the two scholars selected therefor were unable to avail of the offer of scholarships. The remaining 25 free studentships were fully utilised. Against 80 places for practical training, 79 scholars proceeded to West Germany and the remaining one did not go. Since no offer of scholarships were received after 1957-58, the scheme was not operated. However, budget provisions continued to be made during the years 1961-62, 1962-63 and 1963-64 for expenditure on maintenance allowance and return passage for Indian scholars/trainees, who had already proceeded to West Germany under the Scheme. All the scholars/trainees have since returned to India. Details regarding budget provision and actual expenditure are indicated below:—

Financial Year	Budget Provision	Actual Expenditure	Savings (—) Excess(+)
1961-62	20,000	14,994	(—) 5,006
1962-63	7,200	14,069	(+) 6,869
1963-64	3,300	87	(—) 3,213
1964-65 . . . . .	..	..	..

Provision was made for one scholar of 1956-57 batch who finally did not proceed to West Germany. Hence the savings.

10. Reciprocal Scholarships Scheme.

The scheme aims at the award of scholarships to the nationals of those foreign countries who offer scholarships to India. The object is to reciprocate the gesture of good will on the part of foreign countries and also to promote culture relations with the foreign countries concerned. On special recommendation of the Indian Missions abroad and the Ministry of External Affairs, certain countries of Latin America are also covered under the Scheme, although no scholarships are offered to India by these countries. Under the 1961-63, 1963-65 Scheme 30 scholarships each were offered. The rates of maintenance allowances given to foreign scholars under this scheme are as follows:—

- (a) Maintenance allowance @ Rs. 450 p.m. (for Fellows).
@ Rs. 250 p.m. (for scholars).
- (b) Actual tuition and exam. fees.
- (c) Book allowance up to Rs. 300 per annum.

(d) Study tour expenses and visit to holiday and youth welfare camps.

Details regarding budget provision etc. are furnished below:—

Financial Year	Budget Provision	Actual Expenditure	Savings (—) Excess(+)
1961-62	1,11,300	22,741	(—)88,559
1962-63	98,200	57,141	[(—)41,059]
1963-64	1,00,300	51,467	[(—)48,833]
1964-65	1,07,000	1,16,328	(+) 9,328

Some of the scholarships remained unutilised. Moreover, the stay of some of the scholar happened to be for periods shorter than the maximum limit of two years as stipulated under this scheme.

11. Fellowships to French Fellows.

To reciprocate the gesture of good will on the part of French Govt. who offer a number of scholarships to India, the Govt. of India offer six fellowships to French nationals every alternate year.

The fellows are given a consolidated allowance of Rs. 500 (Rs. 600 in Delhi, Bombay and Calcutta) and cost of travel from France to India and back.

Against 6 fellowships offered for 1962-63 6 fellows came to India.

An offer of six fellowships for 1964-66 has been made and one scholar after coming to India has left, one fellow is taking training. Nominations/arrival for remaining four is awaited.

Financial Year	Budget Provision	Actual Expenditure	Savings(—) Excess(+)
1961-62	16,400	7 714	(—) 8,686
1962-63	26,500	20,911	(—) 5,589
1963-64	45,700	37,316	(—) 8,384
1964-65	64,000	46,142	(—)17,858

The savings are due to the postponement of arrival of some scholars in India, during the financial year(s) expected.

12. Fellowships to German Fellows.

As a reciprocal measure to the large number of scholarships offered by West German authorities for Indian Nationals for study/training in West Germany, the Govt. of India decided to award 20 fellowships each alternative year to West German Nationals during the Third Plan for post-graduate study/research at the Indian Universities/Institutions. An offer of 20 scholarships was made to the Govt. of West Germany in January, 1962. A provision of Rs. 7.73 lakhs was made in the Third Five Year Plan to cover the expenditure that might be incurred on award of these fellowships. Because of poor response from German Nationals to the scholarships offered by us, the expenditure so far incurred was much less than the amounts provided in the budget. It has since been decided that the offer of scholarships to West German Nationals will be included under the "Reciprocal Scholarships Scheme" from the year 1966-67.

The German Fellows are paid scholarship allowance @ Rs. 500 (Rs. 600 for students studying in Bombay, Delhi, Madras and Calcutta) per month in addition to the cost of passage and rail fare from West German to India and back.

Details regarding the Budget Provision etc. are furnished below:

Financial Year	Budget Provision	Actual Expenditure	Savings ⁽⁻⁾ Excess ⁽⁺⁾	No. of scholarships utilised
1961-62	17,000	[11,687	(-) 5,313	5
1962-63	1,86,000	[26,070	(-) 1,59,930	5
1963-64	1,46,000	[34,652	(-) 1,11,348	3
1964-65	1,45,600	39,092	(-) 1,06,508	3

Out of 5 West German Nationals of 1962-63 and 10 West German Nationals of 1963-64 batch only 3 from 1962-63 batch arrived in India. The remaining scholars started arriving much later than expected. Hence the overall saving under this scheme.

* N.B. The Budget Estimates etc. furnished under the scheme at Sl. Nos. 3, 5, 10, 11 and 12 represent combined figures of both the erstwhile Ministry of S.R. & C.A. and the Ministry of Education.

APPENDIX XIX

(Ref. Para 4.56 of Report)

MINISTRY OF EDUCATION

Note indicating the number of candidates who failed to fulfil the terms of contract under the various Scholarship Schemes and the action taken or proposed to be taken to prevent violation of rules in future.

Information relating to candidates who failed to fulfil the terms of contract during the period 1961-62 to 1964-65 under the schemes financed by the Ministry of Education is given below:—

Name of the scholar and the country where he went.	Due year of return	Present position
1	2	3
1. Shri B.K. Chakravarty (U.S.A.)	1961-62	Was granted extension upto June, 1961 to enable him to do Ph. D. He did not return to India as he took up American citizenship. A sum of Rs. 20,000/- (amount of the bond) is recoverable. He is paying in instalments and so far Rs. 12,557/- has been recovered.
2. Shri S. Subramanian (U.K.)	1962-63	Was granted extension upto 1963 but did not return. He has refunded the entire amount of Rs. 10,157/- received by him through U. K. High Commission.
3. Shri S. K. Dey (U.K.)	1963-64	He sought extension upto 1963 but he evaded to complete certain formalities in this connection and thus violated the bond by overstaying without permission. He is refunding the amount of Rs. 20,000/- in instalments.

1	2	3
4. Shri G. Krishna Murthy (U.S.A.) 1964-65	1964-65	Returned to India in July, 1964, but again left for U.S.A. without the approval of the Ministry. He has refunded the entire amount of Rs. 14,000/-
5. Shri M. Scott. (U.S.A.)	1962-63	Declined to return to India. He has refunded the entire amount of Rs. 14,000.
6. Dr. D. R. Mandy (U.K.)	1963-64	Returned to India on 28-3-1965.
7. Shri T. R. Lakhwara (U.S.A.)	1964-65	Refused to return to India and agreed to refund the money spent on his studies and informed the Ministry that the amount may be recovered from his father who is one of the sureties. His father has been recently asked to deposit the total amount of Rs. 21,652.61 in a Government Treasury within 15 days.

Scholarships to Young Workers in Different Cultural Fields for Studies in India.

Smt. Khumanthem Ougbi Memon Devi, who was a scholar under the above scheme for the year 1957-58 commenced for training in Manipuri Dance from 14th December, 1957. She discontinued her training from 24th July, 1958 without prior permission of the Government of India and thus violated the terms and conditions of the Bond executed by her. Out of a total amount of Rs. 1,645.16 nP. spent on her, a sum of Rs. 1,120.00 has so far been recovered from the scholar. Necessary action to recover the balance amount of Rs. 525.16 plus interest is being taken.

Scholars who violate the terms of the bond are liable to pay back to the Government the money spent on their training in accordance with the terms stipulated in the bond. It is proposed to increase the amount for which the scholar and the surety will be responsible in case of violation of the terms of the bond.

APPENDIX XX

(Ref. Para 4.59 of Report)

MINISTRY OF EDUCATION

Statement showing the dates on which applications for Union Territories Scholarships for 1964-65 were invited, candidates were interviewed, and the number of candidates interviewed and selected.

The requisite information is given in the statement below:—

Union Territories Overseas Scholarships, 1964-65

Date on which applications were invited.	Dates on which candidates were interviewed	Number of candidates interviewed	Number of candidates selected.
19-12-1964	31-5-65 & 1-6-65	46 (Fiftythree candidates were called for interview, out of which 46 presented themselves and were interviewed).	(Three from Delhi and two from other territories). Five candidates from Delhi and three candidates from territories other than Delhi have been kept on the waiting list for vacancies that may occur in either set of selected candidates.

APPENDIX XXI

(Ref. Para 4.59 of Report)

MINISTRY OF EDUCATION

What is the number of students who have gone abroad under the Union Territories Scholarships Scheme?

During the period in question (1961-62 to 1964-65), 19 scholars were selected (1961-62: 5, 1962-63: 5, 1963-64: 4, 1964-65: 5). All the scholars (except one of 1963-64) selected during the first 3 years have gone abroad. Placement for one substitute scholar selected during 1964-65 in place of another who later declined the offer and the five selected in the same year is in hand.

APPENDIX XXII

(Ref. Para 4.63 of Report)

MINISTRY OF EDUCATION

Note stating the dates when scholarships for study of languages were held up for want of sanction of foreign exchange, the number of scholarships so curtailed and the amounts involved.

The scheme in question remained in suspense for the years 1957-58 and 1958-59. It was first approved for implementation from 1954-55 for a period of 3 years with provision for the award of 30 scholarships each year. At the end of this period, the Ministry of Finance was approached on 12-9-1956 for the continuance of the Scheme. Decision on this was delayed mainly because of the difficulties of foreign exchange. Finally, the scheme was approved on 27-5-1959 for a period of 5 years with a provision to award only 20 scholarships per year. The non-implementation of the scheme during two years and the reduction in the number of scholarships meant a total saving of about Rs. 9 lakhs.

APPENDIX XXIII

Ref. Para 4-67 of Report)

Statements showing the amount sanctioned and the expenditure incurred under the schemes of Post-Matric scholarships to scheduled castes, scheduled tribes, etc. students for studies in India.

State/Union Territory	Year 1961-62				1962-63			
	Amount sanctioned by M/Education	Amount sanctioned by the Deptt. of Social Security	Total amount sanctioned	Expenditure incurred	Amount sanctioned by the M/ Education	Amount sanctioned by the Deptt. of Social Security	Total amount sanctioned	Expenditure incurred
1	2	3	4	5	6	7	8	9
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Andhra Pradesh	20,93,700	Nil	20,93,700	27,77,459	20,93,700	3,51,000	24,44,700	31,91,035
2. Assam	14,07,800	4,50,000	18,57,800	31,13,287	14,07,800	6,50,000	20,57,800	31,76,024
3. Bihar	16,64,700	13,00,000	29,64,700	30,11,822	16,24,700	22,10,000	38,74,700	36,83,185
4. Gujarat	4,51,000	4,00,000	8,51,000	6,94,544	4,51,000	8,42,000	12,93,000	12,36,095
5. Jammu & Kashmir	1,43,200	1,44,000	2,87,200	1,54,632	1,46,700	27,000	1,73,700	1,76,852
6. Kerala	3,88,900	2,39,000	6,27,900	3,42,654	3,48,900	1,73,000	5,21,900	3,48,658
7. Madhya Pradesh	8,47,600	4,54,000	13,01,600	11,28,623	8,47,600	3,29,000	11,76,600	12,70,326
7. Madras	23,67,400	4,13,000	27,80,400	28,25,674	23,67,400	4,49,000	28,16,400	29,45,211
9. Maharashtra	21,47,400	12,52,000	33,99,400	34,55,180	21,47,400	36,99,000	58,46,400	57,40,349
10. Mysore	12,14,700	6,05,000	18,19,700	19,40,631	12,14,700	8,62,000	20,76,700	20,88,874

1	2	3	4	5	6	7	8	9
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
11. Orissa	6,70,200	1,20,000	7,90,200	8,68,116	6,70,200	2,97,000	9,67,200	9,54,698
12. Punjab	15,36,500	50,000	15,86,500	15,86,500	15,36,500	1,50,000	16,86,500	17,86,452
13. Rajasthan	3,65,400	1,35,000	5,00,400	4,68,177	3,65,400	2,10,000	5,75,400	5,33,813
14. Uttar Pradesh	39,95,600	25,14,000	65,09,600	89,49,000	39,95,600	32,04,000	71,99,600	97,75,000
15. West Bengal	25,41,200	8,70,000	3,4,11,200	33,24,647	25,34,500	9,20,000	34,54,900	34,56,915
16. Nagaland	1,07,000	Nil	1,07,000	1,06,700	..	..	..	2,55,636
Total (States)	2,19,42,300	89,46,000	3,08,88,300	3,47,49,646	*2,17,92,500	1,43,73,000	3,61,65,500	4,06,19,163
17. A. & N. Islands	4,000	Nil	4,000	2,528	4,000	Nil	4,000	Nil
18. Dadara & Nagar Haveli	..	..	..	..	Scheme not introduced	..	..	..
19. Goa	..	..	..	..	Scheme not introduced	..	..	..
20. Himachal Pradesh	1,13,200	13,000	1,26,200	1,25,230	1,13,200	..	1,13,200	1,57,654
21. Manipur	53,000	87,000	1,40,000	1,39,558	53,000	1,32,000	1,85,000	1,79,865
22. Pondicherry	Nil	..	..	14,992	Nil	..	..	14,936
23. Tripura	54,700	35,000	89,700	86,740	54,700	31,000	85,700	84,059
24. Delhi	95,800	49,000	1,44,800	1,44,707	95,800	64,000	1,59,800	1,57,271
Total : (U.T.)	3,20,700	1,84,000	5,04,700	5,13,755	3,20,700	2,27,000	5,47,700	5,93,825
Grand Total :	2,22,63,000	91,30,000	3,13,93,000	3,52,63,401	*2,21,13,200	1,46,00,000	3,67,13,200	4,12,12,588

*Please see remarks—foot note at page 372

State/Union Territory	Year 1963-64				1964-65			
	Amount sanctioned by the M/Education	Amount sanctioned by the Deptt. of Social Security	Total amount sanctioned	Expenditure incurred	Amount sanctioned by the M/Education	Amount sanctioned by the Deptt. of Social Security	Total amount sanctioned	Expenditure incurred
1	2	3	4	5	6	7	8	9
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Andhra Pradesh	20,93,700	13,000	21,06,700	32,01,209	20,93,700	5,06,000	25,99,700	33,62,910
2. Assam	14,07,800	6,50,000	20,57,800	39,45,300	14,07,800	7,20,000	21,27,800	36,23,008
3. Bihar	16,64,700	26,99,000	43,63,700	46,28,219	16,64,700	30,29,000	46,93,700	47,44,224
4. Gujarat	4,51,000	10,11,000	14,62,000	14,35,643	4,51,000	14,46,000	18,97,000	18,89,243
5. Jammu and Kashmir	1,43,200	32,000	1,75,200	1,82,810	1,43,200	38,000	1,81,200	2,27,580
6. Kerala	3,48,900	2,07,000	5,55,900	3,82,393	3,88,900	40,000	4,28,900	5,40,590
7. Madhya Pradesh	8,47,600	8,04,000	16,51,600	15,13,007	8,47,600	6,50,000	14,97,600	16,71,806
8. Madras	23,67,400	6,67,000	30,34,400	30,74,274	23,67,400	9,34,000	33,01,400	34,16,875
9. Maharashtra	21,47,400	37,60,000	59,07,400	64,59,896	21,47,400	46,39,000	67,86,400	75,88,308
10. Mysore	12,14,700	10,01,000	22,15,700	21,95,116	12,14,700	10,64,000	22,78,700	25,32,916
11. Orissa	6,70,200	3,01,000	9,71,200	9,83,895	6,70,200	4,50,000	11,20,200	13,52,906
12. Punjab	15,36,500	2,80,000	18,16,500	18,16,499	15,36,500	3,00,000	18,36,500	18,36,500
13. Rajasthan	3,65,400	2,93,000	6,58,400	6,29,724	3,65,400	2,45,000	6,10,400	7,17,186
14. Uttar Pradesh	39,95,600	35,00,000	74,95,600	93,22,378	39,95,600	48,08,000	88,03,600	Progress Report not yet received.
15. West Bengal	25,34,900	17,38,000	42,72,900	43,22,325	25,34,900	28,38,000	53,72,900	51,00,077
16. Nagaland	Nil	..	..	2,49,526	Nil	..	..	1,19,842
Total States	*2,17,89,000	1,68,66,000	3,86,55,000	4,43,42,214	2,18,20,000	2,17,07,000	4,35,27,000	3,87,23,571 (Excludes expenditure figures from U.P.)

1	2	3	4	5	6	7	8	9
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
17. A. & N. Islands	1,600	Nil	1,600	728	1,600	Nil	1,600	Progress report not yet received.
18. Delhi	95,800	..	95,800	2,05,482	95,800	..	95,800	2,37,349
19. Dadra & Nagar Haveli	Nil	..	..	3,030	Nil	..	..	9,483
20. Goa	Scheme not introduced by the Administration as Scheduled Castes, Scheduled Tribes remain to be classified							
21. Himachal Pradesh	1,13,200	..	1,13,200	1,85,839	Nil	..	..	Progress report not yet received.
22. Manipur	53,000	..	53,000	2,11,200	Nil	..	..	5,66,773
23. Pondicherry	Nil	..	..	15,383	Nil	..	..	115,251
24. Tripura	54,700	..	54,700	1,00,856	Nil	..	..	2,15,390
Total U.T.	3,18,300	..	3,18,300	7,22,518	197,400	..	97,400	10,44,246 (Excludes expenditure figures from H.P. & A. and N. Islands)
Grand Total	2,21,07,300	1,68,66,000	3,89,73,300	4,50,64,732	2,19,26,400	2,17,07,000	4,36,23,400	3,97,68,217 (Excludes expenditure figures from U.P., H.P. and A. & N. Islands)

*The reduction in the Ministry of Education there was due to the fact that Nagaland met the expenditure from the funds provided by the Ministry of External Affairs. The allocation to Kerala was reduced as they were unable to utilise the full amount. West Bengal was also sanctioned less amount because for the students from Sikkim, the Ministry of External Affairs had instituted a separate scholarships scheme.

† The amount was reduced as provision by the Union Territories (with Legislatures) was made in their budget by these Administrations.

APPENDIX XXIV

(Ref. Para 4.74 of Report)

MINISTRY OF EDUCATION

Statement showing the percentage of students given Scholarships under the Scheme of Scholarships for children of Primary and Secondary School Teachers for Post-Matric studies, who fail to get through the examinations.

The Scheme of Scholarships for the Children of Primary and Secondary School Teachers is administered through the State Governments. The renewal of scholarship from year to year is done by them according to the Rules. The relevant Rule is reproduced below:

- "(i) The scholarship once awarded will be tenable from the stage at which it is given till the completion of the chosen course of studies (e.g. M.A. | M.Sc. | Ph.D. | B.E., M.B.B.S., etc.,) subject to good conduct and regularity in attendance. It will be renewed from year to year provided that
- (a) within a course which is continuous for a number of years the scholar secures promotion to the next higher class irrespective of the fact whether such examinations are conducted by a University or the Institution; and
 - (b) in each final University examination at the completion of a stage, the scholar obtains a first class or where no class is awarded, at least 60 per cent marks in the aggregate.
- (ii) If a scholar is unable to appear for the annual examination within a continuous course of studies (but not a final University examination) owing to illness, the award may be renewed for the next academic year on the submission of a medical certificate to the satisfaction of the Head of the Institution and on his certifying that the scholar would have passed had he appeared in the examination.
- (iii) If a scholar is unable to appear in the final University examination due to prolonged illness extending over

a long period and resulting in shortage in the required attendance, the award may be renewed for the next year on the submission of a medical certificate to the satisfaction of the Head of the Institution and his certifying that the scholar would have passed the University examination had he appeared.

- (iv) If a scholar is unable to appear in a final University examination due to sudden illness, the scholarship will be suspended and will be renewed when the scholar passes the examination next year and attains the standard laid down for University examination in para (i) (b) above.
- (v) If a scholar shows unsatisfactory progress during the course of studies or fails in any of the House|University examinations or gives up the chosen course of studies without completion or changes a course of studies before its completion without the prior approval of the Government of India, the scholarship will be cancelled.
- (vi) A scholarship once cancelled will not be restored.
- (vii) The award will be renewed on the basis of an Annual Progress Report to be submitted by the Head of the Institutions where the scholar is studying."

2. The State Governments do not send us information relating to the number of awards cancelled owing to failure in the examinations. If the Committee desires, this information can be collected from the States.

APPENDIX XXV

(Ref. Para 4.77 of Report)

MINISTRY OF EDUCATION

Statewise break-up of 1498 Scholarships sanctioned by the Ministry last year under the Scheme of Scholarships for higher studies in Hindi for persons from non-Hindi speaking States.

The required break-up is as under :—

1. Andhra Pradesh	238
2. Assam	18
3. Gujarat	106
4. Jammu and Kashmir	13
5. Kerala	292
6. Madras	353
7. Maharashtra	149
8. Mysore	228
9. Orissa	11
10. Punjab (Non-Hindi region)	50
11. West Bengal	32
12. Manipur	5
13. Pondicherry	2

1498

APPENDIX XXVI

(Ref. Para 4.88 of Report)

MINISTRY OF EDUCATION

Note stating whether the Ministry has ever awarded in the past more than 7½ and 2½% reserved Scholarships to Scheduled Castes and Scheduled Tribes respectively.

Reservation of seats for Scheduled Castes and Scheduled Tribes students exists only in the Scheme of "Merit Scholarships in Residential Schools." A statement showing the total number of scholarships awarded each year including the number of scholarships awarded to the Scheduled Castes, Scheduled Tribes candidates under the Scheme since its inception in the year 1953-54 is attached.

2. From 1953-54 to 1961-62 fresh scholarships involving an annual expenditure upto Ra. 1 lakh were awarded every year. The number of scholarships were raised to 200 with effect from 1962-63. It will be seen from the statement that in the years 1953-54, 1954-55, 1959-60, 1960-61 and 1961-62 more than 7½ per cent and 2½ per cent reserved scholarships to Scheduled Castes and/or Scheduled Tribes were awarded.

GOVERNMENT OF INDIA SCHEME OF MERIT SCHOLARSHIPS IN RESIDENTIAL SCHOOLS
Scheme of Merit Scholarships in Residential Schools

Statement showing the total number of scholarships awarded under the Scheme since its inception in 1953-54 including scholarships awarded to Scheduled Castes and Scheduled Tribes

Year	Total No. of Candidates awarded the scholarships	No. of Scheduled Castes Candidates awarded the scholarships	No. of Scheduled Tribes Candidates awarded the scholarships	Total (Scheduled Caste & Scheduled Tribe)
1953-54	28	8	2	10
1954-55	41	5	..	5
1955-56	52	1	..	1
1956-57	67	4	1	5
1957-58	65	2	..	2
1958-59	61	1	1	2
1959-60	61	4	3	7
1960-61	75	7	1	8
1961-62	74	4	3	7
1962-63	217*	6	..	6
1963-64	206*	6	1	7
1964-65	215*	5	1	6

*The number of scholarships in excess of 200 relates to the children who were selected the scholarships but were not awarded the same because of the means test.

APPENDIX XXVII

(Ref. Para 4.93 of Report)

MINISTRY OF EDUCATION

Statement showing the actual number of applications made under the National Loan Scholarships Scheme in each State, the number of applications approved and the procedure adopted by the Ministry for remitting the funds to States.

A statement showing the actual number of applications made under the National Loan Scholarships Scheme in each State, and the number approved for the year 1963-64 and 1964-65 is attached. The Scheme started only in 1963-64. The selection for 1965-66 is in progress.

2. The procedure adopted by the Ministry in remitting funds to the States and for payments to the scholars is contained in Ministry's letter No. F.4-27/64-NS. 1 dated the 1st July, 1965. (copy enclosed).

National Loan Scholarships Scheme

Statement showing the Number of awards allocated, applications received and the number of applications approved during 1963-64 and 1964-65

Name of the State/Union Territory	Awards allocated	Applica- tions received	Applica- tions approved
1	2	3	4
(a) 1963-64			
1. Andhra Pradesh	1188	881	881
2. Assam	373	199	199
3. Bihar	1973	1159	1159
4. Gujarat	1035	612	612
5. Jammu & Kashmir	151	..	..
6. Kerala	893	893	893
7. Madhya Pradesh	847	792	792
8. Madras	1583	815	815
9. Maharashtra	2103	985	985
10. Mysore	1024	1019	1019
11. Orissa	398	267	267
12. Punjab	1112	558	558
13. Rajasthan	497	110	110
14. Uttar Pradesh	2820	630	630
15. West Bengal	1649	551	551
16. Nagaland	3	..	..
17. Delhi	329	106	106
18. Himachal Pradesh	32	18	18
19. Manipur	37	13	13
20. Tripura	33	5	5
21. Goa, Daman and Diu	27	20	20
22. Pondicherry	17	2	2
23. Andaman & Nicobar	1	..	..
24. N.E.F.A.	2	..	..
	18127	9635	9635

Name of the State/Union Territory	Award allocated	Applications Received	Applications approved
I	2	3	4
(b) 1964-65			
1. Andhra Pradesh	1241	1241	1241
2. Assam	772	162	162
3. Bihar	2861	993	993 (upto 31-12-64)
4. Gujarat	1528	1363	1363
5. Jammu & Kashmir	159	28	28 (upto 31-12-64)
6. Kerala	1906	4513	1906
7. Madhya Pradesh	777	748	748
8. Madras	1003	1717	1003
9. Maharashtra	2865	3130	2865
10. Mysore	1247	1277	1247
11. Orissa	412	373	373
12. Punjab	1160	903	700
13. Rajasthan	505	186	186 (upto 31-12-64)
14. Uttar Pradesh	2971	2366	1758
15. West Bengal	1736	883	809 (upto 2/65)
16. Nagland	10	..	.. (upto 2/65)
17. Delhi	353	198	152
18. Himachal Pradesh	33	30	23
19. Manipur	82	60	56
20. Goa, Daman and Diu	27	25	25
21. Tripura	4	23	16
22. Pondicherry	16	4	1
23. Andaman & Nicobar	1	..	..
24. N.E.P.A.	1	..	.. (upto 31-12-64)
	22,300	20,223	15,955

No. F. 4-27/64-NS.1

GOVERNMENT OF INDIA

MINISTRY OF EDUCATION

New Delhi-1, dated the 1st July, 1965.

To

The Education Secretaries of all State Governments, including Union Administrations.

SUB: *Uniform procedure for payment of scholarships money under the Scheme of National and National Loan Scholarships.*

Sir,

The Government of India have had under consideration the question of evolving a uniform procedure for timely payment of the scholarship money to the scholars under the Central Schemes of National and National Loan Scholarships administered by the Ministry of Education. Accordingly, the following procedure has been evolved in consultation with the Comptroller and Auditor General of India:—

- (i) The funds needed for payment of national and national loan scholarships for a year will be advanced in the beginning of the financial year by the Ministry of Education to the States and Union Territories;
- (ii) The State Governments/Union Administration will designate one of its officers to operate the Schemes of National Scholarships;
- (iii) The designated officers of the State Governments and Union Administrations will draw the money required for disbursement of the scholarships through one or more bills and obtain bank drafts in favour of the head of the institutions concerned;
- (iv) The payment to the institutions will be made in advance in two instalments the first instalment covering dis-

bursements to be made to the scholars during the first 9 months and the second instalment covering disbursements to be made during the remaining three months, The payment of the second instalment will be made on receipt of the account of actual disbursement to scholars out of the first instalment as indicated in sub-para (vi) below;

- (v) As payment is proposed to be made in advance in one lumpsum for 9 months, a personal deposit account in the name of each institution concerned will be opened at the local treasury with the sanction of the State Government and the amount paid in advance will be credited by the institution to the personal deposit account. The head of the institution will draw his requirements for each month from the personal deposit account by cheques and send a certificate of disbursement made to scholars with such other details as may be needed for the maintenance of records in the office of the officers designated at (ii) above;
- (vi) After the expiry of 6 months the head of the institution will send an account of the disbursements made to scholars out of the advance, the balance remaining with him, and the liabilities to be met. Based on this account the designated officer will in the 9th month make a further advance to cover the payments for the remaining three months;
- (vii) A treasury officer will not permit any overdrawal of funds against the personal deposit account. In order to enable the officer designated at (ii) above to keep a watch on drawals from the personal deposit account by the head of the institutions, the treasuries may be required to send to him monthly a simple memo indicating the opening balance, disbursements, and clearing balance in each personal deposit account. The designated officer will scrutinise them and arrange for a test check of the institution's accounts whenever considered necessary;
- (viii) An account of such payments made to an institution during a year (both the first and second instalments) will be rendered by the head of that institution to the designated officer before the end of the last month of

that year and any unspent balance will be refunded either by adjustment from the next year's advance or actual repayment;

- (ix) The State Governments and Union Administrations will set up a suitable machinery to check that the head of institutions have actually disbursed the amounts correctly and regularly to the scholars and that their disbursement certificates and the accounts rendered are correct;
- (x) The same procedure will be followed in the case of Government institutions. In the case of such institutions, it will however be subject to the condition that the personal deposit account will be closed on 31st March, transferring the unspent balance to the consolidated Fund of the State and reopening the account on 1st April, in accordance with the provisions of the State Treasury Rules corresponding to the provisions of rule 624 of Central Treasury Rules, Vol. I. The head of each Government institution will have to render an account with vouchers to the A.G. monthly for audit in addition to sending the statement of scholarships disbursed to the designated officer in the State or Union Territory concerned;
- (xi) In case of loan Scholarships, the designated officer will be responsible to maintain suitable records for watching their recovery.

2. You are requested to agree to this procedure which is being adopted uniformly all over the country and introduce the same in your State with immediate effect.

3. I am further to request that you may kindly accord necessary sanction to the Accountant General of your State/Territory to enable him to place in account the concerned institutions with the local treasury and to instruct the institutions concerned to operate on the personal deposit accounts for crediting the amounts received from the designated officer and withdrawal of funds in connection with the payment to the Scholars.

4. This letter has issued in consultation with the Comptroller and Auditor General of India.

5. It will be greatly appreciated if this letter is acknowledged immediately.

Yours faithfully,

VIKRAM SINGH,

Deputy Educational Adviser to the Govt. of India.

Copy to the Comptroller and Auditor-General of India with the request to send appropriate instructions to the Accountant Generals concerned.

Copy for information to the Ministry of Finance with reference to their U.O. No. 3833-Ed. II dated the 28th June, 1965.

Copy to all Directors of Education/Directors of Public Instruction of the States and Union Administrations.

VIKRAM SINGH,

Deputy Educational Adviser to the Govt. of India.

APPENDIX XXVIII

(Ref. para 4.100 of Report)

MINISTRY OF EDUCATION

Have the Government awarded any scholarships to children of those persons who suffered in the struggle for the liberation of Goa under the Scheme of Scholarships to children of political sufferers?

Children of those persons who suffered in the struggle for the liberation of Goa are also eligible for the award of scholarships and other educational facilities under the Scheme of Scholarships to the Children of Political Sufferers. The scheme is implemented through the State Governments/Union Administrations. Central Government meets 50 per cent of the actual expenditure incurred by the State Governments and full expenditure incurred by the Union Administrations. The information whether children of those persons who suffered in the liberation struggle of Goa have been awarded scholarships under the scheme is not readily available with the Ministry; it is being collected from the State Governments/Union Administrations where these persons may be residing now.

APPENDIX XXIX

(Ref. Para 4.102 of Report)

MINISTRY OF EDUCATION

Statement indicating scholarships awarded to children of political sufferers showing (a) in respect of the Union Territory of Delhi: the names of individual recipients, the criteria applied and the amounts given for the last three years. (b) in respect of other States: the total amount given year-wise and the number of beneficiaries.

A statement containing information regarding the amounts given to various States/Territories during the last three years is given below. Other information is being collected from Delhi and other State Governments/Union Administrations concerned.

MINISTRY OF EDUCATION

No. S. 2

Scheme of Scholarships and other Educational facilities to the Children of Political Sufferers—Amounts Actually Released to state Governments.

Name of the State	Amounts actually released during		
	1962-63	1963-64	1964-65
	Ra.	Ra.	Ra.
1. Andhra Pradesh	1,65,984	1,66,160	2,33,940
*2. Assam			
3. Bihar	86,250	38,750	23,579
4. Gujrat			13,704
5. Kerala	3,989	2,491	5,604
6. Madhya Pradesh		1,197	35,178
7. Madras	63,809	45,558	50,464
8. Maharashtra		2,12,162	@
9. Mysore	1,20,693	68,015	65,306
10. Orissa	31,823	26,555	23,803
11. Punjab	1,36,334	2,44,249	1,77,734
12. U. P.	2,91,932	1,92,907	1,94,569
13. West Bengal	97,400		1,38,310
14. Rajasthan	10,349	1,988	@
*15. Jammu & Kashmir			
	10,08,563	10,00,032	9,62,191

* Schemes not yet framed/approved.

@ Expenditure not furnished by the State Governments.

APPENDIX XXX

(Ref. Para 4.114 of Report)

MINISTRY OF EDUCATION

Name of the country	No. of Scholarships offered	No. of Scholars sent	Subjects of study/training	Reasons for short-fall in utilisation of scholarships
1	2	3	4	5
Year 1961-62				
1. Austria	2	2	Medicine . . . . .	..
2. Australia	4	4	Engineering & Technology, Medicine, Humanities and Fine Arts.	..
3. Canada	17	17	Do.	..
4. Ceylon	2	2	Buddhist studies	..
5. Czechoslovakia	5	5	Engineering & Technology	..
6. East Germany	72	42	Engineering & Technology, Medicine & Humanities.	28 candidates declined the offer at the last moment; two were not approved by the East German authorities.
7. France	43	31	Engineering, Science, Technology, Fine Arts and Medicine.	One declined at the last moment. Suitable candidates were not available against 10 offers. One offer was withdrawn.
8. Italy	10	9	Science, Technology, Fine Arts	The candidate declined the offer at the last moment.
9. Japan	3	2	Science, Agriculture and Humanities	Do.
10. New Zealand	2	1	Engineering, Technology, Medicine, Humanities & Fine Arts.	Do.

1	2	3 ¹	4	5
11. Netherlands	5	5	Science, Engineering & Technology	..
12. Philippines	Not specified.	1	Humanities	..
13. Poland	10	4	Humanities & Technology	Two candidates were not approved by the Polish authorities; and four declined the offer at the last moment.
14. Rumania	2	2	Humanities	..
15. U. A. R.	4	4	Humanities	..
16. U. K.	73	68	Humanities, Engineering, Technology, Medicine, Science & Public Admn., & Fine Arts (Teacher Training Bursaries included).	Two candidates declined the offer at the last moment. Placement of three could not be arranged by the offering authority.
17. U. S. A.	40	36	Science and Engineering	Four candidates declined the offer at the last moment.
18. U. S. S. R.	88*	62	Science and Technology, Fine Arts and Humanities.	20 candidates declined the offer at the last moment; suitable candidates were not available against 6 offers.
19. W. Germany	46	31	Engineering and Technology, Science, Medicine and Fine Arts.	9 candidates declined the offer at the last moment; 6 were not approved by the W. German authorities.
20. Yugoslavia	10	9	Humanities, Fine Arts, Science and Technology.	One candidate declined the offer at the last moment.

