

# **PUBLIC ACCOUNTS COMMITTEE 1961-62**

## **FORTY-SECOND REPORT (SECOND LOK SABHA)**

[Appropriation Accounts (Civil), 1959-60 and Audit  
Report, 1961]

### **Volume-II APPENDICES**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*March, 1962  
Chaitra, 1884 Saka)*

*Price: Rs. 4.25 nP.*

## LIST OF AUTHORISED AGENTS OF LOK SABHA SECRETARIAT

- |  |  |  |
|--|--|--|
| <p><b>ANDHRA PRADESH</b></p> <p>1. G. R. Lakshminipathy Chetty and Sons, General Merchants &amp; News Agents, Chandragiri, District (Andhra Pradesh).</p> <p>2. Hindustan Diary Publishers, Market Street, Secunderabad.</p> <p>3. Hyderabad Book Depot, Abid Road (Gun Foundry), Hyderabad.</p> <p>4. International Consultants Corporation, 48, C. Marredpally (East), Secunderabad-3.</p> <p>5. K. J. Asseervadam and Sons, Cloughpet, P. O. Ongole, Guntur District (Andhra Pradesh).</p> <p>6. M. S. R. Murthy &amp; Company, Visakhapatnam.</p> <p>7. People's Book House, B-2-829/1, Nizam Shahi Road, Hyderabad-1.</p> | <p>15. The New Order Book Company, Billi Bridge, Ahmedabad-6.</p> <p>16. Swadeshi Vastu Bhandar, Booksellers, etc., Jamnagar.</p> <p style="text-align: center;"><b>KERALA</b></p> <p>17. C. V. Venkitesh Chala Iyer, Near Railway Station, Chalakudi.</p> <p>18. International Book House, Main Road, Trivandrum.</p> <p>18a. M. Mukanda Krishna Nayak, Manjeshwar S. K. Cannore Distt., Kerala State.</p> <p style="text-align: center;"><b>MADHYA PRADESH</b></p> <p>19. Modern Book House, 286, Jawahar Ganj, Jabalpur-1.</p> <p>20. The National Law House, Near Indore Library, Opp. Old High Court Building, Indore.</p> <p style="text-align: center;"><b>MADRAS</b></p> <p>21. E. M. Gopalkrishna Kone, (Shri Gopal Mahal), North Chitral Street, Madura.</p> <p>22. The Kalpana Publishers, Booksellers, Trinchinopoly-3.</p> <p>23. The Presidency Book Supplies, 8-C, Pycroft's Road, Triplicane, Madras-5.</p> <p>24. S. Krishnaswami &amp; Company, P. O. Teppakulam, Tiruchirapalli-2.</p> <p>25. (Vacant)</p> <p style="text-align: center;"><b>MAHARASHTRA</b></p> <p>26. Charles Lambert &amp; Company, 101, Mahatma Gandhi Road, Opp. Clock Tower, Fort, Bombay.</p> <p>27. The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.</p> | <p>28. D. B. Taraporevala &amp; Sons, Co., (P) Limited, 210, Dr. Naoroji Road, Bombay-1.</p> <p>29. Deccan Book Stall, Fergusson College Road, Poona-4.</p> <p>30. The Good Companions, Rasputra, Baroda.</p> <p>31. The Imperial Book Depot, 266, Mahatma Gandhi Road, Poona.</p> <p>32. The International Book House, Private Ltd., 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.</p> <p>33. The International Book Service, Deccan Gymkhana, Poona-4.</p> <p>34. Minerva Book Shop, Shop No. 1/80, Netaji Subhash Road, Marine Drive, Bombay-2.</p> <p>35. The New Book Company (P), Limited, Kitab Mahal, 188-90, Dr. Dadabhai Naoroji Road, Bombay.</p> <p>36. The New Book Depot, Modi No. 3, Nagpur.</p> <p>37. The Popular Book Depot (Registered), Lamington Road, Bombay-7.</p> <p>38. Sahitya Sangam, Booksellers, 44, Lok Manya Vastu Bhandar, Dadar, Bombay-28.</p> <p style="text-align: center;"><b>MYSORE</b></p> <p>39. H. Venkataramiah &amp; Sons, Vidyanidhi Book Depot, New Statue Circle, Mysore.</p> <p>40. Makkalapustaka Press Balamandira, Gandhi Nagar, Bangalore-9.</p> <p>41. People's Book House, Opp. Jaganmohan Palace, Mysore-1.</p> <p>42. Pervaje's Book House, Koppikar Road, Hubli.</p> |
| <p style="text-align: center;"><b>BIHAR</b></p> <p>9. Amar Kitab Ghar, Diagonal Road, Jamshedpur-1.</p> <p>10. Book Centre, Opp. Patna College, Patna.</p> <p>11. 'Jagriti', Bhagalpur-2.</p> <p style="text-align: center;"><b>GUJARAT</b></p> <p>12. Chanderkant Chhiman Lal Vera, Law Publishers and Law Book Sellers, P.B. No. 163, 57/2, Gandhi Road, Ahmedabad.</p> <p>13. Gandhi Samiruti Trust, Bhavnagar.</p> <p>14. Lok Milap, District Court Road, Bhavnagar.</p>   |  |  |

## CONTENTS

APPENDIX No.	MINISTRY CONCERNED	REFERRED TO IN PARA OF THE REPORT/ ITEM No. IN APPENDIX I	PAGE
1	2	3	4
I	Statement of Outstanding Recommendations [Para 5 (Intro)]		
		Para	I
II	Education . . . . .	59	204
III	Finance . . . . .	80	206
IV	Food & Agriculture (Deptt. of Agri) .	89	214
V	Rehabilitation . . . . .	135	216
VI	Do. . . . .	138	219
VII	Do. . . . .	143	222
VIII	Scientific Research & Cultural Affairs	146	224
IX	Works, Housing & Supply . . . . .	262	225
		Item No.	
X	Commerce & Industry . . . . .	1	231
XI	Do. . . . .	2	233
XII	Do. . . . .	3	235
XIII	Do. . . . .	4	236
XIV	Do. . . . .	5	238
XV	Do. . . . .	6	240
XVI	Do. . . . .	7	248
XVII	Do. . . . .	8	251
XVIII	Do. . . . .	9(ii)	254
XIX	Do. . . . .	10	258
XX	Do. . . . .	11	262
XXI	Do. . . . .	12	264

1	2	3	4
XXII	Commerce and Industry . . .	13	266
XXIII	Do. . . .	14	267
XXIV	Do. . . .	15	268
XXV	Do. . . .	16	270
XXVI	Education . . . .	27—29	271
XXVII	Do. . . .	31	273
XXVIII	External Affairs . . . .	32	277
XXIX	Do. . . .	34	283
XXX	Do. . . .	35	284
XXXI	Do. . . .	35	286
XXXII	Finance . . . .	37	287
XXXIII	Do. . . .	46	290
XXXIV	Do. . . .	52	302
XXXV	Works, Housing & Supply . . .	53	303
XXXVI	Food & Agriculture (Deptt. of Agri.) .	60	304
XXXVII	Transport & Communications . . . (Deptt. of Transport)	61	307
XXXVIII	Food & Agriculture . . . . (Deptt. of Agriculture)	54—55	309
XXXIX	Do. . . .	56	311
XL	Health . . . .	66	314
XLI	Do. . . .	70	316
XLII	Do. . . .	70	317
XLIII	Do. . . .	72	318
XLIV	Do. . . .	73	325
XLV	Home Affairs . . . .	78	327
XLVI	Information & Broadcasting . . .	91	328
XLVII	Do. . . .	94	331
XLVIII	Irrigation & Power . . . .	96	335
XLIX	Labour & Employment . . . .	97	337
L	Rehabilitation . . . .	104	340
LI	Do. . . .	105	344
LII-A&B	Do. . . .	106	345—347
LIII	Do. . . .	107	349
LIV	Do. . . .	108	350
LV	Do. . . .	111	351

1	2	3	4
LVI	Rehabilitation . . .	112	353
LVII	Do. . . .	113	355
LVIII	Do. . . .	114	356
LIX	Steel, Mines & Fuel (Deptt. of M & F) . . .	115	357
LX	Do. . . .	117	358
LXI	(Deptt. of I & S) . . .	122	360
LXII	Do. . . .	124	362
LXIII	Do. . . .	125	364
LXIV	Transport & Communications (Deptt. of Transport) . . .	137	370
LXV	Transport & Communications . (Deptt. of Transport) . . .	142	374
LXVI	Transport & Communications . (Deptt. of Communications & Civil Aviation). . . .	145	376
LXVII	Finance . . . .	145	379
LXVIII	Works, Housing & Supply . . .	158	381
LXIX	Do. . . .	166	382
LXX	Law . . . .	103	384

## APPENDIX I

*Statement showing action taken or proposed to be taken on the outstanding recommendations of the P.A.C. relating to Civil Accounts.*

Serial No.	Para No.	Ministry concerned	Recommendations	Action taken by the Ministry	Remarks
1	2	3	4	5	6

### Eighteenth Report—(Second Lok Sabha) Vol.—II

1	Item 5, App. I	C. & I.	The Committee are glad to note that the Ministry has recognised that there might be some necessity of co-ordination with a view to avoid overlapping and duplication in the working of various boards. They desire to be apprised of the concrete measures taken by the Ministry in avoiding overlapping and securing co-ordination and the results thereof.	A note has been submitted. (Appendix X):	The Committee would like to know the latest position in this regard.
---	----------------	---------	--	--	--

1

2

3

4

5

6

2 Item 9,  
App. I

C.&I.

The Committee feel that if the purpose of the pamphlet entitled "New India, Your Market" was to give some useful information to the people concerned it should have been brought upto-date at the time of reprint, otherwise reprint was unnecessary in face of its large stock already lying unused, unsold and undistributed. They also feel that action should not have been delayed for so long when it has been admitted that there has been an error of judgement. The disciplinary action taken in the matter should be reported to the Committee.

A note has been submitted. (Appendix XI).

The Committee would like the Ministry to come to an independent judgement and fix responsibility on the officer(s) concerned.

3 Item 11,  
App. I

Do.

It may be stated whether adjustment in respect of the balance of Rs. 30,490.11 has been finalised. If not, when is it

A note has been submitted. (Appendix XII).

The Committee feel that the accounts should be closed. Credits, if any received later, may be adjusted separately.

expected to be finalised?  
The note on other old  
state trading schemes  
may be expedited.

- |   |                              |     |   |   |  |
|---|------------------------------|-----|---|---|--|
| 4 | Item 13,<br>App. I           | Do. | . The latest position in regard to the settlement of the claims of undivided Government of Bengal and Delhi Administration may be stated.                     | A note has been submitted. (Appendix XIII). | The Committee would like the Ministry to take steps to expedite settlement of this matter. |
| • |                              |     |   |   |  |
| 5 | Items 15<br>& 16,<br>App. I. | Do. | . The next Audit Report on the working of the National Instruments Ltd., and the audit comments on its latest Balance Sheet and Annual Report may be awaited. | A note has been submitted. (Appendix XIV)   | The Committee would like to watch the progress through future Audit Reports.               |

#### Eighteenth Report (Second Lok Sabha) Vol. I

- |   |    |         |  |   |   |
|---|----|---------|--|---|---|
| 6 | 17 | C. & I. | . It is apparent from the facts placed before the Committee that many of the schemes for development of sericulture which had been approved by Silk Board had either not been started or subsequently dropped by the | A note has been submitted. (Appendix XV). | The Committee might appoint a sub-Committee to go into the working of the Silk Board. |
|---|----|---------|--|---|---|
-

---

1

2

3

4

5

6

---

State Governments with the result that expenditure incurred on those items largely proved to be infructuous. A large portion of the expenditure incurred by the State Governments pertained to administrative expenses on the development schemes which ultimately did not materialise. The Committee felt that large amounts were granted to the Silk Board without relevance to its spending capacity. The progress reports received by the Ministry at present did not enable the Ministry to regulate the grants properly. In order to examine the matter from all these aspects, the Committee desired to be furnished with details of the various schemes proposed by the State Governments and approved

by the Board, funds sanctioned by Governments for those schemes from time to time and the extent to which they were utilised. The information is still awaited.

7

18

C. & I.

(i) The Committee were also doubtful whether the present arrangement of entrusting the work relating to the Silk Board to the Textile Commissioner, who was already saddled with other important responsibilities was conducive to satisfactory results. They would suggest that Government should consider the feasibility of having a separate chairman preferably a non-official for the Silk Board and also the Handloom Board.

A note has been submitted.  
¶ (Appendix XVI).

The Committee might appoint a sub-Committee to go into the working of the Silk Board.

(ii) In the Committee's opinion, Parliament is not fully informed of the working of these autonomous Boards. Since

The Committee reiterate that Annual Reports on the working of every autonomous Board receiving non-lapsing grants from

---

1

2

3

4

5

6

large sums of money are voted by Parliament for payment to these Boards as grants-in-aid it is only proper that Parliament and the Public Accounts Committee should be apprised of their activities. The Committee desire that the Annual Reports on the working of the autonomous Boards, *viz.*, Silk Board, etc. should be placed before Parliament. They also recommend that the Comptroller and Auditor General of India who is responsible for their audit should in addition to the normal expenditure audit undertake an achievement audit of these organisations indicating *inter alia* their original targets and achievements.

Government should be laid on the Tables of both the Houses of Parliament.

8

20

C. &amp; I.

The Committee deprecate the inordinate delay in

A note has been submitted. The Committee are unable to accept the explanation of the (Appendix XVII).

finalising the matters connected with accounts of subsidy on production and sale of khadi. The total amount of grants given by Government to the Khadi Board and Commission between 1954-55 and 1956-57 was of the order of Rs. 15 crores in addition to the loans of about Rs. 8 crores. In respect of some of the loans given by the Board/Commission, no acceptance or acknowledgement had been received from the loanees. In the opinion of the Committee, although the Khadi Board was initially responsible for this impasse, the Ministry of Commerce & Industry cannot be absolved of their share of the responsibility for not having actively pursued the Khadi Board, especially when the magnitude of the amount involved was sizeable.

---

Ministry that the irregularities were mainly consequential on certain decision taken by the former Board as it could not be verified by Audit. They reiterate their earlier recommendation that suitable disciplinary action should be taken against the officials responsible for the irregularities. They would also like the agreement form to be finalised at an early date.

4

---

1

2

3

4

5

6

---

The Committee need hardly stress the seriousness of the irregularities reported by audit. They suggest that Government should arrange to take suitable action against the officials responsible for these irregularities. In order to obviate the recurrence of such cases in future, Government should consider the desirability of issuing clear and strict instructions to the Khadi Commission for strictly complying with the rules and regulations in connection with the administration of Public funds.

9

22

C. & I.

(i) The Committee are not satisfied with the explanation of the Ministry that it was not desirable to give notice to the trade

Noted.

The Committee are not satisfied with the reply of the Ministry that their recommendation has been noted. They would.

for participation in various fairs and exhibitions earlier than 3 to 4 months because the requisite tempo could not be built up in that case. They do not understand why Government could not inform the traders well in advance so that last minute rush of work which necessarily involved avoidable expenditure on account of air-lifting of exhibits etc. could be avoided. They, therefore, suggest that Government should review the whole procedure in the light of the experience gained so far in order to ensure better results.

- (ii) As regards the expenditure of Rs. 1.25 crores incurred by the Government, the Committee desired to be informed of the net loss sustained by them and whether it would be possible to

like to know whether the procedure has since been reviewed and action taken as a result thereof.

A\*note has been submitted.  
(Appendix XVIII).

The Committee are dissatisfied about the manner in which this case has been handled. They feel that there must be a time limit with regard to the closing of the accounts failing which Government

1	2	3	4	5	6
			recoup the same in future years. The information is still awaited.		should institute an Enquiry.
10	32	C. & I.	The Committee desire that in view of the demand for salt in the Mandi region the question of economic utilisation of perennial spring of brine at Maigal should be re-examined and a note discussing the commercial exploitation of Salt sources in the Mandi region submitted to them.	A note has been submitted. (Appendix XIX).	The Committee would like to know further progress made in this regard.
11	34	Do.	The Committee desire to be informed of the progress of the scheme for installation of the washery plant at Sambhar as well as the final outcome of the negotiations with the Rajasthan Government for the revision of the existing agreement.	A note has been submitted. (Appendix XX).	The Committee would like to know the latest position in this regard.

**Twenty-fifth report (2nd Lok Sabha)—Vol. I**

12 17—18

Do.

(i) The losses in running the various emporia caused the Committee some concern. They feel that the Khadi Commission should reduce expenditure on the staff and push up the sales in order to reduce the losses. They desire to be informed of the various steps taken by the Commission to cut down the losses.

A note has been submitted. See para 40 of the 34th Report (Second Lok Sabha) (Appendix XXI).

(ii) A note *re* : the ratio of expenditure on administration of the Khadi Commission as compared to the amount paid to the spinners, etc., is still awaited.

To be considered by the Committee.

13 19

Do.

The Committee of 1958-59 had also expressed concern at the unsatisfactory state of affairs prevailing before the Commission was set up in 1957. It might perhaps be too early to evaluate the progress of the Commission. The

A note has been submitted. (Appendix XXII).

The Committee would like to know whether Financial Regulations have been finalised by the Commission.

I

2

3

4

5

6

Committee. however, would like to point out that if the funds earmarked in pursuance of the policy of development of traditional Khadi are to be well-spent, the financial procedure to be followed by the Commission needs tightening up. The Committee trust that the Commission will address itself to this matter. It is the responsibility of Government (who are accountable to Parliament) to assist and clothe the Commission, if necessary, with greater powers for dealing with statutory State Boards

12

14

20

C. &amp; I. .

The Committee note that the grants paid in some cases were five years old. They consider that more expeditious action is necessary in order to ensure

A note has been submitted. (Appendix XXIII).

The Committee would like to watch the progress through future Audit Report.

that the grants-in-aid were utilised economically and applied to the purposes intended.

15	23	Do.	The Committee would invite the Ministry's attention to their note (Appendix LXXVI), Volume II, Seventh Report, Second Lok Sabha, wherein it was <i>inter alia</i> stated that it was proposed to amalgamate the Trade Marks Registry and the Patent Office and would like to know whether this has since been done.	A note has been submitted. (Appendix XXIV).	The Committee would like to know the latest position in the matter.
----	----	-----	---	---	---

13

#### Twenty-fifth Report (Second Lok Sabha)

16	26	Commerce & Industry <u>Nahan Foundry</u>	The Committee trust that effective steps will be taken by the Foundry to bring down the outstanding loans and advances. They would also suggest that the Foundry should make a realistic assessment of its outstandings with a view to writing off the irrecoverable debts so	A note has been submitted. (Appendix XXV)	The Committee will watch the position through future Audit Reports.
----	----	--	---	---	---

---

1

2

3

4

5

6

as to present a true statement of accounts.

17

28

Commerce &  
Industry

Sindri Fertilizers & Chemicals Ltd.

While the Committee appreciate the difficulties faced by the factory in the initial stages they are disappointed to see that even after installation of the ninth compressor the production has not increased. They are concerned over the setback in production since 1957-58. They, therefore, urge that effective measures, be taken to set up production with a view to early achievement of the rated capacity.

Although the 9th compressor has been installed the full extent of the improvement will be known only after the 9th gas generator in the gas Plant, the installation of which is in hand, is in full commission. The 9th Gas Generator is likely to be put into commission by the end of April or early in May, 1961. The setback in production is mostly due to the inability to secure the right type of coal, the continued fall in the quality of gypsum and the fact that the period when heavy repairs are required for the gas generators has been reached. The fall in production has been engaging the

See para 12 of 120th Report of Estimates Committee (Second Lok Sabha)

earnest attention of the Company and the Government. Arrangements have been made in regard to the supply of superior coal and steps are being taken by the management to renovate the gas generators. [Gypsum being a mineral varies in purity from place to place and it is reported that generally the purity of the gypsum available from Rajasthan is steadily decreasing. There are no economic methods of beneficiating gypsum].

18	31	Commerce & Industry <u>SF &amp; CL</u>	<p>The Committee could find no justification as to why the Company omitted from the purchase order for coal issued from the beginning of the financial year 1957-58, the stipulation to the effect that payment would be made on the basis of the results of the analysis carried out by the Company, when the Company was within its rights to</p>	<p>The Company took up the matter with the suppliers when the supply did not conform to the grading, but the suppliers were unwilling to enter into any agreement. Meanwhile the Coal Controller was approached by the Company with the proposal that he might exercise his good offices in the matter of the supply of</p>	<p>The Committee feel that this matter should be pursued further with the suppliers and the Coal Controller to persuade the suppliers to agree to the payment by the company (for the supplies of coal) on the results of quality analysis carried out by the company and such a provision should be re-inserted in the purchase orders to avoid the re-</p>
----	----	--	---	---	--

make such a provision in accordance with the Coal Commissioner's Bulletin No. 17 referred to above. They were informed that the matter was now proposed to be discussed with the Coal Controller and the suppliers of coal so as to arrive at a satisfactory arrangement. They would like to be informed about the final settlement reached in this matter.

coal and the price thereof. During the last some months the coal supplied to the Company have generally conformed to the grading. In the altered conditions when the supply conforms more or less to the grading the Company did not pursue the matter further.

currence of the losses as mentioned in this case.

19

32

Commerce &  
Industry  
S.F. & C.L.

The Committee need hardly emphasise the importance of accurate estimate of the production of the factory which is essential both for proper control over cost and production and avoidance of waste. They trust that a satisfactory arrangement will be made expeditiously so as to avoid such shortages and their effects on production costs.

The computation of ground stocks is made on the basis of volume and weight measurements. The volume measurements can be accurate only within a tolerance of 5%.

The Company would be installing additional belt weighers in about two years time and it is hoped that with a more extensive use of belt weighers, the scope of errors in stoke taking will be minimised.

The Committee will watch the position through future Audit Reports.

Commerce &  
Industry  
SF & CL

The Committee are distressed to note that although about eight years have already elapsed no decision has yet been taken regarding the utilisation or the disposal of the Methanol Plant at Sindri resulting in avoidable expenditure on its care and maintenance besides loss arising from its wear and tear and loss of interest on capital unnecessarily locked up. They trust that a decision will be taken without any further delay.

Government of India decided on 7th July, 1960 that simultaneous action should be taken for the utilisation of the plant on the lines indicated below :

- (a) an enquiry should be addressed to BASF who were the owners of the plant and who submitted their project report, to quote their terms for completing the plant with the existing equipment on a turn-key basis.
- (b) it should be ascertained from Defence Ministry whether they would be interested in the plant; and
- (c) offers should be invited for the disposal of the plant on an 'as is where is' basis from private parties.

The B.A.S.F. who were addressed on 4th August,

---

1

2

3

4

5

6

---

1960 as in (a) above replied on 25th August, 1960 that they would not like to work out their offer as a turn-key job. The Defence Ministry were also consulted on 9th August, 1960 to see whether they would be interested in taking over the plant. They intimated on 14th October, 1960 that because their requirements of methanol were only of the order of 3 or 4 tons per day and because the capital expenditure involved in setting up the plant was too high, they were not in a position to accept the offer. The latest position, therefore, is that it is proposed to dispose of the plant on as 'as is where is' basis, to private parties. An advertisement has been issued to the

The Committee may be informed of the disposal of the Methanol Plant.

press on 10th December, 1960 in this regard which appeared in the *Statesman*—Calcutta, *Times of India*—Bombay, *Hindustan Times*—New Delhi and *Hindu*—Madras commencing from 18th December, 1960.

### Seventh Report (Second Lok Sabha)

21	47	Education . All Ministries.	<p>The work connected with the production of books for children and neo-literates may be entrusted to a single agency to ensure cohesion and better performance.</p> <p>[Further comments of the Committee of 1958-59]</p> <p>Final decision in the matter may be communicated.</p>	<p>Noted. References made to the various Ministries of the Government of India on this point reveal that there are three Ministries concerned with the production of books for children and neo-literates, viz., the Ministry of Education, Ministry of Information &amp; Broadcasting and the Ministry of Community Development. The approach to this work in the case of each of these Ministries is, however, different from that of the others, depending upon the subjects and</p>	<p>The Committee desire that the matter should be finalised without further delay.</p>
----	----	--------------------------------	---	---	--

spheres of their respective activities. Nevertheless, it was decided to have joint consultations with a view to examining the feasibility of implementing the recommendations of the Public Accounts Committee.

Consequent upon these joint consultations, some decisions regarding the co-ordination of work connected with the production of literature for children and neo-literates have been taken and the Ministry of Information and Broadcasting entrusted with the responsibility of constituting a Committee for this purpose. The Ministry of Information and Broadcasting are taking necessary action in this regard.

Education  
All Ministries

The Committee emphasise the need for closer co-ordination between the various Ministries at the Centre concerned with the publication of literature for the use of neo-literates, children, and adults and the State Governments who were ultimately responsible for the popularisation of such literature.

[Further comments of the Committee of 1958-59]

Final decision in the matter may be communicated.

The replies from most of the State Governments to whom a reference was made in this regard have been received. Replies from the remaining few are awaited. After all the replies have been received, it is proposed to hold an Inter-Ministerial meeting at the Centre to consider the replies and to devise ways and means for consideration with the State Governments according to the recommendations of the Public Accounts Committee.

The Committee desire that the matter should be expedited.

## EIGHTEENTH REPORT (SECOND LOK SABHA)

Education

The Committee desire that attention of the University Grants Commission should again be drawn to their recommendations made in para 42 of their Fifteenth Report (First Lok Sabha) and they informed of the views

The recommendation of the Committee was referred to the University Grants Commission. The Commission considered the matter at its meeting held on the 30th November, 1956 and passed the following

With a view to obviate the accumulation of heavy unspent balances with the Universities, the Committee desire the University Grants Commission to examine the feasibility of regulating payment of building

of the University Grants Commission in the matter

*Para 42 of the 15th Report (1st Lok Sabha)* "Now that the Government have decided to establish the University Grants Commission which would enquire into the financial needs of Universities and allocate and disburse grants to them and that a Bill on the subject has already been introduced in Lok Sabha, the Committee leave this question of payment of grants to Universities in advance of actual requirements for consideration by that body".

resolution :

" The recommendations of the Committee were noted. It was agreed that the Ministry of Education be informed that all care is taken to avoid large unspent balances remaining with the Universities, but that in the case of building grants to Universities, it was necessary to allow a certain amount of freedom in the utilisation of such grants as the most convenient period for the Universities for their building operations was the summer vacation and it is necessary to allow grants to be carried over to this period "

and other grants by instalments on the basis of the progress of expenditure as shown in periodical reports to be submitted by the Universities.

becoming increasingly self-sufficient have been repeatedly emphasised by the Central Social Welfare Board. The Committee feel that the basic principle of self-reliance which is regarded as essential to the success of the projects has been ignored in starting many of the Projects. They suggest that before starting a project, public co-operation should be secured to a reasonable extent and continuous efforts should be made to keep up the tempo of their enthusiasm. As the ultimate aim is to hand over the welfare activities to the people themselves, the success of the Board's efforts would be very much dependent on the zeal engendered among the people and the contributions made by them.

concerned including the State Boards emphasising the importance of Local Contributions. As regards the 77 projects of 1954-55 for which it was stated that the accounts did not show receipts of public contributions, the Board has collected the facts and figures which show that out of these contributions were actually raised in 7 cases indicated below :

Name of the Project	Amount Rs.
1. Meerut .	972
2. Gonda .	1,044
3. Quilon III .	475
4. Trivandrum	3,153
5. Sehore (Berasia) .	503
6. Panne .	8.87
7. Sidhi (In 1955-56)	15

Originally the intention was that as the projects progress, public contributions would be

information called for by the Committee *vide* para 322 may be awaited.

1

2

3

4

5

6

progressively collected so as to reach the minimum of 25 per cent. Later, however, the Board realised the difficulty of maintaining the minimum of 25 per cent and this was given up from 1957.

#### Twenty-Fourth Report (Second Lok Sabha)

25 S.No. 10  
of App. I  
to 24th  
Report  
(1959-60)

Education

The Committee observe that not only were the current accounts opened by the Director, Women's Section with the Imperial (now State) Bank of India in 1948 without prior consultation of the Accountant-General, Central Revenues, as enjoined in Rule 623(c) of the Central Treasury Rules, Vol. I, but also they were not closed till February and October, 1958 despite the objection raised by Audit in 1950 and instructions to close

The S. W. & R. D. is now under the control of the Ministry of Education. That Ministry has been asked to expedite action in the matter. The Ministry of Rehabilitation have stated in their O.M. dated 24th July, 1961 : "in so far as it pertains to the initial opening of the current account by the Director, Women Section (now Social Welfare and Rehabilitation Directorate) with the Imperial (now State)

Further report awaited.

the accounts issued by the Government in June, 1953. The Committee are amazed at the manner in which the Delhi Administration disregarded the orders of the Government of India for 5 years in closing the Accounts. They would like their displeasure to be communicated to the various officers responsible for this state of affairs.

Bank of India, the matter has been examined by this Ministry. The permission for opening the account was granted to that Directorate by this Ministry. No responsibility for opening of the account can, therefore, lie on the Director, Women Section. As regards the question of fixing responsibility for the alleged irregularity on an officer or officers of this Ministry, the relevant file of the Ministry in which the question of the opening of current accounts was considered is not now available, being about 13 years old. In the absence of the file, it cannot be verified whether or not before communicating sanction, this Ministry obtained the concurrence of the Ministry of Finance or that of the D. A. G., Food and Rehabilitation who was then the Accounts Offi-

cer of this Ministry.  
In any case, the officer who signed the letter giving permission to the Director, Women Section to open the account is no longer in service having retired about 10 years ago. In these circumstances it is that it is not possible to fix responsibility on any officer of this Ministry.

As regards the second point *viz.*, the delay in closing the account, necessary action in the matter is being taken by the Ministry of Education and the note on the subject will be sent by that Ministry to the Lok Saba Secretariat for the consideration of the Public Accounts Committee.