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*This includes 30 offers from Lumumba University.

Purpose of the offers. — These scholarships are generally offered by the foreign countries to promote cultural relations with India by way of exchange of students, and to assist in the development of the country by providing educational and training facilities.

Year 1962-63

1. Austria	2	2	Medicine	..
2. Australia	5	3	Engineering, Technology and Science, Medicine, Humanities and Fine Arts.	Two candidates declined the offer at the last moment.
3. Belgium	4	4	Science, Engineering and Technology	..
4. Canada	18	17	Engineering, Technology, Science, Humanities and Fine Arts.	One candidate declined the offer at the last moment.
5. Ceylon	5	2	Humanities and Fine Arts	Only 4 candidates were found suitable. Of these two declined the offer.
6. Czechoslovakia	5	5	Science, Engineering and Technology	..
7. East Germany	12	7	Engineering, Technology, Medicine, Humanities.	Three candidates declined the offer at the last moment; two were not approved by the East German authorities.
8. France	47	32	Science, Engineering, Technology, Medicine and Fine Arts.	Only 44 candidates were found suitable; of these French Govt. approved only 41. Out of 41, seven declined the offer and two were not relieved by their employers.
9. Greece	2	1	Ekistics-Science of Human-settlement	One candidate declined the offer at the last moment.
10. Hungary	6	6	Science, Engineering and Technology	..
11. Italy	18	16	Technology and Fine Arts	Two candidates declined the offer at the last moment.
12. Japan	4	4	Science and Engineering	..
13. Malaya	1	0	Science	The candidate declined the offer at the last moment.
14. Netherlands	5	5	Science, Engineering, Technology and Fine Arts.	..

1	2	3	4	5
15. New Zealand	2	1	Science and Technology	One candidate declined the offer at the last moment.
16. Norway		1	Agriculture . . . . .	..
17. Pakistan	1	0	Humanities	The candidate declined the offer at the last moment.
18. Philippines	(Not specified)	1	Humanities . . . . .	..
19. Federation of Rhodesia	1	1	Humanities. . . . .	..
20. Sweden	10	2	Engineering and Technology	Only six candidates were found suitable; out of these, Swedish authorities accepted three, but one was not relieved by the employers.
21. Spain	1	1	Technology . . . . .	..
22. Yugoslavia	5	4	Humanities and Fine Arts | . . . . .	One candidate declined the offer at the last moment.
23. U. A. R.	10	6	Humanities and Science, Engineering and Archaeology.	Four candidates declined the offer at the last moment.
24. U. K.	63	65	Engineering, Technology, Medicine, Humanities and Fine Arts. (Teacher Training Bursaries included).	Two candidates declined the offer at the last moment. One was not approved by the awarding authorities.
25. U. S. S. R.	85°	67	Engineering, Technology, Science, Humanities and Medicine.	14 candidates declined the offer at the last moment, suitable candidates were not available against 4 offers.
26. U. S. A.	26	26	Science and Engineering.

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27. West Germany 110 96 Engineering, Technology, Medicine, and 3 candidates declined the offer at the last Humanities. moment; 3 were not approved by the West German authorities. One was not relieved by his employers. Suitable candidates were not available for 7 offers.

*This includes 35 from Lumumba University.

Purpose of the offers — These scholarships are generally offered by the foreign countries to promote Cultural relations with India by way of exchange of students, and to assist in the development of the country by providing educational and training facilities.

Year 1963-64

1. Australia	3	3	Engineering, Technology, Science and Medicine.	..
2. Belgium	4	4	Science, Engineering and Technology	..
3. Canada	24	19	Engineering, Technology, Science, Medicine and Fine Arts.	Five candidates declined the offer at the last moment.
4. Ceylon	6	3	Budhist Studies, Humanities and Dance	One candidate is yet to go. Selections for two scholarships are being made on the basis of a fresh advertisement because the Govt. of Ceylon has agreed to accept these scholars even in 1965-66.
5. Czechoslovakia	15	13	Practical Training in Industries, Engineering and Technology.	Two candidates declined the offer at the last moment.
6. East Germany	15	7	Engineering, Technology, Science, Medicines, Humanities.	Five candidates declined the offer at the last moment; 3 were not approved by the East German authorities.
7. France	53	30	Engineering, Science, Technology and Fine Arts.	13 candidates declined the offer at the last moment, 7 were not approved by the awarding authorities; 3 are yet to go.
8. Greece	2	2	Ekistic—Science of Human-settlement.	..
9. Hungary	9	9	Mathematics, Science, Engineering and Technology.	..

1	2	3	4	5
10. Japan	4	4	Engineering, Science and Humanities	—
11. Italy	7	7	Economic Development, Architecture and Fine Arts.	—
12. Malaya	1	1	Humanities.	—
13. Netherlands	14	13	Economic Planning, Statistics, National Accounting, Public Adm. and Social Studies, Engineering, Technology and Humanities.	Nomination of one candidate was not proved by the awarding authorities.
14. Federation of Nigeria	1	1	Linguistics.	—
15. New Zealand	3	3	Science, Technology and Fine Arts.	—
16. Poland	2	2	Engineering, Technology and Fine Arts.	—
17. Philippines	Not specified.)	1	Humanities.	—
18. Federation of Rhodesia	1	1	Science.	—
19. Rumania	2	2	Engineering and Agriculture	—
20. Switzerland	1	1	Law (International).	—
21. Sweden	10	4	Science and Medicine	Out of 10 candidates selected by us, the Swedish Govt. approved only six. Out of these six, two declined the offer at the last moment.
22. Turkey	2	1 [Humanities and Fine Arts]	One Scholarship earmarked for Humanities was not utilised due to poor response.	—

23. U. K.	95	92	Engineering, Technology, Science, Medicine, Humanities, Fine Arts, Public Administration (Teacher Training Bursaries included).	One declined the offer at the last moment. The awarding authorities could not arrange training for two candidates.
24. U. A. R.	10	8	Humanities, Science, Engineering, Technology and Fine Arts.	Two candidates declined the offer at the last moment.*
25. U. S. S. R.	100*	58	Science, Engineering, Technology, Languages and Medicine.	26 candidates declined the offer at the last moment. Suitable candidates were not available against 16 offers.
26. Yugoslavia	5	4	Humanities and Fine Arts]	One candidate declined the offer at the last moment.
27. West Germany	103	83	Engineering, Technology, Science, Medicine and Fine Arts.	5 candidates declined at the last moment; 15 were not approved by the West German authorities.

*This includes 50 from Lumumba University.

Purpose of the offers. — These scholarships are generally offered by the foreign countries to promote cultural relations with India by way of exchange of students, and to assist in the development of the country by providing educational and training facilities.

Year 1964-65

1. Austria	2	1	Medicine and Humanities	One candidate declined the offer at the last moment.
2. Australia	1	0	—	Do.†
3. Belgium	5	2	Engineering, Technology, and Humanities	The Belgium authorities could not secure placement for three.
4. Canada	23	20	Engineering, Technology, Science, Medicine, Humanities and Fine Arts.	Three of our nominees were rejected on health grounds.
5. Czechoslovakia	5	3	Engineering, Technology, Agriculture, and Humanities.	Two candidates declined the offer at the last moment.

1	2	3	4	5
6. East German	53	41	Engineering and Technology, Medicine and Humanities.	7 candidates declined at the last moment; 5 have not yet been approved.
7. France	30	18	Science, Engineering and Humanities and Fine Arts.	Technology, Three candidates declined the offer at the last moment one was not approved by the awarding authority; two were not relieved by their employers; six are yet to go.
8. Hungary	10	0	Engineering and Technology	Selections finalised only recently, and the candidates are to go in October-November.
9. Japan	8	6	Engineering, Science, Agriculture and Japanese language.	One was not approved and the other candidate declined the offer at the last moment.
10. Italy		1	Economic Development	—
11. New Zealand	2	2	Humanities (Teacher Training Bursaries).	—
12. Netherlands	11	7	Science, Engineering and Technology, Economic, Planning, Statistics, National Accounting, Public Admn. and Social studies.	One offer was withdrawn. Against the remaining ten, only eight candidates were nominated but only 7 were approved.
13. Philippines	Not specified	1	Humanities.	—
14. Poland	5	3	Humanities	One candidate was not approved and one declined at the last moment.
15. U. K.	95	88	Engineering, Technology, Science, Medicine, Humanities and Fine Arts (Includes Teachers Training Bursaries).	6 candidates declined the offer at the last moment. One is likely to go to U. K. shortly.

100

16. U. A. R.	25	14 Islamic and Religious studies in Arabic Humanities, Science, Archaeology, Town Planning and Public Housing.	Two nominations were withdrawn. Two scholars are expected to go shortly. One scholar declined the offer at the last moment. Three have not reached U.A.R. so far. Cases of two scholars are under consideration of the U.A.R. authorities. One was not approved by the awarding authority.
17. U. S. S. R.	100*	61 Science, Technology, Engineering, Language and Humanities.	29 candidates declined at the last moment; suitable candidates were not available against 10 offers.
18. U. S. A.	10	10 Teaching Methods.	—
19. Yugoslavia	5	3 Humanities and Fine Arts	One candidate declined and one is expected to go shortly.
20. West Germany	67	40 Engineering and Technology, Science, Medicine, Humanities and Fine Arts.	10 candidates declined at the last moment; suitable candidates were not available against 11 offers; four were not approved by the West German authorities; two are yet to go.

*This includes 50 for Lumumba University.

Purpose of the offers.—These scholarships are generally offered by the foreign countries to promote cultural relations with India by way of exchange of students, and to assist in the development of the country by providing educational and training facilities.

APPENDIX XXXI

(Ref. Para 4.162 of Report)

MINISTRY OF EDUCATION

SECTION U-4

SUBJECT.—*Public Accounts Committee—consideration of Audit Report (Civil), 1965—List of points for further information raised in the meeting held on 17-7-1965.*

Para 89, Pages 117-118—Jamia Millia Islamia.

A note may be furnished indicating the circumstances under which a loan given to the Jamia Millia was converted into a grant and how this proposal was concurred in by the representatives of the Education and Finance Ministries included in the Finance Committee of the Jamia.

Reply.

The Ministry of Education sanctioned the following loans to Jamia Millia Islamia for meeting capital expenditure on construction of hostel buildings and staff quarters:—

Amount	Period	Purpose for which sanctioned	Remarks
Ra.			
1,72,000	1953-54	Construction of hostel building and staff quarters.	Interest free.
2,36,000	1955-56	Construction of two hostels, one for women teachers and the other for students of Institute of Arts Education.	Interest free.
37,000	1956-57	Construction of staff quarters for Teachers Training Institute.	Interest bearing.

2. According to the conditions of the above loans, the loans were required to be repaid by the Jamia from their own funds in annual instalments with interest for the last loan.

3. Jamia Millia is maintained, apart from its own income, by regular maintenance grant sanctioned annually by the Government

of India. These grants are given on cover-the-deficit basis i.e. the deficit is calculated by deducting the total income of the Jamia from the total expenditure.

4. Income accruing from all sources is taken into account for purposes of determining the net deficit. That being the fact, there were two ways for the Jamia to repay the loans sanctioned to them for construction of hostel buildings and staff quarters. One way was to regard the payment of loan instalment as expenditure which would have meant a corresponding increase in the annual maintenance grant. The other way was to convert the loan outright into a grant. Either course would have meant similar financial implication both for the Government and for the Jamia Millia Islamia. The former course was, therefore, thought simpler and accepted. The Finance Committee, therefore, agreed to the payment of the loan instalment being shown by the Jamia Millia on the recurring expenditure of the Building Department against the income of that Department. A copy of the minutes of the Finance Committee of the Jamia Millia held on 12-3-1957 is enclosed (Annexure I). Attention is invited to Resolution 4. The representative of the Ministry of Finance was, however, not present at the Finance Committee meeting. Payment of loan instalment was accordingly shown by the Jamia Millia on the expenditure side in the budgetary statements year after year and the deficit grant was released accordingly.

5. The position of the Jamia has been compared to that of the Central Universities which also receive grants from the Government on a cover-the-deficit basis. Unlike the present practice whereby U.G.C. is empowered to give grants alone, the Commission have been giving loans for construction of staff quarters and hostel buildings prior to 1958 to Central Universities. Since the grants were on cover-the-deficit basis, the Commission subsequently converted the loans into grants.

6. As regards the loan of Rs 37,000 for staff quarters, it was given on the condition that if the income from the staff quarters was insufficient for repayment of the loans, the difference would be treated as approved expenditure for purposes of Government grant. The loan is being repaid by the Jamia according to the terms of the sanction letter. A copy of the sanction letter is enclosed (Annexure II).

ANNEXURE I

Third Meeting of the Finance Committee

Jamia Millia Islamia

The Third Meeting of the Finance Committee of the Jamia Millia was held on the 12th March, 1957, in the office of the Sheikhul Jamia and on the 13th March, in the office of Dr. G. F. Lakhani in the Ministry of Education. The following members were present:

Prof. M. Mujeeb,—Sheikhul Jamia (Vice-Chancellor)

Dr. G. F. Lakhani,—Deputy Secretary, Ministry of Education.

Shri S. Mujtaba Hussain Baidi,—Treasurer, Jamia Milia.

1. The minutes of the last meeting were confirmed.
2. The revised budget for 1956-57 was considered. As there appeared to be no major difference between the budget as adopted at the Second Meeting of the Finance Committee and the revised budget as placed before the Third Meeting, it was decided that the Committee should make a recommendation after considering the actual expenditure up to and bills pending on the 12th March, 1957.
3. The total actual expenditure was placed before the Committee on the 13th March, 1957. It was found that the total expenditure inclusive of bills pending up to date amounted to Rs. 6,22,876/-. It was decided that ceiling for the revised budget for 1956-57 be fixed at Rs. 6,50,000/-.
4. A sum of Rs. 12,500/-, payable as annual instalment of loans to be repaid to the Government of India had been omitted in the recurring budget for 1956-57. It was recommended that this item be shown on the recurring expenditure of the building department against the income of that department and included in the proposed ceiling of Rs. 6,50,000/- decided by the Committee.
5. An item, Interest on Provident Fund, had been shown both on the income and the expenditure side of the budget for 1956-57. The Finance Committee at its Second Meeting held in June, 1956, had recommended the deletion of the item on the expenditure side, but

not on the income side. It was decided that this item should be deleted also from the income side. After deducting this amount of Rs. 2,500/-, the total revised income for the year 1956-57 was fixed at Rs. 3,03,500/- subject to the realisation of grants from the States.

It was decided that the budget for 1957-58 should be considered at the next meeting.

Sd/- M. Mujeeb,
29-3-1957

Sd/- S. M. H. ZAIDI,
Treasurer, 14-3-57
Jamia Millia,
Secretary, Finance Committee.

TRUE COPY

Attested

S. Rahman,

Registrar,

Jamia Millia Islamia, New Delhi.

ANNEXURE II
No. F. 22-1/54-A. I
GOVERNMENT OF INDIA
MINISTRY OF EDUCATION

New Delhi-2, dated the 30th December, 1955

From

Shri T. S. Bhatia, M.A.,
Under Secretary to the Government of India.

To

The Sheikhu Jamia,
Jamia Millia Islamia,
P. O. Jamia Nagar,
Delhi.

SUBJECT.—*Jamia Millia Islamia, Delhi—Construction of Staff Quarters—loan of Rs. 37,000/-.*

Sir,

I am directed to refer to para 3 of this Ministry's letter No. 31-15 54-A-1, dated the 7th July, 1955, on the above subject and to say that the Government of India approve of the plans and estimates in respect of the 2 two-roomed and 2 three-roomed staff quarters at a cost of Rs. 11,000/- and 7,500/- each, proposed to be constructed by the Jamia Millia Islamia, and agree in principle, to give to the Jamia Millia Islamia, Delhi an interest bearing loan of Rs. 37,000/- (Rupees thirty seven thousand only) for the construction of the aforesaid quarters on the following terms and conditions:—

- (i) The loan will be advanced on an interest @5% per annum.
- (ii) The loan will be recovered in 25 equal annual instalments, the first instalment becoming payable on the 1st April of the year succeeding the one in which the quarters are completed.

- (iii) A separate account will have to be maintained for income and expenditure from loan for the construction of staff quarters.
- (iv) Occupants of staff quarters should be charged an economic rent subject to a limit of 10% of the salary of the occupant. If the income (in the nature of rent and other charges, if any) from staff quarters falls short to repay the loans, the difference will be treated as "approved expenditure".
- (v) The Jamia will have to execute a bond in respect of loan and the stamp duty payable thereon will be paid by the Jamia.
- (vi) Work will be carried out in accordance with the approved plans and estimates for the proposed staff quarters and will be subject to inspection by the C.P.W.D. while the construction work is in progress.
- (vii) The work is completed by the 31st March, 1956.
- (viii) A completion certificate from the Chief Engineer, C.P. W.D. to the effect that the work has been accomplished in accordance with the approved plans and estimates, will be furnished within three months of the completion of the staff quarters.
- (ix) Separate accounts shall be maintained in respect of the expenditure incurred by the Jamia on the construction of staff quarters, and an audited statement thereof will be furnished to this Ministry within 3 months of the completion of the staff quarters together with a certificate that the amount of the loan was utilised for the purpose for which it was given;
- (x) All the other general conditions regarding grants to All India institutions which have already been accepted by the Jamia.

2. I am to request that formal acceptance of the above terms and conditions may be communicated to this Ministry at an early date. The question of the payment of the aforesaid loan will then be taken up.

Yours faithfully,
Sd/- T. S. BHATIA,
Under Secretary.

APPENDIX XXXII

(Ref. Paras 4.177, 4.187 & 4.198 of Report)

MINISTRY OF EDUCATION

SECTION U-4

SUBJECT.—*List of points on which further information was desired by the P.A.C. at their sitting held on the 8th July, 1965 and answer thereto.*

AUDIT REPORT (CIVIL), 1965.

Para 89 (b) (ii)—Magazine Section

What was the number of old issues of the Magazines (brought out in 1961-62 and 1962-63) sold in the year 1963-64.

Reply

Only fourteen copies of the old issues of the Magazine (brought out in 1961-62 and 1962-63) were sold in the year 1963-64.

Para 89 (b) (iii)—Rural Education Centre

2. A note stating the break up of expenditure of Rs. 28,148 incurred on salaries of staff upto March, 1964 and the pay scales of the teachers and instructors and their strength may be furnished.

3. A note stating whether the staff employed was not borne on the strength of any other organisation may be furnished.

Reply

2. The total expenditure on salaries upto 31st March, 1964 was Rs. 26,308.92 as has now been intimated by the Jamia Millia and not

Rs. 28,148 as included in the Audit Report, 1965. The pay scale of the workers and the total amount paid yearly are given below:—

Name	Designation, Grade	Salary paid in Rupees		
		1961—62	1962—63	1963—64
	Rs.			
1. Shri Abdus Sattar	Organiser—Rs. 80—5—120—8 200.	3357·80	3360·00	4031·00
2. Shri Mustafa Ali	Asstt. Organiser—Rs. 68—4— 120—5—150.	1901·66	3023·40	2365·00
3. Shri Noor Mohd.	Social Worker—Rs. 68—4—120 —5—150.	1207·56	..	..
4. Shri Nauman Latif.	Social Worker—Rs. 80—5—120 —8—200.	64·10	..	..
5. Shri Ramzan Ali	Dyer—Rs. 50—2—60—3—90	1428·30	1467·90	1700·00
6. Shri Masoom Ali	Peon—Rs. 30—5—35	1081·80	1087·90	1232·50
		9041·22	7939·20	9328·50

3. All the above named employees are whole-time employees of Jamia Millia Islamia and they were not on the staff of any other organisation.

Para 89 (b) (v)—Audio-Visual Section.

4. A note stating (i) the total expenditure on the audio-visual Section (ii) the materials produced, (iii) dates of production, (iv) the names of the institutions which were approached for supply of these materials etc. and the dates when approached, and (v) the names of foreign countries if any, to which the films were sent, may be furnished.

Reply

(i) A total of Rs. 62,403.90 have been spent on the Audio Visual Section from 1957-58 to 1964-65 as under:—

Salaries	— Rs. 46,717.02
Other expenses	— Rs. 15,686.88

(ii) and (iii)—

*Materials produced and dates of production**A. Film Strips.*

1. Phases of the Moon	B & W 18 frames	1958-59
2. Jamia Millia Islamia	„ 74 „	1960-61
3. Small pox	„ 48 „	1959-60
4. Keley Ka Chilka	„ 30	1962-63

B. Posters (Silk Screen).

1. Yeh Indhan Nahin Khad Hai 4 colours 100—1958.
2. Joote Pahaniye 3 colours 100—1959
3. Posters about Talimi Mela (every year from 1961 4 colours 100 yearly sin . . .)

C. Animated Film.

On grass preservation—2½ minute long 16 mm coloured animated film in response to a request by Mr. Suttman, T.C.M. Adviser to the I.C.A.R. for their film “Wind, Water and Sand”—1960.

D. The Centre has also produced following materials from time to time for which no specific data are available:—

- (i) Nursery School Photographs—for exhibition and brochure of the Nursery School—70 photos, including printing and enlarging.
- (ii) Illustrated Brochure for Talim-O-Tarraqqi—16 pages, coloured.
- (iii) Colour designs for badges of the different departments of the Jamia, the Rifle Club, Proctorial Department etc.
- (iv) Title pages of the monthly magazine Talim-O-Taraqqi.

(iv) Institutions approached:

Central Bureau of Health Education, Government of India in 1963.

(v) Names of foreign countries to whom films sent.

1. National Film Board of Canada—Film-strip on Jamia Millia.
2. Miss Luthf Zada—Iran—Guest of the Government of India—a copy of the film-strip Jamia Millia Islamia and smallpox.
3. Jamia Taleemi Milli, Pakistan—film strip on Jamia Millia.

Sub-Para 89(e) (i)—Miscellaneous:

6. A note stating action taken to appoint an internal auditor and the present position in this regard may be furnished.

Reply.

The post of Internal Auditor has been sanctioned by the Finance Committee of Jamia. The Committee recommended that the services of a competent person be secured from the Audit Department. Action in this regard is being taken.

7. Sub-para 89(e) (iii).

A note stating the steps taken or proposed to be taken to expedite replies to Audit Reports may be furnished.

Reply.

The replies to the Audit Report for the year 1960-61 (including the reply on the further remarks made on the reply to the inspection report for the years 1955-56 to 1959-60) have been prepared by the Jamia Millia Islamia and an advance copy has been received in June, 1965, in this Ministry. The Report has to be presented by the Jamia to its Governing Body and the Finance Committee for obtaining their approval. The replies to the Reports for the subsequent years i.e. from 1960-61 onwards are being prepared by the Jamia and after scrutiny by the Finance Committee and this Ministry, these will be forwarded to the Audit.

• • • • • • •

10. Item (iii)

A statement showing the details of the amount of Rs. 4,78,830 outstanding under the head 'Sundry Creditors', the dates when the amounts were sanctioned, the dates when they became due for repayment to the parties and the reasons for non-payment may be furnished.

Reply.

A statement showing the details of the amount of Rs. 4,78,830 outstanding under the head 'Sundry Creditors' along with a note is enclosed (Annexure).

Annexure

10 Item (iii) Rs. 4,78,830.00 outstanding under the head 'Sundry Creditors'

This sum includes liabilities of the following nature:—

- A. 1. Earmarked Funds—such as Building Fund, Scholarship fund etc.
- B. 2. Unspent balances of earmarked grants and donations received for schemes sponsored by outside bodies.
- C. 3. Caution Money, Library Deposits and Security money.
- D. 4. Deposits of various Clubs and Societies etc.
- E. 5. Deposits of Students.
- F. 6. Miscellaneous deposits.
- G. 7. Bills payable.

A classified list with details of amounts is attached herewith.

As most of the amounts have been outstanding for about 20 years, it is not possible to give the exact dates at this stage. However, Jamin are scrutinizing the records and the information asked for will be submitted in due course.

Classified list of Sundry Creditors 1961-62.

	Rs.
1. Earmarked Funds	2,52,690 88
	For details see enclosure A
2. Unspent balances of earmarked grants and donations received for schemes sponsored by outside bodies	Do. B 90,781 78
3. Caution Money, Library Deposits and Security money	12,737 33
4. Deposits of various clubs and Societies	14,279 77
5. Deposits of students	7,453 71
6. Miscellaneous Deposits	61,131 95
7. Bills payable	46,988 34
	4,86,063 76
Less deposits paid in excess	7,234 24
TOTAL	4,78,829 52

ENCLOSURE 'A'

Details of Earmarked Funds

1. Ansari Hospital Fund	18,225·92	Collected at the time of Silver Jubilee of the Jamia in 1946.
2. Central Office Building Fund	73,764·19	Do.
3. Jamia School Building Fund	2,000·00	Do.
4. Masjid Building Fund	46,046·46	Do.
5. Jamia's Staff Welfare Fund	5,000·00	Donated by Pt. Jawaharlal Nehru in the year 1951 for the welfare of staff.
6. Unesco Press Coupons	66,500·00	Donated by the Unesco for the installation of Printing Press in the year 1952.
7. Central Library Building Fund	31,274·66	Donated by Shah Saudi of Arabia and Sheikh of Qattar in the year 1956.
8. Maktaba Godown Fund	500·00	Donated by H.H. Tahar Saifuddin in the year 1955.
9. Maktaba Press Building Fund	4,993·75	Do.
10. Staff Club Building Fund	11,385·90	Donated by Shri Abdul Majeed Khwaja in the year 1956.
11. Girls Hostel Building Fund	3,000·00	Donated by Bakshi Ghulam Mohd., Prime Minister of Kashmir.
TOTAL	2,52,690·88	

NOTE.—These funds were not utilized as they were insufficient for the purpose for which they were donated.

ENCLOSURE 'B'

Details of unspent balances of earmarked grants donations received for schemes sponsored by outside bodies

1. Technical Education Fund	19,000-00	Balance of amount collected of during Jubilee celebration of Jamia in 1946*
2. 40th Anniversary Celebration Fund	29,790-94	Amount collected in the year 1960 and has been spent in subsequent years.
	227-28	Sale proceeds of material of 40th Anniversary.
3. Joint Unesco Project	34-17	Balance out of the grant received from Unesco for publication of books.
4. Khaizerabad Village Council	50-00	Balance out of the grant received in the year 1956 for the development of village.
5. Grant from Central Social Welfare Board	4-74	Balance of grant which has been refunded.
6. Do.	610-14	Do.
7. Children's Welfare Fund	518-70	Amount donated by Miss Kapila for Children's not going to School.
8. Grant from Instt. of Islamic Studies, Canada	6-33	Unspent balance of the grant received in the year 1958 for publication of book 'Indian Muslims'.
9. 'Jamia' Magazine Fund	4,250-52	Balance of grant donated by Shri Bakshi Ghulam Mohammad for the journal.
10. Grant from World University Service	28-92	Balance of grant received from W.U.S. in the year 1956 for Motor Pump in Jamia College.
11. World University Service Fund.	3,219-26	Balance of grant received from W.U.S. for the welfare of the student.
12. Unesco Grant	2,707-26	Balance of grant received from Unesco for publication of books.
13. Urdu Marakiz Fund	5,793-64	Balance of grant received from Shri Bakshi Ghulam Mohd. in the year 1961 for the development of Urdu Marakiz.

14. Hamdardan-e-Jamia Fund	10,000-00	Donated by Shri Bakshi Gulam Mohamad, in the year 1961 for establishing Hamdardan-e-Jamia Department.
15. Jamia Miscellaneous Fund	7,000-00	Donated by Shri Bakshi Ghulam Mohammad in the year 1961 for expenditure for which Jamia can not ask aid from Ministry.
16. Publication Fund	1,359-91	Balance of grant received from Dr. Rajendra Prasad for publication of Books.
17. Grant from Directorate of Extension Programme for Sec. Education.	566-96	Balance of grant received from year 1961 for building of Geog. Museum which has been refunded.
18. Central Scholarship Fund	5,054-86	Fund raised by donations and collections.
19. Scholarship Fund for special classes	528-75	Do.
	<u>90,781-78</u>	

APPENDIX XXXIII

(Ref. Para 4.255)

No. F. 9-1/64-SEU.2

GOVERNMENT OF INDIA

MINISTRY OF EDUCATION

(S.E.U. 2)

Para 90.—Abandonment of a Scheme

A statement indicating the total amount given to the Hindustani Culture Society from time to time for different purposes, particulars of persons entrusted with the work and the work actually done by the Society may be furnished.

Reply.

- (i) Total amount given to the Hindustani Culture Society, Allahabad, from time to time for different purposes is Rs. 2,25,000 (details given in the statement attached).
- (ii) The person entrusted with the work was the Hindustani Culture Society, Allahabad.
- (iii) Details of the work actually done by the Society are given in the statement attached.

Dy. F.A. (Edu.) has desired that a copy of letter No. F. 40-20/50-B.1 may also be furnished to the P.A.C. Accordingly, four copies of the sanction letter are enclosed. (See Appendix XIV).

The information has not been sent to A.G.C.R. New Delhi for vetting. It is being sent separately.

Project—Para 90 —Abandonment of a Scheme—Information required by Public Accounts Committee regarding grants/loans given by other Divisions of the Ministry to Pandit Sunder Lal and the Hindustani Cultural Society, with which he is associated.

S. No.	Name of the Division/ Section	Grant/ Loan	Amount	Purpose of grant /Loan	Year in which given	When was the amount released	Whether amount utilised or not	Whether the project for which grant/loan was given has been completed and if not the reasons therefor.	Remarks
1	2	3	4	5	6	7	8	9	10
1	Cultural Division (C-3 Section).	Grant	Rs. 75,000	Construction of office building of Hindustani Culture Society.	In three instalments in 1952, 1956 & 1962	As in Col. 6	Utilised	..	Utilisation Certificate issued to A.G. in February 1965.
2	Language Div. (H-1 Section).	Grant	1,00,000	For preparation of English—Hindi Dictionary on the lines of Oxford Dictionary.	1953—54 Rs. 30,000) 1954-55 (Rs. 15,000) 1955-56 (Rs. 35,000) 1956-57 (Rs. 20,000)	As in col. 6	Utilised	The Society could not complete the work within the amount of Rs. 1.00 lac. released to the Society. It asked for a further grant which could not be agreed to. It was decided that the Society might be allowed to complete the work from its own resources.	..
3	Social Education Unit (SEU. 2)	Grant	50,000	Preparation & publication of 8 graded books for neo-literates.	In two instalments in April, 57 and May, 58.	As in col. 6	Utilised	The facts have already been submitted to the Public Accounts Committee.	Utilisation Certificate has been issued to A.G. in May, 1965.

APPENDIX XXXIV

(Ref. Para 4, 294 of Report)

INDIAN COUNCIL FOR CULTURAL RELATIONS

Reference Ministry of Education Audit Report (Civil) 1965, Para 92 Indian Council for Cultural Relations Sub. Para (e/ii), 14.

S. No.	Title	Date of Pub.	Price	Copies sold abroad		Remarks
				I.C.C.R.	Distributor	
1	Shri Harsa's Piyas (English-Sanskrit) Bac	Bak Kun Jan. 64	Rs. 45.00	NIL	40	Asia Publishing House sole Distributor.
2	Oriental Jones-Garland Cannon	Jan. 64	31.00	Do.	475	Do.
3	Folk Songs of India-Hem Barua	1963	6.50	Do.	Information awaited	Allied Publisher were distributor till July, 1963.
4	Britain and India—Humayun Kabir	1960	2.00	3	Do.	Do.
5	Indian Handicrafts—Smt. K. Chattopadhyaya	1963	20.00	NIL	Do.	Allied Publisher sole Distributor.
6	(a) European Economic Community A new path to peaceful Union—W. Hallstein (1st Edn.)	1963	12.00	Do.	Do.	Allied Publishers were Distributor till July, 1963.
	(b) 2nd Edition	Do. 1963	12.00	Do.	304	Asia Publishing House sole Distributor.
7	India and the World	1962	12.50	Do.	Information awaited	Allied Publisher sole distributor.
8	India's Sculpture—C. Sivaramamurty	1961	25.00	Do.	Do.	Do.
9	Indian Studies Abroad	Jan., 64	12.50	Do.	448	Asia Publishing House sole distributor.

10	India Today and Tomorrow—Jawaharlal Nehru	1959	1.00	Do.	Information Awaited	Allied Publishing were distributor till July, 1963.
11	Future of U.N.O.—C.R. Attlee	1961	3.00	1	Do.	Do.
12	Buddhist Remains in India—A.C. Sen	1956	3.25	NIL	Do.	Do.
13	One World and India—A. Toynbee	1960	4.00	2	Do.	Do.
14	Cultural Organisations in India	1960	1.00	NIL	Do.	Do.
15	Monograph on Sanskrit Language—C. Kunhan Raja	Sep., 1961	1.00	1	Do.	Do.
16	Persian Sanskrit Grammar—C. Kunhan Raja (Persian and Sanskrit).	1959	5.00	3	Do.	Do.
17	Bhagwad Gita in Persian	1959	10.00	NIL	Do.	Do.
18	Shakuntala of Kalidasa in Persian	1956	3.50	Do.	Do.	Do.
19	Majma-e-Maqalat (Persian)	1956	16.00	Do.	NIL	I.C.C.R. sole Distributor
20	Vikram Urvashi (Persian)	1961	5.00	Do.	Do.	Do.
21	Matti Ka Putla—K.C. Panigrahi (Persian)	1963	4.75	Do.	Do.	Do.
22	Indian Heritage—Humayun Kabir (Arabic)	1960	6.50	Do.	Do.	Do.
23	Shri Harsa's Plays (Korean)—Bak Kun Bac	1963	1.75	6	Do.	Do.
24	India Today and Tomorrow—Jawaharlal Nehru —Portuguese.	1963	3.00	NIL.	Information Awaited	Distributor M's. Singhal's Book House, Panjim Goa.

APPENDIX XXXV

(Ref. Para 4.322 of Report)

MINISTRY OF EDUCATION

Para 94—Extra contractual payments

15. A note stating (i) how much work was completed by the contractor in time, and (ii) to what extent the increase of 25 per cent in the value of the work was attributable to the rise in price of cement and steel may be furnished.

(i) According to the information furnished by the Regional Engineering College, Warangal, the construction of buildings at a cost of Rs. 29,30,508.37 was completed by the contractors within the stipulated date, i.e. 31st October, 1962. The details of these buildings are as below:—

Completed in full:

Triple-seated hostel buildings No. 1, 2, 3, 4, 5 and 6.

Workshop Building No. 1.

Dining Halls No. 1, 2 and 3.

Electrical and Mechanical laboratory building.

Overhead and underground water tank.

Road and culverts.

Partly constructed:

Workshop No. 2.

Civil Engg. Laboratory building No. 1.

Physics Laboratory Building No. 7.

Chemistry Laboratory Building No. 8.

Applied Mechanics Building No. 2.

Engineering Chemistry Building No. 4 and

Electrical Engineering Building No. 3.

(ii) The increase of 25 per cent in the value of the work was not only due to the rise in price of cement and steel. The percentage increase in Andhra Pradesh P.W.D. schedule of rates from 1959-60 to 1962-63 was on account of rise in the price of various building materials and labour. In this, cement showed a rise of 11.5 per cent only,

while there was no increase in the price of steel. The rise in price of other building materials and labour was as under:—

Stone	14.5%
Bricks	38.8%
Aggregate	26.4%
Timber	26.8%
Unskilled labour	40%

Against the above, there was a fall in the rate of skilled labour—masons and carpenters—by 6.7 per cent.