26	S.No. 5 of App. XI to 24th Re- port (1959- 60)	Education	The Committee would like that the work relating to the completion of personal ledger accounts of the various categories of loans should be done expeditiously, as without the knowledge of the precise amount of loan outstanding against each loanee, recovery will not only be incomplete but also be delayed.	The office of the SW&RD has been instructed to take special steps to bring the personal ledger accounts of educational loans up-to-date and to ensure their proper upkeep in future. Since these loans were advanced by three different organisations at different times, the office of the SW&RD is experiencing certain difficulties to complete this work. However, that office has been asked to make strenuous efforts to complete the same.	Further report awaited.
----	---	-----------	--	---	-------------------------

### Twenty-Fifth Report (Second Lok Sabha)—Vol. II

27	3	Education <u>S.R. &amp; C.A.</u> Defence <u>Finance</u>	The Committee attach great importance to submission of accounts in time. Non-submission of accounts for sums of this magnitude is fraught with grave risks. They fail to understand how year after year additional funds were paid without	The Ministry of Education have stated : "The recommendations have been noted for guidance. As soon as the recommendations of the Public Accounts Committee were known, the practice of drawing money against letters of credit was dis-	The Committee would like to be apprised of the revised procedure regarding payment of funds to the N. C. C. Directorate in respect of A. C. C. Camps as soon as it is finalised.
----	---	--	--	---	--

first obtaining an account for the moneys already paid. The Committee are hardly convinced by the explanation of the Ministry of Education for delay in the submission of accounts. They are surprised why the Ministry of Finance had also been so complacent about this matter.

continued in this Ministry except in the case of A. C. C. camps, in respect of which the existing mode of payment through cheques drawn against letters of credit had to be continued temporarily with the concurrence of the Comptroller and Auditor General of India, pending settlement of an alternative procedure in consultation with the Ministry of Defence. In this connection a copy of the instructions issued to all concerned in the Ministry is enclosed for information. (Appendix XXVI).

Education

S.R. & C.A.

All other  
Ministries

The Committee have repeatedly emphasised in the past that the practice of keeping large amounts under 'suspense'

"There was no desire on the part of the Ministry of Education to have this system of payment to the Defence Ministry continued year after

was most undesirable as it resulted in presentation to Parliament of a distorted picture of expenditure incurred each year on the respective schemes financed from the Consolidated Fund.

29

5

Do.

The Committee do not look with favour on the procedure of placing funds with subordinate organisations through letters of credit. This, in their opinion, not only engenders in the recipient organisations tendency to delay the preparation and submission of accounts but also opens the way for all kinds of frauds, misappropriations etc. The Committee understand that a revised procedure is being evolved by the Ministry of Education in consultation with Audit. They trust that the new procedure will be int-

year. In fact this was reluctantly resorted to and continued as the only feasible mode of entrusting the work to the appropriate authority and enabling it to execute the work from the financial point of view without any undue inconvenience. Even at this date the Ministry of Defence are insistent that the payment in respect of these Camps should be made to them through cheques only necessitating the operation on letters of credit.

“However, the Comptroller and Auditor General of India has now taken up the matter with the Controller General of Defence Accounts and it is hoped that an alternative procedure eliminating the operation on letters of credit will soon be evolved. A further report will be sent to the P. A. C. when the alter-

1

2

3

4

5

6

duced as early as  
possible. native procedure is finalised.

30

6

Education

S.R. &amp; C.A.

The Committee suggest that immediate steps be taken to clear the accounting arrears that have already accumulated, and a report made to them.

"Every effort is being made to clear the arrear accounts. Except the accounts pertaining to A. C. C. Camps which are being gradually but expeditiously cleared, all other arrear accounts have since been rendered to the A. G. C. R. and the personal ledger accounts maintained in this behalf will be closed immediately after the settlement of objections, if any, which Audit may make regarding these accounts. The progress of settlement of accounting arrears in respect of A.C.C. Camps is as under :—

The Committee would like to have a further report re. the clearance of arrears in accounting.

Year	Total Amounts drawn on letters of credit Rs.	Amount for which accounts have been settled Rs.	Balance amount for which accounts are still to be settled Rs.
1955-56 . .	19,00,000	17,79,645	1,20,355
1956-57 . .	9,10,000	9,10,000	..
1957-58 . .	12,54,900	12,46,102	8,798
1958-59 . .	12,50,300	8,60,346	3,89,954
1959-60 . .	10,50,000	1,21,541	9,28,459

The Ministry of S.R. & C.A.  
have stated :

"The recommendations have been noted for guidance. As soon as the recommendations of the P. A. C. were received, the practice of drawing money against the letters of credit was discontinued in this Ministry. Every effort is also being made to clear the arrear accounts. Almost all arrear accounts have since been rendered to the A. G. C. R. and the ledger accounts closed."

1	2	3	4	5	6
31	11 <u>Education</u> S. R. & C. A.	The Committee trust that the Ministry will go into the question of drawing funds on simple receipt forms more thoroughly and take steps to restrict this practice to rare occasions.	The Ministry of Education have stated : “Since funds drawn on simple receipts usually pertain to advance to be accounted for subsequently, the instructions contained in para 4 of the Ministry Circular at Appendix XXVII ensure the action desired to be taken in terms of the PAC's recommendations contained in para 11 of this Report. The observance of these instructions by the authorities concerned is also periodically reviewed, as explained below:  “A departmental team has also now been organised within the Ministry to make periodical visits to all Sections of the Ministry and <i>inter alia</i> look into the progress of clearance of account arrears and	Before the Committee take up Accounts of the next year, they would like to be informed how far the various measures adopted by the Ministry of Education have achieved the ends in view. In particular, they would like to be informed of the improvement effected in the Directorate of Extension Programme for Secondary Education.	21

devise ways and means for expeditious settlement of all kinds of advances. These instructions as well as the probe of the Departmental team have resulted in considerable improvements but it is felt that there is still scope for further improvement as pointed out by the A.G.C.R. in his latest review of the situation. In the course of review the A.G. came across some cases in which these instructions were not strictly followed but most of these cases related to the office of the Directorate of Extension Programme for Secondary Education and the matter has been taken up with them with a view to setting the position right.

It has also now been decided and communicated to all concerned that the detailed accounts

I

2

3

4

5

6

pertaining to advances are to be rendered to the A.G. within one month (this limit may be extended to three months in special cases) of the date of completion of the event for which advance is drawn and that no further advance shall be sanctioned for any administrative authority in the Ministry unless it has rendered accounts to the A.G. in respect of all previous advances sanctioned and drawn by it. "

The recommendation has been noted by the Ministry of S.R. & C.A.

### **Eighteenth Report (Second Lok Sabha)—Volume II**

- 32 Item No. 25 External Affairs The Committee are not at all satisfied with the progress of recovery from the evacuees from war zones. They desire the Ministry to examine the whole A note has been submitted. (Appendix XXVIII) The Committee desire that a target date for finalisation of the work should be fixed and progress of recovery reported periodically to Audit.

issue with a view to expediting the recovery of outstanding amounts and winding up the organisation for effecting recoveries of amounts advanced under the scheme of assistance both at the Centre and in the States as quickly as possible.

**Twenty-Fifth Report (Second Lok Sabha)—Vol. I**

33      11(b)      Do.

The Committee desire that the Ministry of External Affairs should in consultation with the Ministry of Defence and Audit evolve a suitable procedure to ensure that the debits in respect of supplies and services are adjusted in the accounts without delay.

The matter is still under consideration in consultation with other authorities concerned. Final action will be intimated later on.

The Committee desire that a suitable procedure to ensure that the debits in respect of supplies and Services are adjusted in the accounts expeditiously, should be devised at an early date.

**Twenty-Fifth Report (Second Lok Sabha) — Vol. II**

34      23      Do.

The Committee desire to be informed of the action taken against the fourth officer after his explanation has been examined by the Ministry. They trust that there is at present proper

A note has been submitted. (Appendix XXIX).

The Committee regret to note that responsibility for overpayment of the Foreign Allowance could not be fixed due to belated consideration of the question. They desire

1

2

3

4

5

6

arrangement in the Ministry for scrutiny of the orders of sanction of various allowances to officers in the Indian Missions abroad.

to be informed of the steps taken to avoid recurrence of such cases.

35

26

External Affairs

The Committee feel that the Mission did not care to implement the decision of Government regarding utilisation of the acquired land. The land has remained unutilised for ten years. If the land value had risen in the meantime—it was fortuitous—it cannot be put forth as a plea to justify the expenses incurred by Government especially when speculation in land values is not a function of Government and less so in a foreign country. The Committee would like to know the yearly expenditure on rental etc., the

A note has been submitted. (Appendix XXX.)  
A Supplementary note has also been submitted (Appendix XXXI).

The Committee may be informed of further developments in the utilisation of the land in due course.

2

present arrangements for housing the staff, the savings that would result by building quarters for the staff and the total expenditure, likely to be involved by such a construction and the time that would be taken for building the quarters.

36

75

Ministry of External Affairs.

The Committee are of opinion that if cases of purchase of property and lease hold lands in foreign countries are channelised through the Ministry of External Affairs and the Mission in the country concerned, it would ensure the best co-ordination which is very necessary to cut down all unnecessary outlay.

The Ministry of Transport & Communications have stated that they have never purchased property and/or lease hold lands in foreign countries for their Tourist Offices. The buildings for office as well as residential premises have always been obtained on lease, the deeds in respect of which are invariably negotiated and signed by the Heads of the Missions concerned as the Tourist Offices function under the overall control and supervision of the Indian Missions abroad. The suggestion has, however,

The Committee desire that final action taken in the matter may be communicated to them at an early date.

14

1	2	3	4	5	6
---	---	---	---	---	---

been noted for future guidance. The Ministry of External Affairs have stated :

"Action is being taken in consultation with all Missions Posts abroad and some other Ministries of the Government of India. Final action will be intimated later on.

### **Eighteenth Report (Second Lok Sabha)—Volume II**

37 Item No. Finance  
39 of App.I  
(para 88 of  
7th Report)

Heavy outstandings on account of recovery of various taxes on income disclose an unsatisfactory state of affairs. The Committee feel that the progress in effecting these recoveries has been slow and discouraging. In view of the mounting additions to outstanding amounts year after year, unless the Ministry initiate action with vigour for recovering the dues, there is every likelihood

The Ministry of Finance (Department of Revenue) have submitted a note. (Appendix XXXII).

The Committee would watch the progress made in the realisation of outstanding demands of income tax through future Audit Reports.

of loss of Government money with the passage of time. They should, therefore, like the Ministry to consider earnestly this problem and report to the Committee the measures proposed to be taken to realise the outstandings expeditiously.

### **Eighteenth Report (Second Lok Sabha)—Vol. I.**

38	49	Finance (Department of Economic Affairs)	<p>The Committee deprecate the inordinate delay on the part of Government in taking final decision about the closure of the Tripura State Bank in spite of the heavy losses in its working year after year, which were rising steadily.</p> <p>The Committee learnt that the running expenses of the Agartala Branch of the Bank amounted to Rs. 1,700 per mensem instead of Rs. 1,300 per mensem as recommended by the sub-Committee appointed by the Board of Directors of the Bank.</p>	<p>The matter is under consideration and the requisite note will be submitted to the P.A.C. as soon as possible.</p>	<p>The Committee desired that the submission of the requisite note should be expedited.</p>
----	----	--	--	--	---

They regret to observe that had the recommendations of this sub-Committee been adopted earlier much of the loss could have been avoided. It was observed that the working expenses on the Branch could not be reduced by retrenchment as the Bank was not in a position to pay retrenchment benefits to the persons. The Committee are surprised at this statement. The Bank was a liability from the beginning and its losses were steadily increasing. In these circumstances, it would have been prudent to have decided upon the closure in 1953 itself instead of postponing it till 1959. The anticipation of Government that something would turn up in the affairs of the Bank during these years did not apparently take note of the

fact that the losses during the interregnum were ultimately to be borne by Government.

The Committee understand that the paid-up capital of the Bank as on 31st December, 1957 was Rs. 19,84,550 and the loss upto that day was Rs. 7,29,244 ; the loss during the year 1957 being Rs. 34,304 (excluding Rs. 1,73,908 on account of bad and doubtful debts not provided for). The Committee are disturbed to note that the Bank had thus consumed about 37% of its capital on that date.

39

51

Finance (Department of Economic Affairs)

The Committee cannot refrain from observing that the Bank could not have chosen to act in an un-business-like manner in defraying the rent realised towards the payment of staff had the Ministry been more exacting in its standards. A private bank in similar circumstances

The matter is under consideration and the requisite note will be submitted to the P.A.C. as soon as possible.

The Committee desired that the submission of the requisite note should be expedited.

1	2	3	4	5	6
---	---	---	---	---	---

would certainly have been proceeded against legally immediately.

40	52	Finance (Department of Economic Affairs).	The Committee understand that the Bank hoped to realise about Rs. 52,000 from the sale of the plot and there would be on loss to the Bank. They would like to be informed of the further developments in this regard.	The matter is under consideration and the requisite note will be submitted to the P.A.C. as soon as possible.	The Committee desired that the submission of the requisite note should be expedited.
41		Do.	The Committee felt greatly concerned about the debts of Rs. 1.74 lakhs having become time-barred as also of non-realisation of most of the decretal amount (A sum of Rs. 7,104.41 is stated to have been realised from January to 19th July, 1958). They were given to understand that a sum of about Rs. 11,332 only was required for filing suits in respect of the amount of Rs. 1.74 lakhs	Do.	Do.

which became time barred.  
It is strange that Government did not come forward to advance this amount.

42	53	Finance (Department of Economic Affairs).	The Committee observe that one of the Bank Managers who was responsible for the unauthorised overdrafts died in 1953. It is thus obvious that there was enough time for taking action against him. The same was true in the case of the other Manager who migrated to Pakistan in 1951. They are unhappy to see that the Ministry of Finance should have hesitated in this manner to take firm action in regard to the bad working and mismanagement of the Tripura Bank for such a long period (7 years).	Do.
43	54	Do.	(ii) The Committee would like to invite the attention of the Ministry of the practice followed by the International Bank for Reconstruction and Development according to	A note is awaited from the Ministry of Finance (Department of Economic Affairs). The submission of the note should be expedited.

1	2	3	4	5	6
---	---	---	---	---	---

which a period of moratorium was allowed till the units went into production and desire that the feasibility of introducing a similar procedure may be examined and a report made to them.

44	56	Finance (Department of Economic Affairs.)	The Committee regret to observe that a statement showing countrywise and year-wise break-up of the dues outstanding against foreign countries, present position regarding their recovery and whether the India Security Press took deposits from foreign Governments has so far not been supplied to them.	The matter is under consideration and the requisite note will be submitted to the P.A.C. as soon as possible.	The submission of the note should be expedited.
45	57	Do.	The Committee appreciate the plea of the Ministry that stores, consisting mostly of electrodes and other metallic items, if offered for sale in the	Do.	Do.

market, would fetch a low price but would cost much more than required later. But they are strongly of opinion that purchases of such stores should always be well-planned and haphazard purchases should be avoided so that there should not be any need for disposal of unwanted stores at a subsequent date.

The Committee also desired to be furnished with a commodity-wise break-up of Rs. 72,000 on which had been spent the purchase of timber, electrical goods, G.I. pipes, etc. This information is still awaited.

59

Finance (Department of Revenue).

The Committee desire to be apprised of the findings of the Court in connection with the erroneous drawal of commission by authorised agents as also whether the Gov-

The Ministry of Finance (Department of Economic Affairs) have stated : Out of the three authorised agents against whom prosecution was launched, one has since died and

The Committee would like to know the results of efforts being made to recover the amount from the Sureties.

ernment have been able to recover the balance of more than Rs. 7.600 from the sureties. Further, departmental enquiry against the postal staff involved in this case may be expedited and the result thereof intimated to the Committee.

The Committee would also emphasise that the new procedure to prevent the recurrence of such irregularities in future should be finalised without further delay so that cases of erroneous drawal of commission by authorised agents for the sale of National Savings Plan Certificates may be stopped quickly. They are not sure whether the erroneous drawal of commission by two agents

efforts are being made to recover the amount from his sureties, if necessary, by filing suits against them. The other two agents have been acquitted by the Court.

The responsibility for the payment of the commission to authorised agents was expected to be transferred to Post Offices with effect from 1st April, 1960. But in view of the paper shortage and delay in getting ready a large number of forms, ledgers and journals etc. for the use of the Post Offices, it became necessary to postpone the introduction of the new procedure to 1st October, 1960. With a view to find out whether similar malpractices were prevalent in other areas,

in Delhi Area as disclosed in the Audit Para might not be symptomatic of a wide-spread disease. They would, therefore, urge Government to intensify the check of claims for commission under the existing procedure till it is replaced.

special enquiry teams were set up jointly with the P & T authorities at 12 major centres. The C. & A.G. was also asked to conduct special audits at Calcutta, Bombay and Madras. The Reports so far received have not indicated any major irregularities.

46

65

Finance  
(Department of  
Expenditure.)

The Committee desire the Ministry of Finance to expedite the final decision in the matter of control over grant-aided bodies.

The Ministry of Finance (Department of Expenditure) have submitted a note (Appendix XXXIII)

The Committee felt that when Government placed large amount at the disposal of *Ad Hoc* bodies, whether registered or not, they should see that the bodies were equipped with proper machinery for implementation of the schemes. If they were unable to procure the services of qualified personnel from the open market, Government should lend the services of such personnel to them.

47

1

2

3

4

5

6

**Twenty-fifth Report (Second Lok Sabha)—Vol. I.**

47

35

Finance (De-  
partment of  
Economic  
Affairs.)

The Committee find that in spite of all the delays referred to in the report, the civil works were all completed in July, 1957. Even thereafter it took 17 months to erect and instal the plant against the stipulated period of 14 months in the contract. The Committee were informed by the master of the Project that Government were considering the question of fixing responsibility for the extra expenditure involved due to delays. They would await the results of Government's examination of this matter.

The Committee viewed the delay in the submission of the information with concern. They desire that the submission of notes should be expedited.

48

36

Do.

The Committee understand that a proposal to convert the Silver Refinery into a Copper Refinery

Do.

is under examination.  
They would like to know  
the final decision of Gov-  
ernment.

49 37

Do.

The Committee trust that  
the rules for stock-  
checking and the security  
procedure will be so  
framed as to enable the  
authorities concerned to  
detect losses at an early  
stage and to fix respon-  
sibility therefor.

The requisite information  
should be furnished with-  
out delay.

50 39

Department of  
Revenue.

The Committee consider  
that the question of out-  
standing demands of  
income-tax revenue  
should receive early con-  
sideration by Govern-  
ment in order that the  
rising trend of arrears is  
halted quickly. They  
would like to be kept in-  
formed about the mea-  
sures introduced by Gov-  
ernment to achieve that  
object.

On the 28th July, 1960,  
the Deptt. of Revenue  
stated. While consider-  
ing the problem of  
arrears of Income-tax,  
the Direct Taxes Ad-  
ministration Enquiry  
Committee have, in their  
report to the Govern-  
ment, recommended that  
a self-contained Re-  
venue Recovery Code  
should be enacted for the  
purposes of effecting re-  
coveries of direct taxes  
levied by the Central  
Government with a view  
to achieving uniformity  
of action in the matter

The Committee would watch  
the progress made in the  
realisation of outstanding  
demands of income tax  
through future Audit Re-  
ports.

of recovery of arrears of Income-tax by the Collectors in all the States, the Law Commission also has suggested the framing of certain Rules, and had given a draft of the same.

On 20th May, 1961, the Deptt. of Revenue stated: The Second Schedule to the Income-tax Bill, 1961, implements the recommendations of the Direct Taxes Administration Enquiry Committee and the Law Commission in so far as it relates to uniformity of procedure in the matter of recovery of taxes. In regard to empowering Income-tax Officers to collect arrears as mentioned by the PAC, Clause 2(44) (iii) of the Bill would enable the Central Government to

authorise any officer of the Central Government to exercise the powers of the Tax Recovery Officer. It is expected that the Central Government will, in due course, train its own officers in revenue recovery work so that ultimately the Centre can take over the collection work in its own hands.

#### INDUSTRIAL FINANCE CORPORATION

##### Seventh Report (Second Lok Sabha)

51

51 137

Finance (Deptt. of Economic Affairs).

Ceilings should also be prescribed in respect of pay granted to Corporation's employees posted to the loanee companies and copies of regulations under consideration of the Ministry in this regard, when finalised, should be furnished to the Committee.

The Staff Regulations of the I.F.C. have not been finalised so far. Section 43 of the I.F.C. Act, 1948 under which the Staff Regulations are to be framed requires consultation with the Reserve Bank and the previous sanction of the Central Government. The consultations with the Reserve Bank were over but Government approval was awaited. In the mean-

The Committee regret to note that there had been undue delay in finalising the staff regulations of I.F.C. which are under consideration of the Corporation for the last four years. They would like to be informed of the action taken by the Ministry of Finance to ensure expeditious compliance with the recommendations of the Committee. Further the fact that the

1	2	3	4	5	6
---	---	---	---	---	---

time the Corporation has been acting on the basis of the draft Staff Regulations.

staff regulations as a whole are pending finalisations should not hold up unduly a decision on the recommendations made by the P.A.C. on a specific issue namely fixation of a ceiling in respect of pay granted to Corporation's employees posted to loanee companies.

#### REHABILITATION FINANCE ADMINISTRATION

#### Eighteenth Report (Second Lok Sabha)

52	73	Finance (Deptt. of Economic Affairs)	The Committee desire that the cases in which loans were sanctioned by the Administration in disregard of the advice given by local authorities or their own field staff and which consequently landed the Administration into financial losses should be investigated and responsibility fixed.	A note has been submitted (Appendix XXXIV).	The Committee are not satisfied with the explanations furnished by the Ministry in this case. In their opinion by sanctioning loans in disregard of the advice given by local authorities/their own field staff, the Administration had failed to safeguard the interests of the Exchequer.
----	----	--------------------------------------	---	---	---

53	77	Finance (Deptt. of Economic Affairs). ----- W. H & S.	The Committee trust that Government would issue standing instructions regarding the recovery of rent from the employees of all State Undertakings, autonomous bodies, etc. who are allotted Government residences, if not already done."	In so far as the R.F.A. is concerned, its rules regarding recovery of rent from its employees who are allotted Government residences have already been regularised on the lines of relevant Govt. rules. The question of issuing instructions to all autonomous corporations, etc. is a general one and the Ministry of Works, Housing and Supply had been requested to consider this. The Ministry of W.H. & S. have issued instructions (Appendix XXXV).	The Committee note that the Ministry of W.H.&S have issued standing instructions in the matter and have also asked the other Ministries concerned to implement them in regard to accommodation under their administrative control. It is left to that Ministry to ensure that the instructions of Government are duly followed by all concerned.
----	----	---	--	--	--

2

#### **Eighteenth Report (Second Lok Sabha) Vol. I.**

54	90	Food & Agriculture (Department of Agriculture).	The Committee feel that the explanation of the Ministry that short payments against the sanctioned grants during the years 1952 to 1955 were due to late starting of the schemes could be valid for the first year and not for subsequent years. They are given to learn that	A note has been submitted (Appendix XXXVIII).	The Committee would watch the working of the alternative procedure.
----	----	---	---	---	---

---

1

2

3

4

5

6

---

the suggestion made by them to place at the disposal of the I.C.A. R. a lump sum as grant-in-aid which will be used as a permanent revolving fund instead of annual grants-in-aid by Government, has been accepted by the Government. Apart from eliminating the question of surrender of unspent balances, it will ensure continuity and better utilisation of available funds. The Committee, therefore, desire that the initial constitution of this scheme should be worked out in consultation with the Ministry of Finance and Audit. With the establishment of a permanent Fund, the I.C.A.R. will not be required to issue yearly sanctions for purposes of drawal of grants-in-aid before the close of the financial year.

Food & Agri-  
culturure (De-  
partment of  
Agriculture).

Another suggestion which the Committee commended to the Ministry was the desirability of placing at the disposal of the State Governments in the first instance, 25% of the amount sanctioned by the Government of India for various schemes and releasing the balance of the amount subsequently when it was proved to the satisfaction of I.C.A.R. and other such bodies that the grantee had actually the capacity to spend on the schemes concerned. The Committee are glad to learn that the Ministry are inclined to accept it. They desire that early action should be taken to translate this note into action.

The Committee hope that these changes should go a long way in resolving the present difficulties facing the I.C.A.R. on

A note has been submitted (Appendix XXXVIII).

As against S.No. 54 above.

1	2	3	4	5	6
			account of the non-utilisation of funds by the State Governments or their non surrender within the prescribed time limit.		
56	92	Food & Agriculture (Deptt. of Agriculture).	The Committee note that the unreconciled figures had been reduced to Rs. 2,46,000 at the end of 1956. While they would like to know the latest position in this regard, they are of opinion that if figures are not reconciled regularly, losses and shortages will go undetected for a long time until it becomes too late to take action. They therefore, stress the need for timely reconciliation of figures.	A note has been submitted. (Appendix XXXIX)	The Committee desired that the remaining work of reconciliation should be completed at an early date.
57	103	Do.	The Committee note that detailed accounts of foodgrains amounting to Rs. 10.16 crores purchased are still awaited by Audit. They	Out of the total amount of Rs. 10.16 crores detailed accounts for Rs. 9.52 crores have since been sent to the P & A. O. Out of this amount of Rs.	The Committee regretted to note that even after a lapse of more than two years since the matter was reported on by the P.A.C. (1958-59) the

should like the submission of the accounts to be expedited.

9.52 crores. bills, to the extent of Rs. 7.37 crores have already been adjusted by the P&AO while those for the rest are under the process of check and adjustments. The balance of Rs. 64 lakhs will be adjusted as soon as the credited for the amount has been afforded by the State Government. The matter has been taken up with the State Government for expeditious settlement.

accounts rendered are still not complete.

57

58

104

Do.

The Committee desire the Ministry to inform them of the latest position in regard to final action taken in the matter of loss on the purchase of condensed milk.

The note on the case was sent to Audit and has been received back with certain remarks which are under examination.

The Committee felt that the submission of the note had been inordinately delayed. They desired that it should be furnished to them without further delay.

#### Twenty-fourth Report (Delhi Administration)

59

17

S.No.7 of

Food & Agriculture Deptt.

The Committee understand that the Milk Supply

The Committee's recommendation has been

The Committee now understand that Financial Re-

1

2

3

4

5

6

Appendix of Agriculture  
I<sub>A</sub> to the  
24th Report

Scheme has started functioning in the Capital from 1st November, 1959. The Committee would like to watch the financial working of the Scheme. They trust that to enable Parliament to have a proper appraisal of the various aspects of the working of the Delhi Milk Supply Scheme, a Financial Review pertaining thereto will be incorporated in the Appropriation Accounts of the Ministry of Food and Agriculture (Department of Agriculture).

noted. The Financial Review will be prepared along with the annual accounts for 1959-60 to be submitted to the Comptroller and Auditor General in August, 1960.

[Ministry of F. & A. (Deptt. of Agri.) O.M. No. 1-1/60-Budget dt. 17th May, 1960].

The Ministry of Food and Agriculture (Department of Agriculture) have in their O. M. No. 1-1/60-Budget dated the 15th April, 1961 stated the latest position as follows :—

“The financial review has to be prepared along with the proforma accounts which will be audited by the C.A.G. and will appear in the Appropriation Accounts. As the Scheme had

view and the accounts of the Scheme for five months of its functioning during 1959-60 will be prepared along with the accounts for 1960-61.

been functioning only for 5 months, during the year 1959-60 and as the buildings and equipment sanctioned or erected for the scheme, had not been completely taken over, the proforma accounts for the 5 months ending March, 1960 could not be completed, in the manner required by Audit giving the complete value of the assets. These accounts can be presented only when the assets have been finally taken over. It is now, therefore, proposed that the accounts for the part of the year 1959-60 should be prepared along with the accounts for 1960-61 and submitted to Audit. The financial review will, therefore, be prepared on this basis and submitted for publication in the Appropriation Accounts for the period ending March 31, 1960."

---

---

1

2

3

4

5

6

---

**Twenty-Fifth Report (Second Lok Sabha)—Volume II**

60

28

Food and Agriculture (Department of Agriculture)

The Committee deplore the way in which the Ministry has set about planning and executing the Pilot Plant for production of different types of paper and boards from indigenous raw materials. They were given to understand that the firm with whom orders were placed for equipment had no experience in that line of manufacture.

A note has been submitted. (Appendix XXXVI).

The Committee will watch further progress and the results achieved.

29

Do.

The Committee were concerned at the large expenditure already incurred on this project without any return and desired to know how it was proposed to utilise the plant. They could not appreciate how manufacture of pa-

Do.

per from bamboos, waste papers, etc. would facilitate research on manufacturing paper from indigenous raw materials.

31

Do.

While they would like to watch the working of this plant, they cannot help observing that the entire project was ill-conceived.

Do.

61

38

Agriculture

Transport

W.H. & S.

(i) The Committee deplore the routine manner in which the Ministries concerned had acted in this case without appreciating the need for urgent action. In their opinion, the Ministry of Transport could well have taken up the matter direct with the Agriculture Department in this case under intimation to the Mission. Likewise the India Supply Mission could have taken up the matter immediately with the Shippers without raising a controversy. It was urged that the India Supply Mission had no

The Ministry of Transport and Communications (Department of Transport) have furnished a note (Appendix XXXVII). The Department of Agriculture have stated :

As already explained in the earlier statement forwarded to the Lok Sabha Secretariat on the 29th June, 1960 the recommendation regarding delegation of powers to the Missions for negotiating diversion of vessels whenever necessary to the best advantage of Government was referred to the W.H. & S. Ministry.

The submission of the note may be expedited.

powers to negotiate the terms of diversion as it was not a party to the contract or to the charter party and had to obtain the approval of Government before accepting the terms. (ii) The Committee would suggest that Government should consider the question of delegation of powers to Missions for negotiating diversion of vessels whenever necessary to the best advantage of Government. The Committee were informed that to avoid such situation in future, alternative ports of destination were included in the charter party. They trust that this together with delegation of more powers to Missions abroad, as suggested above, will avoid recurrence of such cases.

It is understood that W.H. & S. Ministry who are examining this question will include the action taken thereon in their report to the Lok Sabha Secretariat. The State Trading Corporation of India Ltd., have informed us that the Contracts placed by them for purchase of fertilizers already provide for the provision regarding the option to divert the vessels on payment of extra freight and that due provision for diversion will be made in the charter party in future.

(i) The Committee are not satisfied with the explanation of the Ministry that as it was procurement time the contractor was allowed to start the work before executing the agreement.

(ii) They are also perturbed over the unduly long delay in finalising departmental proceedings.

(iii) The Committee would like to be informed of the action taken by Government on the various recommendations of the Board of Enquiry set up in February, 1959.

The Civil Court has negatived all the contentions of the defendant (Contractor) regarding negligence, want of co-operation etc. on the part of the Officers of Tripura Administration; and passed a decree on 30-6-60 in favour of the Administration for the full amount of Rs. 9,273/13/- on account of misappropriation of food-grains entrusted to the contractors.

2. The majority of the Board of Enquiry set up by the Chief Commissioner, Tripura, was of the view that certain officers of the Administration were guilty of lapses, which resulted in loss to Government while the dissenting member considered the officials were free from blame. The Chief Commissioner accepted the dissenting Report. The Ministry of Food & Agriculture

The Committee may be informed of (1) action taken against the officials concerned and (2) whether the decretal amount has been recovered.