On account of the above mentioned changes in the cost of materials and labour, there was an over-all 17.2 per cent increase in the total cost of construction of the buildings to which thirtieth running bill pertains, as stated below:—

Serial No.	Name of Building	Value of work done as per 30th running bill		Increase in cost in lakhs of rupees	Percentage increase in cost
		As per increased State PWD schedules for 62-63	As per original rates in 1959-60		
1	2	3	4	5	6
1	College Building No. 3 & No. 4	3.58	3.10	0.48	5.50%
2	Single seated hostels 1, 2, & 3	5.55	4.76	0.79	17.00%
3	Dinning Hall No. 4	1.15	0.98	0.17	17.34%
4	Dispensary	0.23	0.19	0.04	23.80%
5	Professors Quarters four nos.	1.22	1.03	0.19	18.10%
6	Asstt. Professors, Qrs. 2 blocks of 4 each	1.23	1.04	0.19	18.10%
7	Lecturers Qrs. 11 blocks of 4 each	3.74	3.15	.59	18.66%
		16.70	14.25	2.45	Average increase 17.2%

The contractors were paid on the basis of a negotiated increase of 25 per cent. As given in the statement 17.2 per cent. increase works out to Rs. 2.45 lakhs. Thus 25 per cent increase means a payment of Rs. 3.56 lakhs. The audit party in its note made a rough estimate of over-payment, upto the thirtieth running bill, of Rs. 3.32 lacs.

APPENDIX XXXVI
(Ref. Para 4.360 of Report)
MINISTRY OF EDUCATION

Statement showing income and expenditure in respect of each Publication Brought out by the Publications and Information Directorate of the Council of Scientific and Industrial Research.

S. No.	Name of the Publication	Year of Publication	Copies printed	Price per copy	Amount spent on printing	Copies sold	Amount realised	No. of copies sent on complementary & exchange basis	No. of copies in stock destroyed as on 31-3-65	Balance	Remarks
1	2	3	4	5	6	7	8	9	10	11	12
				Rs	Rs.						
1	Weakth of India Raw Material Vol. I	1948	3,000	20.00	26900.00	2707	40605.00	217	28	48*	*The publications contained certain maps showing <i>inter alia</i> boundaries with neighbouring countries were banned. †Copies were damaged due to flooding of the store in 1956 and in 1958 on account of unprecedented rain fall. The
2	Vol. II	1950	3,000	30.00	45000.00	2268	51030.00	204	58	470*	
3	Vol. III	1953	3,000	25.00	37500.00	2123	35030.00	220	18†	639†	
4	Vol. IV	1957	3,000	25.00	37500.00	1291	24206.00	204	85†	1420	

5	Supplement to Fish and Fisheries, Wealth of India—Vol. IV	1962	3,000	un-priced	15989.00			516		2484	value was written off under the sanction of the competent authorities.
6	Wealth of India Raw Material Vol. V	1959	3,000	30.00	41000.00	992	22320.00	272	9†	1727	‡Under the same orders the sale of this Publication was suspended temporarily & after incorporating the necessary changes sale was again opened from Sept., 63.
7	Vol. VI	1962	3,000	40.00	61290.00	1201	36030.00	213		1983	
8	Wealth of India Industrial Products Vol. I	1948	3,000	10.00	14637.00	2740	20550.00	227	25†	8	
9	Do. Vol. II	1951	3,000	20.00	37500.00	2085	31275.00	197	40†	678*	
10	Do. Vol. III	1954	3,000	25.00	31500.00	1719	32231.00	169	21†	1019	
11	Do. Vol. IV	1958	3,000	25.00	37000.00	1048	19650.00	202	71†	1679	
12	Do. Vol. V	1960	3,000	30.00	40530.00	982	22095.00	237		1781	
13	National Register Vol. I, Pt. I	1949	917	11.00	6305.00	228	1881.00	210	456@	23	@Copies were auctioned as the publication had gone out of date. Value was written off under the sanction of competent authority. The matter was brought to the notice of the Governing Body and copies were disposed off by auction as was stipulated.
14	Do. Pt. I	1950	896	12.50	7612.00	88	825.00	196	588@	24	
15	Do. Pt. II	1951	329	18.50	3815.00	56	798.00	122	70@	21	
16	Do. Vol. II Pt. I	1950	897	12.00	6727.50	141	1269.00	185	550@	21	
17	Do. Pt. III	1951	926	13.00	7524.00	176	1716.00	180	648@	22	
18	Do. Pt. III	1955	336	12.00	2520.00	27	242.00	52	238@	19	
19	Do. Vol. III, Pt. I	1953	290	12.00	2175.00	50	450.00	34	205@	1	
20	Do. Pt. II	1954	327	12.00	2452.50	37	333.00	160	113@	17	

1	2	3	4	5	6	7	8	9	10	11	12
21	Mfg. and Application of liquid Gold.	1951	500	Ra. 1 00	220 00	369	277 00	114	16†	1	† Copies were damaged due to flooding of the stores in 1956 and in 1958 on account of unprecedented rain fall. The value was written off under the sanction of the competent authorities. * The Publications contained certain maps showing <i>inter-alia</i> boundaries with neighbouring countries were banned.
22	Utilization of Indian Vegetable Oils as fuels	1952 1952	500	1 00	312 50	178	134 00	147	21†	154	
23	Indian Vegetable oils as Lubricants	1953	499	4 00	1246 00	130	390 00	120	17†	232	
24	Indian Coals	1949	109	10 00	681 40	96	720 00	8	..	5*	
25	Washability of Indian Coals	1947	150	10 00	937 50	34	255 00	112	..	4	
26	Studies in Coal Washability 1-3	1950	301	2 00	376 25	56	84 00	232	..	13	
27	Do. 4-6	1951	99	2 00	124 00	20	30 00	75	..	4	
28	Do. 7-9	1953	100	2 00	125 00	40	60 00	57	..	3	
29	Blending of coals for coking	1948	162	10 00	1012 50	84	630 00	76	..	2	
30	Distribution of B.P. Drug Plant	1951	750	1 25	585 00	513	481 00	137	..	..
31	Analytic Gran size control of steel	1942	750	3 00	1406 00	254	572 00	222	14†	260	
32	Report of a selection for a size of Rayon Factory in India	1942	262	1 00	164 00	95	71 00	104	7†	56	
33	Indian Graphite	1947	658	1 00	412 00	209	157 00	106	19	324	
34	Survey of India Vetiver (Khas	1947	723	1 00	452 00	72	54 00	88	118	445	
35	Report of the Essential Oil Advisory Committee	1946	275	2 00	344 00	174	261 00	85	15	3	

36	Report of the Dye Stuff exploratory Committee	1945	427	1 00	247 00	140	105 00	108	..	179	
37	Do. (Appendix)	1949	759	1 00	475 00	128	96 00	102	..	529	
38	Silk Product & Weaving in India	1949	193	8 00	965 00	135	810 00	51	..	7	
39	Low Cost Houses	1949	289	1 25	234 00	238	223 00	43	..	8	
40	Patented inventions of CSIR	1951	459	15 00	4312 00	185	2081 00	142	12	120	
41	Patents for inventions	1956	968	5 00	3025 00	208	780 00	158	292	310	
42	Index to duthus Flora	1952	995	2 50	1555 00	260	488 00	109	15	611	
43	Nutrition value of vanaspati-I	1953	895	4 00	2237 50	358	1074 00	368	12	157	
44	Do. II	1958	1000	4 50	2800 00	130	439 00	47	14	21	788 transferred to CFTRI, Mysore.
45	Preliminary Survey of M.P. coals	1953	15	5 00	47 00	9	34 00	3	..	3	
46	Coal Blends and their cokes	1953	150	5 00	594 00	67	251 00	115	4	4	
47	Research & Building Const in India	1953	481	1 00	800 50	418	314 00	58	5	..	
48	Report of the Ind. Res. Plg. Cte.	1945	47	3 00	89 00	38	86 00	9	..	..
49	Directory of Collection of Microorg.	1953	920	1 00	575 00	218	164 00	195	..	507	
50	Indian Pharmaceutics leading	1953	2000	12 00	14200 00	1666	14994 00	200	110	24	

1	2	3	4	5	6	7	8	9	10	11	12
51	Adopted process for the Mfg. glazed kid	1954	504	2.00	630.00	62	93.00	372	13	57	
52	Do. Proxide	1954	496	2.00	620.00	96	144.00	353	5	42	
53	Mfg of China Glass	1954	500	0.50	156.50	17	6.00	482	..	1	
54	Survey of Research problems in plastics	1954	500	5.00	1500.00	293	1099.00	195	9	3	
55	Problems relating to I.C.E.I.	1954	500	12.00	3450.00	154	1386.00	164	13	169	
56	Cotton Seed and its products	1954	750	2.00	937.50	273	410.00	168	147	162	
57	Geological Times	1954	750	0.50	225.00	132	50.00	175	..	443	
58	Report of the Calendar Reform Committee	1955	3718	11.00	25562.00	158	1304.00	300	98	162	3000 transferred to the Manager, Publications Branch of the Govt. of India, for sale.
59	Glossary of Indian Medicinal Plants	1956	5000	8.00	20000.00	1908	11448.00	287	23	2782	
60	Survey of Rose Growing Centres	1957	740	7.50	3500.00	236	1328.00	154	38	318	
61	High Calcium Lime Stone of India	1957	1000	5.00	3000.00	324	1215.00	108	105	463	
62	Cellulose Res. Vol. I	1958	1000	6.00	3600.00	203	914.00	177	29	591	
63	Cellulose Res. Vol II	1960	1000	12.00	7628.00	135	1215.00	251	6	608	
64	Antibiotics A Symposium	1958	1000	15.00	7538.00	226	2543.00	253	57	474	
65	Indian Clays Part I	1958	2000	8.00	8000.00	218	1308.00	140	..	10	1632 transferred to C.G.C.R.I.

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66	Do. Part II	1960	2000	8.00	7070.00	337	2022.00	164	..	12	1487 transferred to C.G.C.R.I.
67	Essential oils Aromatic Chemical	1958	994	10.00	7000.00	415	3113.00	191	99	289	
68	Beneficiation of low Manganese ores	1959	1000	10.00	6084.00	513	2848.00	131	4	10	342 transferred to National Metallurgical laboratory.
69	Indian Scientific and Tech. Publications-A Bibliography	1960	3000	25.00	22684.00	412	7725.00	714	..	1874	
70	Kinetics of Electrodes Process & Null points	1960	2000	5.00	5460.00	311	1166.00	234	..	1485	
71	Appraisal of Soil Demand	1960	1000	10.00	15428.00	681	5108.00	309	8	2	
72	Indian Essential oil-A review	1960	1000	7.00	4000.00	328	1729.00	264	16	392	
73	Bincis Udyog	1960	1000	6.00	3317.00	84	378.00	195	15	706	
74	Coir and its uses	1960	1000	6.00	4252.00	157	707.00	222	11	610	
75	Kayor Udyog (Hindi)	1961	1000	4.00	2284.00	63	189.00	172	25	740	
76	Foundry Moulding Sands	1961	1000	15.00	9415.00	281	3161.00	197	5	17	
77	Gactum	1961	1000	20.00	11250.0	548	8220.00	263	..	189	
78	Cheye Udyog (Hindi)	1961	1000	6.50	3684.00	85	414.00	183	..	732	
79	Plant Embryology-A Symposium	1962	1000	20.00	11769.00	233	3495.00	250	..	517	
80	Aquatic Angiosperms	1962	1000	20.00	13049.00	359	5385.00	156	..	485	
81	IGY Vol I	1963	1000	18.00	11580.00	94	1269.00	279	..	627	
82	Do. Vol. II	1963	1000	18.00	9504.00	62	837.00	206	..	732	

1	2	3	4	5	6	7	8	9	10	11	12
83	Ghrelu Indian	1963	1000	7.00	4325.00	9	47.00	29	..	962	
84	Marsika	1962	1000	16.00	9065.00	353	4236.00	197	..	450	
85	Chemical Process design	1963	1000	18.00	11357.00	108	1458.00	151	..	741	
86	Low Temperature Carboniza- tion Vol. I	1963	1000	35.00	22108.00	130	3413.00	304	..	566	
87	Do. Vol. II	1964	1000	35.00	16133.00	109	2861.00	238	..	653	
88	Flora Delhi	1964	993	28.00	16204.00	268	5628.00	169	..	556	

6.

APPENDIX XXXVII

Ref. PARA 4·397 OF REPORT

MINISTRY OF EDUCATION

Per Capita Expenditure on Students in Different Universities in India

(1960-61)

Sl. No.	Universities]	Per Capita Expenditure	Sl. No.	Universities	Per Capita Expenditure
		Rs.			Rs.
1	Agra	520	25	Madras	819
2	Aligarh	1,324	26	Marathwada	801
3	Allahabad	642	27	Mysore	610
4	Andhra	681	28	Nagpur	710
5	Annamalai	1,115	29	Osmania	740
6	Banaras	2,035	30	Panjab	657
7	Baroda	923	31	Patna	411
8	Bhagalpur	329	32	Poona	667
9	Bihar	368	33	Rajasthan	708
10	Bombay	545	34	Ranchi	585
11	Burdwan	340	35	Roorkee	3,482
12	Calcutta	444	36	S.V. Vidyapeeth	766
13	Delhi	1,124	37	Saugar	660
14	Gauhati	479	38	S.N.D.T. Women's	535
15	Gorakhpur	442	39	Sri Venkateswara	927
16	Gujarat	522	40	U.P. Agricultural	1,441
17	Indira Kala Sangeet	677	41	Utkal	665
18	Jabalpur	616	42	Varnaseya Sanskrit	2,540
19	Jadavpur	1,394	43	Vikram	878
20	Jammu & Kashmir	377			
21	Karnatak	768	44	Visva-Bharati	5,029
22	Kerala	532			
23	Kurukshetra	2,347			
24	Lucknow	539			

Per Capita Expenditure on Students in different deemed to be Universities.

(1962-63)

Sl. No.	Name of Deemed to be Universities	Per Capita Expenditure
		Rs.
1	Indian Institute of Sciences, Bangalore	8, 222
2	Indian School of International Studies, New Delhi	2,501
3	I.A.R.I., New Delhi	1,574
4	Gurukul Kangri Viswavidyalaya, Hardwar	1,431
5	Jamia Milia Islamia, Delhi	N.A.

APPENDIX XXXVIII

(Ref. Para 4.449 of Report)

MINISTRY OF EDUCATION

Note showing the position on verification of stores in the Institute containing the amount of money involved, date on which complete verification was made last, reasons for not doing it earlier and the action being taken to ensure that there is physical verification every year as contemplated under the rules.

Complete physical verification is being done in the departments each year.

As regards the Central Stores, between December '62 and July '64 about 75 per cent of the total Stock was verified.

Verification of the remaining 25 per cent could not be done as the stock verifier left the Institute on resignation. The post of Stock Verifier is lying vacant upto date. One is however expected to join shortly and undertake verification.

Action is now in hand to complete the verification of the remaining 25 per cent Stores either by the Stock Verifier, if he joins early or, by any other officer of the Institute.

A stock of construction materials has been created in 1961-62 shortly after the work of construction was taken over by the Institute from the Central P.W.D.

These materials could not be verified so far because of sudden accumulation of stock to meet the needs of construction and the impracticability of suspending issues and receipts that was otherwise pre-requisite to such verification. Further, some time elapsed before the storage of the materials could be organised and the unit placed on sound footing. Lack of adequate accommodation added to the difficulties in arranging the stocks properly to facilitate easy verification.

Steps have, however, now been taken to conduct the required verification and the work is expected to be completed by October 1968.

The value of Stores, Accessories and equipments of the Instt. as at 31st March, 1963 and 31st March, 1964 have been duly reflected in the Institute's audited Balance Sheets of the respective years viz.:-

	As on 31-3-63	As on 31-3-64
	Rs.	Rs.
Consumable Stores	10,04,617	8,67,588 (@including Construction unit materials)
Accessories	14,40,772	15,18,277
Materials of Construction Unit	6,58,792	@as indicated above.
Materials of maintenance unit	1,94,824	1,99,282

The problem of complete verification of Stock each year has been engaging the serious attention of the authorities. The Director is anxious to devise ways and means by which the Stock can be verified effectively each year. Unfortunately, it has been found rather impracticable for one verifier to conduct such verification speedily on his own, by careful counting, measurement and weighing the items involved.

The question of detailing a suitable group of teachers for the work, particularly during Summer Vacation is also under consideration of the authorities.

INDIAN INSTITUTE OF TECHNOLOGY, BOMBAY

Note indicating the position of physical verification of Stores

The Indian Institute of Technology, Bombay was located at Worli when it was first started. There was not enough space at Worli to open up the stores received and to carry out stock taking during the year 1958-59. In 1959-60, the Institute functioned partly at Powai and partly at Worli. The stores was moved from Worli to Powai completely in April 1960. In 1960-61 due to in-sufficient space for storing the equipment received at Powai, all equipment was not continuous annual stock-verification could not be effected.

In 1961-62, the Departments had already received a large quantity of stores, the verification had to be split into two phases—one covering the period from inception to 31st March, 1962 and the other from 1st April 1962 to-date. This phasing had also to be done because the number of stock-verifiers at that stage was only three. In the earlier stages due to the remotness of the Institute from the city, many after selection did not join and some left after joining so that continuous annual stock-verification could not be effected.

In the circumstances explained above, the actual period covered by the verification in the first phase varied from Department to Department (Statement I enclosed).

The actual verification of work relating to phase one, upto 31st March 1962, is over. As far as physical verification of this phase is concerned, it is stated that the reports prepared in respect of all departments except Electrical Engineering and Mechanical Engineering Departments are being scrutinised and their finalisation is in progress. The summary of all shortages and excesses is shown in the annexure to this letter (Statement II).

It may be mentioned in this connection that the stock verification in respect of Electrical Engineering and Mechanical Engineering Departments for the first phase has been finally completed and settled.

The second phase of verification covering the period from 1st April, 1962 onwards upto 30th June, 1965 has been completed in respect of three departments viz., Civil Engineering, Physics and Metallurgical Engineering Departments and for other departments the

same is in progress, and it is expected that adjustments of surplus and deficiencies will be completed by the end of the calendar year 1965.

Details of the expenditure under "Capital Stores" and the value of "Consumable Stores" yearwise upto end of 31st March, 1964 is given below:—

(Figures in lakhs of Rupees)							
	Before 9-5-58	58-59	59-60	60-61	61-62	62-63	63-64
Capital Stores	3.72	5.10	87.36	48.66	39.34	49.50	27.71
Consumables	..	1.61	3.47	4.04	5.87	6.78	5.04

The accepted system of continuous stock verification on yearly cycle basis will be continued hereafter, so that the practical difficulties in this matter experienced in the past will not recur.

STATEMENT I

INDIAN INSTITUTE OF TECHNOLOGY, BOMBAY

Progress of Verification (First Phase)

Sl. No.	Name of the Department	Verification carried out.	
		From	To
1	Mechanical Engg. Deptt.	4-1-61	10-4-62
2	Chemical Engg. Deptt.	23-2-61	5-10-63
3	Civil Engg. Deptt.	27-1-61	30-3-62
4	Metallurgical Engg.	4-5-61	27-3-62
5	Physics Department	1-3-61	27-2-62
6	Electrical Engineering	3-1-61	5-10-62
7	Hospital	7-7-62	30-7-62
8	Hostels	3-5-62	22-5-62

STATEMENT-II

INDIAN INSTITUTE OF TECHNOLOGY BOMBAY

Statement showing the results of verification in the First Phase

Department	Excess	Shortage	Difference (+)(-)
Mechanical Engg.	2,217.19	8,877.33	(-)6,660.14
Chemical Engg.	3,175.81	8,397.94	(-)5,222.13
Civil Engg.	2,172.34	4,568.18	(-)2,395.84
Metallurgical Engg.	1,087.00	734.90	(+)352.10
Physics	3,935.00	2,620.24	(+)1,314.76
Electrical Engg.		4,933.78	(-)4,933.78
Hospital	65.20	68.15	(-)2.95
Hostels	980.65	2,572.31	(-)1,591.66
	13,633.19	32,772.83	19,139.64
Summary of Shortages & Excesses			(-)1,666.86
			(-)20,806.50
			(-)19,139.64

INDIAN INSTITUTE OF TECHNOLOGY, MADRAS

Note regarding physical verification of Stores

Verification of stores for the year 1962-63 was done during April to June, 1963. For the year 1963-64, it was done during May-June, 1964. The total value of Stores Equipment and books, verified is valued at Rs. 176 (approx.) in 1964.

The Institute physically verifies their stock every year as contemplated under the rules.

INDIAN INSTITUTE OF TECHNOLOGY, KANPUR

The Institute started functioning in August, 1960 with the first batch of 100 students and had to face a lot of difficulties of space, personnel and accessories in the initial stages. The Institute was functioning in accommodation provided by the State Government in a portion of the Harcourt Butler Technological Institute.

The following expenditure was incurred on Laboratory, Workshop and the Equipments, furniture and fixtures and consumable stores.

Categories	Till March, 1963	Till March, 1965
	Rs.	Rs.
1. Lab. Workshop and other equipment	10,78,174	32,13,787
2. Furniture & Fixtures	4,17,718	15,33,595
3. Consumable Stores	3,39,128	12,84,795
4. U.S./Aid equipment . . . . .	..	1,32,62,435*
TOTAL	18,35,020	1,92,94,612

*Including Rs. 30,08,459 as incidental charges.

The first physical verification of Stores and Equipments etc. was undertaken in January, 1963.

No physical verification of Stores, Equipments etc. could be arranged earlier than 1962-63 as the Institute was in an organisational stage and was faced with numerous problems of space and men.

It was in March, 1963 that two workshop buildings, one Hostel and some residential Quarters were ready and a part of the activities of the Institute was transferred to the new Campus at Kalyanpur. The shifting of the activities, Stores, etc., continued in 1963-64. The Laboratories were set up and organised during this year in the newly constructed western laboratories and southern laboratories. It was not feasible for the reasons outline above to have any physical verification of Stores & Equipments etc. in 1963-64. However, physical verification of Stores was undertaken from October, 1964 to March, 1965 and results of this verification were shown to the audit party of the A.G.U.P., when they visited in June, 1965.

APPENDIX XXXIX

(Ref. Para 5.18 of Report)

Copy of the Original Agreement

AGREEMENT

The agreement made this day 27th December, 1957, between the President of India hereinafter called "the first party" which expression shall, unless excluded by or repugnant to the context be deemed to include his successors and assigns of the one part and Messrs. Delhi State Cooperative Federation Ltd., Delhi having their office at 9-A, Teliwara, Azad Market, Delhi through Sri. C. K. Nair, President of the Federation hereinafter called the "second party" which expressions shall unless excluded by or repugnant to the context, be deemed to include their successors and assigns of the other part.

Whereas the first party desires to make clearing, forwarding and selling arrangements for chemical fertilizers except those required for free demonstrations or trials on cultivators fields, allotted by the Government of India, to Delhi Administration and whereas the second party has agreed to act as clearing, forwarding and selling agents of all such chemical fertilizers on the terms and conditions hereinafter appearing.

Now these presents witness as follows:—

1. That the second party will be responsible for clearing and handling all imports of chemical fertilizers allotted by the Government of India to the Delhi Administration and to sell and to distribute them in accordance with the directions of the Development Commissioner, Delhi.
2. That the Development Commissioner, Delhi will fix uniform retail selling prices throughout the Union Territory of Delhi which will be inclusive of the following charges:—
 - (i) The price fixed by the Government of India, Ministry of Food & Agriculture, New Delhi from time to time F.O.R. rail heads in the Union Territory of Delhi.
 - (ii) The Maximum remuneration of Rs. 30 per ton which shall include insurance charges, loading and unloading

charges, transportation charges, octroi and other taxes shortages charges, handling and distribution commission of the second party and all charges of whatsoever nature.

3. That the second party shall be responsible for all losses due to theft, fire and such other factors.
4. That the second party shall provide adequate storage facilities for all the fertilizers allotted to Delhi Administration by the Government of India, Ministry of Food & Agriculture.
5. That the second party will hold the fertilizers as agents for and on behalf of the first party.
6. That the second party will deposit in the Government Treasury fortnightly say by 10th and 25th of each month, the price of fertilizers etc. at the F.O.R. rail heads rates in the Union Territory of Delhi as fixed by the Government of India, Ministry of Food & Agriculture, New Delhi on all sales of fertilizers affected during the previous month.
7. That the second will popularise and sell the fertilizers through Co-operative Societies in the Union Territory of Delhi only.
8. That the second party will be issued fertilizers not exceeding in the value of Rs. 1,50,000·00 (Rs. 1 lac and fifty thousand) only which will be the maximum credit limit fixed under the Bombay Cooperative Societies Act, 1925 as in force in the Union Territory of Delhi. Any stock of fertilizers that will exceed the maximum credit limit of Rs. 1,50,000·00 shall remain under the double lock system i.e., one lock by the first party and the second by the second party.
9. That the Second Party will furnish a cash security of Rs. 5,000·00.
10. That the second party shall pay interest on the price of all stocks of fertilizers that are received by them from or on behalf of the first party at such rate and in such manner as the Chief Commissioner, Delhi may determine and the decision of the Chief Commissioner in this behalf shall be final.
11. That the Second party shall submit monthly statement of accounts of sales of different chemical fertilizers by the 10th of the next following month and such other relevant information and statements which the Development

Commissioner, Delhi or his nominee may consider necessary to be furnished with.

12. That the agreement will, unless determined earlier by removal of Govt. control over the distribution of chemical fertilizers, remain in force for the period of 3 years from the date of its execution.

Provided that the Chief Commissioner; Delhi shall have the rights to terminate the agreement at any time without notice and without assigning any reason, and the decision of the Chief Commissioner, in this behalf or any other matter touching this agreement shall be final and shall not be called in question in any Court of Law.

Provided further that the Second Party may terminate the agreement by giving six months notice of its intention so to do.

In witness whereof the parties hereto set their Hands on the day and the year first above written.

Sd/-

Chief Secretary to the
Delhi Administration, Delhi
for and on behalf of the
President of India.

Sd/-

President,

Delhi State Cooperative Federation Ltd.,
for and on behalf of the Delhi State
Cooperative Federation Ltd.,
9-A. Teliwara Commercial Flats, Azad
Market, Delhi.

1. Witness:--

Sd/-

Secretary Development to the
Delhi Government, Delhi.

2. Witness:--

Sd/-

U.S.A., Delhi Administration Delhi.
27-12-1957.

APPENDIX XL
 (Ref. Para 5·32 of Report)
MINISTRY OF FOOD & AGRICULTURE
 (DEPARTMENT OF AGRICULTURE)

I. Utilisation of Diesel Engines.

Further information in connection with the actual dates of utilisation of 233 engines and the other allied information as called for is given below:—

(i) Statements giving the dates of utilisation of engines are enclosed as detailed below :—	
(a) Details of diesel engines transferred to various States <i>vide</i> Appendix 'A' attached	76 Nos.
(b) Details of diesel engines installed on completed tubewells and handed over to various States <i>vide</i> Appendix 'B' attached	111 Nos.
(c) Details of diesel engines issued to Central Government Departments <i>vide</i> Appendix 'C' attached	46 Nos.
TOTAL	233 Nos.

There were 50 sites where electricity became available at that time and where the diesel engines as initially intended could not be utilised. A statement showing particulars of 50 electric installations at the successful exploratory sites showing the dates of handing over of tubewells by the Exploratory Tubewells Organisation to the State Governments is appended *vide* Appendix 'D'. The exact dates, when electrification came, are not known as electrification was done by the State Governments. The dates of electric installations, are apparently earlier than the dates of handing over of tubewells shown in the statement.

The engines left over on completion of Second Project at the end of Second Plan period were earmarked for utilisation in the Exploratory Tubewells Organisation by the end of the 3rd Plan period. In the Third Plan period the Exploratory Tubewells Organisation operations extended to more difficult areas, and hence percentage of successful bores to total number of bores drilled was less as com-

pared with the performance in the earlier Plan periods. Keeping in view the need for accelerating utilisation these were transferred elsewhere.

II. Exploratory Tubewells Organisation and work done in States.

The Exploratory Tubewells Organisation was established in September, 1954. The actual work of drilling started in January, 1956.

The names of the States covered from the inception of the Organisation to end of June, 1965 are given in the statement—*vide* Appendix 'E', alongwith the tentative programme for Fourth Plan period in each one of them. No work has so far been done in the last four States/Union Territories.

Appendix A

Details of 76 Diesel Engines Transferred to States

Consignee	Type of Engine	Quantity	Month of release	Date of utilization	Purpose	
PUNJAB						
1. Superintending Engineer Ferozepur Drainage Circle.	Perkins	2	July 63	2 on 5-12-63	} Installation on tubewells for water supply, well point system for de-watering the sites welding purposes etc.	
2. Executive Engineer, Ludhiana Drainage Circle Ludhiana.	Sheppard Continental	1 1	October 63	1 on 1-1-64 and 1 on 15-1-64		
3. Superintending Engineer Public Health Circle, Chandigarh.	Perkins Sheppard Continental	6 6 3		Sept. 63 Sept. 63 Aug. 63		9 on 9-4-64 and 6 on 15-4-65
4. Executive Engineer Mechanical Public Health Division, Ambala.	Oliver Continental Sheppard	2 3 20	Sept. 63 Sept. 63 Aug. 63	24 in Oct. 64 4 on 5-4-65 and Sept. 63. 7 on 23-4-65		
	Perkins	10	Aug. 63	54		
MAHARASHTRA						
5. Superintending Engineer Nasik (BSC) Circle, Nasik.	Sheppard	1	Sept. 63	1 on 8-1-64		} For electric supply taking recuperation test of wells and for running tubewells.
6. Dy. Engineer Mula 'D' Mechanical Sub-Division, Mulanagar (Distt. Ahmednagar).	Perkin	3	Sept. 63	1 on 23-2-64 1 on 17-6-64 1 on 4-8-64		
7. Executive Engineer, P.W.D. Jalgaon.	Perkin	1	Oct. 63	1 in Dec. 63		
MADHYA PRADESH						
8. Superintending Engineer/Public Health Circle, Nagpur.	Perkin	3	Sept.	3 on 31-3-65	} For electric supply taking recuperation test of wells and for running tubewells.	
9. Executive Engineer, Irrigation Department, Hoshangabad.	Perkin	1	Oct. 59	1 in October 59.		
10. Engineer-in-charge Rajasthan Under ground Water Board, Jodhpur.	Perkins Continental	8 3	Sept. 63	3 on 10-3-64 10 on 30-4-64	} For pumping water from tubewells.	
		Total	76			

Appendix B

Utilisation of Diesel Engines for running tubewells.

Sl. No.	Name of site	District	State	No. of engines	Date of utilisation
1	2	3	4	5	6
1	Gajarwzra . . .	Hoshangabad	M.P.	1	9-5-58
2	Sainkhera . . .	Do.	"	1	5-3-58
3	Shahpura . . .	Jabalpur	"	1	26-3-58
4	Babal . . .	Hoshangabad	"	1	5-3-58
5	Pachlora . . .	Do.	"	1	5-3-58
6	Bakanj . . .	Do.	"	1	5-3-58
7	Kherva . . .	Do.	"	1	5-3-58
8	Khapura Kalan . . .	Bhopal	"	1	26-3-58
9	Barli . . .	Do.	"	1	9-5-58
10	Pagihal . . .	Hoshangabad	"	1	9-5-58
11	Ravar . . .	East Khandesh	Maharashtra	1	23-4-58
12	Rajora . . .	Do.	"	1	23-4-58
13	Chandan . . .	Jaisalmer	Rajasthan	1	27-1-59
14	Desalpur . . .	Kutch	Kutch	1	18-7-58
15	Nakhtarana . . .	"	"	1	18-7-58
16	Sisagarh . . .	"	"	1	18-7-58
17	Kapaia . . .	"	"	1	18-7-58
18	Ramgarh . . .	Shahbad	Bihar	1	6-7-58
19	Bichhiya . . .	"	"	1	25-6-58
20	Rampur . . .	"	"	1	25-6-58
21	Dahina Zainabad . . .	Gurgaon	Punjab	1	3-10-58
22	Darauli . . .	Gurgaon	"	1	4-10-58
23	Punjabahetram . . .	East Godavri	Andhra	1	14-2-60
24	Nalamodu . . .	West Godavri	"	1	3-12-59

1	2	3	4	5	6
25	Gumam Patti . . .	West Godavri	Andhra	1	21-12-59
26	Nalajerla . . .	"	"	1	3-12-59
27	Chettithuruvo (Nodi- gaipet)	South Arcot	Madras	1	20-12-58
28	Marugulam . . .	Tanjore	"	1	28-11-58
29	Vadaikattu . . .	South Arcot	"	1	19-12-58
30	Jayakoudam Cholopuram	Trichi	"	2	13-1-59
31	Tiruvonam . . .	Tanjore	"	1	30-11-58
32	Padu Patti . . .	"	"	1	30-11-58
33	Mertukuppam (Serikup- pam).	South Arcot	"	1	20-12-58
34	Budanur . . .	"	"	1	20-12-58
35	Marudur . . .	Trichi	"	1	13-1-59
36	Kadambulyar . . .	South Arcot	"	1	11-3-59
37	Aliman Kuppam . . .	"	"	1	10-9-59
38	Ayyampat . . .	"	"	1	9-1-59
39	Andimandam (Valandal)	Trichi	"	1	15-12-58
40	Basta . . .	Balasore	Orissa	1	10-10-60
41	Hallipada . . .	"	"	1	23-10-60
42	Nalgunda . . .	Cuttack	"	1	3-1-62
43	Agrapada . . .	"	"	1	14-4-60
44	Asam . . .	Agra	U.P.	1	7-3-59
45	Mohamadpur Warada	Mainpuri	"	1	7-3-59
46	Nighwarwan . . .	Allahabad	"	1	18-9-59
47	Sainta . . .	"	"	1	18-9-59
48	Jaigan (Chandpur Village)	Murshadabad	West Bengal	1	17-1-61
49	Takipur . . .	"	"	1	17-1-61
50	Nawada . . .	"	"	1	17-1-61
51	Domkal . . .	"	"	1	17-1-61
52	Bhatganga . . .	Nadia	"	1	26-11-60
53	Nautia . . .	"	"	1	26-11-60
54	Debogram . . .	"	"	1	14-3-61

1	2	3	4	5	6
55	Jagpur	Nadia	West Bengal	1	14-3-62
56	Algaria	24 Parganas	"	1	23-11-62
57	Barachampa	"	"	1	23-11-62
58	Khamarkulla	"	"	1	23-11-62
59	Dakhinchatra	"	"	1	23-11-62
60	Patiram	West Dinajpur	"	1	8-9-62
61	Mandilpur	Malda	"	1	4-9-62
62	Madhubdanga	Jalpaiguri	"	1	18-5-62
63	Tulsibari	Kamrup	Assam	1	30-1-62
64	Haripur	"	"	1	31-1-62
65	Tamalpur	"	"	1	3-2-62
66	Barama	"	"	1	2-2-62
67	Behragaon	Darrang	"	1	20-3-62
68	Salaripath	"	"	1	23-3-62
69	Habigaon	"	"	1	23-2-62
70	Nutansirajuly	"	"	1	23-3-62
71	Dabla	Jaisalmer	Rajasthan	1	4-8-62
72	Fatchgarh	"	"	1	4-9-62
73	Site No. 13 Jodhpur- Jaisalmer Road.	"	"	1	25-7-62
74	Baroragaon	"	"	1	12-10-62
75	Bhojak	"	"	1	12-10-62
76	Nocmla	Burmer	"	1	17-8-62
77	Bhotia	"	"	1	4-6-62
78	Site No. 7 Pokran	Jaisalmer	"	1	25-10-62
79	Jetha	"	"	1	25-5-62
80	Jaisurana	"	"	2	20-12-62
81	Dhassar	"	"	1	12-7-62
82	Site No. 6 Near Lathi	"	"	1	8-6-62
83	Sodakor	"	"	1	1-6-62
84	Bharwa	"	"	1	18-5-62

1	2	3	4	5	6
85	Egra	Midnapur	West Bengal	1	30-1-62
86	Binpur (Harda)	"	"	1	30-1-62
87	Dakhinsol II	"	"	1	30-1-62
88	Kandwara	"	"	1	30-1-62
89	Birsingh (Ghatal)	"	"	1	30-1-62
90	Kalna	Burdwan	"	1	11-10-61
91	Gursa	Birbhum	"	1	12-4-62
92	Baigachia	Howrah	"	1	29-3-62
93	Domjor	"	"	1	29-3-62
94	Hashampur	Hoogly	"	1	10-2-62
95	Bansbaria	"	"	1	10-2-62
96	Airya	Murshidabad	"	1	14-2-63
97	Madhopur	"	"	1	30-11-63
98	Ranihethi	Howrah	"	1	15-1-63
99	Bholukumari	Nowgong	Assam	1	25-8-62
100	Domarpur	"	"	1	17-11-62
101	Sarupathar	Sibsagar	"	1	10-11-62
102	Sunpura	"	"	1	16-3-64
103	Doboka	"	"	1	3-6-62
104	Ladoigarh	"	"	1	3-2-64
105	Singla	Balasore	Orissa	1	24-8-64
106	Kasba—Kamarda	"	"	1	1-10-64
107	Sugo	"	"	1	1-10-64
108	Basdeopur	Deoli	"	1	24-8-64
109	Nizampur	"	"	1	1-4-65
110	Narhar	"	Rajasthan	1	31-3-64
111	Sanu	"	"	1	31-3-64
TOTAL				111	

Appendix 'C'

Details of diesel engines issued to Central Govt. Departments.