[See also para 8 (Intro.) of the Report]

---

1

2

3

4

5

6

---

were, however, of the view that this was a fit case where charges should be framed against all the officials guilty of lapses and the matter should be proceeded with. The Ministry of Food & Agriculture in consultation with the Ministry of Home Affairs asked the Chief Commissioner, Tripura, in December 1960 to conduct a detailed preliminary enquiry with a view to fixing responsibility in regard to (a) award of work at higher rates without recording the reasons therefor, (b) non-execution of proper contract, (c) non-maintenance of initial stock accounts according to rules, (d) non-recovery of security deposit and (e) non-enforcement of terms of contract etc. The Chief Commis-

sioner was informed that if as a result of such a preliminary enquiry it was found that regular departmental action is called for, necessary action to institute such an enquiry should be taken by him.

63 45 Food

The expenditure of Rs. 1,01,685 already incurred upto August, 1958 on the erection and maintenance of the plant at Bombay port together with the rent of site on which erected and the further expenditure on these counts till the plant is shifted to another port must be regarded as infructuous.

The observations of the P.A.C. have been noted. It has since been decided to shift the plant to Kandla and work it there.

The Committee understood from Audit that the plant had been shifted to Kandla. They would like to know whether it was working satisfactorily.

3

63A 60 Food

The Committee would like to be informed of the action taken by Government in this case and reserve their opinion till then.

The recommendations by the Delhi State on the case are under consideration of Government.

The action taken in the matter may be communicated to them at an early date.

1

2

3

4

5

6

### **Eighteenth Report (Second Lok Sabha)—Vol. I**

64

13(d)

Health

Finance

*Grant No. 48—Public Health—Family Planning.*

The Committee suggest that the Ministry, in the light of their past experience, should make provision for grant of funds to the States for family planning schemes on the basis of firm commitments made by the States concerned.

The Ministry of Health have stated as follows :—

‘According to the revised procedure for giving grants to the State Governments, no expenditure sanctions are issued by the Government of India on as and when required basis. Certain allocations for the implementation of the Plan Schemes are made by the Planning Commission on the recommendations of the Working Group and 1/12th of such allocations are released to the State Governments every month as ways and means advances. Final adjustment sanctions are issued at the end of the year on the basis of actuals for 9 months

The Committee would like to watch the working of the revised procedure for giving of grants to State Governments.

and estimates for 3 months. Subsequently adjustments are made in the following year on the basis of the actuals for the full year. As the allocations are made on the firm requirements of the State Governments whose representative is present in the Working Group, it is for the State Government to rigidly implement the schemes for which they wanted allocations of funds. The State Family Planning Organisations have been asked to keep the Centre informed periodically about the actual expenditure incurred.' 2

65 107

Health . .

The Committee were given to understand that the principle of cost accounting would be applied to all the biological products manufactured at the Institute, and they would

The Accounting Rules and forms prescribed for the Institute have been sent to the Ministry of Finance for concurrence. After these have been approved by that Ministry, the

The Committee regret the delay in the commercialisation of the Accounts of the Institute and desire that the matter should be finalised without further delay.

---

be apprised of the progress made in the matter.

final reply will be sent after getting it vetted by Audit.

66 108 . Health .

The Committee understand that Government proposed to appoint an Expert Committee to go into the question of closure of the Medical Store Depots. They should be informed of the outcome of the Report of the Expert Committee, in due course, and also of the progress made in liquidating the heavy outstandings.

The matter has been referred to the Mudaliar Committee recently constituted to assess the health problems of the country and to make recommendations for the II Five Year Plan and subsequent plans. Their recommendation on this question will be communicated to the Public Accounts Committee in due course. A note has also been submitted. (Appendix XL).

The Report of the Mudaliar Committee and the action taken thereon by Government may be awaited.

2

67 109 . Health .

The Committee would defer further consideration of the case regarding the eviction of a tenant from the premises of the Medical Stores Depot, Bombay till they are informed of the outcome of the two

The following three suits have been filed against M's..... who are occupying a portion of the Medical Store Depot, Bombay :—  
(i) Suit for ejectment filed on 28th February, 1958.

The Committee may like to watch further developments.

suits which had been filed in the Court.

(ii) Suit regarding compensation and Halakhori tax amounting to Rs. 16,273.46 nP. filed on 6th February, 1959.

(iii) Suit regarding recovery of rent and compensation amounting to Rs. 13,610.88 nP. filed on 26th February, 1959 for the period prior to 7th October, 1954.

On the advice of the Central Government Pleader at Bombay and in consultation with the Ministry of Law, this Ministry have since agreed to compromise the suits with the party on receipt of arrears due from them, leaving aside the arrears due from the previous tenants.

**Twenty-Fifth Report (Second Lok Sabha)—Vol. I**

68 11(c) . Health

The Committee feel that delays referred to by the Ministry can be

Note awaited.

---

1

2

3

4

5

6

easily avoided in future  
by settling the pattern  
of assistance in time.

59 45

Health

WH&amp;S

The Committee understand that the loss to Government on account of rent, etc. of vacant residential buildings could not be ascertained as the records showing the actual date of handing over of these buildings were not available with the Institute or the Central Public Works Department. The Committee desire that the records should be traced and the amount of loss sustained by the Institute calculated and intimated to them.

Note awaited.

70 46

Health

In regard to the buildings constructed by Government for the Institute which had since been handed over to the In-

Two notes have been submitted. (Appendices XLI-XLII).

The Committee are concerned to note that as many as 93 quarters of the Institute are still in occupation of the non-Institute

stitute, the Secretary of the Ministry gave a figure which differed widely from the detailed information furnished by the Ministry at the instance of the Committee. The Committee regret that the witness had not come fully prepared.

employees. They desire that effective steps should be taken by Government to get these quarters vacated and handed over to the Institute.

71 50

Health /WH&S

The Committee are astonished to find that a job like the construction of two truck bodies which would not take a private truck owner more than a few weeks should have taken the Central Purchase Organisation a period exceeding a year and a half. Even after making due allowance for the completion of Government Departmental procedural formalities, the delay was unconscionable. The Committee suggest that Government will be well-advised to review the procedure prescribed

Note awaited.

1

2

3

4

5

6

with a view to rid it of unnecessary and purposeless formalities.

72 52

Health

The Committee would like to be furnished with a note setting forth the considerations which weighed with the Delhi Administration in coming to the conclusion that the Land Acquisition Officer was not to blame.

A note has been submitted by the Ministry of Health. (Appendix XLIII)

The Committee are not happy over the manner the Delhi Administration and the Deputy Commissioner's Office had acted in this case. After requesting the Central Ministry of Health for expenditure sanction in July, 1954, the Administration did not bother to know the outcome of their request for about three years till the matter was pressed by the landowner. Nor did the Deputy Commissioner's Office with whom the matter was continuously pursued by the claimant keep any track of its request made in April, 1954. The plea of over-work in the Deputy Commissioner's

Office advanced by the Ministry for the above lapse is hardly tenable.

72

73 53

Health Law

The Committee understand that in spite of the fact that the claimant in this case had failed to fulfil his obligations under the Land Acquisition Act and the Punjab Land Revenue Act, according to legal opinion, his claim to interest charges had to be honoured. This points to a lacuna in the Act, the amendment to which was stated to be under consideration of Government. The Committee would like to be informed in due course of the final decision taken in the matter.

A note has been submitted. (Appendix XLIV)

The Committee would like to be informed of the decision of the Ministry of Food and Agriculture in due course regarding the addition of a proviso to section 34 of the Land Acquisition Act to the effect that interest will not be payable where the person claiming interest had been guilty of any default or negligence.

74

187 (7th Report)  
Item 96 of Appendix I of 18th Report, Vol. II.

Home Affairs.

The Ministry of Home Affairs should review the whole position of the working of the Marine Department Stores, Andamans and consider whether having regard

The observations of the Committee regarding regular verification of stock and disposal of surplus stores have been noted. Arrangements have been made for regular annual

The latest position about the disposal of the remaining stores may be reported to the Committee.

---

to the actual issues, the stocks held are not excessive as this is always fraught with two risks, *viz.*, firstly, deterioration and secondly, obsolescence by the lapse of time, apart from the unnecessary locking up of funds. The Committee trust that by the time they next take up examination of the Accounts relating to the Andaman and Nicobar Islands, a better picture regarding the working of the Marine Department Stores would be presented to them.

verification of stores. The last physical verification of the Stores of the Marine Department was completed on the 6th May, 1959. Action to dispose of the obsolete stores by public auction has been initiated and a few stores already disposed of. The total value of surplus and obsolete stores on 6th May 1959 was Rs. 46,761 and the value of stores disposed of is Rs. 26,067. The remaining stores will be disposed of by public auction very shortly. The difficulty is that there is little demand from the public.

- 75 112 (Eight- Home Affairs. The Committee consider that necessary steps should be taken to make
- The following steps have been taken to make the Government Dairy Farm,
- The Committee note the steps taken by Government to make the Dairy Farm, An-
- 112 (Eighteenth Report Second

They recommend that Government should review the working of Dairy Farm in the light of the steps taken and furnish the results thereof to the Committee.

- (i) The selling price of milk has been raised from 37 nP. to 45 nP. per pound with effect from the 15th April, 1959 ;
- (ii) The dry fodder being imported from the mainland, is costly. Its consumption is, therefore, being reduced by the substitution of green grass to the maximum extent possible. With this end in view, an area of 200 acres of pasture land of the Dairy Farm will be provided with irrigation facilities on completion of the Urban Water Supply Scheme, the implementation of which is in progress. This will be a protected area and will provide fresh grass for the cattle. This will also ensure availability of water throughout the year for the cattle ;

(iii) Under the Animal Nutrition Scheme two grass farms are being set up in the Islands to meet the requirements of the Dairy Farm.

76

191  
(Seventh  
Report)  
Item No.99  
of Appendix  
I of 18th  
Report  
Vol. II.

Home Affairs

The Public Accounts Committee (1955-56) had hoped that with the setting up of a Vigilance Organisation in the Ministry disposal of such cases involving disciplinary action would be expedited. But the Committee regret to observe that things have not improved much. They would like the Ministry to examine and report to them whether speedy action was being taken in cases of disciplinary action.

The following statistics indicate the rate of disposal of complaints and vigilance cases. The figures for the period 1st April, 1958, to 31st December, 1958, are only for a period of 9 months whereas the figures for 1956-57 and 1957-58 are for a period of 12 months.

The Committee desire to be informed of the reasons for non-disposal of a number of cases even after 12 months. They would urge that steps should be taken to ensure that no cases are outstanding for more than 12 months as the delay lessens the deterrent effect of punishment on guilty officials whereas it results in unjust harassment to those who are found innocent.

21

### *Complaints*

Year	Total No. for disposal	Number Dis- posed of	Per- cent- age of dis- posal	Pend- ing at the end of the year
(i)	(ii)	(iii)	(iv)	(v)
1956-57	4676	3716	79.47	960
1957-58	8540	6463	75.68	2077
1st April to 31st Dec., 1958	8313	6220	74.80	2093

### *Vigilance Cases*

1956-57	616	344	55.84	272
1957-58	3694	1974	43.43	1720
1st April to 31st Dec., 1958	3714	1809	48.71	1905

1

2

3

4

5

6

## Time Analysis

## (A) Complaints

Number disposed of

Less than 1 month	1-3	3-6	6-9	9-12	1-2 years	Over 2 years
2437	1,443	910	348	327	172	34

## (B) Vigilance Cases

137	330	358	265	151	241	105
-----	-----	-----	-----	-----	-----	-----

The following steps have been taken to obviate delay in disposal of cases :

- (1) All relevant documents are collected and kept in one place even before charges are framed ;
- (2) Failure to submit the written statements within time is dealt with strictly and the power to proceed *ex-parte* exercised more freely in suitable cases ;
- (3) Written statements are fully examined on receipt and any other documents that may be necessary are also collected.

- (4) While appointing an Inquiry Officer, steps are taken to furnish him with all the documents and the list of witnesses.

A periodical review is made to expedite disposal of cases.

### Twenty-Fifth Report (Second Lok Sabha)—Vol. II

77	60	Home Affairs Food & Agriculture	The Committee would like to be informed of the action taken by Government in this case and reserve their opinion till then.	The Ministry of Food and Agriculture who are concerned with this item, have been asked to furnish the Lok Sabha Sectt. with the requisite information.	The Committee desire that the requisite information may be furnished without further delay.
78	63	Home Affairs	The Committee feel that a more energetic drive is necessary to recover the balance of Rs. 3,78,315 some of which had been outstanding since April, 1952.	A statement has been submitted (Appendix-XLV).	The Committee note that on the 30th June, 1960 total outstandings were Rs. 3,98,501. Of that amount Rs. 3,33,963 had been shown against doubtful debts and Rs. 64,538 was the net balance to be recovered. The Committee desire that action should be taken to clear these outstandings.

82

*Note.*—Information on para. 12(c) of the 18th Report, Volume I and on item 98 of Appendix I, 18th Report has been noted. Volume II is still awaited.

1	2	3	4	5	6
79	64	Home Affairs	The Committee would await the findings of the Board of Enquiry and action taken by Government thereon in the case relating to the shortage of foodgrains.	The Ministry of Food & Agriculture who are concerned, have been asked to furnish the requisite information to the Lok Sabha Secretariat.	The Committee desire that the requisite information may be furnished without delay.
80	67	Do.	The Committee were informed that the Sarva Seva Sangh had refunded the balance, but the accounts were still under scrutiny by the Orissa Government. They would like to have a further report in due course.	A note is still awaited.	The Committee desire that the submission of the note may be expedited.
81	68	Do.	The Committee regret to learn from the Secretary of the Ministry that the experiment of trying to manage the Gramdan Villages through a non-official organisation has not been a happy one. They view with concern that such works involving huge financial commit-	Do.	Do.

ments should have been entrusted to organisations about whose capacity there was no sufficient knowledge or data.

**HIMACHAL PRADESH ADMINISTRATION**  
**Twelfth Report (Second Lok Sabha)**

82	17	Home Affairs <u>H.P. Admn.</u>	The Committee would suggest that the Government should examine the feasibility of recovering the villagers' contribution towards the cost of the National Water Supply and Sanitation Schemes in Himachal Pradesh in the form of manual labour where because of lack of resources they are unable to pay in cash.	The recommendation of the Public Accounts Committee is under examination in consultation with the Territorial Councils, Municipal Bodies and Panchayats. It is considered that before giving effect to the recommendation, it is essential to ensure that contribution in the form of manual labour would be readily forthcoming and that it would not be below 12½% of the capital cost of a scheme.	Further report awaited.
83 (i)	23	Home Affairs <u>Himachal Pradesh Administration</u>	(i) The Committee desire that all out efforts should be made to reduce the outstanding dues from the individuals by the Himachal Pradesh State	Dues outstanding against individuals which stood at Rs. 23,58,271/- on 30-6-1956 (inherited from the erstwhile Bank of Sirmur integrated in	The Committee desire that all out efforts should be made to recover the outstanding dues. They would await a further report in the matter.

---

1

2

3

4

5

6

---

Cooperative Bank to enable the Bank to progressively change over completely to Cooperative Business.

February, 1955) were reduced to Rs. 22,70,577/- by the 31st December, 1957. These have been further reduced to Rs. 12,07,744/- by the 30th October, 1959. Instructions have also been issued by the Himachal Pradesh Administration to the Management of the Bank as well as to the field staff to expedite recovery from the persons concerned.