Name of Department	Quantity issued	Period during which issued	Remarks
1. Geological Survey of India, Calcutta.	1 No.	September, 1959	This was issued to the Geological Survey of India during Sept., 1959 and is being used by them. Actual date of utilisation is not known.
2. Exploratory Tubewells Organisation, New Delhi.	1 No.	September, 1959	Being used in Exploratory Tubewells Organisation. Central Stores, Bhusawal since Sept., 1959 on slotting machine.
	32 Nos.	Between 1958-62	} Being used on drilling Rigs, trucks, welding sets, test pumps etc. Their actual date of utilisation is not known.
	12 Nos.	During 1964-65	
TOTAL	46 Nos.		

Appendix D

Particulars of 50 Electric installations at the successful Exploratory sites.

S. No.	Site	State	Date of handling over
1	2	3	4
	<i>OA 12</i>	<i>OA 12 Project (Jan. 1955—1959)</i>	
1	Sitaram Puram	Andhra	14-12-59
2	Dowlesh Waram	"	7-2-60
3	Balavaram	"	9-2-60
4	Ramchandra Puram	"	1-2-60
5	Narasimahalalayam	"	14-12-59
5	Rajole	"	7-2-60
7	Venkatarangudem	"	3-12-59
8	Karungapatti	Kerala	24-12-58
9	Parikapattu	Madras	13-10-58
10	Neidavoyal	"	13-10-58
11	Elloreddikondigai	"	13-10-58
12	Kilambi	"	25-10-55
13	Panjcti	"	25-10-58
14	Sobhapur	Narbada Valley Hoshangabad.	9-5-58
15	Kauria	"	9-5-58
16	Powerkhara	"	9-5-58
17	Piparia	"	9-5-58
18	Ramuna	Orissa	14-4-60
19	Panikoli	"	14-4-60
20	Bade Gobind Pur	"	14-4-60
21	Palsa	"	14-4-60
22	Chand Bali	"	3-1-62
23	Lah (Ambala)	Punjab	14-9-60
24	Shahzadpur	"	14-9-60
25	Fatch Garh	"	14-9-60
26	Balana	"	14-9-60
27	Naruala	"	9-12-60
28	Arazi Roond	U.P.	28-11-59

1	2	3	4
29	Sonai	U.P.	21-11-59
30	Nagla Bajwa	"	20-11-59
31	Kashipur	"	9-9-58
32	Nangla Dairy Farm	"	10-9-58
33	Tirkal pur	"	29-7-59
34	Inchwal	"	19-9-59
35	Bibipur Basoli	"	5-9-59
36	Pthia	"	5-9-59
37	Amlu	"	29-8-59
38	Saraigokal	"	20-8-59
(ii)	<i>Second Project (Sept. 59 to March 61)</i>		
39	Chandni	U.P.	31-10-61
40	Tanak Pur	"	10-5-65
41	Himat Pur	"	29-3-65
42	Gora parar	"	25-12-61
43	Lal Kuan	"	11-12-61
44	Jorhat	Assam	17-2-64
(iii)	<i>Third plan (April 61 onward)</i>		
45	Arambagh	West Bengal	12-6-63
46	Velapakkam	Madras	24-12-63
47	Ram Pura	U.P.	
48	Joligrant	"	
49	Rani Pokri	"	
50	Agriculture Farm Bhubaneshwar .	Orissa	21-10-64

Appendix B

Exploratory Tubewells organisation and the Work done by it since its inception.

S—Successful tubewells
A—Abandoned tubewells

State	States covered during																Programme for IV plan (1966—71)	
	I Plan (1954-56)				II Plan (1956-61)				III Plan (1961-66)				Total for three Plans					
	Exp.		Deposit		Exp.		Deposit		(upto June 1965) Exp.		Deposit		Exp.		Deposit		Exp.	Deposit
	S	A	S	A	S	A	S	A	S	A	S	A	S	A	S	A		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Andhra Pradesh	11	4	..	..	..	..	..	..	11	4	..	..	..	..
Assam	12	2	..	..	5	..	2	..	17	2	2	..	20	50
Bihar	7	10	..	..	5	1	83	4	12	11	83	4	30	500
Delhi	1	..	..	..	27	3	..	..	28	3	..	30
Gujarat	12	48	..	..	10	19	56	8	22	67	56	8	60	150

Kerala					1	4							1	4			5	..
Madhya Pradesh	16	14							15	10	80	2	31	24	80	2	35	40
Madras					27	13			1	13	1	3	28	26	1	3	60	200
Maharashtra					2	30					5	3	2	30	3	3	5	20
Mysore										4				4				
Orissa					12	2			7	12			19	14			20	..
Punjab					11	27	1		1	15	2	5	12	42	3	5	80	200
Rajasthan					10	18	2		10	56	93	40	20	74	95	40	50	150
Uttar Pradesh					29	8			7		89	10	36	8	89	10	75	..
West Bengal					45	5	6		4	3	51	8	49	8	57	8	50	500
Himachal																	15	..
Jammu & Kashmir																	15	..
Pondicherry																	10	20
Tripura																	5	..
Total	16	14			179	171	10		65	133	429	86	260	318	439	86	585	1960

APPENDIX XLI

(Ref. Para 5.45 of Report)

MINISTRY OF FOOD & AGRICULTURE

(DEPARTMENT OF AGRICULTURE)

At the time of reassessment it was considered that the capacity of pulping plant and stock preparation equipment to be installed should be equal to the capacity of the 6-ton paper machine as otherwise the paper machine would be idle when not required for research and training. But as M/s Sandy Hill, the U.S. firm to whom T.C.M. gave the contract for supply of equipment and engineering services, repeatedly kept on increasing their estimate of cost, it was not possible to obtain a 6-ton pulping plant within the T.C.M. grant. However, 6-tons Stock preparation equipment was obtained so that the pulp obtained from outside could be further processed. Incidentally it may be mentioned that in all such pilot paper plants attached to research and training institutions in other parts of the world, the pulp plant has always a much lower capacity than the paper plant.

APPENDIX XLII

(Ref. Para 5.97 of Report)

MINISTRY OF FOOD & AGRICULTURE

(DEPARTMENT OF AGRICULTURE)

Audit report on the Accounts of the Indian Council of Agricultural Research for 1963-64.

Para 5

While examining the accounts of the Council for the year 1956-57 in 1958, the Audit raised the issue of preparing a Balance Sheet of the Council and had been pressing for its preparation since then. A statement showing the observations made by the Audit in this regard year-wise and the replies thereto as approved by the Standing Finance Committee/Governing Body of the Council is attached (Annexure I).

2. It will be observed from the replies of the Council that the position in regard to the preparation of the Balance Sheet as approved by the Standing Finance Committee/Governing Body of the Council was communicated to the Audit from year to year. It was explained to them that it was neither practicable nor feasible to prepare the Balance Sheet in respect of the Council as it was not functioning on the lines of a commercial organisation. Moreover, the Bye-laws of the Council do not provide for the preparation of a Balance Sheet. As a matter of fact the financial position of the Council was clearly depicted in the Annual Accounts prepared by the Council and presented to the Governing Body every year. The Audit, however, continued to insist on its preparation and the Standing Finance Committee/Governing Body of the Council at their meetings held in August-September 1964 ultimately decided that the Balance Sheet of the Council should be prepared annually in future.

3. A Form for the preparation of the Balance Sheet was drawn up by the Council after the above decision of the Standing Finance Committee/Governing Body which has already been approved by Audit. A copy of the same is attached (Annexure II).

4. Every effort will be made to collect the details required to complete the Balance Sheet for the year 1965-66 onwards. If, however, there is any difficulty in getting all the requisite details for this purpose, the position will be brought to the notice of the Audit and their advice obtained in regard to the future course of action to be taken in these circumstances. The Standing Finance Committee| Governing Body of the Council will also be kept informed of further developments in this regard.

ANNEXURE I

Observations made by the Audit

Replies as approved by the Standing
Finance Committee/Governing
Body of the Council

1958 (Audit Report for 1956-57)

(a) The Annual Accounts prepared by the Council show the receipts and expenditure during the year under report. The accounts show the actual transactions during the year under the various service and debt or suspense heads and do not exhibit the progressive balances or the up-to-date assets and liabilities of the Society. With a view, therefore, to depict the up-to-date financial position of the Council along with the annual accounts of income and expenditure of the Society, the preparation of the balance sheet showing all the assets and liabilities of the Society at the close of each year is essential and this may please be prepared by suitably amplifying the bye-laws of the Council. In fact the account of the Society cannot be considered as complete without its annual balance sheet and where necessary, advice of a qualified Accountant may be obtained internally in regard to the accounts the balances of which require being exhibited in the annual balance sheet.

The Council is a Semi-Government Institution and its accounts are to be maintained strictly in accordance with the provisions of its Bye-laws framed by the Governing Body with the sanction of the Government of India. A complete list of the various accounts maintained by the Council is given in Bye-law 23. This list is exhaustive. The list, besides providing for the maintenance of various registers, provides for the annual accounts from 11. It does not make any provision for the preparation of balance sheet in any form as suggested by the Auditors. In view of the position explained above the accounts of the Council cannot be maintained like that of a commercial concern in which there is regular profit and loss account (income and expenditure account) and an annual balance sheet. The suggestion of Audit regarding the maintenance of an annual balance sheet showing the up-to-date value of assets and liabilities by the Council does not appear to be feasible or practicable.

1959 (Audit Report for 1957-58)

The Annual Accounts prepared by the Council show only the receipts and expenditure during the year under report. The accounts show the actual transactions during the year under the various service debt and suspense heads etc. But do not show the progressive

The accounts of the Council are to be maintained strictly in accordance with the provisions of its bye-laws framed by the Governing Body with the sanction of the Government of India. Form No. 11 in which the annual accounts are kept only indicates the receipts and

Observations made by the Audit
**Replies as approved by the
Standing Finance Committee/
Governing Body of the Council!**

balances or the up-to-date assets and liabilities of the Council. It was, however, explained that the Council is a Semi-Government Institution and its accounts are maintained strictly in accordance with the provisions of its bye-laws framed by the Governing Body with the sanction of the Government of India. Bye-law 23 which lays down the forms in which the accounts are to be prepared does not make any mention about the preparation of Balance Sheet. As the Council has assets such as Investments and liabilities such as reserve funds, provident funds and committed expenditure on research schemes, it is desirable that the balance sheet may also be prepared by the Council with a view to ascertain the correct financial position of the Council.

expenditure for the particular year in question and does not exhibit the progressive balances or up-to-date assets or liabilities of the Society as suggested by Audit. The suggestion of audit regarding the maintenance of annual balance sheet showing the up-to-date value of assets and liabilities by the Council does not appear to be practicable or feasible. The position has already been explained in detail in the reply to this audit objection report for the year 1956-57.

1960 (Audit Report for 1958-59)

It was explained that preparation of balance sheet showing the up-to-date value of assets and liabilities by the council was not practicable. The position may please be explained to the Governing Body and their comments on the suggestions of audit regarding preparation of balance sheet obtained and communicated to audit. It may incidentally be pointed out that all other similar organisations such as Research Institutes under the Council of Scientific and Industrial Research have agreed to prepare balance sheets along with their annual accounts.

It has been explained to Audit in audit report for the year 1956-57 and 1957-58 that the preparation of a balance sheet is not warranted by the strict provisions of its Bye-laws, that the financial position of the Council is clearly depicted in the Annual account maintained under form 11 of the Bye-law 23, showing the receipt and payments. The opening and closing balances of the particular year and the particulars of the outstanding advances and the securities at the end of the year and that the preparation of the balance sheet showing the up-to-date value of assets and liabilities, as maintained in a commercial firm, is not practicable or feasible in the case of the Council. But Audit still insists that a balance sheet should be prepared by the Council on the ground that various auto-

Observations made by the Audit
**Replies as approved by the Standing
Finance Committee/Governing
Body of the Council**

nomous bodies like the Council of Scientific and Industrial Research have agreed to prepare such balance sheets. The Audit report has only recently been received. It will be ascertained from the various autonomous Bodies (including the Council of Scientific & Industrial Research) whether they are maintaining any balance sheet and if so in which form. On receipt of this information the position will be reviewed and the desirability and practicability of maintenance of balance sheet by the Council will be considered and if necessary, the position will be explained to Governing Body at the next meeting to be held in August 1961 and their decision obtained and communicated to audit as suggested by them.

1961 (Audit Reports for 1959-60 and 1960-61)

It was stated that necessary information and form in which the balance sheet is to be prepared will be ascertained from various autonomous bodies including the C.S.I.R. On receipt of this information, the position will be reviewed and desirability about the maintenance of balance sheet by the Council will be explained to the Governing Body at the next meeting to be held in August 1961. The decision of the Governing Body when taken may be communicated to audit.

The reply from the C.S.I.R. and other autonomous bodies is still awaited. Necessary action will be taken on the receipt of replies from them.

1962 (Audit Report for 1961-62)

Though it was promised that necessary action will be taken on receipt of replies from the C.S.I.R. and other autonomous bodies, the

The form of balance sheet has since been obtained from the C.S.I.R. and is being examined.

Observations made by the Audit	Replies as approved by the Standing Finance Committee/ Governing Body of the Council
--------------------------------	---

question of preparation of Balance Sheet has not yet been finally decided. The decision taken and the form in which the balance sheet is proposed to be prepared may be intimated.

1963 (*Audit Report for 1962-63*)

As the Council has assets such as buildings, investments etc., and liabilities such as Reserve Fund etc.; it was suggested in Audit in 1958 that the Council might prepare a Balance Sheet for exhibiting the correct financial position of the Council. It was stated in 1960 that the form of the Balance Sheet will be ascertained from other autonomous bodies. No action has, however, so far been taken to prepare a Balance Sheet.

The question whether an Organisation like the ICAR should have a balance sheet or a Receipt and Payment Account would suffice is under examination. The Council has paid a part of the payment for the building which is occupied by it and also the Agriculture Department. It is maintained as usual by the C.P.W.D. The only other investment it has is the surplus funds in Government securities or Fixed Deposits in the State Bank of India. It has no other investments. All its receipts mainly Grants from the Government are used to finance research Schemes of States, etc. wherein matching contribution is for recurring expenditure only. Rest of the receipts are used to implement Plan Schemes of Government.

1964 (*Audit Report for 1963-64*)

As reported in the Audit Report on the Accounts for 1962-63 the Council does not prepare any balance sheet of the assets such as buildings, investments etc., and liabilities such as Reserve Funds, etc., although the desirability of preparing a balance sheet had been pointed out by Audit as early as 1958. It was stated by the Council in 1960 that the form Balance sheet would be ascertained from other autonomous bodies, but the matter is stated to be still under consideration.

Balance sheet will be prepared annually in future.

ANNEXURE II
INDIAN COUNCIL OF AGRICULTURAL RESEARCH
BALANCE SHEET AS ON 31-3-1966

LIABILITIES.

RESERVE FUND.

Balance as on 1-4-1965
 Additions during the year.

Advance Subscription

Balance as on 1-4-1965.
 Additions during the year

Securities from Presses

Balance as on 1-4-1965
 Received during 1965-66
 Payments made during 1965-66
 Balance as on 31-3-1966

Contributory Provident Fund

Opening Balance as on 1-4-1965
 Add. Subscriptions (Less advances during the year)
 Add. Contribution during the year
 Add. advances received
 Balance as on 31-3-1966

Grants from Government of India

Balance as on 1-4-1965
 Add. Grant received during the year
 Less payments made out of the grant during the year
 Balance as on 31-3-1966

PROPERTIES & ASSETS

Rs. 1. (a) Cash & Bank Balance as on 31-3-1965

20,000.00²
 20,000.00

Cash in hand.
 State Bank of India.

(b) *Investments.*

Securities
 Deposits

2. Contributory Provident Fund

Cash in hand
 State Bank of India
 N.S.C.
 Fixed Deposit etc.

3. Stock in hand

(i) Papers for Publications
 (ii) Library Books
 Less Depreciation
 Balance as on 31-3-1966

4. Sundry Debtors

(I) (i) *Advances to Staff*
 (a) Conveyance & Fans etc.
 (b) Building
 (ii) Credit sales of publications
 (iii) Miscellaneous

APPENDIX XLIII

(Ref. Para 5.111 of Report)

MINISTRY OF FOOD & AGRICULTURE

(DEPARTMENT OF AGRICULTURE)

Number of seats reserved in different courses for Scheduled Caste candidates and the number of such candidates admitted so far.

For each course 20 per cent of the seats are reserved each year for candidates from Scheduled Castes/Scheduled tribes. In addition the minimum number of marks required to be secured by the candidates are reduced by 5 per cent in the case of Scheduled Caste/Scheduled Tribes candidates.

The number of such candidates admitted so far is shown below:—

Year	B.Sc. Dairying	M.Sc. (Dairying)	I.D.D. Dairy Technology
1961	Nil	Nil	Nil
1962	Nil	Nil	Nil
1963	1	1	Nil
1964	Nil	Nil	Nil
1965	Nil	Nil	Nil

On many occasions scheduled caste tribe candidates have left after having been admitted or securing admission to other courses. Further, over 60 per cent of candidates sent for different courses are State nominees. As each State sends only 1 to 3 candidates, Scheduled Castes/Tribes candidates are seldom included.

APPENDIX XLIV

(Ref. Para 5.117 of Report)

MINISTRY OF FOOD & AGRICULTURE

(DEPARTMENT OF AGRICULTURE)

*Table showing the milk yield of the N.D.R.I. Dairy herds from
1960-64*

Year	Total cows	Av. cows in milk	Total milk production (Metric tons)	Milking average per animal/day
<i>Tharparker.</i>				
1960	140	86	258	7.0
1961	140	97	259	7.1
1962	128	98	265	7.1
1963	114	82	220	7.3
1964	120	75	180	6.6
<i>Sahiwal</i>				
1960	110	65	208	7.4
1961	115	88	247	7.4
1962	113	85	216	7.0
1963	119	89	237	7.3
1964	134	85	192	6.1
<i>Red Sindhi</i>				
1960	84	58	142	6.0
1961	83	51	134	7.3
1962	74	54	137	7.0
1963	75	53	132	6.0
1964	78	42	92	6.0

ANNEXURE

Statement of average herd production of Milk at the Southern Regional Station of National Dairy Research Institute, Bangalore.

Breeds	1960-61			1961-62			1962-63			1963-64			1964-65		
	Total No. of animals	Daily average production (Kg.)	Total annual production (Tonnes)	Total No. of animals	Daily average production (Kg.)	Total annual production (Tonnes)	Total No. of animals	Daily average production (Kg.)	Total annual production (Tonnes)	Total No. of animals	Daily average production (Kg.)	Total annual production (Tonnes)	Total No. of animals	Daily average production (Kg.)	Total annual production (Tonnes)
Cross Bred	185	7.1	148	198	7.9	138	232	8.1	163	288	8.5	215	303	8.2	131
Tharparkar	102	4.3	46	100	4.8	72	74	5.1	91	82	4.8	41	74	4.6	61
Red Sindhi	154	5.1	22	52	5.3	19	39	6.1	18	23	5.4	12	4	5.5	9
Murrah Buffaloes	102	5.1	14	22	5.4	6	19	5.8	4	20	5.5	8	11	5.8	4
Kostromskaya (Russian Breed)	6	..	..	6	..	..	5	..	..	6	..	..	10	..	..
Gir	1	..	..	1	..	..	1	..	..	1	..	..	1	..	..
Holsteni Friesian	10	..	..	4	..	..	6	..	..	7	..	..	8	..	..
	560	..	230	383	..	235	376	..	276	427	..	276	411	..	205

APPENDIX XLV
(Ref. Para 5. 138 of Report)

GOVERNMENT OF INDIA
MINISTRY OF INDUSTRY AND SUPPLY
(Department of Supply & Tech. Development)

*Note for the Public Accounts Committee with reference to Section
36 Audit Report (Commercial), 1965.*

Reference Lok Sabha Sectt. O.M. No. 2|1|9|65|PAC dated the 27th
July, 1965.

With reference to Section 36 Audit Report (Commercial). 1965, the Public Accounts Committee desired that the following further information should be furnished to them:—

Pages 190—193—Section XXXVI—National Dairy Research Institute—

“Why the rate contract system was considered more favourable than the tender system in the import of spare parts of the tractors lying idle at National Research Institute, Karnal”.

1. Before comments are submitted on the above question, a brief history of the demand from the Institute is given.

2. An indent on the D.G.S. & D. was placed in March, 1962. The indenter initially did not provide “No objection” certificate from the D.G.T.D. for the import of spare parts. The Indenter was asked to furnish the same on 20th March, 1962 which he did on 21st April, 1962. Single tender enquiry was issued on 21st May, 1962 to M/s. Greaves Cotton & Co., Sole Selling Agents of M/s. Oliver Tractors, due by 5th June, 1962. The suppliers pointed out certain discrepancies in the list of requirements on the 4th June, 1962. The Indenter was asked to explain these discrepancies on the 23rd June, 1962. The reply from the Indenter, after repeated reminders, was received on 6th February, 1963. The D.G.S. & D. sent the revised

list to the suppliers on the 16th February, 1963 and they submitted their quotation, after being reminded, on the 17th May, 1963.

At this stage, the D.G.S. & D. considered that supply of spare parts could be arranged economically and expeditiously against the rate contract which was likely to be finalised shortly with the suppliers. Pending finalisation of the rate contract, the indentor was asked by the D.G.S. & D. to provide foreign exchange in addition to Rs. 18,000 which had already been allotted. The Indentor, however, reduced the demand on 14th June, 1963 so that it could be covered by the existing allotment of Foreign exchange. The rate contract with the suppliers was finalised on 1st September, 1963 and a Supply Order was issued on 7th September, 1963 by the D.G.S. & D. The goods were actually shipped in March, 1965, even though the Supply Order stipulated supplies to be made ex-stock by 31st October, 1963. The D.G.S. & D. are awaiting confirmation about receipt of the stores by the indentor.

3. In respect of the spare parts or articles required according to trade specification by a very large number of indentors scattered throughout the country, the D.G.S. & D. enter into price agreements or rate contracts with the indigenous manufacturers or authorised agents of the foreign manufacturers. Under this arrangement, it is possible for them, keeping in view the estimated requirements of all indentors, to conclude contracts on more favourable terms than *ad hoc* contracts to cover individual demands of indentors, on the basis of separate tenders. In this case, the above contention is supported by the actual quotation received against this indent in response to the single tender enquiry. The suppliers in the tender which they had submitted in May, 1963 for the supply of specified spare parts required by the Institute at Karnal, had asked for a profit margin of 25% on F.O.R. destination prices, whereas against the rate contract for supply of spare parts, they had agreed to a profit margin of 15% on the F.O.B. price. In view of these considerations, it was felt that it would be economical to obtain supplies against the rate contract instead of concluding a separate *ad hoc* contract on the basis of the tender received. It may also be mentioned that the rate contract or price agreements are concluded on the basis of tenders which are invited from the trade and Industry. In the case of spare parts of a particular equipment or machinery, tender enquiry is restricted to the agents in India of foreign manufacturers

N. R. BANSOD,

Joint Secretary to the Government of India.

APPENDIX XLVI

(Ref. Para 5.162 of Report)

**MINISTRY OF FOOD & AGRICULTURE
(DEPARTMENT OF AGRICULTURE)**

Statement showing the monthwise production of butter and ghee in the Delhi Milk Scheme during 1963-64 and 1964-65.

Month	Quantity in Kgs.		Quantity in Kgs.	
	Butter		Ghee	
	1963-64	1964-65	1963-64	1964-65
April	..	1,929	33,949	1,017
May	12,414	4,120	21,894	632
June	4,785	..	28,509	39
July	2,884	2,026	26,611	..
August	8,386	2,679	13,501	14,497
September	6,826	2,845	11,990	..
October	3,336	1,986	1,411	10,003
November	2,485	4,752	2,165	..
December	12,423	9,718	8,224	5,351
January	11,649	25,245	12,582	952
February	6,388	12,838	12,912	11,032
March	4,787	23,561	2,328	29,027
TOTAL	76,361	91,697	1,76,076	72,550

APPENDIX XLVII

(Ref. Para 5.164 of Report)

MINISTRY OF FOOD AND AGRICULTURE

(DEPARTMENT OF AGRICULTURE)

Statement of steps taken by the Ministry of Food and Agriculture to persuade the Delhi Municipal Corporation to tighten up operations under the prevention of Food Adulteration Act, 1955.

A meeting was held in the Ministry of Food and Agriculture on the 25th May, 1964 to discuss the arrangements for a more vigorous enforcement of the prevention of Food Adulteration Act, 1955, in the municipal limits of Delhi and New Delhi. The meeting was attended by the representatives of the Ministry of Health, Delhi Municipal Corporation and the New Delhi Municipal Committee. It came out at the meeting that the Delhi Municipal Corporation and the New Delhi Municipal Committee were handicapped for want of adequate testing laboratories. Though the responsibility for enforcement of the Act was that of the local bodies, the Ministry of Food and Agriculture offered to furnish one of the vehicles of the Delhi Milk Scheme so as to serve as a mobile laboratory for going round Delhi and New Delhi for checking milk samples on the spot and to place it at the disposal of the Municipal Corporation and the New Delhi Municipal Committee. It was also agreed that the mobile laboratory would be in charge of an officer of the Delhi Milk Scheme who would be notified as a Public Analyst under the prevention of Food Adulteration Act by the Delhi Administration. It was further decided that the Food Inspectors allotted to the mobile laboratory would be drawn from the ranks of Food Inspectors working under the Delhi Municipal Corporation and the New Delhi Municipal Committee. The Delhi Milk Scheme on its part had one of its officers declared as a Public Analyst by the Chief Commissioner, Delhi, on the 3rd June, 1964, and the sampling and testing of milk was started in the N.D.M.C. area on the 11th June, 1964, and the Delhi Municipal Corporation area on the 26th June, 1964. There was delay in starting the work in the Delhi Municipal Corporation area because their Health Department could not assign Food Inspectors earlier. The work was intermittently continued till about the middle of July, 1964. On six days the station wagon fitted as a mobile laboratory could not be used because of a breakdown. The testing work could not be done in ten days as the Food Inspectors deputed by the N.D.M.C. and the Delhi Municipal Corporation did

not turn up as previously programmed. The object for which the mobile laboratory was provided by the Delhi Milk Scheme was not achieved as the Delhi Municipal Corporation was not able to provide the required facilities for carrying out the work regularly and effectively. It was also understood from the Delhi Milk Scheme officer notified as a Public Analyst that prompt action was not being taken on the samples found adulterated. The work was, therefore, discontinued.

2. The case was discussed at another meeting in the Ministry of Food and Agriculture on the 26th September, 1964, attended, amongst others, by the representatives of the Delhi Municipal Corporation. The need for a vigorous enforcement of the prevention of Food Adulteration Act was emphasised at the meeting. The D.M.C. officers stated at the meeting that a large number of samples of milk coming into Delhi were already being taken and tested, but for more vigorous action they suggested re-introduction of the system of a mobile laboratory provided by the Delhi Milk Scheme. It was then decided that the Delhi Milk Scheme should again place a mobile laboratory and the Chemist at the disposal of the Corporation. A difficulty pointed out by the D.M.C. officer was that large quantities of buffalo milk were being sold as cow's milk after removal of some cream and that there was no recognised test for distinguishing between cow's milk and buffalo milk. The representatives of the Ministry of Food and Agriculture mentioned at the meeting that the Hansa Test devised by the National Dairy Research Institute could be applied for distinguishing cow's milk from buffalo milk. This test had not been prescribed under the prevention of Food Adulteration Act but it was felt that some prosecutions could be launched after applying that test and expert evidence could be led to show that the test was reliable. It was also agreed that the Ministry of Food and Agriculture would assist in providing the expert evidence.

The arrangement of the mobile laboratory provided by the Delhi Milk Scheme continued from 10th October, 1964, to 21st November, 1964, when about 137 samples of cow and buffalo milk were taken and tested. Of these 27 samples were found to be adulterated. In a number of cases milk cans were abandoned by the *Doodhias*. The action taken by the Municipal authorities is not known to the Ministry of Food and Agriculture.

3. The Delhi Milk Scheme officer working as Public Analyst, however, resigned on the 27th November, 1964, and the arrangement had to be terminated. But the Chairman, Delhi Milk Scheme, pointed out that this work was the responsibility of the Delhi Municipal Corporation and that the Corporation authorities should be asked

to do this work on their own. They were asked to do so in a D.C. letter No. 7-86/64-DD dated the 8th December, 1964, addressed by Shri S. J. Majumdar, Joint Secretary, Ministry of Food Agriculture, addressed to the Municipal Commissioner.

4. A further meeting was held in the Ministry of Food and Agriculture on the 5th February, 1965, to discuss amongst other things, the tightening of control on the quality of milk brought into Delhi. The representatives of the D.M.C. agreed to do so, particularly in respect of milk brought in by trucks.

5. A number of milk suppliers bring milk from Dankaur and Dadri on the Delhi-Aligarh line by rail. They leave Aligarh at 0.50 hours, and reach Delhi at 5.05 hours. Another milk train leaves Dankaur at 13.55 hours reaching Delhi at 15.50 hours. Most of these suppliers travel without tickets on these trains. A large number of these suppliers buy milk in the collection areas of the Delhi Milk Scheme offering higher prices. They then adulterate the milk and undersell the Delhi Milk Scheme in Delhi. At Dadri they have set up a large number of cream separators. They remove the cream which sells at a high price and then mix skim milk powder, selling the reconstituted milk in Delhi as cow's milk. In December, 1964, the Commissioner, Meerut Division; the General Manager, Northern Railway; and the Delhi Municipal Corporation were requested by the Ministry of Food and Agriculture to put down these illegal practices firmly.

6. In May, 1965, Shri Majumdar, Joint Secretary, Ministry of Food and Agriculture, informed the Delhi Municipal Corporation that the Delhi Milk Scheme had been obliged to pay a higher price for raw milk this year as compared to the last year. One of the main reasons for the increase in prices was the unhealthy competition from private dealers who adulterated the milk and could afford to pay almost any price for raw milk since *Khoa* and sweets made out of milk fetched very high prices. The Corporation was then requested to introduce a vigorous check at the *Jamuna Bridge* and other suitable points so that milk imported into Delhi satisfied the requirements of prevention of Food Adulteration Rules.

APPENDIX XLVIII

(Ref. Para 5.187 of Report)

MINISTRY OF FOOD & AGRICULTURE (DEPARTMENT OF AGRICULTURE)

Notes stating the names of various Commodity Committees which are to be wound up and to whom their work is to be entrusted.

There are at present 8 Commodity Committees (Annexure I) under the Department of Agriculture. Of these, four are statutory Committees and four are Resolution Committees. The Committees have a number of Research Institutions and Research Stations under the (Annexure II).

2. The Commodity Committees have each a Governing Body and a number of Sub-Committees set up by the Governing Body through which they function.

The Sub-Committees are:—

- (1) Agricultural Research.
- (2) Technological Research.
- (3) Marketing & Economic Research.
- (4) Extension.
- (5) Finance and Executive Sub-Committee.

3. The aforesaid first four Sub-Committees meet either once or twice a year generally along with the Governing Body. They deal with the technical problems connected with them and make recommendations which are considered by the Governing Body. The Finance & Executive Sub-Committee meets from time to time and looks after day-to-day working of the Committees. Its decisions are ratified by the Governing Body at annual meetings.

4. The powers of the Commodity Committees in relation to financial matters are subject to the following overall controls and checks of the Government of India:—

- (i) The Central Government are the only authority competent to sanction the annual budget of the Committees as also supplementary estimates of expenditure proposed by the Committees.

- (ii) **The Committees cannot incur any expenditure which is in excess of the sanctioned budget allotment, without the specific sanction of the Central Government.**
- (iii) **The Committees are required to submit to the Central Government every year the accounts of receipts and expenditure relating to each financial year, together with the auditor's Report thereon, which the Government of India publish in the Official Gazette. The Annual Reports, along with the audited accounts and Auditor's report thereon are presented to the Parliament every year. (Annual Reports for the year 1962-63 were placed on the Table of the two Houses in 1964 and so on).**
- (iv) **The accounts of the Committee are annually audited by Government auditors and the Government is the appellate authority for deciding the cases of dispute between the auditors and the Committees.**
- (v) **Even in respect of items within the delegation of the Committee, expenditure sanction is given with the approval of the Standing Finance Committee with which Financial Adviser is associated.**

5. **The entire position both financial or otherwise is placed before the annual general meeting, discussed and reviewed fully under the Chairmanship of Vice-President, Indian Council of Agricultural Research being the President of these Committees.**

6. **The Commodity Committees directly receive the schemes from State Governments, Universities, other organisations etc. They are scrutinised initially in their secretariat and thereafter placed before the relevant Sub-Committees comprising of the various technical experts in the field, including top experts of the Government of India. After the examination of Schemes by the Sub-Committees, they are placed before the Governing Body. Governing Body having approved the schemes, they are referred to the Government of India for sanction. The Government of India in consultation with the Ministry of Finance sanction these schemes to the Committees who in turn, convey it to the State Governments etc. The Commodity Committees receive periodic progress reports on these schemes from the concerned State Governments etc. and they keep a watch on the progress. The progress reports are considered by the Sub-Committees comprising of the experts in the field and directions given by them to the executig bodies where necessary. Finally the progress reports are placed before the Annual General Meeting presided over by the Vice-President, Indian Council of Agricultural Research along with the findings of the Sub-Committees.**

7. These Committees, the first of which—the Indian Central Cotton Committee was started in 1921, were set up during the British regime primarily to develop the production of such export crops as were of interest to the British economy such as Cotton and Jute in an era when there was no Agricultural Research. With the setting up of widespread organisation for agricultural research and development in the shape of Central and State Research Institutes and Departments of Agriculture in the States, it is hardly necessary now to retain these Commodity Committees. To invest the Committees with all the functions envisaged at the time of their being set up would thus mean duplicating the functions already being performed by the various organisations under the Government.

8. In regard to technical scrutiny of development programmes also, it has been felt that a set of technical experts placed under the Central Government would be more effective instead of their being placed with the different Commodity Committees. In the present system, the different development officials of the Commodity Committees had to come every now and then for advice and guidance to the experts in the Indian Council of Agricultural Research and under the Department of Agriculture.

9. In regard to Research which, in the ultimate analysis, remains the sole charge of the Commodity Committees in their present form, the feeling of the various expert bodies like the Indo-American Teams had been that the Commodity Committees' control over the Research Institutes has not helped in achieving the desired results. The Second Indo-American Team appointed in 1959 recommended that in the interests of consolidating the Central agricultural research programme and ensuring adequate coordination, the Research Institutes should be brought under the full technical and administrative control of the ICAR. This has also been strongly supported by the Agricultural Research Review Team which was appointed in 1963.

10. In view of the above considerations, a proposal was submitted to the Cabinet for abolition of the Commodity Committees and taking over the Research Institutions and research programmes of the Sub-Committees by the ICAR. The Cabinet in its meeting held on 20th October, 1964, agreed to the transfer of the Research Institutes and schemes from the Commodity Committees to the control of the ICAR. In regard to Development and Marketing programmes, it, however, directed that the Ministry of Food & Agriculture might frame, in consultation with Commerce and other Ministries concerned, for further consideration of the Cabinet, proposals for looking after these programmes.

11. Accordingly, the matter was again taken up in consultation with the Ministry of Commerce and the Planning Commission and ultimately the Cabinet was informed that at present the role of the Commodity Committees in respect of this item not being a very active one, on the abolition of the Commodity Committees, Development Councils covering various crops would be formed directly under the Department of Agriculture to deal with various items, frame the policies and give directions regarding the implementation of the various programmes. The Cabinet was accordingly requested to agree to the abolition of the Commodity Committees and the formation of the Development Councils for the various commercial crops. The Cabinet considered the proposal on 30th April 1965 and approved of it with the modification that non-officials should be appointed Chairmen of the various Development Councils.

12. Accordingly, the Cabinet's approval to the proposal involved—

- (1) Abolition of Commodity Committees with consequential action like taking over of assets and liabilities, absorption of staff etc.
- (2) Organisation of work in the Department of Agriculture for looking after Development and Marketing of commercial crops which hitherto had been the concern of the ICAR.
- (3) Formation of the various Development Councils under the Department of Agriculture
- (4) Transfer of the Research Institutes and research schemes of the Commodity Committees to the ICAR.

13. The present position in regard to the implementation of the above decisions is as under:—

- (1) Regarding the abolition of the Commodity Committees, the Indian Central Cotton Committee and the Indian Lac Cess Committee can be dissolved by issue of a Notification in the Gazette by the Government of India.
- (2) In regard to dissolution of the Indian Central Oilseeds Committee and the Indian Central Coconut Committee, prior approval of the Lok Sabha is required to the issue of a Government Notification. It is proposed to obtain the concurrence of the Lok Sabha to the dissolution of the above two Committees in the ensuing monsoon session. A Notice indicating the intention of the Minister (F. & A.) to move the required Resolution in this behalf has already been sent to the Lok Sabha Secretariat.

- (3) As regards the remaining four non-statutory Committees, viz., the Indian Central Jute Committee, the Indian Central Tobacco Committee, the Indian Central Arecanut Committee and the Indian Central Spices and Cashewnut Committee, the procedure laid down in the Acts under which these Committees have been registered has to be followed for dissolving these Committees. The first three Committees are registered under the Registration of Societies Act, 1860 while the last-named Committee has been registered under the Travancore-Cochin Scientific, Literary and Cultural Societies Registration Act, 1955.
- (4) The procedure in both the cases is, however, the same, viz., a Special General Meeting of the Societies is to be convened by giving a prior notice to the members concerned and a Resolution for dissolving the Committees is to be adopted by 3/5th majority of the membership of the Society. It has been decided to convene these Special General Meetings of all the five Committees in the second week of August, 1965. It is hoped it will be possible to dissolve these Committees from 1st October, 1965 before which date these formalities are required to be completed.
- (5) All possible efforts are being made to absorb the staff likely to be rendered surplus consequent upon the abolition of these Commodity Committees. With the abolition of the secretariats of the Committees the Research work will be taken over by the I.C.A.R. Consequently there would be need for strengthening the administrative set up of both the ICAR and the Research Institutes. In that process, substantial portion of the staff rendered surplus is likely to be absorbed. Detailed proposals in this behalf have been worked out and are being finalised in consultation with the Ministry of Finance. As regards the remaining staff, attempts are being made to place them against the existing as well as future vacancies in the offices under the Department of Agriculture.
- (6) Details have been worked out for looking after the developmental work both at the Centre as well as on a regional basis and are yet to be finalised in consultation with the Ministry of Finance.
- (7) Development Councils are to be formed consequent on the abolition of the Commodity Committees. It is expected that the Development Councils will be in position by 1st October, 1965 provided the formalities in regard to the

abolition of the Commodity Committees are completed by then.

- (8) The various Research Institutes/Stations under the Commodity Committees will be taken over by the ICAR subsequent to the repeal of the various Acts and completion of other formalities in regard to the abolition of the Committees.
-

ANNEXURE I

Statement regarding Commodity Committees

Name of the committee	Set up by Act/Resolution	Period since when in existence
1. Indian Central Cotton Committee, Bombay.	Act	1923
2. Indian Lac Cess Committee, Ranchi	Act	1930
3. Indian Central Coconut Committee, Ernakulam	Act	1944
4. Indian Central Oilseeds Committee, Hyderabad.	Act	1946
5. Indian Central Jute Committee, Calcutta	Resolution	1936
6. Indian Central Tobacco Committee, Madras	Resolution.	1945
7. Indian Central Arecanut Committee, Kozhikode -I (South India).	Resolution	1949
8. Indian Central Spices and Cashewnut Committee, Ernakulam	Resolution.	1961

ANNEXURE II

List of Laboratories/Research Stations/Sub-Stations of the Commodity Committees

Indian Central Tobacco Committee	Indian Central Jute Committee	Indian Lac Cess Committee	Indian Central Coconut Committee	Indian Central Cotton Committee	Indian Central Arecanut Committee	Indian Central Spices and Cashewnut	Indian Central Oil-seeds Committee
1. Central Tobacco Research Instt. Rajahmundry (A. P.)	1. Technological Research Laboratories, ICJC Regent Park, Tolloygunge, Calcutta-40	1. Indian Lac Research Institute, P. O. Nankum, Ranchi.	1. Central Coconut Research Station, Kayangulam.	1. Technological Research Laboratories, Adenwala Road, Matunga, Bombay.	1. Central Arecanut Research Station, Vittal.	NIL	NIL
2. Cigar & Cheroot Tobacco Research Station, Veda-sandur (Madras).	2. Jute Agricultural Research Institute, I.C.J.C, P. O. Nilgunge Bazar, Barrackpore, West Bengal.		2. Central Coconut Research station, Kasaragod.		2. Central Arecanut Research Station, Palode.		
3. Hooka & Chewing Tobacco Research Station, Pusa (Bihar).	3. Ramie Research Station, Sorbhog, Assam.				3. Central Arecanut Research Station, Pechi.		
4. Wrapper & Hookah Tobacco Research Station, Dinhata (West Bengal).	4. Sisal Research Station, Bamra (Orissa).				4. Central Arecanut Research Station, Mohitnagar.		
5. Cigarette Tobacco Research Sub-station, Guntur Andhra Pradesh.	5. Sunn-hemp Research Station, Pratnagarh, Uttar Pradesh.				5. Central Arecanut Research Station, Kahikuchi.		
6. Tobacco Research Station, Hunsur (Mysore).					6. Central Arecanut Research Station, Hirehalli.		

APPENDIX XLIX

[Vide paragraph 6·1 of Report]

PURCHASE OF FOODGRAINS

Statement showing the financial results of State Trading in Foodgrains for the year 1963-64

(Figures taken from the *pro forma* accounts prepared by the Ministry of Food and Agriculture.)

(A) *Quantity Account (in Tonnes)*

	Wheat	Rice	Other Grains	Total
1. Opening Stock	14,83,611	5,49,214	2,450	20,35,275
2. Quantity Purchased outside India				
(Number of shipments)	320	86	..	406
(a) Quantity manifested	41,85,782	5,49,292	..	47,35,074
(b) Gain in voyage	13,814	236	..	14,050
(c) Loss in voyage	12,419	3,155	..	15,574
(d) Quantity landed	41,87,177	5,46,373	..	47,33,550
3. Quantity purchased in India	4,777	5,82,332	1,911	5,89,020
4. Quantity sold	48,39,245	11,78,719	1,234	60,19,198
5. Loss in distribution	19,094	4,933	414	24,441
6. Closing Stock	8,17,226	4,94,267	2,713	13,14,206

(B) Value Account

(In lakhs of rupees)

Particulars	Wheat	Rice	Other Grains	Total	Particulars	Wheat	Rice	Other Grains	Total
Opening Stock	57,87.73	23,54.48	6.46	81,48.67	Sale Proceeds	1,81,87.54	58,14.57	3.06	2,40,05.17
					Miscellaneous Receipts	53.89	..	..	53.89
Cost including freight, incidental and direct charges	1,68,58.95	67,25.26	4.47	2,35,88.68	Stock in hand	32,77.52	21,18.92	7.25	54,03.69
Deduct cost of short-landed quantity charged to <i>pro forma</i> Insurance Fund	48.04	21.05	..	69.09					
Profit	..	..	..	..	Loss	10,79.69	11,25.20	0.62	22,05.51
TOTAL	2,25,98.64	90,58.69	10.93	3,16,68.26		2,25,98.64	90,58.69	10.93	3,16,68.26

(C) Statement showing cumulative profit/loss from 1943-44 to end of 1963-64

(In rupees)

Name of Grain	From 1943-44 to 1962-63	Profit (+) Loss(-) during 1963-64	To the end of 1963-64
Wheat	(-)8,10,12,660	(-)10,79,68,015	(-)18,89,80,675
Wheat Flour	(+)3,80,53,625	..	(+)3,80,53,625
Rice	(-)64,67,39,813	(-)11,25,20,086	(-)75,92,59,899
Milo, Corn etc.	(+)4,62,57,886	(-)1,32,947	(+)4,61,24,939
Barley	(-)1,66,65,070	..	(-)1,66,65,070
Maize	(+)2,61,54,881	..	(+)2,61,54,881
Paddy	(+)27,12,709	(+)70,157	(+)27,82,866
Oats	(+)1,04,492	..	(+)1,04,492
Gram	(-)6,72,245	..	(-)6,72,245
TOTAL	(-)63,18,06,195	(-)22,05,50,891	(-)85,23,57,086
<i>Deduct</i> Indirect Ex- penses not classi- fiable grain-wise	(-)38,44,21,521	(-)6,10,86,691	(-)44,55,08,212
Interest on Capital	(-)29,18,28,335	(-)5,70,83,775	(-)34,89,12,110
GRAND TOTAL	(-)1,30,80,56,051	(-)33,87,21,357	(-)1,64,67,77,408

NOTE :—A sum of Rs. 12.65 crores being the instalment for the year 1963-64 of the loss incurred on the sale of foodgrains outstanding in the food trading scheme was adjusted by transfer to revenue. The total loss charged to revenue to date amounts to 71.43 crores thus leaving a net loss of Rs. 58.36 crores still outstanding.

APPENDIX XLIX(A)

MINISTRY OF FOOD & AGRICULTURE

(DEPARTMENT OF FOOD)

(Ref. Para 6.43 of Report)

Audit Report (Civil 1965—Para 68(E))

“Note indicating the number of godowns or centres transferred to the Food Corporation of India, the staff transferred to them, the number of godowns and staff proposed to be transferred during the next year, whether there would be any reduction in the number of staff at the Centre, if not the reasons therefor, whether the work has actually increased and if so, how it was increased.”

Reply

The statement showing the number of godowns or centres which have been transferred to the Food Corporation of India is enclosed (Annexure I).

As regards Godowns or centres to be transferred to the Food Corporation of India during the next year, it is stated that the present decision is that the Godowns of the Food Department would be taken over by the Food Corporation of India in a phased manner, beginning with the godowns in the Southern Region. The godowns in the Southern Region were taken over by the FCI on 1-4-65. The date for the taking over of the Godowns by the FCI in other Regions has not yet been settled.

A statement (Annexure II) showing the number of staff informally transferred from Southern Region and Andhra Procurement Unit of the Department of Food is attached. As regards the number of staff proposed to be transferred during the next year, it may be mentioned that the Food Corporation of India is likely to take up direct purchase operations of rice in Madhya Pradesh from 1-11-1965 and in Orissa from 1-9-1965. At present, the Food Department staff is engaged in these two States for the procurement of rice on Central Government account. With the taking over of purchase operations by the Food Corporation of India, the Food Department staff employed in these procurement units is likely to be transferred to the Food Corporation. The total number of staff

including gazetted, non-gazetted and class IV likely to be transferred to the Food Corporation of India would be 417 and 416 from Madhya Pradesh and Orissa respectively.

The Food Corporation Act lays down that the primary duty of the Food Corporation would be to undertake the purchase, storage, movement, transport, distribution and sale of foodgrains and other food-stuffs. The Corporation can also undertake promotional activities for increasing agricultural production and can also engage itself on food processing industries.

The functions of purchase, storage, movement and distribution of foodgrains were already being performed, to a large extent, by the Government of India and the State Governments. Since the Food Corporation had just come into being and was engaged in building up its organization, it was decided that it should not be swamped with too much responsibility at the beginning and that the functions of purchase etc. should be handed over by stages, so that the Corporation may be in a position to build up its organization sufficiently stage by stage in order to undertake increased responsibilities. The transfer of functions is, therefore, taking place in stages. The Corporation took over the post-procurement operations in the Southern Region from 1st April, 1965. These operations include quality control, making of payments and arranging movement of exportable surplus to deficit States. The Central Government's storage godowns in these States alongwith the stock of foodgrains in those godowns were also transferred to the Food Corporation, except those which were required by Government for port operations.

From the next season onwards, the Food Corporation would undertake direct purchase operations in the States of Madras and Andhra Pradesh and will also take over the Central Government machinery, which is now undertaking purchase operations in Madhya Pradesh and Orissa.

Apart from the taking over of these functions which were being performed by the Central Food Department or the State Governments, the Food Corporation is also engaged in certain activities which were not being undertaken by the Government. For instance, the Corporation has been entrusted with the responsibility of distribution of wheat products, which are produced by the roller flour mills in the Southern Region. The Corporation has entered into agreements with the roller flour mills for milling wheat on agency basis and the Corporation distributes the products in consultation with the State Governments.

With the handing over of segments of work to the Corporation, the field staff has already been reduced. Most of them have been transferred along with the work to the Food Corporation. Reduction can, therefore, be said to have been made already in the organisations operationally concerned with the work handed over to the Food Corporation. There has been no reduction as yet in the work at the headquarters of the Department of Food at present. As has been mentioned above, reduction has taken place in the requirement of operational staff and that reduction has already been made.

By the coming into existence of the Food Corporation which is somewhat unique in the sense that it is taking over the functions now being performed by an existing Government Department, a number of problems arising out of the take-over have come up. For instance, the problem of the conditions of service, seniority of about 15,000 and odd number of gazetted and non-gazetted staff on transfer to the Food Corporation has been engaging attention and has been under constant discussion with the Ministries of Finance, Law and Home Affairs. Apart from this, the usual items of work which a Department does in relation to a Corporation have come up. These include *inter alia*—

- (1) Fixing of capital and giving of loans to the Corporation and settling the terms thereof.
- (2) Establishment of new offices and agencies of the Corporation.
- (3) Appointment of high paid officers of the Food Corporation.
- (4) Setting up of Food Corporations in other States and Boards of Management.
- (5) Approval of the programme of activities of the Corporation and approval of their Budget.
- (6) Making of rules and regulations for the functioning of the Food Corporation.

As more and more field organisations are taken over by the Food Corporation from the Food Department, some of the staff at secretariat level would become surplus. This process is, however, not likely to start till a significant portion of the field organisations are transferred to the Food Corporation.

At present, it is not possible to estimate the reduction in the number of staff in the Centre that would take place. The matter will, however, be kept under constant review and reductions, wherever possible, would be made.

R. BALASUBRAMANIAN

Joint Secretary to the Government of India.

ANNEXURE I

Statement showing the Godowns Transferred to F.C.I.

(Figs. in '000 tonnes)

Name of the State	Name of the Godown	Capacity
1. Madras	(a) Avadi	119.4
	(b) Madras City	25.4
	(c) Coimbatore	21.8
2. Mysore	(a) Bangalore	20.0
3. Andhra Pradesh	(a) Bheemavaram	6.1
	(b) Bobbili	1.9
	(c) Hyderabad	49.5
	(d) Kishnakanal	11.8
	(e) Tadapaligudam	5.4
	(f) Thimancherla	12.1
	(g) Visakhapatnam	60.4
4. Kerala	(a) Cannanore	3.3
	(b) Trichur	1.3
	(c) Alleppy	12.2
	(d) Quilon	17.1
	(e) Trivandram	20.9
	(f) Kozhikode	30.1

ANNEXURE II

Statement showing the number of staff of Andhra Pradesh Procurement Unit and Southern Region who have been asked to work under the Direction of the Food Corporation of India.

Designation	Number of Staff	
	Southern Region	Andhra procurement unit
1	2	3
Deputy Director (Tech)	1	1
Deputy Director (Genl)	4	..
Assistant Director (Tech)	4	..
Assistant Director (Genl)	6	..
Assistant Director (Mov)	..	1 Railway employee
Technical Officer	8	..
<i>Non-Gazetted</i>		
Office Superintendent	4	..
Assistant Superintendent/Accountant	20	1
Senior Clerk	33	1
Junior Clerk	41	..
Stenographers	3	..
Steno-typist	6	2
Godown Supdt.	24	..
Suervisor	..	2
Senior Godown Keeper	64	..
Junior Godown Keeper	123	..
Godown Clerk	349	..
Technical Assistant	28	4
Fumigation Assistant	19	..

1	2	3
Movement Inspector	1	1 Railway employee
Quality Inspector	..	16
Watch and Ward Sub-Inspector	5	..
Driver	2	2
Dusting Operator	122	..
Head Watchmen	14	..
Stitcher	65	..
Sifter/Sweeper	174	..
Peon	32	3
Watchman	694	2
Daftry	1	..
Khalasi	1	..
	1848	36

NOTE.—The staff have not yet been transferred formally to the Food Corporation of India. They have been ordered to work under the direction of the Corporation. The entire staff of Andhra Pradesh Procurement Unit is working under the direction of Corporation with effect from 1-3-1965. The position about the staff of Southern Region is as was reported by the Regional Director (Food) on 28-5-1965.

APPENDIX L

(Ref Para 6.51 of Report)

Statement showing abnormally high/low rates for services relating to handling of foodgrains and the wide departure from the assumptions made at the time of evaluation of tenders.

SECTION 'A'

Item no. in the accepted schedule of rates and description of service for which the rates were abnormally high or abnormally low	Rate per 100 abags (Rs.)	Percentage of bags requiring service		Remarks
		as assumed at the time of evaluation of tender	according to actual performance	
(1)	(2)	(3)	(4)	(5)
MEERUT				
<i>Period 27th December, 1961 to 30th April, 1963.</i>				
(1) Part I (B) (a) Unloading from trucks and stacking.	10	8	33·31	The rates for items (1) to (3) were abnormally high the rates as per schedule subsequently fixed by Government during 1963 ranging from Rs. 2 to Rs. 4·50 per hundred bags.
(2) Part I (B) (b) Removing from the stacks and loading into wagons.	30	8	33·5	
(3) Part III-2 (a) Carrying bags from stacks in the godowns to trucks and loading in trucks.	70	22	80	In the other cases the rates were abnormally low — the rates for those services as per schedule ranging from Rs. 2 to Rs. 8 per hundred bags.
(4) Part I(A) (d) weighment.	0·01	32	0·07	
(5) Part III-I (d) Weighment.	0·01	32	10	The actual cost of operations as a result of these variations proved to be Rs. 72·40 per 100 bags as against Rs. 21·56 assumed at the time of awarding the contract.
(6) Part III-4 Standardisation.	1·50	22	Nil	
(7) Part III-19	0·01	5	} Nil	
Part III-20	0·01	5		
Part III-21	0·01	5		
Part III-22	0·01	5		
Part III-23	0·01	5		

(1)	(2)	(3)	(4)	(5)
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HAPUR

(I) Period : 9th November, 1962 to 8th January, 1963.

(1) Part III-1(e) Unloading from wagons at siding and stacking in the godowns.	17	9	34	<p>For the reasons as explained in (1) above, (Remarks columns) the actual cost of operations increased as under :—</p> <p>Cost per 100 bags assumed at the time of tender :</p> <p>Period I Rs. 31.04 Period Rs. 41.99</p> <p>Cost per 100 bags on the basis of actual performance.</p> <p>Period I Rs. 37.60 Period II Rs. 78.67</p>
(2) Part III-1(f) Unloading at siding, removing to godowns by using trucks if necessary and stacking etc.	44	12		
(3) Part III-2(d) Weighment.	1	10		
(4) Part IV-17 Collecting empty gunnies after bleeding the foodgrains into hoppers.	0.06	50	6	
(5) Part VIII-6(a) Bulk storage, unloading and loading into wagons.	0.10	24	Nil	
(6) Part VIII-6(b) Indirect loading into wagons.	0.10	13	Nil	

(II) Period : 9th January, 1963 to 30th April, 1963.

(1) Part III-1 (c) Unloading bags from wagons at siding and stacking in the godowns.	35	33	45
(2) Part III-2(c) Carrying bags from the godowns to the siding and loading into wagons.	50	20	53
(3) Part IV-12 Unloading from wagons etc., cutting open the bags and bleeding into the hoppers.	70	5	21

(1)	(2)	(3)	(4)	(5)
(4) Part IV-14 Weighment.	1	10	2	
(5) Part IV-17 Collecting empty gunnies after bleeding the foodgrain into hoppers.	0.06	21	0.4	
(6) Part VIII-3(ii) Filling loose grain into bags, stitching etc.	1	8	3	

DELHI

(I) Period : 26th August, 1962 to 25th December, 1962.

(1) Part I(A) (a) Unloading from Wagons and stacking.	25	67	115	As in (1) and (2) above, the actual cost of operations in these cases increased as shown below:— Cost per 100 bags assumed at the time of tender : Period I Rs. 35.89 Period II Rs. 60.42 Cost per 100 bags on the basis of actual performance : Period I Rs. 59.00 Period II Rs. 70.74
(2) Part I(A) (b) De-stacking and loading into trucks.	9	67	100	
(3) Part I (B) (a) and (b) Unloading from trucks and stacking and loading into wagons.	15	20	70	
(4) Part IV-1(b),(d), Part IV 2(a),(c), Part IV 3(1), 4 (a) Service at the sidings.	1 Per each service	47	2.5	
(5) Part III-8 (a) Breaking stack and re-stacking.	1	5	0.1	

(II) Period : 26th December, 1962 to 25th March, 1963.

(1) Part III-1 (a) Unloading from trucks and stacking.	51	79	95
(2) Part I-B (a) Unloading from trucks and stacking.	0.02	96	13

(1)	(2)	(3)	(4)	(5)
(3) Part I-B (b) De-stacking and loading into wagons.	0.02	56	17	
(4) Part III-2 (a) Carrying from Stacks and loading in trucks.	0.01	100	31	

KANPUR

(I) *Period : 19th September, 1962 to 18th December, 1962.*

(1) Part III-1 (a) Unloading from trucks and stacking in godowns.	24	17	29	<p>For the same reasons as explained in other cases referred to above the actual cost of operations in these cases increased as shown below :</p> <p>Cost per 100 bags assumed at the time of tender : Rs. Period I 27.18 Period II 26.17 Period III 19.32</p> <p>Cost per 100 bags on the basis of actual performance : Rs. Period I 38.09 Period II 58.26 Period III 73.24</p>
(2) Part III-1 (c) Unloading from wagons at the siding and stacking in godowns etc.	20	25	56	
(3) Part III-1 (f) Unloading from wagons, re- moving to godowns and stacking.	30	Nil	5	
(4) Part III-2 (a) Carrying bags from godowns to trucks.	10	11	27	
(5) Part III-1 (d) Weighment.	1	33	8	
(6) Part III-2 (f) Removing bags from stacks and delivering them to recipients labour at scale point.	0.50	21	Nil	
(7) Part III-11 (iii) Marking of bags.	0.25	60	13	

(1)	(2)	(3)	(4)	(5)
<i>(II) Period : 19th December, 1962 to 16th February, 1963.</i>				
(1) Part I (A) (a) Unloading and stacking in the Railway shed.	11	32	78	
(2) Part I(A) (b) De-stacking from the platform and loading in trucks.	11	32	78	
(3) Part III-1 (a) Unloading from trucks and stacking in the godowns.	40	17	75	
(4) Part I(B) (a) Unloading bags, from trucks and stacking on the platform.	1	12	Nil	
(5) Part I(B) (b). Removing from stacks and loading to wagons.	1	12	Nil	
(6) Part III-2 (f) Removing from stacks and delivery at the scale point.	0.50	21	Nil	
(7) Part III-11 (iii) Marking.	0.25	64	8	
<i>(III) Period : 17th February, 1963 to 26th February, 1964.</i>				
(1) Part III-2(a) Carrying bags from the godowns and loading into trucks.	61	11	85	
(2) Part III-2 (c) Delivery at scale point with weighment.	0.75	13	0.3	
(3) Part III-2 (f) Delivery at scale point without weighment.	0.35	21	Nil	

NOTE.—In respect of an earlier contract, relating to this depot for the period from 19th September, 1960 to 18th September, 1962 also, the assumptions made at the time of comparison of the tenders turned out to be incorrect with the result that the lowest tenderer to whom the contract was awarded ceased to be the lowest and ranked fourth: the actual cost of operations worked out to Rs. 24.70 per 100 bags as against Rs. 19.62 which would have been the cost of another tenderer whose quotation had been considered higher. The extra expenditure caused to Government on this account worked out to about Rs. 46,000

(1)	(2)	(3)	(4)	(5)
MUZAFFARNAGAR AND SHAMLI				
<i>Period : 7th September, 1961 to 6th September, 1962.</i>				
(1) Part I (A) (b) Removing bags from stacks on platform and in sheds and loading into trucks and vice versa.	9	28	472	} The actual cost of operations in respect of this contract increased from Rs. 77·84 per hundred bags to Rs. 333·36 per 100 bags.
(2) Part III-15 Taking out from khattis, filling into bags, carrying and loading in trucks.	40	Nil	2115	
(3) Part III-1 (d) Weighment.	0·01	31	Nil	

SECTION 'B'

(1) *Mokameh Depot.*

During the period of 11 months January, 1962 to November, 1962 when the contract rate for standardisation was Rs. 1.12 nP. per 100 bags (as against the schedule rate of Rs. 7 per 100 bags fixed by the Government in 1963), only 1,087 bags out of 9,16,871 bags were standardised, whereas during the period from December, 1962 to August, 1964 as many as 11,73,159 bags out of 14,26,251 bags were standardised when the rate for standardisation during this period was Rs. 12 per 100 bags.

(2) *Gaya Depot.*

During the period of 3 years ended with 16th December, 1962. when the contract rate for standardisation service was Rs. 4.75 per hundred bags (as against the schedule rate of Rs. 7 per hundred bags), no standardisation was done, whereas during a small period of 2½ months ended with 31st March, 1963, 18,000 bags were standardised when the contract rate increased to Rs. 9.50 per 100 bags.

(3) *Manmad Depot.*

During the period 26th October, 1961 to 20th November, 1962, the contractor was allowed to load into wagons 12,61,478 bags of food-grains after cent per cent weighment (the contract rates for this service being Rs. 12 per 100 bags) instead of after standardisation in which case the rate payable to him would have been Rs. 8 per 100 bags. This resulted in an additional expenditure of about Rs. 50,000.

APPENDIX LI
(Ref. Para 6.111 of Report)
MINISTRY OF FOOD AND AGRICULTURE
(Department of Food)

Audit Report (Civil), 1965—Para 73

Note indicating the time when the last bill from the new contractors was received and whether there was any delay in preferring claim against the first firm 'A'.

Reply

Messrs Bengal Automobile Transport Agency who were appointed transport contractors at Calcutta for one year w.e.f. 16-3-1957 stopped work on 20-3-1957 as they were unable to carry out the contract. Two contractors, M/s. A. S. Bhangoo & Co. and M/s. Amar Chand Butail & Sons were appointed at their risk and cost. The risk and cost arrangement expired on 15-3-1958 and the two contractors were requested to submit all their bills quickly so that the total amount due from the defaulting party could be assessed by the Government. They, however, took considerable time to do the needful with the result that Regional Director (Food) Calcutta could place a demand on M/s Bengal Automobile Transport Agency on 9-9-1960 for the payment of Rs. 1,01,604.13 P. after deducting their security (Rs. 20,000), earnest money (Rs. 4000) and pending bills (Rs. 195.80P). In spite of the best efforts the amount could not be recovered from the Agency and the amount had to be written off.

2. The date on which the last bills of the contractors who were working at the risk and cost of M/s. Bengal Automobile Transport Agency, Calcutta was received was 23rd July, 1959. The name of the contractors was M/s. A. S. Bhangoo & Co.

3. The two contractors viz., M/s. Amar Chand Butail & Sons and M/s. A. S. Bhangoo & Co. were requested to confirm that they had no further claim under the risk and cost arrangements. They, however, failed to furnish the necessary confirmation. On 5-6-1959 vide RD(F3 Calcutta letter No. RDF/SA/Contract/T 57(Pt) dated 5-6-1959 the contractors were instructed to send 'No more bills certificates' by 16-6-1959. M/s. Amar Chand Butail & Sons replied on 12-6-1959 that since they have claims against the Government,

they would not be in a position to submit such certificate. Again, on 19/21-9-1959, the RD (F) Calcutta requested M/s. Amar Chand Butail & Sons to furnish a comprehensive list of pending claims. RD (F), Calcutta finally informed M/s. Amar Chand Butail & Sons on 28-11-1959 that there were no pending work certificates with the Godown Officers and since they had failed to furnish particulars of pending bills, it was presumed that they had no more bills to prefer against the Department.

4. The Department requested the RD(F) Calcutta in January 1960 to get the draft calling upon the party to make the payment vetted by the Government Solicitor and it took approximately five months before a draft could be vetted by the Government. Solicitor and finally it was issued on 21-6-1960 calling upon M/s. Bengal Automobile Transport Agency to pay the total dues amounting to Rs. 1,01,165.19P. On receipt of 2 bills for shed rent etc. from the Calcutta Port Commissioners amounting to Rs. 438.94P., the demand was revised for Rs. 1,01,604.13P. on 9-9-1960.

5. From the above facts, it will be seen that the delay in preferring the claim was due to the delay in the submission of bills by the two contractors who were employed at the risk and cost of M/s. Bengal Automobile Transport Agency and also due to the time taken in getting the draft for putting in the claim on the defaulting party vetted by the Government Solicitor.

R. BALASUBRAMANIAN,

Joint Secretary to the Govt. of India.

APPENDIX LI

(Ref. Paras 6.120 & 6.122 of Reprt)

MINISTRY OF FOOD & AGRICULTURE

(DEPARTMENT OF FOOD)

Audit Report (Civil) 1965—Para 43

- (i) Note explaining why standing etc. of the firm—D. N. Revri & Co. were not properly checked up before assigning the contract when the firm had defaulted once before.
- (ii) The date when it was held by the court that because of variations in the contract assigned to D. N. Revri & Co., the guarantee was invalid.
- (iii) Note explaining whether Punjab National Bank had refused to pay the guarantee amount to the Government or it was refused by the firm, D. N. Revri & Co. and also giving details about the guarantor.

Reply

Point (i).—The facts are that the offer against the first contract with M/s. D. N. Revri & Co., in which the latter had defaulted, was accepted on 1st March 1954 for supply of 10,000 tons of imported sugar at £ 35-17-6 per long ton C & F, shipment to be completed by 31st March, 1954. The contract embodying terms and conditions was issued on the 9th March, 1954. Against this contract, the firm had deposited the earnest money of Rs. 10,000 as well as furnished a bank guarantee for Rs. 1,42,600 as security. The firm asked on 24th March for confirmation that insurance risk will be carried by Government as they stated that the letter of credit was held up on that account. The confirmation was issued on 27th March after consultation with the Ministry of Finance. The firm expressed their inability to ship the consignment by the due date and extensions in shipment period were granted from time to time up to 31st October, 1954 mainly for the following reasons:—

- (i) the conditions of the contract were finalised on 9th March, 1954 although the offer was accepted on 1st March, 1954.
- (ii) There was some delay in giving confirmation about insurance risk cover, which the firm asserted, resulted in delay

in opening of letter of credit and consequently the foreign supplier withdrew their offer to supply sugar.

- (iii) The firm informed that they have again covered import of the quantity of 10,000 tons of sugar.
- (iv) The firm reported difficulty in chartering of vessel due to shipping strike, which fact, was confirmed by the firms' foreign supplier.
- (v) Low contract price.

In spite of these extensions, the firm expressed their inability on 15th September, 1954, to fulfil their contract. They contended that the failure was due to their foreign suppliers withdrawing the offer, on account of non opening of Letter of Credit by them in time due to there being no provision in the contract with regard to liability for insurance risk and there was delay on the part of the Government to give clarification and confirmation in this regard.

2. The second contract for supply of 30,000 tons of imported sugar at £ 37-16-6 per long ton C & F, for shipment during the months of August—October, 1954 was placed on 3rd July, 1954 on the basis of revised offer received the same day i.e. before the firm intimated their inability to fulfil the first contract. The offer of the firm against the second contract was at competitive rate and, therefore, the Government did not consider it desirable to reject the offer.

3. It may be mentioned that before the second contract was placed with M/s. D. N. Revri & Co., the firm had made a series of offers. Their first offer was on 12th May, 1954, for supply of 30,000 tons of continental sugar at £ 38-4 per long ton C & F which was later reduced to £ 38-2. The period of shipment was July to November, 1954. The offer was found acceptable if the firm intimated source of sugar and deposited an earnest money of Rs. 10,000 in the approved form. As the firm failed to fulfil these requirements, the offer was rejected on 27th May, 1954. The firm represented for acceptance of their offer saying that they were prepared to deposit the earnest money in the approved form and further that they had made firm commitment with their suppliers on receipt of verbal understanding that their offer had been accepted. On the firm producing evidence to this effect, they were asked to reduce the price. Their revised offer made on 3rd July, 1954, for supply of 30,000 tons of East German Sugar at £ 37-76-6 per long ton C & F for shipment during August to October, 1954 was accepted the same day.