*Further Report—*

(i) *Para 23 of the Report.*  
On the 26th March, 1960, the outstandings against the individuals were Rs. 10,10,655.88 out of which Rs. 1,46,749 have been recovered leaving a balance of Rs. 8,63,908.88 still recoverable. Fresh Advances have been made after the 26th March, 1960 against sanc-

83(ii) 24

Home Affairs  
Himachal Pradesh  
Administration

(ii) The [Committee desire that the Govt. of India should come to an early decision in regard to guaranteeing the loan from the Reserve Bank of India, as cheap credit available from the Reserve Bank would enable the Himachal Pradesh Co-operative Bank to reduce its rate of interest on its lendings to the Credit Societies and also enable it to provide cheap credit to the agriculturists.

tioned cash credits and on the security of fixed deposits etc. The balance recoverable on the 31st May 1960 stood at Rs. 8,68,466.

The Himachal Pradesh State Cooperative Bank, according to the latest audit classification, has been classed as a 'C' Class Bank. Cheap credit is generally available to the A. & B. Class Banks as prescribed by the Reserve Bank of India, and as such, the proposal to obtain a short-term loan of rupees three lakhs from the Reserve Bank of India was not pursued further. The main reason for classification of the Himachal Pradesh State Cooperative Bank as a 'C' Class Bank is the heavy percentage of outstanding loans both on account of principal as well as interest, recoverable from the societies and the individuals. In

The Committee would re-iterate the need to provide the agriculturist with cheap credit. They would await a further report in this regard.

---

1

2

3

4

5

6

---

1957, there was a slump in the potato market, which is the principal cash crop of the territory. The Bank which had advanced loans for potato marketing in 1957 could not recover them from the debtor societies and members for the reason mentioned above. Besides, there had also been failure of crops in certain parts of the territory in the preceding years, with the result that the repaying capacity of the borrowers received a setback and, consequently, the dues generally remained unpaid.

The Bank has been asked to make concerted efforts to effect recovery of the outstanding dues so as to bring its working to

the required standard of audit classification and to qualify itself for cheap credit accommodation from the Reserve Bank of India. The Bank has accordingly recruited some special staff for the purpose. The department on its part has also issued instructions to the District and field officers to assist the Bank in the recovery of the dues.

In the meantime, the Bank has been asked to assess its requirements of loans from the Reserve Bank of India. As soon as the outstanding dues of the Bank have been brought down to the limit which may place the Bank at par with at least 'B' Class Banks, the question of guaranteeing the loans from the Reserve Bank of India to the Himachal Pradesh Co-operative Bank will be taken up.

*Further report :*

(ii) *Para 24.*—Outstandings of the Himachal Pradesh State Co-operative Bank Ltd. are due to the fact that the crops failed in certain parts of this territory with the result that the repaying capacity of the borrowers was reduced. However, the Bank is making efforts to reduce the extent and percentage of overdues under both 'Principal and Interest'.

84

35

**Home Affairs**  
**H.P. Administration.**

The Committee would like to be furnished with a report on the amount of surpluses and deficiencies disclosed as a result of the stock verification in the various divisions of the P.W.D. and how these have been reconciled.

Physical verification of stores has been completed in all the divisions except two sub-divisions of Rampur Division and four sub-divisions of Chenab Valley Divisions. The physical verification of stores in these sub-divisions could not be completed on account of their being situated in

Further report awaited.

remote and inaccessible areas of the Tibet- Kashmir Border, which remain cut off as a result of snow-fall for about six months in a year. Stock verification has been delayed in the past largely owing to the shortage of technical staff. There was a shortage of 190 overseers against the total sanctioned strength of 388 overseers. By the end of June, 1959, the shortage was reduced to 86 and every effort is being made to fill up the remaining vacancies.

19

85

36

Home Affairs  
H.P. Administration

The Committee are perturbed to observe that the position of store accounting in the P.W.D. continues to be unsatisfactory. The situation called for remedial measures to be taken much earlier. Stores are cash in another form. Their accountal, safe custody and verification are, therefore, of utmost importance.

The compilation of stock returns for the past several years is in arrears. Consequently, the surpluses or deficiencies disclosed as a result of stock verification cannot be worked out until the half-yearly returns have been brought up-to-date and book balances on the date of physical verification are known. Additional staff

Further report awaited.

1	2	3	4	5	6
---	---	---	---	---	---

The Committee would like to know the progress made in this behalf by the P.W.D.

is being posted for the clearance of arrears in stock accounts in the various divisions and to bring them up-to-date.

86

43

Home Affairs

Himachal Pradesh Administration.

The Committee would emphasise that the outstandings due to the Forest Department should be recovered expeditiously and a further report about the progress made in the matter submitted to them in due course.

A sum of Rs. 21,08,319/- was outstanding against various parties on 1st April, 1958. The position in regard to recovery is as follows :—

(a) Rs. 5,10,676/- from the Punjab Government.

The amount is due on account of surplus on the working of Bushahr Forests for the period prior to the 1st April, 1949, the date on which these forests were transferred to the Himachal Pradesh Administration. The amount has not been recovered so far. The matter is under consideration. Further report awaited.

pondence with the Punjab Government.

*Further Report:*

*Serial No. 26 (a). No change.*

The matter has, however, been taken up 'demi-officially' by the H.P. Admn. with the Government of the Punjab.

*(b) Rs. 5,33,266/- from Raja Sahib of Bushahr.*

The amount is due on account 'No comments.

of certain securities. These securities are still lying with the Raja Sahib of Bushahr. The matter is under correspondence with him. The Reserve Bank of India has also been instructed not to release the securities in favour of the Raja Sahib. The State Bank of India, Simla, has since intimated that securities worth Rs. 2 lakhs were sold and the sale proceeds amounting to Rs. 2,01,921/13/6 have been credited to the Administration's account.

---

---

I

2

3

4

5

6

---

(c)<sup>1</sup> Rs. 4,73,876.36nP.  
from M/s Mangat Ram  
Roshan Lal Kuthiala.

The amount is due from  
M/s. Mangat Ram Roshan]  
Lal Kuthiala, Forest  
Lessees, on account of  
lease of the Chamba  
Forests. The lessee  
has referred the matter  
for arbitration to the  
Punjab High Court.]

Further report awaited.

8

*Further Report :*

*Serial No. 26 (c).* The dispute between the Administration and the lessees in regard to the appointment of Arbitrator in accordance with the Arbitration clause of the Agreement is pending in the Punjab High Court.

(d) Rs. 2,52,477.37 nP. from  
M/s Spedding Dinga  
Singh & Co.

The amount is due from  
M/s. Spedding Dinga  
Singh & Co., forest lessee,  
on account of lease of  
the Jubbal Forests. A  
sum of Rs. 6,838.06 nP.  
has been recovered out  
of this amount. Certain  
counter-claims preferred  
by the lessee are under  
scrutiny.

Further report awaited.

*Further Report :*

Serial No. 26 (d). The mat-  
ter has been referred to  
the Legal Adviser to effect  
recovery through the  
Court of Law, and is under  
his examination. The  
correct amount outstand-  
ing against the Firm  
is Rs. 2,45,639.31 nP.

(e) Rs. 3,38,023.27 nP. from  
purchasers of forest pro-  
duce and contractors on  
account of advance given  
to them for working of

1

2

3

4

5

6

*forests during pre-merger period.*

A sum of Rs. 1,63,995/- has been recovered, leaving a balance of Rs. 1,74,028.27 nP. out of which a sum of Rs. 1,00,000/- is due from contractors on account of advances made to them. Steps have been taken to recover the outstanding dues, either departmentally or through courts. Further report awaited.

As a safeguard against forest dues falling into arrears, penalties are imposed on the purchasers of forest produce for belated payments and where necessary, recoveries are effected through courts as arrears of land revenue.

The Committee consider that the present system of charging depreciation in the case of rolling stock by the Himachal Transport Service is defective in as much as it does not take into account the replacement cost of vehicles, but is based merely on the initial cost. The purchase of the new vehicles at high prices would, therefore, throw on the Transport Service a heavy financial burden.

The Committee understand that the Railways have revised their system of calculating the depreciation taking into account the increase in replacement costs and obsolescence. The Committee, therefore, suggest that the present system of charging depreciation on the initial cost of rolling stock by the Himachal Pradesh Transport

The present system of charging depreciation is being reviewed in the light of the data collected from the other State Transport Undertakings and a final decision will be taken in consultation with the Accountant General, Punjab.

Further report awaited.

*Serial No. 24.* The Ministry of T. & C. (Deptt. of Transport), who are administratively concerned with Himachal Pradesh Government Transport, are of the opinion that the present practice of depreciating the rolling stock (*i.e.* Motor Vehicles) in H. P. Government Transport on the basis of the original cost may be allowed to continue. They, however, feel that there is need to create a separate "Rolling Stock Price Equalisation Fund" to provide for the additional

Service may be reviewed in consultation with Audit, with a view to reducing the burden at the time of replacements.

amount required to counteract the effect of rise in cost at the time of replacement by making annual contribution to this fund at the rate of 25 % of the annual Depreciation Fund contribution in respect of motor vehicles. That Ministry has been requested to obtain the views of the Audit in the matter.

88

59

Home Affairs  
H.P. Admn.

(i) The Committee would like to be informed of the final outcome of the arbitration proceedings between the Himachal Pradesh Admn. and the Managing Agents of the Rosin and Turpentine Factory, Nahan.

The arbitration proceedings are still in progress.

*Further Report :*

*Serial No. 38.* The arbitration proceedings are still in progress. In the course of the arbitration proceedings, difference of opinion arose between the two arbitrators on a legal issue namely, whether notice of the claim submitted by the

Further report awaited.

Union of India should issue to the sons of Shri Gopal Singh. The competent Court has been moved to issue a directive to the arbitrators under Section 31(3) of the Arbitration Act, 1940 to proceed according to Law and issue notice of the claim to the sons of Shri Gopal Singh or alternatively to grant leave to the claimants to revoke the authority of the arbitrators under Section 5 of the Act. The case is expected to be heard by the Court in February, 1961.

22

89      20      Home Ministry/  
H. P. Adminis-  
tration/Forests,  
Industries and  
Transport  
Departments.

Forest : See para 43 of the Report.

Industries : A further report stating the progress made in recovery of the outstandings may be submitted to the Committee.

Same reply as against item No. 26 Para 43 of the Twelfth Report, Vol. I.

Further report awaited

The following table gives the present position :—

	Previous Outstandings	Amount recovered	Balance
	Rs.	Rs.	Rs.
1. Sundry debtors	4,75,740	55,508	4,20,232

1	2	3	4	5	6
				2. Advances	Rs. 3316·94 nP. (written back)
				a d not	Rs. 3145 Rs. 2,000·07 Rs. 1,316·87nP.
				3. Railway freight recoverable	Rs. 2,229 .. Rs. 2,229
				4. Resin expenses recoverable for 1952-53	Rs. 14,474 .. Rs. 14,474

*Remarks : Item No. 1*

Against this outstanding a sum of Rs. 2,68,699 has been charged to profit and loss account of 1957-58 and shown as 'Reserve' for doubtful debts out of this amount, 4 cases aggregating Rs. 1,76,689·23 nP. are being referred to the court and the matter is under correspondence with the Govt. Advocate. One case of Rs. 14,898·67 nP. is under consideration with the Arbitrator. Other cases are under correspondence with the parties concerned.

The latest position in respect of Sundry Debtors is given below :—

Total Sundry  
Debts on

	Rs.
31-3-1958.	7,90,046
Re covered upto 30-6-1960.	3,91,945
Balance .	3,98,50
Bad Debts .	3,33,963
Amount recoverable .	64,538

Out of total amount of Rs. 64,538, nearly one half is recoverable from Govt. Departments who have been instructed to clear same by Book adjustment through A.G. Efforts are also being made to recover the balance from other private parties.

*Item No. 2, 3 and 4.*

The matter is being looked into.

1

2

3

4

5

6

# DELHI ADMINISTRATION

## Twenty-fourth Report ( Second Lok Sabha)

- 90 S. No. 21 Home Ministry/  
of H. P. Admin-  
Appendix I nistration/  
to the Forests, In-  
24th Report dustries and  
(1959-60) Transport  
Departments.
- A case was reported to in para 18 of the Audit Report 1954 wherein it was stated that the Agents appointed by the State Government for receiving, storing and distributing the rationed food-grains in the State had over-drawn large sums of money by altering the amounts in the cheques given in their favour.
- Moreover, the system of payment of freight by the Agents was such as would have enabled them to draw refunds of over charges without the knowledge of Government. The Amounts thus mis-appropriated by the Agents were not exactly
- The case is still *sub-judice*. Ministry of Home Affairs O.M No. 9/1/60-AC. II, dt. 10-3-61.]
- The Committee would await the final outcome of this case.

worked out. There were other irregularities and breaches of contract too. When the examination of the Deptt. was taken up, the Secretary submitted that the case was already being tried in the court, and was *sub judice*. The Committee thereupon decided to postpone the discussion.

#### Eighteenth Report (Second Lok Sabha)

91 119 & 120 I. & B.

- (i) The Committee would like to recall their observations made in para 193 of their Seventh Report (Second Lok Sabha) that even after allowing for expenditure on external services, the overall loss incurred on the working of A.I.R. is on the high side. In fact, it is continuously increasing. They, therefore, desire that the Ministry should explore all possibilities with a view to reducing the losses and report to the Committee the result of their efforts.

A note has been submitted (Appendix XLVI).

Reg. (iv) the Ministry have further stated. The Government feel that, as far as possible curtailment of the existing facilities should be avoided.

The possibility of measures which would result in economical working is being examined in detail with a view to taking a final decision.

- (i) The Committee desire that the proforma accounts should be so drawn up in future as to present a realistic statement of the services for which the A.I.R. gets return. They find that the deficit as worked out is still considerable. This should be progressively reduced.

(ii) See para 71 of the Twenty-fifth Report (Second Lok Sabha) Vol. II.

(iii) No comments.

(iv) The Committee would watch the effect of the steps taken for reducing

---

1

2

3

4

5

6

---

(ii) They also desire that early steps should be taken to grade the radio licence fee according to the price of a set.

the loss on radio publications.

(iii) Another revenue earning measure which the Committee had also in the past suggested is the production of cheaper radio sets. The Committee observe that not much headway has been made in this direction so far. They would suggest that Govt. should devote greater attention to this question and facilitate the manufacture of cheaper radio sets within the reach of the lower income groups of the population.

(iv) The Committee would like to be informed of the

outcome of the proposal to discontinue some of the journals and the extent to which it had resulted in the reduction of loss on radio publications.

92 S. No. I. & B.  
103 of  
Appendix  
I (Vol. II)

The Committee feel that the proportion of free distribution of Radio Publications is rather on the high side and they see not justification for it. They are also of opinion that the publication of journals with a circulation of 5000 or less should be discontinued as it is not economical to bring them out.

The Committee are not sure how for the above reduction in price will stimulate the sales. They would recommend for the consideration of the Ministry an increase in the radio licence fee by a rupee or so and supply of a free copy of the programme portion of the journal of his choice to each license holder. The desirability

The supply of complimentary copies of radio journals is now governed by the principals indicated against item 61 of the statement showing the action taken on the recommendations of the sixteenth report of the P.A.C., vide this Ministry's letter No. 6/4/56-B. & G, dated 4-3-57. As indicated therein the supply of complementary copies has been considerably purned down. Payment is now made through book adjustment for most of the copies previously supplied free for official purposes.

(2) Only three programme journals (Awaz, Sarang and Nabhovani) have a circulation of less than 5000. The question of

See remarks against S. No. 1  
(iv) above.

of inclusion of tit bits of interest here and there in these radio programmes provide additional recreation and education for which radio is intended should also be considered. The Committee should be informed of the action taken by Government in the matter.

discontinuing these journals was recently reviewed. Journals in Urdu, Hindi and Gujarati, considered suitable for publishing A.I.R. programmes are being asked whether they would be interested in publishing the programmes. The question of discontinuing these three journals and sending programmes to the selected language journals will be examined in the light of their response.