4. Verification of financial standing of the firm was not considered necessary as it had to deposit an earnest money of Rs. 10,000 and also to furnish a security to the extent of 3 per cent value of the contract which it did. This was considered to be sufficient to safeguard the interests of the Government. There was also no time for such verification in the case of offers for import of sugar as the offers made in accordance with the practice in the international sugar market were open only for 24 to 48 hours. The report from the Reserve Bank that the firm was of slender means was brought to the notice of the Ministry of Food and Agriculture on 18th August, 1954 after the contract had been concluded.

5. It may be mentioned that questions relating to non-verification of financial standing of the firms and placing of the second contract with the firms in spite of default of the first contract were discussed in the Public Accounts Committee, 1959-60 Report vide paragraphs 228-240.

Point (ii).—When a sum of Rs. 3.29 lakhs was claimed from the Punjab National Bank on 27th July, 1957, the Bank intimated on 3rd August, 1957, that they had received an injunction from the court of Senior Sub-Judge, Ludhiana as a result of suit filed by M/s. D. N. Revri & Co. restraining them from making any payment. Before the main suit filed by the firm against the Bank was heard M/s. Pearl Hosiery Mills Ludhiana, who were reported after the conclusion of the contract to be counter guarantors to the Bank on behalf of M/s. D. N. Revri & Co. gave notice on 6th August, 1957 and later filed a suit on 10th February, 1958, against M/s. D. N. Revri & Co., the Punjab National Bank and the Union of India for a declaration that the Bank guarantee given by the Punjab National Bank to the Government was discharged on account of variations in the contract without the consent of the surety and consequently the counter guarantee given to the Bank by M/s. Pearl Hosiery Mills on behalf of D. N. Revri & Co. also stood discharged. Judgement in this case was delivered by court on 24th January, 1959 in which the court came to the conclusion that the bank guarantee stood discharged and declared that the counter guarantee of M/s. Pearl Hosiery Mills consequently stood discharged and could not be withheld by the Bank. Government filed an appeal on the 20th March, 1959 in the Punjab High Court against this judgement on the advice of the Law Ministry but the appeal was dismissed on 24th November, 1960 and the bank guarantee was declared discharged.

Point (iii).—The Punjab National Bank Ltd., Ludhiana, gave a bank guarantee for a sum of Rs. 4,55,500 representing 3% value of the contract towards its satisfactory performance. The bank guarantee

was in the form approved by the Ministry of Finance and the Ministry of Law and was absolute and valid up to final settlement of accounts. It was also underwritten by the Reserve Bank of India in terms of the contract. M/s. D. N. Revri & Co. were asked on 11th August, 1956 to remit the amount of Rs. 3,29,107-7-0 being the extra expenditure incurred on transport of sugar from Bombay to Calcutta, on their behalf. As the firm did not pay the Government's claim, the Punjab National Bank was asked on 27th July, 1957 to pay the Government's claim. The Bank replied on 3rd August, 1957 that they had received an injunction from the Senior Sub-Judge, Ludhiana, as a result of suit filed by M/s. D. N. Revri & Co. against the Bank restraining them from making any payment to Government under the bank guarantee given by them on behalf of M/s. D. N. Revri & Co. They, therefore, regretted their inability to comply with the Government's claim. The application for injunction which was filed by M/s. D. N. Revri & Co., against the bank on 1st August, 1957 stated that the Punjab National Bank was no longer liable under the Bank guarantee given by them on behalf of M/s. D. N. Revri & Co. on the ground of material variations made in the terms of the contract without the consent and knowledge of the surety (Bank). The Ministry of Law advised on 31st August, 1957—and their opinion was confirmed by the Solicitor General on 2nd January, 1958—that on account of variations in the contract without the consent of the surety, the surety stood discharged.

2. On 13th February, 1958 the Punjab National Bank informed the Government that they had briefed their counsel at Ludhiana to file a written statement raising *inter alia*, the plea that M/s. D. N. Revri & Co. had no cause of action against the Bank for filing the suit. They added that it would be very difficult for the Government to controvert the stand of the contractors, *viz.*, that the bank guarantee stood discharged, but to meet the plaintiff's case at the evidence stage they would like to develop the argument that the bank guarantee was not affected by the variations made in the contract.

3. M/s. Pearl Hosiery Mills, Ludhiana (Who, it was noticed, in November, 1954, after the conclusion of the contract with M/s. D. N. Revri & Co., had deposited cash and securities with the Punjab National Bank on behalf of M/s. D. N. Revri & Co., to enable the Bank to furnish the bank guarantee to the Government) gave notice under section 80 on 6th August, 1957 and later filed a suit on 10th February, 1958, against M/s. D. N. Revri & Co., the Punjab National Bank Ltd. and the Union of India for a declaration that the bank guarantee furnished by the Punjab National Bank to the Union of India for the due performance and fulfilment of the contract stood discharged on account of the variations made in the terms of the original contract and

consequently M/s. Pearl Hosiery Mills, who were the counter-guarantor to the Punjab National Bank also stood discharged in their turn. On 8th April 1958, the Punjab National Bank was informed after consultation with Law Ministry that in respect of the contract in question, the Punjab National Bank Ltd., Ludhiana, had the irrevocable power of attorney signed by all the partners of the firm of M/s. D. N. Revri & Co. to receive payments in India under the contract terms. In pursuance of this power of attorney, all bills were presented to the Government by the Punjab National Bank, Ludhiana. These bills were based on the contract terms as varied and indicated the varied terms. The payments were also made to the bank on the basis of these terms. It was, therefore, considered that the bank consented to these variations and that it did not raise, at any stage, any point that it had not consented to the variations in terms of the contract. In view of this position, it was pointed out to the Bank that it continued to be liable under its guarantee and that the said guarantee was not discharged in any way by reason of the said variations. The Bank replied on 15th April, 1958, that the question whether the Bank stood discharged from its guarantee to the Government on account of the variations in the contract made between M/s. D. N. Revri & Co. and the Government was *sub judice* and would be determined by the competent court. In view of this, they stated, that they had been advised not to enter into correspondence with the Government on this issue. The lower court decided the case on 24th January, 1959. After coming to the conclusion that the bank guarantee given by the bank to the Government stood discharged on account of variations in the contract without the consent of the surety (bank), it declared that M/s. Pearl Hosiery Mills, which was the counter guarantor to the Punjab National Bank Ltd., stood discharged of their counter-guarantee and that the security and amount deposited by M/s. Pearl Hosiery Mills with the Punjab National Bank could not be withheld.

4. The Ministry of Law were consulted with regard to the desirability of filing an appeal in the Punjab High Court against the above decision. That Ministry advised that in view of the fact that the court had not declared that the bank guarantee executed by the Punjab National Bank Ltd. in favour of the Government stood discharged, though it had come to this definite finding, on the ground that the plaintiff (M/s. Pearl Hosiery Mills) had no *locus standi* to claim this relief and further as it could also be contended that the agreement between the Pearl Hosiery Mills and D. N. Revri & Co. for sharing profits was in the nature of a partnership agreement, an agreement to the variations by one partner i.e. M/s. D. N. Revri & Co. could be deemed to have the consent of the other partner i.e. M/s. Pearl Hosiery Mills, it could be argued that the counter guarantee bond executed by

Pearl Hosiery Mills and M/s. D. N. Revri & Co., in favour of the Punjab National Bank was still valid and in force. On their advice, therefore, an appeal was filed in the Punjab High Court on 20th March, 1959. The Punjab High Court, however, declared its judgement on 24th November, 1960 and upheld the decision of the lower court and agreed that the bank guarantee stood discharged.

K. L. PASRICHA,

Joint Secretary to the Govt. of India.

APPENDIX LIII

Summary of main Conclusions/Recommendations

Serial No.	Para No. of Report	Ministry/Department concerned	Conclusions/Recommendations
1	2	3	4
1	1.11	Civil Aviation	<p>The Committee are surprised to find how such a large amount remained outstanding when according to a departmental order all dues were to be paid by the air companies within a week of the presentation of the bills. The very fact that arrears were allowed to pile up for months together indicates that the aerodrome officers never made any serious efforts to implement the Departmental instructions whereby they were required to ensure that statements of dues were submitted to them and recoveries made in time. The Committee are surprised that such disregard of the rules was not taken due notice of by the Ministry. The Committee feel that there is no machinery in existence which can take notice of such failures. The Committee further feel that the Indian Aircraft rules should be made more specific and realistic providing therein the specific time when the bills should be presented to the air companies. Moreover, the rules should also provide for the penalty by way of interest which should be enforced on the defaulters. It has been stated in evidence that one of the reasons for delay in realisation of the arrears was due to the procedural difficulties of the air companies, particularly the Indian Air Lines Corporation.</p>

1	2	3	4
2	1.12	Civil Aviation	The Committee suggest that the Ministry should in consultation with the parties make a realistic assessment of the position and introduce such suitable amendments in the rules as would facilitate quick assessment of dues and their realisation by a definite date. The Committee would like to be informed of the action taken by the Ministry in the matter.
3	1.13	Do.	During the evidence the Secretary, Ministry of Civil Aviation stated that the unrealised rents showed that there was failure on the part of the Aerodrome officers. The Committee regret to observe this failure of administration. It is all the more regrettable that such a plea was made by the Ministry when they themselves were responsible for the supervision of this department. The Committee are also left with an impression that the system of the records and accounts obtaining in this department is not satisfactory. The information given to the Committee was either vague or incomplete. The Committee would like the Ministry to examine its system of accounting and maintenance of records, with a view to make further improvements.
4	1.17	Do.	The fact that the actual amount of loss of revenue in Madras Airport was Rs. 2,711/- only and not Rs. 14,000 goes to prove that the full facts were not examined by the Department initially, nor were they placed before the Audit. They would like to invite the attention of the Ministry to their earlier recommendation contained in para 9 of their 42nd Report (Second Lok Sabha) for strict compliance. The Committee also feel that the procedure of preferring claims which is entailing quite some time now be examined with a view to making it simpler and less time consuming.

- 5 1.19 Do. The Committee find that the land allotted by Director General of Civil Aviation to Indian Airlines Corporation was subsequently included in the prohibited area. They fail to understand how the likelihood of the area being included in the prohibited area was not considered by the Director General of Civil Aviation while making the allotment of land to the Indian Airlines Corporation. They would like to be informed of the outcome of the negotiations now in progress.
- 6 1.25 Works & Housing
Civil Aviation The Committee regret to find that due to lack of coordination between Ministries of W.H.&S. and Civil Aviation, the revised rates of rent issued in February, 1961 could not be enforced in time by the Ministry of Civil Aviation and consequently Government had to incur heavy losses. The Ministry of Works and Housing should have specifically requested the Ministry of Civil Aviation in February, 1961 to revise the rents of building in their charge in Delhi and New Delhi as was done by them in respect of their own buildings. The Committee regret to note that this was not done. Further the orders of Ministry of Works, Housing and Supply of February, 1961 were received by the Executive Engineer (C.P.W.D.) attached to the Department of Civil Aviation. In spite of that, it appears that no action was taken by him to bring these orders to the notice of D.G.C.A. Even the office of Director General of Civil Aviation was not prompt enough to take action when controller of Aerodrome, Bombay brought to his notice orders of February, 1961 of the Ministry of Works, Housing and Supply in May, 1961. This lack of coordination and delays at different levels resulted in this huge loss. The Committee trust that these pitfalls would be strictly avoided in future.
- 7 1.26 Civil Aviation They are, however, glad to note that I.A.C. have agreed to make payments with retrospective effect from July, 1962.

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Civil Aviation

From the note furnished by the Ministry, the Committee are inclined to infer that the original contract with the Bhopal Aviation sanctioning lease of hangar No. 10 at Juhu was defective and as such the first lessee could transfer the rights of the hangar to Parekh Agencies without intimating the Controller of Aerodromes and the fact of this transfer was known only when the Department served an eviction notice to Bhopal Aviation. The Committee would expect that in all such cases the terms and conditions of contracts should be finalised after seeking legal advice to ensure that there may not be any lacuna which could be exploited by a party to the contract against the interest of the Government. The Committee are astonished to learn from the note that a private party has been utilising the hangar space allotted to it for overhauling engines of transport vehicles belonging to the firm. This is in clear violation of the terms of the agreement which stipulates that the said premises should not be used for purpose other than aviation purposes. Such a misuse can take place only with the collusion of the staff of the D.G.C.A. The Committee desire that the matter should be properly investigated, responsibility fixed and action taken against those found responsible. The Committee may also be informed whether the Parikh Agencies have since vacated the hangar.

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1.34

Do.

From the statement furnished by the Ministry at Appendix III the Committee are surprised to find that even though recoveries of dues in respect of Government Servants are made at the source, yet in the Delhi region the total amount due upto 31st March, 1964 from Government Servants and other parties outstanding on 30-6-1965 in respect of rent, electricity and water was Rs. 43,607.

- 10 1.35 Do. The Committee feel that the reasons advanced by the Ministry are not convincing but they are glad to note that the Ministry are at least now conscious of the urgency of toning up the accounting system and are already taking some steps in this direction. They hope that these steps would enable the Ministry to clear the bottleneck now prevailing.
- 11 1.38 Do. The Committee would like to be informed of the progress made regarding the fixation of standard rent in respect of buildings in six aerodromes located in Madras region.
- 12 1.41 Do. The Committee feel that the position should be re-assessed to see whether in the context of present emergency, it would be useful to revive the Flying school and utilise the available machinery for training more pilots.
- 13 1.44 Do. The Committee find that though the machinery worth Rs. 2.25 lakhs was purchased in February, 1961, the work of installation of the machinery was not taken up even in December, 1964 due to non-completion of the required buildings. The Committee regard this as highly unsatisfactory. They desire that there should be proper planning and scrutiny before any scheme is sanctioned so that its implementation may not be unnecessarily delayed.
- 14 1.51 Do. The Committee are surprised to find that out of 1,50,850 copies (which included 33,300 copies meant for free distribution) printed at a cost of Rs. 1.50 lakhs during the 7 years ending with 1963-64 (1885-SE), only 27,033 copies were sold and 75,675 copies were declared surplus. Further there are no accounts available with the Ministry in regard to 5,445 copies. The sale of 69,457 copies as waste which brought Rs. 4012 resulted in a loss of Rs. 65,445 computed with reference to the actual cost of printing. This loss, the Committee feel

could have been reduced, if the minimum number of copies only had been printed. The Committee also find that there has not been much publicity about the usefulness and value of Panchang. They are, therefore, of the opinion that urgent steps should be taken by the Ministry to examine the whole project with a view to reduce the loss to the minimum. They are, however, glad to know that the Ministry have now been able to make arrangements for early publication of the Panchang in regional languages. However, before publishing this Panchang in all the regional languages, its popularity must be ensured. Secondly, only minimum copies should be printed to begin with. The Committee would also suggest that the Ministry should examine if the contents of the Panchang could be rationalised to make it more popular.

505

15 1.52 Civil Aviation

The Committee feel that as the Panchang has been under publication for the last seven years or so, an overall assessment should be made at an early date to ascertain the extent of its usefulness and how far its utility and popularity could be enhanced.

16 2.2 Commerce

The Committee trust that the amount (Rs. 2,361.33) in respect of rent from Air India would be realised soon.

17 2.4 Do

The Committee are unhappy to note the lack of proper planning and co-ordination, as disclosed in this case. They are unable to appreciate why the Ministry of External Affairs got a portion of the accommodation earmarked for the Information Service when they had not even appointed the officer. There was also an undue delay of about 16 months in occupying the premises by the shifting of the Library of the Information Service. The purpose for which the

accommodation was obtained, thus could not be achieved for 18 months. The Committee hope that there will be better coordination between the different Ministries to avoid recurrence of such cases in future.

18 2'11

Do.

The Committee are surprised to find that no provision was made in the agreement that rent would be charged only after the shops had been repaired and were ready for occupation. They feel that the absence of such a condition in the agreement had resulted in the avoidable payment of rent for one year when the premises were not occupied.

19 2'12

Do.

It is also not understood why it was not known that Government would have to incur expenditure to the tune of Rs. 73,000 in addition to the expenditure incurred by the foreign Government. This only shows that the shops were rented without having a proper survey and without obtaining detailed estimates etc. The Committee are also of the view that a period of about 2 years taken for repairs and renovation is excessive during which time the work of the Centre suffered.

20 2'13

Do.

The Committee trust that failure to obtain Government sanction for closing the trade centre for purposes of exhibition would not recur in the case of other missions.

21 2'14

Do.

The Committee feel that had the Ministry of Commerce taken due care of all these aspects at the time of entering into agreement, Government would not have been called upon to incur heavy expenditure to the extent of Rs. 83,000 (rent paid for the period the shops remained under repairs, structural alterations etc.) and Rs. 73,000 (spent by India Government on repairs, structural alterations, renovations etc.).

1	2	3	4
		Commerce	They trust that adequate care would be taken in future while entering into such contracts.
22	2.21	Do.	<p>The Committee are surprised to learn that such an important order of the Government issued in March, 1951 that all insurance business should be done with the Indian Insurance Co. Association Pool did not reach the Exhibition Directorate and they continued to book all insurance business with the foreign concerns. Even otherwise the Government departments are expected to know the policy of the Government on important matters like doing business with the Indian Companies rather than with foreign companies. What is more distressing to note in this case is that inspite of the fresh circular of the Ministry of Finance in March, 1961 reiterating their orders of March, 1951, the Exhibition Directorate continued to give insurance business till September 1962 to foreign companies instead of Indian Insurance Companies Pool, and this resulted in an extra expenditure of Rs. 1.11 lakhs by way of insurance premium in respect of 9 out of 27 Exhibitions in which Government participated during 1961-62 and 1962-63. The Committee do not find any justification for the Exhibition Directorate continuing insurance business with the foreign companies after March, 1961.</p>
23	2.22	Do.	<p>What is more disappointing in this case is that even after March, 1961, the Ministry of Commerce approached the Ministry of Finance to permit them to continue business with the foreign insurance companies on the plea that the foreign insurance companies settled the claim promptly. This plea was not borne out by facts inasmuch as claim amounting to Rs. 1.33 lakhs remained unsettled in respect</p>

of exhibits sent for exhibition held during the period 1957 to 1962 as mentioned in sub-para (b) below. Moreover, the assumption that the Indian Insurance Companies would not be prompt in settling claims was only an inference not based on previous experience, since the Exhibition Directorate was dealing only with the foreign companies till September, 1962. The Committee, therefore, suggest that the whole case should be examined afresh with a view to fixing responsibility for the following lapses:

- (i) Why was the circular letter of Ministry of Finance issued in March, 1951, not received in the Exhibition Directorate?
- (ii) In spite of the fact that the foreign companies delayed the settlement of claims, why did the Ministry of Commerce not act promptly on receipt of fresh circular of Ministry of Finance in March, 1961.
- (iii) The circumstances under which it was considered advisable to give preference to the foreign companies over Indian companies.

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2-23

Do.

The Committee feel that had Exhibition Directorate acted immediately on receipt of circular in March, 1961 from the Ministry of Finance, the extra expenditure of Rs. 1.11 lakhs by way of insurance premium could have been avoided.

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Do.

The Committee, however, are of the opinion that the maintenance of a consolidated claims register would facilitate the Directorate of Exhibitions in looking into complaints promptly and settling the claims expeditiously. The need for the maintenance of such a Register is supported all the more by the fact that claims, as stated in a written note furnished by the Ministry, amounting to Rs. 96,587

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26	2:30	Commerce	<p>i.e. 43.3 per cent. of the total claims in respect of goods belonging to the Directorate of Exhibitions sent for exhibitions held during 1957-58 to 1962-63 have yet remained unsettled.</p> <p>The Committee also suggest that the matter should be taken up with the Companies for speedy settlement of the out-standing claims. The Committee also consider it desirable to have a periodical review of old outstanding cases, so that claims do not go on accumulating.</p>
27	2:35	Do	<p>The Committee desire that the Ministry of Commerce in consultation with the Comptroller and Auditor General should revise the present method of accounting with a view to reduce the time-lag of three years in presenting the accounts of the Pool Fund.</p>
28	2:38	Do	<p>The Committee feel that the abnormal delay in the utilisation of lathe indicates that there has been inadequate planning when the machinery were purchased. They hope that proper thought would be given to all aspects before purchasing costly machinery and equipment in future so as to avoid the possibility of their remaining unutilised for long periods.</p>
29	2:41	Do.	<p>The Committee regret to note that the loan records were not being properly maintained. They desire that the loan registers should be posted up-to-date and reconciled properly so that the recoveries are made from the loanees in time.</p>
30	2:45	Do	<p>The Committee would like the Ministry to analyse in detail the increase in the cost of Administration to see whether the increase has been commensurate with the results achieved.</p>

- 31 2'49 Do The Committee would like to be informed of the final decision taken in regard to appointment of more staff to clear pending assessment and to effect recoveries expeditiously.
- 32 2'52 Do The Committee trust that with the appointment of more officers and these steps taken by the Revenue Board to minimise the delay in the submission of returns, the Rubber Board will be able to assess and collect Cess more promptly. They would, however, suggest that while making assessment and effecting collection, the Rubber Board should keep in view the establishment charges to be incurred by them. If necessary, the Government might even consider desirability of waiving petty claims in case the cost of collections is likely to exceed the amounts to be realised. They would also like to invite attention to para 18 of their 35th Report (Third Lok Sabha) in this connection wherein the need of streamlining machinery for effecting assessment was stressed.
- 33 2'58 Do The Committee feel unhappy that only a small sum of Rs. 2.18 lakhs was spent out of the Pool Fund during 1963-64. Since the Pool Fund is applied only for the rehabilitation of small growers, the heavy balance of Rs. 97.74 lakhs in the Fund as on 31-3-1965 would indicate that sufficient attention to this work has not been given. The Committee would like to watch the progress of this work through future Audit Reports.
- 34 2'62 Do The Committee regret to observe that in spite of the directive issued by the Ministry of Finance in their memorandum dated the 11th March, 1964 regarding banking arrangement for local authorities, statutory boards to keep money with the State Bank/Government treasury and the fact that the Central Bank of India was paying less interest on the deposits than the State Bank of Travancore, Kottayam the Rubber Board continued to keep these funds in

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			<p>the Central Bank of India. The Committee do not find any distinction between funds collected by the Rubber Board by way of cess or by way of grants from Government or any other source. The amount should have been deposited in the State Bank or any of its subsidiary Banks or in the treasury. The Committee recommend that this may be done forthwith.</p>
35	3-31	Community Development and Co-operation	<p>The Committee are unhappy to note the large accumulation of funds with the National Cooperative Development Corporation. The closing balance on 31-3-1964 was Rs. 8.62 crores. They feel that if steps were taken to correlate the release of grants by the Central Government with release of funds by the Corporation to the State Governments, there would have been no occasion for accumulation of large balances with the Corporation.</p> <p>The Committee regret that this was not done and large amounts were allowed to be accumulated and deposited with the State Bank of India.</p>
36	3-22	Do	<p>The Committee are, however, glad to be informed that the position as regards the utilisation of funds lying with the Corporation has shown some improvement during 1964-65. They hope that this trend will continue in the coming years.</p>
37	3-25	Do	<p>The Committee desire that efforts should be made in cooperation with the State Governments to remove any procedural difficulties coming in the way of full utilisation by the States of the amounts given to them by the National Cooperative Development Corporation.</p>

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- 38 3.31 Do. The Committee do not agree with the argument that there was no loss because the interest was reimbursed by Government. They are of the opinion that in the first place the Corporation should not have taken the loan from the Government without having any definite plan for its utilisation. Secondly, instead of investing it in short term call deposits, if the loan had been repaid prematurely when it was realised that there were no prospects of its early utilisation, the Corporation would not have been required to pay so much interest. The Committee also suggest that the Corporation should in future ensure that the loans taken from the Government are utilised in full and in time.
- 39, 3.38 Do. The Committee desired to be furnished with a statement showing the break-up of the amount of Rs. 870 lakhs given to different State Governments for the construction of godowns. The Committee also desired to be furnished with a statement showing the number of State Governments which had complied with Direction No. 2 given by the National Cooperative Development Corporation in November, 1964 regarding the appointment of suitable technical staff. The note furnished by the Ministry is at Appendix.... Perusal of this note indicates that the progress of construction of godowns has been uneven in different States. This needs looking into. The Committee feel that the question of appointment of suitable technical staff by the State Governments should be pursued more vigorously.
- 40 3.41 Do. The Committee are glad to note the progress made recently in the construction of rural and marketing godown as stated during evidence. They hope that the tempo will be maintained and the backlog cleared soon. The Committee would, however, like to stress the importance of full utilisation of godown space in all the States.
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In this connection they desire that the Corporation should call for utilisation reports in respect of godowns from all the State Governments and satisfy itself that there is full and proper utilisation.

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3.49

Community Development Co-operation

The Committee regret to note that there are sixteen cooperative societies, the audit of which has remained in arrears for more than 3 years. In their opinion the plea of non-production of records advanced by the Ministry cannot be regarded a valid reason for the non-completion of audit. The Committee are of the view that as it is a statutory duty cast on the Government to carry out audit annually, the Government must take drastic action against the societies which do not produce the accounts for audit when called for.

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Do.

It was stated during evidence that Government sanction for additional staff to complete arrears of audit of co-operative societies in Delhi would be given within a period of 6 weeks. The Committee hope that necessary action will be taken to strengthen the audit staff for the co-operative societies so that arrears in audit of co-operative societies are wiped out. As annual audit of cooperative societies is a statutory responsibility of Registrar Co-operative Societies any lapse in this regard should be viewed seriously by Government. The Committee desire to be informed of the latest position in this matter. The Committee are surprised to note that according to the Ministry's own admission they are not able to furnish any adequate explanation for the fact that the audit of two co-operative societies mainly of Government employees—the DESU Employees Society and the P. & T. Welfare Co-operative Society also remains in arrears.

- 43 3.59 Do. The Committee would like to be furnished with the results of the specific enquiry conducted by the Registrar in respect of the working of 8 societies.
- 44 3.62 Do. The Committee feel concerned to observe that irregularities have taken place even in those co-operative societies in respect of which there is Government participation in the share capital and on the board of directors on which the Government has its nominees. They are of the view that it is the responsibility of the Government nominees to inform the Registrar of the irregularities noticed in any particular society well in time so that Government money is not wasted or embezzled for want of timely action. In the four cases mentioned in this para, Government had given financial assistance by way of share capital, loans or otherwise and as such the Government should have kept a special watch over the working of these societies. The Committee regret to note that this was not done. They would like to know the final outcome of the four cases mentioned in the Report.
- 45 3.63 Do. From the note furnished (Appendix XI), it is observed that a majority of cases are still pending with the police for investigation. The Committee suggest that the Delhi Administration may be asked to expedite the disposal of the cases.
- 46 3.65 Do. The Committee feel that liquidation proceedings which are a long-drawn out affairs are not the proper remedy for dealing with those co-operative societies in which cases of embezzlement, misfeasance and breach of trust take place. They suggest that in such cases the matter should be reported to the police and suitable action taken under the criminal law so that the guilty persons may not escape because of the delay involved in liquidation proceedings.
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47	4.9	Education	<p>The Committee are not convinced of the justification for not setting up an autonomous central organisation before implementing the scheme and bringing regimental and non-regimental schools within its ambit. The result has been that 86 out of the target of 100 schools have already been established but the central organisation has yet to be constituted. The main difficulty in setting up the organisation was stated to be the procedural difficulty in transferring the necessary required land and property to the organisation. The position which has finally emerged is that the ownership of the properties would continue to vest in the Defence authorities and the Central organisation would be entitled to their use. The Committee feel that the Central Organisation should have been set up from the beginning and the ancillary matters could have been settled with the Ministry of Defence as in fact has now been done. Pending settlement of the question of ownership of properties, the Central Organisation could have carried on the rest of the scheme other than construction of buildings etc.</p>
48	4.10	Do.	<p>The Committee are not happy over the grants being paid to the schools direct particularly those than have no juridical personality. The Committee have already observed in paragraph 25 of their Eighth Report (Third Lok Sabha) that giving of grants to a body without a distinct legal entity was not only constitutionally irregular but also fraught with risk in cases of default. According to the Ministry's own admission they have no power to take action against the managing committees of the schools in case of default, except that further grants might be withheld. Besides, the strength of present accounts staff, whose duty it is to verify that the conditions pre-</p>

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scribed by the Ministry are fulfilled, is admitted to be in adequate because of increase in work. The Committee therefore, cannot regard the present position as satisfactory. They desire that the rules for setting up the autonomous central organisation should be finalised early and the organisation established without further delay.

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| 49 | 4.12 | Do. | The Committee feel concerned that adequate number of central schools has not been opened at places like Calcutta, Madras, Bombay and Delhi where there is considerable concentration of central Government employees. They desire that the position should be kept under constant review in order to meet the educational needs of the children of the Defence personnel and other Central Government employees who are liable to transfer at short notice from place to place. |
| 50 | 4.24 | Do. | The Committee not satisfied over the inordinate delay that has taken place in the publication of 'Gyan Sarovar'. The work started in 1952 has not yet been completed ever after a lapse of 13 years. (Out of 5 volumes, only 3 volumes) been published. The result is that the objective of the Project i.e. to bring out a popular Encyclopaedia for the benefit of neo-literates, has not yet been fulfilled. |
| 51 | 4.25 | Do. | The Committee regret to point out that delay in the publication of encyclopaedia was mainly due to lack of proper planning and forethought on the part of the Ministry of Education. The Maktaba Jamia which was established in 1949 had no previous experience of undertaking a project of this magnitude. All that the Maktaba had done previously was publication of book-lets for children and neo-literates in Hindi. The Ministry should have, therefore, been more careful in this regard and not proceeded merely on an <i>ad hoc</i> basis depending on the feelings and opinions of the officers. Further, |

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after having entrusted the work to the Maktaba, the Ministry did not keep a watch over the progress of the work. It was only in September, 1957, i.e., after 5 years that they realised that progress was slow. Although the work was to be completed by December, 1959 no detailed programme was drawn up for each volume.

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4.26

Education

Again in September, 1957, after taking away the work from Maktaba, it was entrusted to the Research Training & Production Centre of Jamia Millia, although earlier it had been felt that the Jamia had inadequate staff for doing the work. These revised arrangements did not improve the position and the work had to be entrusted to the Publications Division in January 1960. The Committee regret to note that the Education Ministry did not learn by experience and so when they took over the work from one agency and assigned it to another they did not care to examine the capacity or ability of the same to execute the project. The Committee are also not satisfied with the progress made by the Publications Division since then. They have brought out only one more volume in five years, although the manuscripts of volumes III, IV and V were ready when the work was transferred to them in 1960. The Committee feel that if the Publications Division was not in a position to complete the work within a reasonable time, it should not have undertaken it. They desire that the matter should be vigorously pursued with the Publications Division.

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Do.

The Committee also suggest that the Publications Division should scrutinise the texts of volume I and II with a view to omitting any objectionable material and improving the future editions of these two volumes.

- 54 4 29 Do. The Committee desire that early steps should be taken to settle the accounts of unutilised paper and these should be produced to audit.
- 55 4 33 Do. The Committee are surprised that the Ministry were not aware of the details of the dispute between the Centre and the printers when the final payments towards the expenditure incurred on the publication was made by Government to the Centre in February, 1963, although 17,290 copies of the publication have been lying with the printers since 1958 due to this dispute. This shows that not only payments were made to the Centre in a mechanical manner but also that there was failure on the part of the officers to watch the progress about the number of printed copies received from the press and their circulation. The Committee consider it very unsatisfactory that the Research Training and Production Centre did not inform the Government of this dispute and that the bulk of the printed copies have been lying with the printers for the last seven years. The Committee desire that the question should be vigorously pursued, and they should be informed about the outcome of the case. They would also like to be informed whether there had been any deterioration in the conditions of the copies due to prolonged storage.
- 56 4 38 Do. The Committee consider that the creation of a separate fund viz. Popular Encyclopaedia Fund outside the Government account was improper. According to the Ministry's own admission no actual advantage accrued from keeping the moneys outside the Government accounts. They are surprised to learn that no reasons were recorded for creating the fund. It is also surprising how the Finance Ministry agreed to the proposal without examining whether it was legal and proper to keep the fund outside the Government accounts.

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57	4-39	Education	<p>While the Committee appreciate the need for certain amount of flexibility in the administration of the project, they feel that before deviating from the normal procedure laid down, the project is carefully examined and the advantages anticipated due to such deviations are fully ensured. The Ministry should ensure that the financial interests of the state are safeguarded. Such an action would have avoided the dispute which has arisen in the present case with the printers.</p>
58	4-43	Do.	<p>The Committee desire that a note stating when the Ministry of Finance originally approved payment of 5 per cent as overhead expenses, when they subsequently objected to the payment and later when they finally agreed to this payment, with a copy of the comments of the Ministry of Finance should be furnished to them early.</p>
59	4-46	Do.	<p>In view of the fact that the whole scheme was conceived on 'no profit' basis, the Committee find no justification for allowing a discount at the flat rate of 25 per cent of the sales to the agent who in turn paid to trade a discount varying from 8 per cent to 20 per cent and retained the balance.</p>
60	4-49	Do.	<p>The Committee are surprised that the Maktaba are not in a position to furnish the list of contributors to volumes I & II, who had been paid at the rate of Rs. 40 per thousand words on the recommendation of the Secretary of the Hindustani Culture Society. The Committee feel that this matter requires necessary investigations as to how the authors were selected and paid at the high rate of Rs. 40 per thousand words, when articles of same quality for</p>

subsequent volumes could be secured at the rate of Rs. 25 per thousand words.

From what has been stated above, the Committee cannot but observe that though the scheme of bringing out a popular encyclopaedia in Hindi was a good and useful scheme, it was not properly handled resulting in considerable delays and avoidable expenditure. They hope that the remaining volumes will be brought out expeditiously.

In future also before such a scheme is undertaken, it must be properly planned and carefully executed so that the underlying objectives may be expeditiously achieved.

The Committee desire that the matter should be kept under constant review and suitable action taken to prevent the violation of rules by scholars.

The Committee feel concerned over the shortfall of expenditure under the Union Territory Overseas Scholarship Scheme. It is regrettable to note that on the one hand a large number of students are keen to get scholarship under different overseas scholarship schemes, on the other Government are unable to utilise even the limited funds provided for the purpose. While the Committee note that there was improvement in this regard during the years 1962-63 and 1963-64, they are not satisfied over the performance during the year 1964-65. There was inordinate delay in inviting applications, making final selections and actual placement of scholarships. The applications were invited on 19th December, 1964, final selection were made on 31st May, 1965 and 1st June, 1965, and the placement of scholars is still in hand. The Committee were assured that in order to avoid delay in future, the Ministry had drawn up a time schedule and taken a number of other measures. The Committee hope that the time schedule drawn up for selection of scholars will be rigidly followed and that delays which have occurred at various stages in the past will be scrupulously avoided in future.

61 4 57 Do.

62 4 60 Do.

1	2	3	4
63	4-64	Education	<p>While the Committee note that the scheme was not implemented for two years owing to difficulties of foreign exchange, they feel concerned to find that the budget provision made for the years 1961-62 to 1963-64 substantially remained unutilised. This indicates the inability of the Ministry to utilise the foreign exchange even when it is made available for the purpose. The Committee desire that delays in the finalisation of scholarships and the other factors leading to non-utilisation of funds sanctioned should be scrupulously in future.</p>
64	4-68	Do.	<p>The Committee feel that there should be closer co-ordination between the Ministry of Education and the State Governments in the administration of the scheme, so as to ensure that the grants are properly utilised and difficulties are avoided.</p>
65	4-69	Do.	<p>It is not clear to the Committee why grants were being released for the same scheme by two Ministries viz. Ministry of Education and Department of Social Security. The Committee suggest that the question of releasing the grant from one source with a view to have a better co-ordination in the implementation of the scheme, may be examined.</p>
66	4-73	Do.	<p>The Committee feel concerned over the delays that occurred in the past both in the finalisation of scholarships and in making payments to the selected students. Such delay not only results in the funds remaining unutilised but also causes hardships and inconvenience to the students. The Committee note the steps taken by the Ministry to avoid such delays in future. They hope that the system would be kept under constant review and necessary correctives</p>

67 4.75 Do.

would be applied to bring the administration of scheme to a satisfactory level. The Committee would like to watch the result achieved through future Audit Reports.

68 4.80 Do.

The Committee are surprised that the Ministry do not maintain any statistics regarding the number of cancellations and suspensions of scholarships due to failures in the examinations. They suggest that this information should be compiled by the Ministry as a regular feature.

69 4.81 Do.

The Committee feel concerned over the shortfalls in expenditure under this Scheme particularly during the year 1962-63 and 1963-64.

They are however glad that actually 1498 scholarships were awarded during 1964-65 (resulting in an expenditure of Rs. 9,62,000). The Committee however, find from the Ministry's statement that for the year 1965-66 again a provision for only 1000 scholarships has been made, but it has been stated that effort would be made to give as many more scholarships as possible. It is not clear why a provision for at least 1500 scholarships could not be made on the analogy of the equivalent number of scholarships having been awarded in the previous year. The Committee hope that the number of scholarships under this scheme will be suitably increased as necessary to give encouragement to higher studies in Hindi for persons from non-Hindi speaking areas.

70 4.86 Do.

The Committee suggest that steps should be taken to see that the number of suitable persons selected for the scholarships reaches the limit of 50 each year. They also suggest that the question of prescribing the minimum educational qualifications of candidates for the grant of these scholarships may be examined by the Ministry.

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71	4-89	Education	<p>From this note the Committee find that though there has been a substantial increase in the number of scholarships under this scheme during 1962-63, 1963-64 and 1964-65 there has been no increase in the number of scheduled caste and scheduled tribes candidates who were awarded these scholarships. The Committee suggest that the Ministry should investigate the reasons for this and take remedial measures to improve the position.</p>
72	4-95	Do.	<p>The Committee feel concerned to note the large shortfall in expenditure during the years 1963-64 and 1964-65. The Committee find from the statement given in Appendix XXVII that though in the majority of cases, the applications received were less than the awards allocated to States, there have been some instances where the number of applications was more than the awards allocated. The Committee feel that as the scheme is to be implemented entirely by the State Governments, the funds may be made available to them according to their demand. The Committee would also suggest that the Ministry should undertake periodical reviews to ensure that no loans are left undisbursed due to procedural delays.</p>
73	4-96	Do.	<p>The Committee are glad to note from the note furnished by the Ministry that the percentage of utilisation showed an increasing trend in 1964-65. They hope that this trend would be maintained in 1965-66.</p>
74	4-100	Do.	<p>The Committee would like to be informed of the actual position regarding the award of scholarship to children of those persons who have suffered in the struggle for liberation of Goa.</p>

- 75 4.103 Do. gest that this information should be obtained regularly by the was instituted in 1959-60 the information about the number of beneficiaries is not available with the Ministry. The Committee suggest that this information should be obtained regularly by the Ministry.
- 76 4.104 Do. The Committee also suggest that a suitable machinery should be devised by the Ministry in consultation with State Governments to ensure that the funds provided under the Scheme are utilised for giving aid to really deserving persons.
- 77 4.107 Do. The Committee are not happy to observe that the scholarships offered by foreign Governments to India are not utilised in full. They feel there is need for better and closer co-ordination between the Government of India and the foreign Governments in the matter of selection and placement of scholars to be sent abroad.
- 78 4.114 Do. A perusal of the statement furnished by the Ministry shows that there have been several instances where the number of scholars sent was less than the number of scholarships offered. The Committee desire that special efforts should be made to ensure that the scholarships offered are fully utilised.
- 79 4.115 Do. The Committee would suggest that in order to utilise all the 50 scholarships offered by Russia, the Government of India may send a list of double the number of candidates, so that the U.S.S.R. authorities can select 50 out of them. The Committee would also suggest that for effecting greater co-ordination between the two Governments, the Government of India, before making the selection at their end could ask the U.S.S.R. Government in advance to indicate the facilities, they have, the number of vacancies available in each field and the most suitable time when the Indian scholars should be sent.
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80	4.122	Education.	The Committee note with satisfaction that efforts are being made to induce the scholars sent abroad to return to India after completion of their studies there. In this connection, the Committee would emphasise the need for the betterment of their employment opportunities and also for improving their service conditions in the country.
81	4.124	Do.	The Committee would like to be informed of the revised terms and conditions of the French Fellowship Scheme when finalised.
82	4.133	Do.	The Committee hope that efforts will continue to be made to effect recovery of loans and interest as and when they fall due.
83	4.139	Do.	The Committee note that it is provided in the scheme that the Government of India reserve to themselves the right to introduce such changes in the terms and conditions as may be found necessary to serve the objectives of the scheme.
84	4.140	Do.	The Committee suggest that the relaxation of age limit should be incorporated in the Rules themselves, instead of making such relaxation in individual cases. The age limit of 21 to 22 years for post-graduate courses appears to be rigid and restrictive.
85	4.142	Do.	The Committee regret to note the abnormal delay in taking a final decision regarding the creation of an autonomous or semi-autonomous board for the administration of all scholarship schemes. The Committee would like to reiterate this recommendation of the Estimates Committee. In the meantime, the Committee would like the Ministry to take steps to ensure that (a) the budgeted amount for various

scholarships is utilised in full; (b) there is no delay in the selection of candidates for award of scholarships, and (c) payments to the scholars are made in time so that they may not find it difficult to continue their studies for want of funds. The Committee also suggest that the Ministry should take adequate measures to ensure that all the schemes of scholarships are well advertised in schools and colleges to enable eligible candidates to seek them.

86 4.146 Do. The Committee suggest that the proposed change in the rules regarding reciprocal scholarships may be effected early so as to obviate the necessity of making relaxation of rules in individual cases.

87 4.153 Do. The Committee would like to be informed whether the pattern of assistance to be applied to institutions of the type of Jamia, which have been deemed to be universities under the U.G.C. Act, has been decided upon. In the cases of Jamia, most of the expenditure is met from Government sources. The Committee suggest that the feasibility of routing the grants to the Jamia Millia through the University Grants Commission may be examined.

88 4.162 Do. The Committee feel concerned to know that the Finance Committee of Jamia authorised the payment of the loans taken by the Jamia from the grants without the prior concurrence of the Ministry of Finance. From the note furnished by the Ministry it appears that the representative of the Ministry of Finance was not present at the Finance Committee meeting at which this was decided. This is all the more reason that the matter should have been referred back to the Ministry of Finance and their express approval obtained. The Committee would like to observe that it should be the duty of the Financial Adviser to carefully study the minutes of the meeting in which he was not present and take objection to this item as not regular or proper.

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89	4.168	Education.	The Committee are surprised to observe that no stock account of the publications was maintained by the Jamia till March, 1960.
90	4.169	Do.	The Committee regret to note that the Jamia decided to give 40 per cent commission to the Maktaba Jamia Ltd. for the sale of its publications without obtaining prior approval of the Governing Body. They hope that such lapses will be avoided in future.
91	4.170	Do.	The Committee are disappointed to note the poor sale proceeds of the publications brought out by the Jamia. They suggest that the Ministry should examine the suitability and utility of these publications. The Committee also regret to note that the Jamia has not maintained proper record of the books sold and the copies still lying in stock. They hope that the records will be brought up-to-date and maintained properly in future.
			The facts brought out in this Audit para reveal a confused state of affairs of the Publications Section of the Jamia, which is highly regrettable and which calls for immediate remedial measures.
92	4.177	Do.	From the note furnished by the Ministry, Committee cannot escape the conclusion that sale of old issues of the magazine is negligible and does not justify the present heavy accumulation of stock. They suggest that steps should be taken to dispose of surplus copies and prevent their accumulation in future by reducing the print order.
93	4.178	Do.	The Committee also note that the number of copies of the magazine distributed free during the years 1961-62 to 1963-64 was very much on the high side. their percentage to the total print order being

30 in 1961-62, 25 in 1962-63 and 27 in 1963-64. They are glad to note that the percentage has since been brought down to 15.

94 4.179 Do.

The Committee feel concerned over a wide deficit in the magazine section. Against the total expenditure of Rs. 15,939 and Rs. 17,023 incurred on this section during 1962-63 and 1963-64, the income from subscription amounted to Rs. 2,959 and Rs. 2,464 respectively. The Committee desire that the gap in the income and expenditure of the Magazine section should be reduced to the minimum. With that end in view the Jamia Millia should carefully analyse the reasons for deficit and take suitable steps to reduce the same by increasing the price of magazine, further reduction of free distribution of copies, boosting sales and reducing the number of printed copies.

95 4.181 Do.

The Committee would like to be informed of the findings of the Committee appointed by Jamia Millia to go into the audit objections referred to in para 89 (b) and action taken thereon.

96 4.187 Do.

It is not clear to the Committee how far it was justifiable to continue the services of the staff employed for the Rural Education Centre after these centres were taken over by the Delhi Municipal Corporation and other agencies in 1960. The Committee are surprised how in the absence of a proper record of the activities of the Centre the Jamia satisfied themselves about its performance. The Committee desire that a proper evaluation of the activities of the Centre and its functions should be made in order to find out that these do not overlap in the same field with those of the Delhi Municipal Corporation and other agencies. In the light of this review it should be decided whether there is any necessity to run the Centre. The Committee note that the question regarding closing down of the Centre or otherwise is being gone into by a Committee appointed by Jamia. They would like to know the outcome of this review.

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97 4.192 Education

The Committee trust that the Centre would henceforth maintain proper record of its activities.

In view of the policy decision of Government regarding transfer of the liability for nursery classes, Social education and other adult literary activities to the Delhi Municipal Corporation, the Committee find very little justification for giving Government grants to the Jamia to meet the deficit in respect of the Balak Mata Centres carrying on these activities. If these Centres have become a part of the educational activities of the Jamia at the University level as was deposed before the Committee, then the Jamia should approach the Delhi Municipal Corporation for larger grants as according to the policy decision of Government responsibility for those activities was that of the Delhi Municipal Corporation. The Committee desire that Ministry should examine this matter fully and settle the question of liability for these activities.

98 4.198 Do.

In reply to a question, the witness stated that no evaluation of the work done by the centres had been made. The Committee desire that early steps should be taken to evaluate the work done by the Centres.

The Committee regret to note that total expenditure of Rs. 62,404 (salaries Rs. 46,717 and other expenses Rs. 15,687) which was incurred on the Audio-Visual Section from 1957-58 to 1964-65 has become mostly infructuous. It is also significant that during the period of 6-7 years all that the Section has done is the production of 4 Film strips, one animated film and some posters (silk screen) etc. While the Committee appreciate that the section had to do some preparatory work, they feel that work done by it during all these years was meagre and not commensurate with the expenditure incurred, What

is more surprising is that even in respect of the few films that were produced no arrangement was made for their exhibition anywhere. The Committee find from the Ministry's note that the Section approached only one institution for exhibition of the film in 1963. Although the Section produced one film strips each in 1958-59, 1959-60, 1960-61 and 1962-63 no institution was approached earlier for their exhibition.

99 4.199 Do. From these facts the Committee cannot escape the conclusion that not only the setting up of the section lacked proper planning but there was also no watch kept over its working.

100 4.208 Do. The Committee are surprised to learn that though the dispute about the annual rent to be paid arose in the very first year yet no action was taken to regularise the deal. While the Committee note that the Jamia is taking steps to recover more land, they would suggest that a fresh agreement be entered into with the lessee in respect of the portion of land still remaining with him.

101 4.209 Do. The Committee find little justification for the concession given to the lessee in the form of waiver of recovery of rent amounting to Rs. 24,500 just because he returned 27 bighas of unirrigable land to the Jamia. It is beyond the comprehension of the Committee as to why a special concession should have been made seven years after the whole of the land had been given on lease at a flat rate.

102 4.213 Do. The Committee are distressed to find that the Jamia has still not been able to take possession of 16 bighas of land purchased by it in 1959-60 at a cost of Rs. 92,621. They regret to observe that due thought was not given to the fact that the owner to whom full amount was paid was not in possession of the land and there was already an unauthorised cultivator on the land.

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103	4-214	Education	The Committee would like to be informed of the steps proposed to be taken by the Jamia for gaining possession of the land.
104	4-219	Do.	The Committee feel that the procedure of taking into account a fixed amount of Rs. 11,200 (Representing rents from hostel buildings) on an <i>ad hoc</i> basis, while arriving at the net deficit of the Jamia to be met from the Government grant, was worked out long time back. They suggest that the rental value of the hostel buildings should be reassessed taking into consideration the upward trend in the rents and also realisation made by the Jamia Millia by way of hostel fees from the scholars. The Jamia should also clearly work out the element of rent as well as charges for other services in the fees charged by them from the students in their hostels. They would also like to know the result of the examination of the question of amalgamating the hostel budget with the Jamia's budget, which is said to be under consideration of the Jamia.
105	4-220	Do.	As regard the payment of subsidy out of maintenance grants to cover the exemption from hostel fees to the students of B.Ed. and Diploma courses, the Committee are of the view that a formal sanction of the Government for this purpose was necessary.
106	4-226	Do.	The Committee are not happy over the delay in the appointment of an internal auditor in the Jamia Millia. They are surprised how an institution like the Jamia receiving large grants was allowed to work without an adequate internal check for such a long time. They desire that decision to secure the services of a competent auditor from the Audit Department should be implemented without delay.

107 4-229 Do.

The Committee are surprised that the rifles were shown in the accounts under assets, without those having been received by the Jamia. The Committee regard this to be a very serious mistake which contributed to the delay in taking up the question of recovery from the National Rifle Association of India. Such mistakes indicate the need for a system of internal check. The Committee desire the recovery of the advance from the National Rifle Association of India should be pursued.

108 4-233 Do.

The Committee feel concerned over the delay in the settlement of audit objections by the Jamia Millia Islamia. The bulk of the audit objection relating to the period 1955-56 to 1959-60, which were sent to the Jamia in 1961-62, have not yet been finally settled. No replies to the Audit Reports for 1960-61 to 1962-63 had been furnished to Audit. The Committee desire that the Ministry or their representative in the Governing Body should keep a special watch over the state of accounts and audit objections brought to the notice of the Jamia with a view to ensure their speedy settlement. The Committee hope that the disposal of outstanding objections will be expedited.

109 4-235 Do.

The Committee trust that the Jamia has taken action against the supervisory staff and also taken remedial measures to prevent the recurrence of such losses.

110 4-236 Do.

The Committee hope that the remaining shares will also be transferred in the name of Jamia Millia without delay.

111 4-238 Do.

The Committee note that the utilisation of the UNESCO gift coupons for the purchase of printing machinery would have involved setting up of a press. They, however, have not been able to appreciate the delay of over 16 years in utilising these coupons. The

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gift coupons were received in the year 1948-49 and Jamia Millia should have initiated action immediately for setting up of a printing press. This abnormal delay of over 16 years would now mean that the Jamia Millia would be purchasing less machinery with the amount of the gift coupons as the prices prevailing in the year 1965-66 are subsequently higher than those in the year 1948-49. The Committee hope that these coupons would be utilised now early.

112 4.239 Education

The Committee desire that vigorous efforts should be made to recover the outstanding advances. They would like to be informed about the results achieved in this direction.

113 4.242 Do.

From the note furnished by the Ministry, it is observed that a sum of Rs. 2,52,619.88 p. out of the total of Rs. 4,78,829.52 p. shown under the heading "Sundry Creditors" in the accounts of Jamia Millia pertain to the ear-marked funds. These funds have not been utilised as they were stated to be insufficient for the purpose for which they were donated. The Committee suggest that these funds should be utilised as early as possible for the purposes for which they have been ear-marked.

114 3.243 Do.

The Committee also find another sum of Rs. 90,781.78 p. represents unspent balance of ear-marked grants and donations received for schemes sponsored by the outside bodies. These unspent balances of the ear-marked grants and donations should be utilised elsewhere or refunded with the concurrence of the donors, where necessary.

115 4-256 Do.

The Committee subscribe to the view expressed by the Ministry in May, 1961 that the project of preparation of 8 graded books for neo-literates entrusted to the Hindustani Culture Society, Allahabad was ill conceived and expenditure thereon a waste of public funds. They also agree with the Ministry's observation made in February, 1962 that the scheme should not have been taken up for consideration until a thorough and searching enquiry about the status of the society and its past history and experience in the particular field was made. The Committee feel that obviously no such enquiry into the society's credentials was made in the earlier cases also and too much reliance was placed in it. In 1962 a building grant was given on a misrepresentation made by the society that it had acquired land; in the same year the Secretary of the Society was associated with the Publication of Gyan Sarovar by the Maktaba Jamia Ltd. which did not progress well; and in 1953 the project for publication of a dictionary was entrusted to it, which flopped. The Committee are left with a strong feeling that; (i) a powerful influence was working behind the scheme and that resulted in deviating from the usual standards of test and scrutiny (ii) that because loan was given and was not recoverable it was turned into a grant for a project of doubtful utility involving positive danger of public criticism.

116 4-258 Do.

The Committee regret to note that the second instalment of Rs. 25,000 was released in May 1958 by the Ministry not only without an evaluation of the first two volumes of series but also without going into the accounts as to whom payments for writing articles had been made. It later came to notice that two whole-time editors besides getting regular salaries, received remuneration for writing articles. This is objectionable.

117 4-259 Do.

As regards the decision taken by the Ministry in September, 1964 to convert the advances into grants-in-aid, the Committee cannot escape the conclusion that since the Ministry found it difficult to

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recover to the money, they had to take a recourse to this action. At one time (July 1962) the society had been directed to return all the assets like paper, furniture, typewriters etc. The Committee are inclined to take the view that the later opinion of the Ministry that the books were useful for neo-literates was only an after thought to justify the non-recovery of the money.

118 4-266 Education

The Committee are surprised why the Ministry of Education who had committee themselves to meet only 50 per cent cost of the preparation of the translation on an understanding given by the private Committee that they had already collected the remaining 50 per cent of the estimated cost, later decided to increase their share to 75 per cent, instead of taking cognizance of the incorrect statement initially made by the party concerned. This is all the more regrettable in view of the fact that the party in the words of the witness consisted of eminent public figures.

119 4-267 Do.

There is inordinate delay in furnishing the audited accounts by the private committee in respect of the grant of Rs. 15,000 paid upto February, 1964. The Committee also regret to note that the Third and fourth instalments of the grant were released by the Ministry without insisting on the production of the Audited accounts for the earlier two instalments. The Committee hope that such lapses will not be allowed to occur in future.

120 4-273 Do.

The Committee desire the Ministry to take suitable steps to reduce the percentage of administrative expenditure.

123	4. 276	Do.	The Committee are surprised why the officer was paid the house rent allowance even though this payment had not been approved by the Governing Body. There was a delay of more than 6 years in getting the payment regularised by the Governing Body. Such <i>post facto</i> regularisation has no meaning except condoning a procedural irregularity.
122	4. 278	Do.	The Committee are not a little surprised that the Council, which was set up in 1950, has not so far framed rules governing the service conditions of the staff. They desire that the service rules should be finalised without any further delay.
123	4. 283	Do.	The Committee are surprised how prior to the adoption of the Finance and Accounts Code, the President of the Council exercised full powers of sanctioning expenditure such as conveyance allowance to the staff without the prior approval of the Governing Body.
124	4. 287	Do.	The Committee consider that there should be a proper procedure of getting acknowledgements for the copies of publications sent to the Missions abroad.
125	4. 291	Do.	The Committee feel concerned to note that the percentage of the copies of 'Indo-Asian Culture' and 'Cultural News from India' sold during the years 1961-62, 1962-63, and 1963-64 was negligible, while the copies distributed free ranged from 66 per cent to 92 per cent and those in stock from 5 per cent to 34 per cent. They hope that the setting up of a sales unit by the Council will help in boosting sales and avoiding accumulation of copies in stock.
126	4. 296	Do.	The Committee note that the sale of books brought out by the Council is tardy, and more so in foreign countries. They note that it was proposed to set up a sales unit to promote sales of the council's publications abroad. They hope that the expenditure on the sales unit would be commensurate with the results achieved and that the unit should work in close liason with the Indian Mission abroad.

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127	4.301	Education	<p>In view of the fact that the deficits in the maintenance of the hostels and organisation of summer camps involve large amounts (Rs. 96,418 in 1962-63 and Rs. 92,821 in 1963-64), the Committee suggest that the Ministry should consider the desirability of laying down the pattern and the extent of Government assistance for this purpose. The chances of the Council eventually having its own buildings for regional hostels needs careful examination.</p>
128	4.304	Do.	<p>The Committee find that against the original estimated expenditure of Rs. 30,000 in each case, the actual expenditure incurred was Rs. 85,000 and Rs. 58,000 respectively, in the cases of Asian Historical Conference and East West Music Conference. This tendency initially to under estimate the proposed expenditure should be discouraged. The Committee hope that such omissions will not occur in future.</p>
129	4.306	Do.	<p>The Committee hope that council will also now prepare annual income and expenditure accounts and balance sheets showing its assets and liabilities regularly.</p>
130	4.316	Do.	<p>The Committee are not satisfied with the present system of internal check by the Delhi Administration of the accounts of private aided schools to whom large grants are paid every year. Although the number of schools has increased from 49 in 1950 to 128 in 1963-64 and the total grant has increased from Rs. 17 lakhs to about Rs. 137 lakhs, the staff employed for the purpose has not been augmented. While the Committee appreciate the Ministry's view that the bulk of the grant (about 85 per cent) related to the salaries of staff and provident fund where there was not much chance to misuse or mismanagement, they feel concerned over the inordinate delays in the</p>

final adjustments of these grants. They feel that both the size of the annual grant and the delays in their final adjustment point to the need for subjecting the expenditure both on salaries and contingencies to adequate internal check. The Committee note that the augmentation of the staff for the purpose of internal audit was under consideration. They desire that the matter should be finalised early and it should be ensured that the internal audit parties cover all the aided schools within a specified period to be laid down by the Ministry.

The Committee are also not happy over the payment of subsequent grants without receiving the final accounts of the earlier grants. They desire that the finalisation of the accounts should be vigorously pursued with the schools. In cases of persistent defaults without any valid reasons, the Delhi Administration and the Ministry of Education should seriously consider the question of withholding further grants till the final accounts are submitted, to enforce financial discipline.

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131 4.323 Do.

The Committee are not happy over the delay in the reply of the drawings to the contractor which not only resulted in non-completion of 2/3 of the work within the specified period but also in additional payment (25 per cent of the value of the work) to the contractor because of a general increase in the rates of labour and materials. The Committee consider that this delay was avoidable. The Committee also suggest that the Ministry should investigate reasons for delay in furnishing drawings to the contractor with a view to fix responsibility.

132 4.324 Do.

In view of the fact that the contractor was not responsible for the delay in completion of the work, the Committee agree that in equity there was justification for some additional payment to the contractor due to a general increase in the rates of materials and

labour. But they feel that the increase of 25 per cent allowed to the contractor was excessive, for according to the revised schedule of rates of the State PWD, there was an over-all increase of only 17.2 per cent.

133 4-325 Education

The Committee feel that in such cases the opinion of Law Ministry should be taken viz., whether or not the contractor is entitled to any increase. The Committee also hope that work would not be completed expeditiously.

134 4-333 Do.

The Committee regret to note that 161 projects involving grants-in-aid amounting to Rs. 33.18 lakhs and representing approximately 20 per cent of the 788 projects sanctioned during the period 1953-54 to 1963-64, remained incomplete for periods ranging from two to ten years after the expiry of the prescribed period of 2 years of the release of the first instalment of the grant. In other 111 cases, the audited accounts had not yet been received for periods ranging between 2 to 10 years. This, the Committee feels, does not speak well of the working of the scheme, in as much as various projects sanctioned remained incomplete for long periods. They desire that the Ministry should examine the working of the scheme with a view to ensure that the projects sanctioned are completed within 2 years and the audited statements of accounts furnished to them soon after that. In cases of long delays, the Ministry should consider the question of the recovery of the amounts from the institutions concerned.

135 4-334 Do.

The Committee also hope that the Ministry would take vigorous steps to ensure that the incomplete projects are completed and state-

ment of audited accounts furnished promptly in cases where they are outstanding.

136 4.335 Do.

The Committee also desire that a consolidated register showing up-to-date position of the progress reports of the projects and of the audited statement of accounts thereof should be prepared early, as that would help the Ministry in having the control over the incomplete projects and outstanding statements of accounts.

137 4.347 Do.

The Committee are not happy over the loss amounting to Rs. 1.41 lakhs suffered by the CSIR by way of less receipt of interest as a result of transfer of the money from the long term deposits to short term deposits and subsequently to the current account of the council. The Committee are unable to accept the argument that the loss was notional. Firstly the CSIR as an autonomous body should invest its funds in a manner which would bring in the best return to them. Secondly the action of the council to withdraw the money from the long term deposits will entail payment of a larger grant by the Ministry than would otherwise be necessary. Besides, Government have been deprived of the benefit of investing this money in useful plan projects.

138 4.348 Do.

It is surprising how the council withdrew the money from the long term deposits in January, 1962 even before a decision to create the pension fund was taken in November, 1962. Even the Ministry of Finance were not consulted before the withdrawal of money. As the setting up of the pension fund involved detailed examination of certain aspects viz., size of the fund, Government contribution etc., the council should have waited till a final decision in this regard had been taken. The Committee consider that there was undue haste on the part of the council in withdrawing the money from long term deposits and that this step was premature.

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139	4.349	Education	<p>The Committee desire that an early decision should now be taken with regard to setting up of the pension fund or transferring the pension liability to Government as in case of any other Government department. In the meantime, the money should be deposited in the way it would bring in maximum return to the Council.</p>
140	4.353	Do.	<p>The Committee are distressed to note that the building which was constructed in December 1962 could not be utilised for more than 2 years due to non-completion of electric and sanitary fittings. There was a delay at every stage. The tenders for electric installations were invited in November, 1962 and it took 7 months to accept the lowest tender. Even then, the tenders were not properly scrutinised, as is apparent from the fact that subsequently in August, 1963 it was found that the contractor whose tender was the lowest was not suitable for the work. The unsatisfactory nature of the work previously executed by the contractor should have been known to the authorities concerned before accepting the tender on 31st May, 1963.</p>
141	4.354	Do.	<p>When the lowest tender was not considered suitable, the natural course should have been to contact the next higher tenderer whose quotation was Rs. 30,249 for the entire work. The Committee regret to observe that this course was not adopted. They also find no justification for the building Sub-Committee to come to the conclusion that the tenderer would not have been able to work within the tendered amount because of the increasing rates as no negotiation was carried out with him. The Committee feel that the extra expenditure of Rs. 10,540 (difference between the accepted tender of Rs. 40,789 and this tender of Rs. 30,249) could have been avoided. Further this would have saved time and enabled the Institute to utilise the building much earlier.</p>

- 142 4.355 Do. The Committee feel that had Institute acted more promptly and called tender well in advance before the completion of the building in December, 1962 the electric and sanitary fittings could have been fitted simultaneously and the building utilised on its completion. They desire that such works should be carried out in coordinated and well planned manner and the pit-falls as revealed in this case, like delay in calling for tenders. delay in execution of the work etc. will be strictly avoided in future.
- 143 4.361 Do. The Committee feel that the expenditure of the Council's Publication Directorate as compared to the income derived from the sale of publications, has been very much on the high side. The Committee desire that the wide gap between the expenditure and the sale proceeds should be investigated. They also suggest that it should be examined whether the pricing policy of the publications needed any revision to narrow the gap between the expenditure and income.
- 144 4.362 Do. The Committee also desire that the Directorate should prepare its proforma accounts showing the profits and losses in respect of the different publications. As regards the weeding out of old publications, the Committee desire that these publications should be reviewed periodically and unwanted publications should be disposed of. It should also be examined as to what extent the number of printed copies of future publications could be reduced taking into consideration the Directorate's past experience about their sale. The Committee also suggest that how far these publications have been useful should be assured by an Independent and competent body.
- 45 4.36 Do. The Committee feel that the number of terminated Research Schemes is large. (During the period 1957-58 to 1963-64 446 schemes were terminated). They desire that the council should examine whether the machinery to review the progress of the schemes at periodical intervals was adequate or whether it needed strengthening.
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Where a scheme is not likely to progress, and had has been terminated, recoveries of unspent balance should be made promptly.

146 4.372 Education

The Committee feel concerned over the delay in the receipt of audited statements of accounts in respect of the grants-in-aid issued by the Council, specially those paid during the years 1958-59 to 1961-62. The Committee desire that the Council should take special steps for speedy issue of utilisation certificates in respect of old grants and avoid accumulation of outstanding utilisation certificates in respect of current grants. The Committee would like to watch the progress through future Audit Reports.

147 4.377 Do.

The Committee cannot appreciate the Council's action in withdrawing the police case against the cashier who had misappropriated an amount of Rs. 6965.

They also feel that *prima facie* the punishment meted out to the individual i.e. demotion from the post of the Upper Division Clerk to Lower Division Clerk was not adequate. The punishment in such cases should be deterrent enough to prevent recurrence of such cases. The Committee would like to be informed about the action taken against the supervisory staff.

148 4.388 Do.

The Committee note that the block grants for the central Universities for the years 1961-62 to 1963-64 are now being fixed retrospectively on the basis of net approved deficit. They feel that it would be more appropriate for the Commission to fix the grants in advance, after the careful scrutiny of the budget proposals, instead of making 'on account', payments and then fixing the grants ex post factor.

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4-390

Do.

The Committee feel concerned that block accounts for 1963-64 for Aligarh, Banaras and Delhi Universities have not yet been settled because the required information is still awaited from the Universities. The Committee feel that if the delay in getting the requisite had been avoided the necessity of making on account payment to the tune of Rs. 6.12 crores for the years 1961-62, 1962-63 and 1963-64 to four central Universities would not have arisen. In this connection, the Committee would like to invite the attention of the U.G.C. to the provision in section 12 which empowers it to get such information as may be needed relating to the financial position of any university. On this subject, the Committee are in entire agreement with the observation of the Standards Committee appointed by the U.G.C. viz. "There is no inherent conflict between the principle of accountability and the idea of autonomy." (Their recommendation No. 114) Keeping in view these observations, the Committee desire that the U.G.C. should impress upon the universities the need to supply the required information promptly in future.

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Do.

The Committee do not find any justification in the argument of the Department that the grants for the year 1963-64 to Aligarh University were much in excess of those during the year 1962-63 because the adjustment in the earlier years viz. 1961-62 and 1962-63 got reflected in the grants for the year 1963-64. They find that whereas a grant of Rs. 71.65 lakhs was given in the year 1963-64 to this University, a grant of Rs. 73.00 lakhs was given in the year 1964-65 and a grant of Rs. 76.00 lakhs is being given for the year 1965-66. The reasons for enhancement from Rs. 52.00 lakhs in 1962-63 to Rs. 71.65 lakhs in 1963-64 and Rs. 76.00 lakhs in 1965-66 have not been fully explained. The Committee would like to be informed of the main reasons which led to the sudden increase of grants from the year 1963-64 onwards.

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151	4'393	Education	<p>The Committee note that for fixation of the grants to the Central Universities from the year 1964-65 onwards, the U.G.C. has made a departure from the formula suggested by the Reviewing Committee, which was initially accepted by the Commission, and has decided instead to proceed on an annual basis by examining their annual budget estimates. They would like to be informed whether in actual practice, this has proved conducive to economy.</p>
152	4'394	Do.	<p>The Committee would emphasise that the annual block grant for the Universities should be fixed after getting full information from the Universities and after a thorough scrutiny of the demands made by the Universities. They would also like to know the steps, if any, taken by the U.G.C. to ensure that the figures of annual grants fixed for Central Universities are reasonable and not inflated.</p>
153	4'402	Do.	<p>From the note furnished at the instance of the Committee, it is observed that the disparity on the <i>per capita</i> recurring expenditure for the year 1960-61 in the various Universities of the country was very wide. Whereas it is Rs. 340 in the case of Burdwan University, it is Rs. 5029 in the case of Visvabharti. As between the Central Universities also the disparity is wide. It is Rs. 1323 in the case of Aligarh Muslim University, Rs. 2034 in the case of Banaras Hindu University and Rs. 1124 in the case of Delhi University and Rs. 5029 in the case of Visvabharti University. While the Committee note that the <i>per capita</i> expenditure in Universities depends to a certain extent on the total enrolment, the state of its development and whether a University is residential type or affiliating type, they do feel that the disparity in the <i>per capita</i> expenditure is very wide. They would like the Ministry to examine the reason for these wide disparities with a view to minimise them as far as possible.</p>

- 154 4.406 Do. The Committee feel that there has been abnormal delay in obtaining the accounts from the Calcutta University for grants paid as early as 1957. They are surprised that grants were continued to be paid year after year without settling the accounts in respect of grants already paid in the previous years.
- 155 4.407 Do. Since the grant of Rs. 81.37 lakhs given by the U.G.C. was for a specific purpose viz. upgrading the salary scales of the teacher in affiliated colleges, the Committee are unable to see the reasons for delay in the submission of accounts. The Committee would like to be furnished with a detailed note indicating how and when the grant was disbursed by the Commission and how and when it was utilised by the University. The Committee would also like to be informed of the steps proposed to be taken by the Commission to avoid such delays in (a) utilisation of grants for a specific purpose; and (b) rendering accounts thereof.
- 156 4.419 Do. The Committee are distressed to note that audited statements of accounts for the period from 1953-54 to 1957-58 and 1962-63 have not been received from Osmania University even in July, 1965. In view of the persistent default on the part of the University, the U.G.C. should have taken more effective steps than routine correspondence and reminders to the University. The Committee are at a loss to understand how these accounts, if received after a lapse of more than 7 to 12 years could be checked or verified.
- 157 4.420 Do. The Committee fail to understand why even a formal warning to the Osmania University was considered to be excessive and no action was taken even when the University had failed to carry out the directive regarding regular submission of audited accounts. The Committee would like to draw attention of the Government to item 114 of the summary (page 189) of the Report of the Standards Committee which says *inter alia* "There is no inherent conflict bet-

ween the principles of accountability and the idea of autonomy....". The Committee fully agree with these remarks. They hope that the U.G.C. and the Government will keep them in view while asking for accounts from the Universities. The Committee would also like to be informed of the latest position in regard to the receipt of audited statements of accounts from this University in respect of the period 1953-54 to 1957-58 and 1962-63. The Committee desire that the U.G.C. should take effective steps to ensure that the Universities do not delay the preparation and submission of accounts. They suggest that the Universities, like the public corporations should prepare their accounts within a specified period after the close of the year.

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Education

The Committee note from evidence that the U.G.C. now proposes to insist on getting utilisation certificates from each University and that an enquiry has been instituted in regard to the Osmania University. They would like to know the results of this enquiry.