- (3) The price of 'Awaz' and 'Sarang' was reduced in January, 1958. As would be seen from the circulation figures given below the circulation of these journals has gone up :

Journal	Nov. 1957	Nov. 1958
Awaz	1150	1825
Sarang	2559	3912

4. The question of increasing the licence fee by a rupee or so in lieu of the supply of a free copy of one radio programme journal to each licence has been examined. The financial aspect of the proposal has been worked out tentatively and on the present basis (of nearly 14 lakhs of licences), the licensee fee would have to be increased by about Rs. 5 to cover the cost of production, distribution etc. Income on account of the levy of additional fee of Re. 1 will result in an increase of revenue of Rs. 14 lakhs per annum. As against this, the gross expenditure on the supply of 14 lakhs copies of radio journals according to tentative estimates, would amount to Rs. 82 lakhs per year. Revenue from advertisement is expected at Rs. 14 lakhs. Even if these tentative estimates should be capable of being reduced it is not expected

1

2

3

4

5

6

that the levy of an additional licence fee of Re. 1 or so would prove adequate.

5. Reading matter, consisting of material already broadcast, is being included to a larger extent in the radio journals.

93 S. No. I. & B.  
104 of  
Appendix  
I (Vol. II)

The Committee desire that the outcome of the review of the All India Radio organisations by the Economy Unit may be expedited and reported to them.

The Ministry of Information & Broadcasting have stated that the Special Reorganisation Unit have completed study of some offices of All India Radio and have made certain recommendations. These are under consideration of the Director General, All India Radio.

The Committee feel that review of the A.I.R. by the S.R.U. is taking a long time. They would urge the need for expedition in introducing economy measures to bring down the deficit in the working of the A. I. R. services.

2  
p

94 115  
(Vol. I) I. & B.

The Committee could not appreciate why the firm was allowed to take up the work without the formal agreement. They are not

A note has been submitted. (Appendix XLVII.)

See paras 118-120 of the Report.

satisfied with the explanation of the Ministry that the work was allowed to be taken up by the firm from the date fixed as the Station Director was of the opinion that the firm would fulfil the terms of the contract and any delay in allowing to take up the work and have interrupted the issue of the journals. They feel that while the delay in finalising the draft agreement was in itself regrettable, they are of the opinion that the authorities erred in allowing the firm to take up the work from 1-6-54 without signing the agreement or tendering the stipulated security deposit.

The Committee are surprised why the Ministry did not proceed with caution in this matter. The plea that had the work not been allowed to be taken up by the firm on the date already fixed,

---

1

2

3

4

5

6

there would have been an interruption in the issue of the journals (presumably because of the common ownership and management of this firm and the press where the journal 'Vanoli' was being printed) was untenable. In fact the issue of the journal was not interrupted when this press was subsequently sealed in pursuance of a court decree and stopped functioning.

#### **Eleventh Report (First Lok Sabha)**

95

10

Irrigation and  
Power.

The Committee regret to note that the Govt. have not so far taken any disciplinary action against the persons responsible for the irregularities mentioned in the Champhekar Committee Report. They would like to impress upon the Ministry of

For non-preparation of detailed estimates of the Project before commencement of works and the deplorable state of initial accounts, a warning was issued to the Executive Engineers concerned and an adverse entry made in the confidential dossier

The Committee may like to be apprised of the action taken against the second Officer.

Irrigation & Power the desirability of taking very early action in the matter and to submit to them a report stating the action taken.

of the then Chief Engineer. The cases regarding the importation of labour and preparation of bogus muster rolls, were referred to the Special Police Establishment, who, after investigation, reported that no criminal case could be made out due to lack of positive evidence and suggested that departmental action might be taken against the two Officers concerned. A warning was issued to one of them, action to be taken against the other is under consideration in consultation with the Union Public Service Commission.

2. The case regarding the alleged favouritism shown by the then Chief Engineer and Superintending Engineer of the Project to Messrs. Uttam Singh Duggal & Co., Contractors, was enquired into by
- See para 122 of the Report.

a retired District and Sessions Judge. The enquiring officer recommended in his report (November, 54) that:—

- (i) the Chief Engineer concerned should be debarred from re-employment and the Superintending Engineer concerned should be debarred from promotion and that ;
- (ii) the additional pension ordinarily admissible to the chief Engineer for one year or the period he held the Chief Engineer's post should be withheld.

As regards(i), as the officers had reverted to the service of the Govt. of Punjab, the report of the enquiring officer was for-

warded for consideration and appropriate action to the State Government who were told to seek the advice of the Government of India at the appropriate stage, if they desired to pass orders of removal or dismissal. The State Govt. informed this Ministry that warnings to the officers would meet the ends of justice and that these warnings had already been issued. In regard to (ii), the Govt. of India decided, in consultation with the UPSC that the entire period of service of the officer concerned as Chief Engineer should be held as not approved for grant of special additional pension admissible under Article 475-A of the Civil Services Regulations.

3. The other irregularities can be attributed to lack of supervision and ineffective control over the affairs of the project by
- No comments.
-

1

2

3

4

5

6

the higher officers. Adverse entries were made on this account in the confidential dossiers of the then Chief Engineer and Superintending Engineer.

# **Eighteenth Report (Second Lok Sabha)—Vol. I**

96

122

Irrigation and Power.

(i) The Committee desire that the disciplinary action against the supervisory officers concerned should be expedited.

The preliminary enquiry against the Supervisory Officers could not be started as the connected papers were filed by the Police as exhibits in the Court of the Resident Magistrate, New Delhi, in connection with two Criminal cases against the ex-Cashier, Central Water and Power Commission. The two cases against the delinquent were disposed of by the Resident Magistrate, New Delhi on 9th December, 1958. The ex-Cashier was convicted under section 409 IPC and sen-

Final decision\* in the matter will be awaited.

110

tenced to undergo rigorous imprisonment for 6 months in each of the two cases, the sentences to run concurrently. Thereafter the documents were forwarded by the Resident Magistrate, New Delhi to the Sessions Court for the disposal of an appeal filed by the ex-Cashier. The papers seized by the Police became available in February, 1960. The preliminary enquiry conducted by an officer of this Ministry revealed that the defalcation in this case was facilitated partly due to the defective procedure followed in the Central Water and Power Commission and partly due to the negligence and laxity of control on the part of the Officers who supervised the work of the Cashier in the Commission during the period over which the irregularities occurred. The defec-

---

\*A note has since been received, but could not be considered, being received late.

---

1

2

3

4

5

6

---

tive procedure to which the irregularities are attributed was examined in this Ministry in consultation with the Accountant General, Central Revenues and a note enumerating the steps taken to check the recurrence of such irregularities in future has been submitted to the Committee. (Appendix XLVIII.) As regards the supervisory officers whose negligence contributed to defalcation in the present case, two of them have already retired from service and the other two are permanent Grade I Officers of the Central Secretariat Service. As the service to which the two serving officers belong is controlled by the Ministry of Home Affairs, all the connected papers to-

gether with the comments of this Ministry were sent to that Ministry in June, 1960, to process the case further. That Ministry called for explanations of the officers concerned. These explanations have been received and have been referred to this Ministry for remarks on the 20th February, 1961. A note\* on the subject will be sent to the Lok Sabha Secretariat as soon as the case is finalised.

113

# **Eighteenth Report (Second Lok Sabha)—Vol. I**

97 125 Labour & Employment  
-----  
Defence

The Committee consider it unfortunate that legal implications of surrender of a portion of land and its subsequent requisition were not appreciated by the Ministries concerned.

The Ministry of Labour & Employment have noted for future guidance. A note has also been submitted (Appendix XLIX).

The Committee would like to be apprised in due course of the opinion\* of the Ministry of Law on the question whether there was any negligence on the part of the Govt. Solicitor in rendering his advice.

# **Twentieth Report (Second Lok Sabha)**

98 22 L & E.  
-----  
C M L W O

The Committee trust that immediate steps would be taken by the Coal Mines

*Transport arrangements:* Public bus services were tried and the Organisation

Final decision on the question of providing Fund's own transport for workers

\*The requisite information has since been received. This could not, however, be considered by the Committee being received late.

Labour Welfare Organisation to provide the requisite facilities for transport and water in these townships. They would also like to point out that the sanitation of the townships is in urgent need of improvement.

paid subsidy to the bus owners to cover up the loss incurred by them. The colliery owners did not avail themselves of the opportunity and the services were therefore discontinued. The question of providing Fund's own transport on a permanent basis was also considered. As it was found that the expenditure on this account would be much more than if they were run through public transport agencies, the Advisory Committee decided that if bus service should continue it should be done through public transport agencies and not by the Fund. The present position is that in certain cases the colliery owners have made their own arrangements for the transport of their workers

residing at Bhuli (with a contribution from the Colliery Owners' Association), may be communicated to the Committee.

by buses and trucks and over 900 workers are taking advantage of such arrangements. The Coal Mines Welfare Commissioner has requested the State Government of Bihar to route some of their buses through Bhuli. The matter is under consideration of the State Government.

In a further communication the Ministry have stated :  
"There has not been any development in regard to routing some of the public buses through Bhuli, in spite of efforts made by this organisation with the State Government authorities concerned. It may, however, be mentioned that a private bus is plying from Dhanbad to Bansjora through Bhuli. A proposal for provision of the Fund's own transport for workers residing

1

2

3

4

5

6

at the township was considered at the last meeting of the Advisory Committee held on 6-2-61. The Committee decided that the matter might be referred to the owners association to make some contribution towards the cost."

*Water Supply Arrangements :*  
Six wells have been sunk. The question of sinking two more wells is under consideration. Purchase of a tractor with two trailers for augmenting the existing water supply and for conservancy purposes has recently been sanctioned and steps have been taken for their purchase.

In a further communication the Ministry of Labour &

Govt's. decision on the Advisory Committee's recommendations re grant of financial assistance of the Jharia Water Board for its scheme to re-organise and improve the existing water distribution system may be communicated.

Employment have stated :  
“ The Damodar Water Supply Scheme of the Jharia Water Board has been completed. As the scheme covered only supply system and there was no provision for distribution of the additional water becoming available, a scheme to re-organise and improve the existing distributing system including arrangements for supply of water to Bhuli township has been prepared by the Board at a cost of Rs. 66 lakhs. The Board approached the Organisation for financial assistance on the basis of 50% loan and 50% subsidy. The Advisory Committee considered the request at its meeting held on 6-2-61 and recommended grant of financial assistance to the Board to the extent of Rs. 66 lakhs of which 50% would be subsidy and 50% loan. The matter is under consi-

deration. The Board is likely to complete the work within a short period on receipt of financial assistance from the Fund. The problem of water supply to the township will be permanently solved on implementation of the aforesaid scheme."

*Drainage* : Main drains have been provided in the township and sanitation will improve further with the aforesaid water supply arrangements.

No comments.

99

28

L. & B

CMLWO

The Committee are distressed over the appalling conditions in which the coal-miners are living. They regret that the successive efforts of the Organisation for providing minimum housing facilities to miners have not met with the desired response. As this is a matter in which the State is

The New Housing Scheme already introduced is expected to provide housing facilities of prescribed standards to a larger number of coal miners. The question of making it obligatory on the colliery owners to provide housing facilities to their workers as in the case of plantation labour will be exa-

Government's decision on the CMLWO'S scheme of constructing one lakh cheap houses may be reported to the Committee.

vitaly interested, the Committee suggest that by suitable legislative provision Government should consider the feasibility of making it obligatory on the owners of collieries to provide housing facilities of prescribed standards to their workers, as in the case of plantation labour (*c.f.* Section 15 of the Plantation Labour Act).

mined if the New Housing Scheme does not make any appreciable headway.

In a further communication the Ministry have stated :  
“The problem of housing for coal miners was examined in March, 1960 when it was assessed that about 1 lakh houses were required immediately and that another lakh would be necessary for the expected increase in working population due to the proposed increase in the output of coal during the Third Plan period. It was felt that construction of cheaper houses with a life of about 15 years at the rate of 20,000 houses per year should be taken up to solve the housing problem in a speedy manner. A scheme for construction of one lakh cheap houses of 2-roomed tenements of a quasi-permanent nature with cor-

1

2

3

4

5

6

rugated iron sheet roofing costing about Rs. 1100/- per house was drawn up. There will be a non-recurring expenditure of Rs. 220 lakhs per year for five years and the total cost of the scheme will be about Rs. 11 crores. The scheme has been approved by the Housing Board and the Advisory Committee and is under consideration.

In this connection the question of increasing the rate of cess beyond the permissible limit of 50 naye paise per ton to the extent of Rupee one per ton, by suitably amending the Coal Mines Labour Welfare Act has also been taken up, with a view to providing adequate housing accommodation to coal miners. The Housing Board has, how-

The Committee feel that in case a colliery T.B. patient remained under treatment for a period exceeding 6 months, it would hit his dependants very hard if the subsistence allowance was stopped immediately on the expiry of six months. They, therefore, suggest that the period of six months should be extended so as to synchronise, if possible, with the period for which the patient remained under treatment.

ever, recommended that the question may be taken up later based on the experience of the construction of cheap houses.

There has not been any request with sufficient justification for payment of subsistence allowance to T.B. patients beyond a period of six months. The main idea underlying grant of this allowance is to give dependants of a patient sufficient time to find out employment when the only source of income of the family is stopped. The period of six months may be considered a reasonable period for this purpose. It may further be added that in the majority of the cases, the diseases is arrested within six months. The matter is, however, being reviewed and proposals for extend-

The Committee may like to be apprised of the outcome of the review of the matter by the C.M.L.W.O.

ing the period, if any,  
will be considered at the  
appropriate time.

101

26

Do.

(i) The Committee feel that not only the number of schools maintained by the Fund fell far short of the educational requirements of the coal mining population but also the facilities provided at these schools—being upto Class II standard only—were devoid of much utility. In their view, if education was to have any meaning, it should at least be of the primary standard. It appears to the Committee that most of the students getting education at the Fund's Schools were not in a position to further pursue their studies and as such, the time, money and energy spent in educating them upto

(i) & (ii). The education imparted to the children at the Miners' Institutes is that of a Feeder School. The question of running full-fledged primary schools at the Institutes has already been taken up with the State Governments concerned. A start has already been made in this direction in the Institutes in one of the States and they are in the process of being converted into full primary standard. It is expected that in the course of a few months all the Fund's Institutes will be running full-fledged primary schools. The question of drawing up a phased pro-

The Committee may like to know :

- (a) the considerations which weighed with the CMLWO in taking the decision that the present practice of teaching upto Class II standard in the schools at the miners' institutes would continue ;
- (b) the outcome of the negotiations between the CMLWO and the State Governments concerned for providing larger primary education facilities in the Coal Mining areas.

class II were more or less wanted.

- (ii) The Committee understand that the provision of primary education was the responsibility of State Governments. They would urge the Ministry of Labour and Employment/Coal Mines Labour Welfare Organisation to take up the matter with the State Governments concerned and, in co-ordination with them, take necessary steps for the conversion of the Fund's schools into full-fledged primary schools and also draw up a phased programme of opening more schools in the colliery areas.

programme of opening more schools in the colliery areas has also been taken up with State Governments. They are collecting necessary statistics and detailed proposals are expected to be finalised in the near future.