The Committee also regret to note that utilisation certificates upto the Year 1962-63 in respect of Rs. 34 crores covering a total of 8605 cases are still pending. In this connection they would like to draw the attention of the Ministry to their recommendation made in para 65 of the Twenty-ninth Report (Third Lok Sabha). To enforce financial discipline in the cases of persistent defaults without valid reasons, the question of withholding further grants till the utilisation certificates are furnished, should be seriously considered. The desirability of issuing of formal direction to this effect by the Central Government to the U.G.C. under Section 20 of the U.G.C. Act may also be examined.

- 159 4'425 Do. The Committee are surprised to note that the irregularity which came to the notice of the Commission in September, 1956, was allowed to continue for over 8 years and the U.G.C. continued to give the grant every year, though it was known that a part of it was being utilised for a purpose other than that for which it was sanctioned. The Committee feel that the U.G.C. has not been able to take effective action in this matter as the University continued to employ the staff in spite of repeated objections and ultimately the U.G.C. had to give an *ex-post facto* sanction to regulate the payment. The Committee take a serious view of this type of indiscipline and irregularity particularly in a university. They hope the U.G.C. and the Ministry would take necessary steps to ensure that such cases do not occur again.
- 160 4'431 Do. The Committee would like to be informed whether the P.W.D. certificates, required under the rules have since been furnished to the U.G.C. by the Gauhati University and the balance amounting to Rs. 85,000 paid by the U.G.C. The Committee would like the U.G.C. to take steps to ensure that the grants are released for specific schemes only when they are mature enough to be implemented expeditiously.
- 161 4'437 Do. The Committee feel concerned over the heavy accumulation of stores with the Indian Institute of Technology, Kharagpur. The value of accessories at the end of the year 1962-63 was approximately 20 times the average annual consumption and in the case of consumable stores it was approximately 10 times. In para 25 of their 24th Report (Third Lok Sabha), the Committee have already commented upon the purchase of stores by the Institute without proper assessment of the requirements and about the inordinate delay in taking action to review the stores and disposal of surplus items. The Committee desire that the entire stock of the stores with the
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institute, the bulk of which according to the Ministry were war surplus stores, should be carefully screened and the items which were not likely to be utilised in foreseeable future should be disposed of, in order to avoid further loss resulting from deterioration.

162	4'440	Education	The Committee feel that adequate steps have not been taken by the Institute for realisation of arrears of rent. Vigorous steps may now be taken to realise the outstanding rents. The Committee would watch the progress of realisations through future Audit Report.
163	4'443	Do.	The Committee would like to be informed whether the title deeds of the land have since been executed.
164	4'446	Do.	The Committee would like to be informed of the latest position regarding the reconciliation and working out of final figures of shortages. They also suggest that cases of shortages should be scrutinised thoroughly with a view to find out if there were pilferages etc.
165	4'450	Do.	From the note furnished by the Ministry, the Committee observe that annual physical verification of stock has not been done completely in the Institutes of Technology, Kharagpur, Bombay and Kanpur. Some of the Institutes have been in existence for a number of years and a lapse of this type on their part is understandable. The Committee need hardly emphasise the necessity of conducting annual physical verification of stock as it is only through these verifications that shortages or losses can be detected. They regret to observe that the rule regarding annual physical verification was not followed by the Institutes concerned. The Committee

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170	5.11	Food & Agriculture (Deptt. of Agriculture)	The Committee feel that the system of Security Deposit is a wholesome one and should not be done away with without a thorough examination of the pros and cons.
171	5.15	Do.	The Committee are of the opinion that for the efficient working of this scheme of distribution of fertilisers through co-operative societies/Federation there should not be a monopoly of one institution. In their view more than one institution should be assigned this work, wherever feasible, to inculcate spirit of competition even among the co-operatives.
172	5.16	Do.	In the course of evidence it was stated that the Ministry had no organisation to check or ensure that the fertilisers reached the cultivators in time and at proper prices. The Committee feel that if the fertilisers do not reach the cultivators in time and at proper prices then the whole purpose of distribution of fertilisers through the Federation is defeated. They, therefore, desire that some suitable device should be evolved to enable the Ministry to satisfy itself that there is proper and timely distribution of fertilizers to cultivators at proper prices.
173	5.20	Do.	During evidence the Committee were informed that in 1961, the Delhi Administration came to know that some clauses of the agreement had not been properly observed. The Committee regret to note that in spite of irregularities committed by the Federation and the fact that the old agreement had expired in 1960, no fresh tenders were invited but the present Federation was allowed to function till this day without any remedial action. This shows slackness on the part of the Delhi Administration and failure to abide by the wholesome practice of system of tenders. They feel that had the Delhi Administration taken timely action and kept a watch on the

working of the agreement, these lapses would not have occurred. They trust that with the past experience the Delhi Administration/ Ministry of Food & Agriculture (Department of Agriculture) would in future be on their guard and keep a watch over the working of the agreement with the Federation.

174 5.21 Do.

The Committee regret to note the abnormal delay that has occurred in renewing the old agreement which expired in December, 1960 and hope that the new agreement would come in force soon and all the loopholes found in the old agreement would be plugged.

175 5.32 Do.

From the note furnished by the Ministry the Committee find that only 50 sites which were originally earmarked for installation of diesel engines were electrified. The Committee feel that the reason of electricity becoming available in the areas where diesel engines were intended to be installed does not hold good for non-utilisation of all the 233 diesel engines. They would like to know whether, at the time when 233 diesel engines were imported, any planning was done about their installation, and if so, the reasons for the failure of that plan.

176 5.33 Do.

The Committee also regret to note that 108 engines were allowed to remain idle for a period of 6 to 8 years when there was a great need for similar engines in different parts of the country.

177 5.34 Do.

The Committee are perturbed to learn that several aspects of this case were overlooked: Firstly 108 engines remained idle for about 6 to 8 years. Secondly the defects pointed out by the Inspector of the India Supply Mission in some of the engines were also not looked into. Thirdly the project as a whole was carried out in a halting manner without any planning. The Committee hope that important irrigation projects will be carried out in a better planned and co-ordinated manner in future.

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178	5.46	Food & Agriculture (Deptt. of Agriculture)	The Committee are amazed at the way this project has been tackled. It is indeed incomprehensible that the project which was envisaged in 1946 and for which machinery was erected in 1955, is producing papers which are negligible in quantity even in 1965, despite the fact that four Committees had separately been appointed to look into some aspect or other of this project. In spite of all this delay and Expert Committee's Reports, it is yet to be decided finally how this Plant is going to be utilised in future—only for purposes of research and training or for Commercial purposes also.
179	5.47	Do.	The Committee are also surprised to be told that the problem of effluents had not been considered before in connection with this project. They are unable to understand how such an essential matter connected with a paper plant could be overlooked by the technical officers and Expert Committees all these years.
18	5.48	Do.	The Committee were informed in evidence that the special Committee appointed in September, 1963 had suggested that the capacity of the pulping plant should be brought upto the full strength of the paper making machine. It has also been stated in the note furnished (Appendix XLI) that at the time of re-assessment it was considered that the pulping plant and stock preparation equipment to be installed should be equal to the capacity of the 6 tonne paper machine. In these circumstances the argument of the Ministry that "Incidentally it may be mentioned that in all such pilot paper plants attached to research and training institutions in other parts of the world, the pulp plant has always a much lower capacity than the paper plant" does not have any force.
181	5.49	Do.	It has also been stated in the note that it was not possible to obtain a 6 tonne pulping plant within the T.C.M. grant. "The Com-

mittee observe that the capacity of the pulping and stock preparation plant had been found inadequate by the Ministry even as early as May, 1950 and that they had accordingly obtained under foreign technical assistance, plant, equipment, etc. worth \$3.8 lakhs (Rs. 18 lakhs) during 1952 to 1957". The Committee are surprised to find that although the Ministry had realised the need of a 6 ton pulping plant as early as 1955, the Department of Agriculture did not consider it worthwhile to spend Rs. 5 lakhs on the purchase of this additional equipment and produce paper worth about Rs. 45 lakhs annually. The Committee were surprised to be told in evidence that even now a final decision about this pulping plant was not taken. In fact one of the proposals under consideration is to buy pulp from abroad. The Ministry surely knows the foreign exchange position of this country which can hardly permit such avoidable imports annually. This lapse on their part has resulted in a loss of production of paper worth about Rs. 45 lakhs annually. The Committee take a serious view of it and desire that an early decision may be taken in the matter so that there may not be further loss on this account.

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The PAC had dealt with this project as early as 1959-60 in paragraphs 28—31 of their 25th Report (Second Lok Sabha), Vol. II. They are constrained to observe that despite their earlier observations the position remains more or less static. They cannot help expressing the opinion that not only was this project "ill-conceived", but there has been unconscionable delay and indifference in gearing up the plant to work to its full capacity. The Committee had also desired to be furnished with a note indicating the total expenditure incurred on the various committees appointed by Government to examine the different aspects of the paper plant under the Forest Research Institute, Dehradun. The Committee regret to note that the note is still awaited.

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183	5.56	Food & Agriculture (Deptt. of Agriculture)	The Committee desire this matter to be examined and a report furnished to them.
184	5.57	Do.	The Committee would like to know about the disposal of 21.5 tonnes of surplus paper.
185	5.59	Do.	The Committee are surprised to note that only 60 students have so far been trained in the paper technology, using this plant for demonstration purposes. The Committee feel that the number of candidates to be trained should be suitably increased. The Committee also do not find any reason for restricting the acceptance of trainees only to candidates sponsored by the industry. They suggest that the training facilities should be extended to all meritorious candidates desirous of having training in paper technology irrespective of whether they are sponsored by the industry or not.
186	5.65	Do.	The Committee are surprised to find that Government had been giving grants to the Indian Central Oilseeds Committee year after year even when it had been holding large amounts of accumulated balances. They are unhappy to learn that the Indian Central Oilseeds Committee did not do as much as they could have for schemes for improvement and development of oilseeds and oilseeds products while cess continued to be levied. It is really unfortunate that Government did not look into the working of the Indian Central Oilseeds Committee earlier inspite of the fact that unspent balances with them were continuously increasing since 1956-57. In the light of this case, the Committee would suggest that Government should keep a careful watch over the activities of all Commodity Committees and ensure that they fulfil the objectives for which they

were constituted and for which cess is levied and funds given to them.

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| 187 | 5.75 | Do. | The Committee feel unhappy to note that there was lack of co-ordination in the "Pircom" in taking note of the work done by State Laboratories and farms which resulted in duplication of work. This, in the opinion of the Committee, calls for a comprehensive review in consultation with the State Governments, of the various Research programmes being done under the aegis of the Indian Council of Agricultural Research in order to ensure that such duplication and lack of co-ordination do not exist in other fields. |
| 188 | 5.78 | Do. | The Committee desire that the decision regarding suspension of research on camphor should be reconsidered in the light of the price of indigenous synthetic camphor rather than the price of imported synthetic camphor, if our natural resources justify. |
| 189 | 5.81 | Do. | The Committee regret to note that the Indian Council of Agricultural Research took more than 2½ years to implement the decision of the governing body of the Council to prepare proforma accounts of journals. They hope that such delays would be avoided in future. |
| 190 | 5.85 | Do. | From the statement furnished by the Ministry of Food & Agriculture (Department of Agriculture), the Committee find that out of Rs. 1.57 lakhs, about Rs. 1.36 lakhs is due for one year or more. They desire that vigorous steps may be taken to recover this amount, and to avoid such accumulation of arrears in future. |
| 191 | 5.87 | Do. | The Committee would like to be informed about the final decision taken regarding the question of rationalisation of journals. |
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192	5.89	Food & Agriculture (Deptt. of Agriculture)	The Committee would like to be apprised of the decision taken as to whether the price of costly books could be reduced for students and teachers.
193	5.92	Do.	The Committee desire that prompt action may be taken to clear the outstanding utilisation certificates.
194	5.94	Do.	The Committee desire that vigorous steps should be taken by the Indian Council of Agricultural Research to assess the total value of remaining assets left over with the grantees and to make necessary adjustments/recoveries early.
195	5.99	Do.	The Committee feel that a period of 2 years taken to ascertain the form of balance sheets from other autonomous bodies and another period of 3 years in taking the decision on preparation of balance sheet was too long. They trust that in future the Indian Council of Agricultural Research would act more promptly when some omissions are pointed out by Audit.
196	5.101	Do.	The Committee hope that henceforth the balance sheet would be prepared regularly by the Indian Council of Agricultural Research.
197	5.107	Do.	The Committee feel unhappy to note that there was duplication of research effort through the Indian Council of Agricultural Research and Government.
198	5.108	Do.	The Committee are, therefore, of the view that the proposed transfer of the National Dairy Research Institute to the Indian Council of Agricultural Research needs a further detailed examination before a final decision is taken in the matter as it is necessary

to examine whether there would not be complications when research wing of the National Dairy Research Institute would be financed by the Indian Council of Agricultural Research whereas the scheme for breeding programme would be financed direct by the Ministry. The Committee would like to be informed of the final decision in this case.

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| 199 | 5.111 | Do. | <p>From the note, the Committee find that during the last 5 years (1961 to 1965) only two Scheduled Castes/Scheduled Tribes students were admitted to the Institute. In the note, it is also mentioned that the minimum number of marks required to be secured by the candidates are reduced by 5 per cent in the case of Scheduled Castes/Scheduled Tribes Candidates. As over 60 per cent of candidates are State nominees and as each State sends only 1 to 3 candidates, Scheduled Castes/Scheduled Tribes are seldom included. The Committee feel that the existing procedure does not give much chance to Scheduled Castes/Scheduled Tribes candidates to get admission in the Institute to the extent envisaged i.e. 20 per cent. They desire that this procedure may be examined and suitably revised to enable more Scheduled Castes/Scheduled Tribes candidates to get admission in the National Dairy Research Institute.</p> |
| 200 | 5.115 | Do. | <p>The Committee are sorry to note that the preparation of profit and Loss Accounts and Balance Sheet was dispensed with without framing the accounting rules, procedure and forms for the proper maintenance of accounts. They feel that the existing system should not have been discontinued till the new system was introduced. Now that an expert officer has been posted, the Committee hope that the accounting rules, procedure and forms would be finalised soon and annual accounts prepared according to the new procedure.</p> |
| 201 | 5.118 | Do. | <p>The Statement furnished by the Ministry shows that there was no increase in the total production of milk during 1963-64 as com-</p> |

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pared to the previous year at the Southern Regional Station of the National Dairy Research Institute, Bangalore, although the total number of cattle had increased there in that year. The total production remained at 276 metric tonnes in both the years whereas—the number of cattle was 376 in 1962-63 and 427 in 1963-64. The Committee, therefore, would like to know the reasons for the milk production remaining the same in 1963-64 as in 1962-63 even though the number of animals was more in the former year.

202

5.119

Food & Agriculture
(Deptt. of Agriculture)

From another statement furnished, the Committee find that while the production of cows milk at the farm during 1963-64 was 4,54,040 liters, it came down to 3,16,799 liters in 1964-65. This of course resulted in more purchase of buffalo milk by open tender @74 p. per liter. As the production cost of cow milk at the farm was 50 p. per liter, purchase of extra buffalo milk from market in lieu of cow milk meant a substantial extra expenditure. The Committee would like Government to examine if this extra expenditure cannot be reduced by suitably augmenting supplies of cows milk at the farm itself for such remedial measures as they consider necessary.

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While the Committee hope that the Karnal farm would become self-sufficient in fodder during the Fourth Five Year Plan, they are of the opinion that instead of buying fodder from market and incurring expenditure every year, it would be profitable if the Southern Regional Station of the National Dairy Research Institute, Bangalore also acquires more land and becomes self-sufficient in fodder. They desire that the economics of making these institutes self-sufficient in fodder or to buy fodder from outside sources should be carefully examined and necessary action taken keeping in view the prevailing market price of land.

- 204 5. 130 Do. The Committee do not feel happy over the inordinate delay that has already taken place in this matter. They desire that an early decision may be taken in fixing maximum and minimum limits of stores at Karnal and Bangalore institutes.
- 205 5. 140 Food & Agriculture
(Deptt. of Food)

Industry & Supply
(Deptt. of Supply and
Technical Deptt.) The Committee are unhappy to observe the delays at different stages in this case. It brings credit neither to the Ministry of Food and Agriculture (Department of Agriculture) nor to the Directorate General of Supplies and Disposals. They are sorry to note that from the very beginning the whole case was dealt with in a haphazard and halting manner. From the evidence, the Committee find that none of the parties namely the Department of Agriculture, the Directorate General of Supplies and Disposals and the firm knew what exactly was required to be done and naturally it resulted in prolonged correspondence.
- 206 5. 150 Do. They are unable to appreciate the fact that the order was placed by the Directorate General of Supplies and Disposals with the firm without the finalisation of terms and conditions of the contract.
- 207 5. 151 Do. It was also stated in evidence by the representative of the Ministry of Food and Agriculture (Department of Agriculture) that they had placed order of the spare parts according to the catalogue numbers available with them. Usually as the firms change their catalogue numbers and Government were not informed, the orders had to be changed many times. The Committee feel that the delay of about 8 months could have been avoided if the indentor (Deptt. of Agriculture) had placed the order according to the latest catalogue numbers or given the year of the catalogue from which the number was quoted. They feel that had the order been placed directly with the foreign supplier giving the numbers of the spares and the year of the catalogue, the Government would have saved not only lot of time (a few years) but also valuable foreign exchange. The Com-

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			mittee cannot appreciate this waste of time and money lost mainly due to lack of knowledge and vision of officers concerned.
208	S. 154	Food & Agriculture (Deptt. of Agriculture)	The Committee would like to be apprised of the decision taken to control licensing of milk producing units which have less than Rs. 25 lakhs as capital.
209	S. 163	Do.	The Committee regret to observe that though the Delhi Milk Scheme has been functioning for more than 5 years it has not been able to meet in full the requirements of the people of Delhi and that its plant has been working much below its capacity. The losses of the Delhi Milk Scheme have also been increasing year by year. The amount of the losses was Rs. 5.01 lakhs during the period Nov., 1959 to March 1961; Rs. 6.00 lakhs in 1962-63 and Rs. 23.00 lakhs in 1963-64. The Committee feel that the D.M.S. should make every effort to increase the procurement of milk and also to reduce its losses. They also trust that with the increase in the procurement of milk the ice-cream plant would also work to its full capacity.
210	S. 164	Do.	The Committee also hope that with the conversion of Delhi Milk Scheme into a Company, there would be an all-round improvement in its working.
211	S. 166	Do.	The Committee are distressed to note that unhygienic unwholesome and adulterated milk is brought to Delhi in large quantities by milk vendors. It is all the more disquieting to note that with their dubious methods, these milk vendors resort to unhealthy competition with Delhi Milk Scheme. Further supply of such milk is a source of danger to the health of public. The Committee feel that the steps taken by the Ministry of Food and Agriculture and Delhi Municipal

Corporation to prevent this sad state of affairs have not been adequate. They desire that immediate and effective steps should be taken to prevent the import of unhygienic unwholesome and adulterated milk in the city.

212 5.167 Do.

During evidence, the Committee were informed that the Kurien Committee had pointed out that the Delhi Milk Scheme was supplying sub-standard milk. The Committee consider this to be a serious matter, specially when a Government Undertaking are responsible for such lapses which are more likely than not to undermine public confidence in the purity of their products. They hope this would be given serious consideration and all remedial steps taken forthwith.

213 5.175 Do.

The Committee reiterate their earlier recommendation made in para 30 of their 35th Report (Third Lok Sabha) that more effective steps should be taken to obtain audit certificates and grant-in-aid statements promptly. The Committee desire that if even after vigorous efforts, the Indian Central Coconut Committee is not able to obtain audit certificates and grant-in-aid statements, the question of stopping further grants may be considered.

214 5.178 Do.

The Committee desire that ways and means to promote the sale of publications may be found out. In this connection they would like the Indian Central Coconut Committee to examine the feasibility of reducing the price of such publications which are not much in demand so that their sale may be pushed up.

215 5.181 Do.

The Committee feel that the suitability of the site for the establishment of this Research station was not properly examined before setting it up, and that was why there was heavy loss of seedlings. They hope such losses will be strictly avoided and sites for Research station of this type will be selected after proper survey.

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216	5.185	Food & Agriculture (Deptt. of Agriculture)	The Committee are constrained to observe that in this case delay had occurred at every stage. Initially the expectation that the power would be available soon did not materialise and as such an expenditure of Rs. 11,000 on the purchase of electric motor was rendered infructuous temporarily. Later, when diesel engine was purchased at a cost of Rs. 10,691 in July 1964, the pump house, surge-tank and irrigation pipe line were not ready. The Central Public Works Department, also took abnormally long period in furnishing estimates for pump house etc. The execution of the work was thus not planned properly. The Committee hope that the work will now be completed promptly and such delays strictly avoided in future.
217	5.188	Do.	The Committee would like to know why the recommendations of the Review Committee appointed in 1956 were not fully implemented by 1959. They would also like to know if the recommendations have since been implemented in full.
218	5.189	Do.	The Committee hope that with the abolition of the various Commodity Committees it would be ensured that all duplication of work and efforts in research and development would cease and there would be proper co-ordination with the States in this matter.
219	6.9	Food & Agriculture (Deptt. of Food)	From the figures, furnished in evidence, the Committee find that the percentage of storage losses in 1963-64 was 0.186 which was no doubt less than the previous year but was still higher than the figure of 0.182 for 1961-62. The quantity of foodgrains lost in transit, storage and due to theft etc. was 42,649 tonnes in the year 1962-63 and 29,439 tonnes in the year 1963-64. In view of the prevailing shortage of the foodgrains in the country, the Committee desire that loss in transit and storage should be reduced to the minimum.

- 220 6.11 Do. The Committee would reiterate their earlier recommendation made in para 34 of the 35th Report (Third Lok Sabha) and desire that the Ministry should show separately the element of subsidy and the value of grain lost in transit and distribution under the column 'Losses on transactions' in the Proforma Accounts.
- 221 6.16 Do. The Committee are constrained to find that despatch advices, which are essential documents for adjustment of sale accounts in respect of sales even for the period 1961-62 to 1962-63 involving a sum of nearly two crores of rupees remain to be reconciled.
- 222 6.17 Do. The Committee would like to emphasise that the steps already taken by the Ministry to expedite the matter should be vigorously followed and in the light of experience gained suitable changes made in the procedure so that reconciliation of figures is not delayed. The Committee are distressed to note that such accumulations were mainly in the Eastern region. They have also observed that the number of losses relating to transit and storage of foodgrains was by far the highest in the Eastern Region. They are therefore, of the opinion that the administrative machinery in the Eastern region should be tightened with a view to improve the position. The Committee would also like to be informed of the progress made by the squad in liquidating the backlog of arrears in regard to past accounts.
- 223 6.22 Do. The Committee feel that it is not quite correct to show a stock which does not physically exist in the closing balance. They desire that the Ministry should further examine this point in consultation with the Comptroller & Auditor General with a view to exhibiting these non-existing stocks separately in the proforma accounts.
- 224 6.24 Do. The Committee would like to be informed of the results of the Departmental enquiries against officials on the charge of manipulation of transit losses. They feel that strict action should be taken in

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225	6-28	Food & Agriculture (Deptt. of Food)	<p>such cases with a view to avoid their recurrence. The Ministry should also examine if there is any loophole in the procedure, which resulted in manipulation of transit losses by employees in some cases, and they should try to plug those loopholes.</p> <p>The Committee regret to note that only 812 cases out of a total of 1,112 outstanding claims pertaining to the period prior to 1959 were settled upto 1-6-1965 and that the number of cases pending still remained 300. It is all the more distressing to note that out of 812 claims amounting to Rs. 3,30,647, 109 claims amounting to Rs. 21,343 have only been accepted by Railways for payment and the rest of 703 cases have been dropped. Apparently this shows that the cases were not pursued promptly and with the passage of time it became all the more difficult to settle them. No wonder in some cases the Railways took a stand that the claims had not been pursued for a long time and that the records had been destroyed by them and it was difficult for them to settle the claims. The Committee suggest that the Ministry should examine the causes for rejection of 703 claims involving an amount of Rs. 3,09,304 with a view to find out the defects in the procedure and also fixing responsibility for not pursuing them vigorously. They also desire that all outstanding cases should now be pursued vigorously and an effective watch should be kept over the outstanding claims. The Committee hope that with the centralisation of work of preferring claims in the Regional Director's Office, the claims would be got settled more expeditiously.</p>
226	6-31	Do.	<p>The Committee are not happy about the system of physical verification which is in vogue as it fails to provide the correct picture of the stocks held and thereby defeats the very purpose of stock verification. They would, therefore, urge that the Ministry should</p>

consider the possibility of introducing a more satisfactory procedure either by raising the percentage of bags to be weighed or by having a weighment of 100 per cent bags which may be done periodically in case of each godown.

227 6.34 Do.

The Committee do not feel happy with the system of accounting as a substantial quantity of foodgrains which was either unfit for human consumption or of sub-standard quality was shown at full value and to this extent an element of unreality was accepted and allowed to be shown in the accounts. They would, therefore, desire that the Ministry should consider the feasibility of evolving a method whereby these apparent inconsistencies can be avoided and the accounts may present a more realistic picture.

228 6.38 Do.

The Committee regret that while the country is faced with acute shortage of foodgrains, a very substantial quantity was rendered unfit for human consumption. They therefore, feel that the circumstances in which this quantity was damaged should be probed into and suitable steps taken to ensure that such wastages are avoided in future.

229 6.41 Do.

The Committee regret to note that out of the total balance of Rs. 44.85 lakhs of an advance given to the State Government of West Bengal during 1955-56, a sum of Rs. 26.43 lakhs still remains to be settled. That the matter had been delayed for such a long time obviously indicates that enough care was not taken to settle the issue. The Committee would like to stress that immediate steps should be taken to recover the amount without further delay.

230 6.43 Do.

The Committee would like to be informed in due course of the economics effected as a result of the transfer of godowns and staff to the Food Corporation of India.

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231	6.45	Food & Agriculture (Deptt. of Food)	The Committee hope that the 3 Accounts Teams would be able to deal with the old cases more expeditiously and ensure that accumulations are not piled up. They also desire that the Regional Director of Food should keep an effective and continuous watch over the claims and should pursue them vigorously so that the pending cases are settled without delay.
232	6.47	Do.	From the statement the Committee find that on the basis of physical verification at the time of transferring foodgrains to F.C.I. an over-all shortage of M.T. 5115 i.e. 4.24 per cent of rice and overall shortage of wheat to M.T. 1218 i.e. 1.72 per cent was detected. The Committee are happy to note that the Ministry have already instituted an enquiry to find out the high variations between the book balances and the actual stocks both in respect of rice and wheat. They would like to be informed of the findings of the enquiry.
233	6.49	Do.	The Committee are of the view that in the accounts of the Corporation from next year onwards, from strictly accountancy point of view the stocks transferred to the Food Corporation should be shown at the cost price of the Ministry and the subsidy given shown separately.
234	6.50	Do.	The Committee would like to be informed of the action taken in the matter.
235	6.61	Do.	Two Statements one showing the details of the Contracts entered into with 89 contractors for handling and transport of food grains at the Central Storage Depots which were still under the Ministry of Food and another showing the total amount paid to the 89 contractors annually since 1955-56 are awaited.

- 236 6.62 Do. The Committee note with grave concern that a Ministry with long years of experience in dealing with private contractors, continued with a system of tendering which according to their own admission was basically defective and gave rise to irregularities, malpractices and speculations. The situation becomes all the more serious when the Committee find that the Ministry were aware of the defects inherent in the system of tendering as early as 1960 and yet they did not deem it necessary to move quickly in the matter with the result that the system was permitted to continue till June, 1963. During the intervention period of 2½ years the tenders exploited the situation in their own favour thus causing a huge loss to the public exchequer which was perhaps quite avoidable.
- 237 6.63 Do. The Committee feel that it was scandalous to allow the public Exchequer to suffer such a huge loss by continuing a system in which not only the contractors exploited but even officers connived. The Committee hope that SPE would complete its investigation expeditiously and then the Government would punish the guilty officers adequately.
- 238 6.64 Do. The Committee cannot but deprecate the delay on the part of the Ministry in introducing the necessary reform. The Committee are not at all impressed by the argument put forward by the Ministry that any change in the system would have caused interruptions in the working of the godowns, nor do they feel happy that the scope of negotiation with tenderers where the rates quoted were either too high or too low should have been restricted to a single (Meerut case) case only.
- 239 6.65 Do. The Committee suggest that the Minister should keep under constant watch the new system of tendering based on Departmental schedule of rates with a view to remove any defects found in its working.
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240	6.67	Food & Agriculture (Depr. of Food)	The Committee may be informed whether any financial survey of working this system has since been made at Bombay. In case the survey has revealed some advantage over the contract system, they desire that the Minister should examine whether the same system can be made applicable to big inland depots also.
241	6.70	Do.	From the note furnished by the Ministry as also from the evidence tendered, the Committee note that steps are being taken to check and investigate the cases where complaints/allegations are made regarding corruptions etc. During 1962-65 the Committee, however, find that only 19 cases involving some allegations were examined by the Department and in addition some specific cases were also referred to SPE for investigation.
242	6.71	Do.	In this connection the Committee would like to suggest that the Ministry should examine whether a Department cell should be created to keep a special watch over cases where malpractices or collusion are suspected. Such a cell could also examine cases in different contracts where wide variations have taken place in the different items of work and satisfy themselves that those wide variations were justified. The Committee feel that instead of waiting for complaints to come which furnish facts about the cases of collusion, the Ministry should organise their own machinery in such a way as to eliminate the chances of collusion and also their early detection. In any case the onus should rest with the Ministry and not with the complaints in regard to detection of cases of collusion.
243	6.76	Do.	The Committee are not happy to find that the Deptt. had rejected, without verifying the facts fully, the proposal of the Regional Direc-

tor to make a tender enquiry for combined services for which the latter had positive indications of getting lower rates. The suggestion made by the Regional Director for a combined contract was basically sound and proved to be correct in so far as a tender for combined services in August 1962 brought lower rates than those which were being paid for the two services separately and the Ministry finally accepted the combined system from August 1962. The delay of one year in accepting the suggestion of the Regional Director resulted in an extra expenditure of Rs. 1 lakh which could have easily been avoided. It is inconceivable that the contractor would have accepted the extension without a murmur if the labour cost had in fact gone up and the contract had become uneconomic to him. The Committee hope that such cases would be examined in greater detail in future before extending to the contracts.

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Do.

The Committee feel that the department should have pointed out the comparative cost of clearing per 100 tonnes of foodgrains in respect of all the 3 contractors to Audit when the draft para was sent to them. It appeared that the department did not furnish the complete information to Audit at the time of the receipt of draft para. In this connection they would like to draw for strict compliance the attention of the Ministry of Food and Agriculture to their earlier recommendations contained in para 9 of Forty-Second Report (Second Lok Sabha) wherein they have already urged upon the Ministries to verify the facts contained in Audit paras fully, within the prescribed period. If in exceptional cases, it is not possible to do so, the correct position should be brought to the notice of the Committee through Audit as soon as possible so as to enable them to arrive at proper conclusions without any waste of time.

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Do.

The Committee would like to be informed about the recovery of the balance amount of Rs. 3.36 lakhs. The Committee note that the explanation that the increase in the demurrage charges was largely

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Food & Agriculture
Deptt. of Food)

due to reduction in the number of berths at the Bombay port from four to three, does not fully take into account the fact that the number of ships handled after this contractor took up the work (79 in 1962-63 and 1965 in 1963-64 upto November, 1963) was much less than the number handled at the port during earlier periods (e.g. 104 in 1959-60 and 131 in 1960-61). It is not clear why steps were not taken by the Department for changing the ports of destination for some of the vessels, if such a course was justified by the reduction of number of berths. The Committee find that the shortage of berths at port of Bombay is contributing heavily towards demurrage charges being paid by the Government. They feel that the Ministry should take immediate action in consultation with the Ministry of Transport and the Bombay Port Trust to remove this difficulty.

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From the statement of demurrage paid by Government on the shipment of foodgrains furnished at the instance of the Committee, they find that a sum of Rs. 1.21 crores has been paid as demurrage from January, 1961 to May, 1965. As the amount paid to shipping Co. is mostly in foreign exchange and it constitutes an avoidable drain on our scarce foreign exchange, the Committee feel that the department should examine in detail causes which lead to payment of such heavy demurrage charges and take suitable remedial measures in consultation with the Ministry of Transport. Cases where demurrage of more than Rs. 10,000 is paid should invariably be examined in future with a view to fixing responsibility.

246

6.94

Do.

The Committee trust that all these defects have been removed in the programme for clearance of foodgrains and the system is perfect now.

- 247 6.96 Do. The Committee would like to be informed of the recovery of this extra cost of Rs. 5,000.
- 248 6.103 Do. The Committee are constrained to find that a substantial amount of money viz., Rs. 4.39 lakhs remains to be realised by the Government as octroi charges and terminal tax even after the lapse of five years when it was pointed out to the Ministry in September, 1959. They wonder how the orders for the recovery of terminal tax were withheld over a telephonic message and even though the reference of the telephonic order was available in the file of the Regional Director, the original file was missing in the Ministry. They would, therefore, urge that suitable instructions should be issued to all concerned that whenever any verbal orders are given, those should also be confirmed in writing and files dealing with important matters should always be kept under safe custody.
- 249 6.104 Do. The Committee are further surprised to learn that the Department had never considered the question of making recoveries from the fair price shops either when the original order was suspended in 1957 or in 1960 when revised price was fixed for flour mill.
- 250 6.105 Do. The Committee would like to be informed of the progress made by the Department in making recoveries to the extent possible.
- 251 6.113 Do. From the evidence tendered and also from the note furnished by the Ministry at Appendix LI...the Committee find that under the existing procedure Government cannot prefer their claims against a defaulting contractor unless the claims of the Government and the contractor are reconciled finally and this process sometime takes two to three years. The Committee feel that the procedure leaves enough scope for an unscrupulous contractor to defeat the Government claim. The Committee fail to understand why in such cases the extra expenditure cannot be worked out from the departmental records of

1	2	3	4
		Food & Agriculture (Deptt. of Food)	the work performed by the contractors and recovery effected from the defaulting contractors. The Committee would therefore suggest that the Ministry should examine this and devise a method which will plug the existing loophole.
252	6. 123	Do.	<p>From the notes furnished by the Ministry at Appendix LII and also from the evidence tendered, the Committee are surprised that even when legal advice was sought, the Department had failed to ascertain from the Ministry of Law regarding the consequences that the change in the terms of contract might produce. They fail to understand how a Department which has been dealing with such contracts since long, could possibly overlook this aspect. It is surprising that it did not occur to the Ministry of Law that the changes in the terms of the contract would prejudice guarantee. Another serious omission on the part of the Department was that even when there was enough time at their disposal, thorough enquiry was not made about the antecedents of the firm whose records were not clean as it had defaulted to fulfil a contract earlier despite successive extensions. The Committee therefore, hold that the contention of the Department that no enquiry was made as the party was known is not based on facts. The firm was known to be a defaulter. The Reserve Bank report was also unsatisfactory and even then for reasons not known the Ministry chose to deal with such a firm. It is a matter of a great surprise and disappointment. If the Department had been a little more cautious and had verified the antecedents of the firm at the initial stage, much of the present trouble would not, perhaps have arisen. The Committee would also like to be informed of the final outcome in this case.</p>

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28.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66	MANIPUR		
29.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi.	68	34.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School annexe, Imphal.	77
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