In a further communication, however, the Ministry of Labour & Employment have stated :—

"The question of running full-fledged primary schools at the miners' institutes was considered by the Advisory Committee at its meeting held on the 5th August 1960 and it was decided that the present practice of teaching upto class II standard would continue. With regard to the question of improvement of the primary schooling facilities in the coal-field areas, the committee decided that

1

2

3

4

5

6

where there was no primary school and there was need for it, the Fund would pay a grant-in-aid to the extent of Rs. 6,000/- towards provision of accommodation. The State Governments have been requested to intimate if they will be prepared to start primary schools in the colliery areas of their respective States where there are no primary schooling facilities and where there is urgent need for such facilities, if the Fund would pay the said grant. Reply is awaited."

102

39

L & E  
CMLWO  
Health

The Committee desire that there should be more co-ordination between the State Governments, Coal

The Ministry of Health are of the view that water supply schemes of the coal mining areas could not come

The Committee may like to be apprised of:  
(i) the latest position regarding the proposal to

Mines Labour Welfare Organisation and the Central Ministry of Health in regard to augmentation of water supply in the Coal mining areas. They would, in particular, urge the Central Ministry of Health to examine whether their National Water Supply and Sanitation Scheme (Rural) could not be modified so as to include the major coalfields.

under the purview of the National Water Supply and Sanitation programme for rural areas as the coal mining areas were not strictly rural in character and that it would not be advisable to modify the scheme as the benefit would not be for the villages. They, however, suggested that the Coal Mines Labour Welfare Organisation should take up the matter with the State Governments concerned with a view to including the water supply schemes of the coal mining areas under the National Water Supply and Sanitation Programme of the State concerned. The matter has again been taken up with the Ministry of Health impressing upon them that the Public Accounts Committee raised the question of amending the rural scheme so as to cover the coalfields precisely due to the reason

amend the National Water Supply and Sanitation Scheme of the Ministry of Health so as to include major coalfields ;

- (ii) the outcome of the efforts made by the Ministry of Labour and Employment/CMLWO to persuade State Governments to set up Water Boards and colliery owners to draw up small schemes for financial assistance from the Fund.

that the coalfields cannot be strictly classified as rural. The question of amending the scheme of the Ministry of Health is under consideration by that Ministry in consultation with the Planning Commission.

Finding that the steps taken so far by the Welfare Fund, the Ministry of Health, the State Governments and the Colliery owners have not led to any appreciable progress in the matter, the general question of water supply in coal mining areas was considered in consultation with the Ministry of Health and the Planning Commission, and the State Governments have been advised to set up the statutory Water Boards in the larger coal fields on the lines

of the Jharia Water Board. Pending the setting up of such Boards, individual collieries or groups of collieries have also been requested to prepare smaller schemes for financial assistance from the Fund. It has been decided to appoint a Public Health Engineer under the Fund to assist in the preparation of suitable schemes of water supply. A scheme costing about Rs. 5 crores has been prepared for the Raniganj coalfield and the Government of West Bengal has been requested to set up a Water Board for implementation of the scheme, which is under their consideration. The question of assistance from the Fund is also under consideration.

# **Eighteenth Report (Second Lok Sabha)—Volume I**

103

127

Law

The Committee feel that on the point whether a private contractor who en-

A copy of the statement of case for the Attorney General of India together

Consideration deferred.

tered into contract with Government would be covered by the expression "any other authority" occurring in Article 149 of the Constitution and a law enacted to enable the Comptroller & Auditor General of India to have access to and examine the records of an individual, the Ministry would be well advised to take the opinion and advice of the Attorney General.

with a copy of his opinion in the matter is enclosed. (Appendix LXX).

#### Seventh Report ( Second Lok Sabha )

104

205

Rehabilitation .

The Committee regret to point out that in this case regarding delay in payment of compensation to land-lords for acquisition of land for rehabilitation of displaced persons, the delay has been further aggravated in the acquisition

of land owing to delayed sanction of disbursing staff for payment of compensation to the land-lords.

In the present case, the Ministry should as early as possible, issue necessary sanction to cover the interest already paid and should fix the responsibility for the delay in the payment of compensation. The Committee should be informed in due course of the progress of payment of compensation to the remaining land-owners.

*Further comments of P.A.C. (1958-59)*

The Committee desire that the Chief Secretary, Delhi Administration, who had been asked to fix the responsibility for delay in making payment of compensation to land-owners should be asked to expedite the matter.

A note has been sent to Audit for vetting. Note awaited.\*

---

\*Note since received (Appendix L), but could not be considered by the Committee being received late.

1	2	3	4	5	6
---	---	---	---	---	---

They also desire to be informed of the latest position regarding the payment of compensation to the remaining land-owners.

105      208      Rehabilitation      The Committee would like to know the further action taken by the State Governments against the delinquent persons who held charge of the Sabarmati Ahmedabad and Phamphaman Allahabad Camps.

*Further comments of PAC (1958-59)*

Action against the delinquent officers may be expedited.      A note has been submitted. (Appendix LI).

The Committee are not satisfied with the way in which this case has been dealt with. They may be informed of the court case against the contractor in respect of Sabarmati Camp.

106      209      Rehabilitation      The Committee would like to know what steps have been taken by the Ministry to realise the amounts from the various persons employed in charge of the camps and against whom disciplinary action was taken for fraud, embezzlements, etc.

*Further comments of PAC (1958-59)*

Further progress may be watched.	Notes have been submitted. (Appendices LII-A & B).	The Committee may be informed of the progress made regarding the recovery of Rs. 12,655/12/9 from the delinquent officials and the decision taken by the State Governments concerned for writing off the irrecoverable amounts.
----------------------------------	--	---

131

### **Eighteenth Report (Second Lok Sabha)—Vol. I**

107      130	Do.	The Committee are amazed that various irregularities were allowed to be committed without check from the Officer-in-charge	A note has been submitted. (Appendix LIII).	The Committee find that their observations on the failure of the Officer-in-charge to keep proper supervision over cash
--------------	-----	--	---	---

---

for a considerable period. The cash book is an important account record, the up-keep and scrutiny of which is an essential part of the duties of the Officer-in-charge. The Committee feel that the loss of the cash book is a serious matter and efforts should be made a fresh to fix responsibility for the loss. They would like to be informed of the action taken in the matter in due course.

transactions and connected records do not seem to have received due consideration. They, therefore, desire that this matter should be reviewed and the action taken against the Officer-in-charge intimated to them.

133

#### Twenty-fourth Report (Second Lok Sabha)

108 S. No. II Rehabilitation (iii) of Appendix I of 24th Report (22—24 of 13th Report)

The points raised in the note were considered at the sitting of the Public Accounts Committee held on the 25th July, 1959. The Committee would like to know the latest position regarding recovery of rent, etc. (including ground rent) from displaced persons.

A note has been submitted. (Appendix LIV)

In the opinion of the committee, the progress of recovery has not been satisfactory. They desire that the Ministry should take effective steps to recover the outstanding balance expeditiously.

The Committee are concerned to see that the Ministry of Rehabilitation have not so far fixed responsibility for laxity in supervision by the supervising officials concerned for incomplete and improper maintenance of Accounts. They, therefore, desire that Government should pay more attention to this aspect in the interest of efficient administration and submit to them a report stating the action taken in the matter as early as possible.

In spite of demi-official reminders and personal contacts, it has not been possible to get copies of judgments in two cases. The records concerning all the cases were with the court and they have released record pertaining to one case only on 25-2-1961. Certain other important records are still with the Court. Action in the matter would be possible only after the records are released and departmental inquiries have been conducted.

The Committee feel that photo-stat copies of the original documents could have been obtained to ensure prompt and adequate disciplinary action.

The Committee would like to await a further report in the matter.

While the Committee appreciated the difficulties faced by the Administration at that time immediately following partition, they felt that the Departmental Enquiry Committee had rightly held that the Housing and Rent Officer and Secretary, Relief and Rehabilitation Department

The matter has been reconsidered. No further action can be taken in the matter.

The Committee do not appreciate the statement of the Ministry that "the matter has been reconsidered. No further action can be taken in the matter." They would like the Ministry to elucidate why no further action could be taken against the delinquent officials who were guilty

---

1

2

3

4

5

6

---

of the erstwhile Delhi State, together with their subordinate staff directly connected with the work of this organisation, should share the responsibility squarely for this unsatisfactory state of affairs. The Committee, therefore, felt that the disciplinary aspect of the case had not been pursued fully and asked Government that the cases should be reviewed.

of serious lapses amounting to culpable negligence.

The Committee now find from the note furnished by the Ministry that the Government have decided to convey their displeasure to all the officers and to make necessary entries in the confidential reports. In the opinion of the Committee Government have been needlessly mild in this case, although the officials were guilty of

serious lapses amounting to culpable negligence.

111	8	Rehabilitation	<p>The question regarding the maintenance of the property registers by the C.P.W.D. has been taken up by the Ministry of Rehabilitation with the C.E., C.P.W.D. and the Ministry of Works, Housing and Supply. The Committee would like to be apprised of the final decision in the matter.</p>	<p>The Ministry of Works, Housing and Supply have disowned responsibility of the C.P.W.D. for the preparation of the property registers. The Director of Audit has stated in his D.O. letter No. Rep. 9 (83)/Rehb/2671 dated 18th February, 1961 that he agrees with the views of the Ministry of Works, Housing and Supply that the C.P.W.D. was not required to maintain property registers in this case. A note has been submitted. (Appendix LV).</p>	<p>The Committee feel that this important work was not being attended to pending decision of the issue between the two Ministries. They would urge that the matter should be expedited and report regarding the completion of the registers of immovable Government property submitted to them.</p>
112	11	Do.	<p>The Committee understand that the work regarding recovery of the outstanding urban loans has been transferred to the Delhi Admn. in Jan. 1959, and that the Deputy Commissioner, Delhi is taking</p>	<p>A note on the subject was sent to the A.G.C.R. for verting on 3-9-1960 who stated that as the records were not readily available with the D.C. Delhi, a footnote should be inserted below the draft note</p>	<p>The Committee are surprised that finalisation of the note was held up due to concerned official having gone on leave. They deprecate the delay in the submission of the requisite progress report</p>

vigorous steps for the recovery of these loans as arrears of land revenue. The Committee would like to know the progress made in regard to the recovery of these outstandings.

bringing out the above position. The matter was thereupon taken up with the D.C., Delhi who stated that the relevant records had since been completed and could be seen by Audit. The A.G.C.R. however reported on the 15th Feb., 1961 that the relevant records were not made available to the Audit party who visited the office of the District Collection Office as the official concerned was on leave. This official was to return to duty on the 20th February, 1961. A note has since been submitted (Appendix LVI).

to them, and feel that the notes received were unsatisfactory and are indicative of indifferent attention to the recommendation of the P.A.C. They view with concern the delay in this case which amounts to negligence on the part of the officials concerned and the complacency with which the matter was being reviewed by the Ministry. The Committee would like to bring this to the notice of Parliament.

The Committee would like to be apprised of the progress made in finalising the remaining 2,000 accounts.

The Committee find that the delay in reconstructing the account in the office of the Housing &

A note on the subject has been submitted. (Appendix LVII).

The Committee would await a further report in the matter.

Rent Officer has hampered the recovery of water charges from the holders of the tenements in the Rehabilitation colonies in Delhi. The Committee do not feel happy at this state of affairs, the responsibility for which lay squarely on the Ministry. Had the accounts been maintained properly from the outset, the recovery could have been effected currently from the displaced persons without its being a burden on them. The amount has swelled to such proportions that recovery thereof has become a problem for Government. They trust that the arrears will be recovered expeditiously.

The Committee understand that the local bodies have been asked by the Ministry to recover the water charges from 1-4-1958 onwards from the resi-

---

1

2

3

4

5

6

dents of the colonies.  
The Committee would like to know whether this instruction is being implemented by the local bodies.

**Twenty-fifth Report (Second Lok Sabha), vol. I**

114

63

Rehabilitation

As the target date (31st October, 1959) by which the claimant/non-claimant displaced occupants of allotable evacuee properties were required to file their applications for purchase has already expired the Committee would suggest that expeditious action should now be taken to enforce recovery of outstanding rent from those occupants who have not expressed their willingness to purchase properties. The Com-

A note has been submitted. (Appendix LVIII)

The Committee desire to know the present position of the outstanding recoveries.

mittee also see no justification for non-recovery of arrears from Government servants and Government departments and also from occupants of non-allotable properties. Government should now take urgent and effective action to clear these large outstandings.

#### Seventh Report (Second Lok Sabha)

115

226

S.M. & F.  
(M. & F.)

The Committee can do no more than express their dissatisfaction at the manner in which this case relating to the delay in disposal of Government building, as commented upon in para 30 of their 15th Report, was dealt with. As regards the sale of buildings, it has been stated that a payment of Rs. 25,000 has been realised from one colliery and the issue relating to another is under arbitration. Further developments in the case

A note has been submitted. (Appendix LIX).

The Committee desire that the matter should be finalised at an early date and a report submitted to them.

129

should be intimated to the Committee.

[*Further Comments of the Committee of 1958-59*]

Further developments of the case may be awaited.

#### **Eighteenth Report (Second Lok Sabha)—Vol. I.**

116

140

S. M. & F.  
(M. & F.)

The Committee are glad to note that it has been possible to reduce the losses in collieries as a result of implementation of the recommendations of the Technical Committee. They would, however, impress on Government to continue their efforts to bring down the losses to the minimum possible and also examine at the appropriate time the desirability of closing down the mines instead of incurring perpetual losses.

Efforts are being continued to bring down the losses to the minimum possible extent. The question of the advisability or otherwise of continuing the working of these collieries is also under examination. A note\* has also been submitted.

The Committee may like to know :—

- (i) to what extent, the efforts made by Government have resulted in the reduction of losses ;
- (ii) what decision has been taken regarding the advisability or otherwise of continuing the working of the collieries showing perpetual losses.

The Committee understand that in the process of mining coal and when coal is hewn or transported, much of the coal is reduced to tiny bits and dust which are mostly allowed to go waste. They learn that in most of the Western countries especially in France this waste material is briquetted and utilised for various purposes. They are of opinion that in the context of the considerable advance made by other countries in the utilisation of these products which otherwise go waste, the difficulties apprehended in the collection of dust and slack coal may not be insurmountable. They understand that the Forest Research Institute has also conducted some experiments in this connection for finding out an efficient and economical binder. They, therefore, desire that this question should

A note has been submitted. (Appendix I.X).

The Committee would like to be apprised of the outcome of the experiments proposed to be carried out at the Central Fuel Research Institute for preparing binderless briquettes under controlled oxidation at a high pressure briquetting press.

be investigated further by the Ministry, if necessary, in consultation with the Forest Research Institute, and the commercial possibility of briquettes of coal waste should be examined.

#### Nineteenth Report (Second Lok Sabha)

118

13

S. M & F.  
(M & F)

The Committee would urge the Ministry of Steel, Mines & Fuel to examine in consultation with the Ministries of Labour & Employment and of Finance the possibility of appointing some inspecting staff to be posted to a group of collieries to keep an account of the total output of these collieries and also to check that there was no movement of coal and coke except under proper authority. This,

The bulk of the coal coke produced is despatched by rail and as the excise duty on such despatches is collected by the various railways administrations as a surcharge on freight, there is a very effective check on the quantities despatched as well as on the evasion of duty. The quantity of coal and coke despatched by means other than rail is relatively very small. There is no reason to apprehend that evasion of duty is being practised as a rule

The Committee desire that Government should re-examine the desirability of appointing some special staff to carry out surprise inspections with a view to ensuring that there was no movement of coal by means other than rail except under proper authority and consequently no evasion of the Central cesses.

15

in the opinion of the Committee, would not only ensure effective control over coal despatches but would also serve as a check against the evasion of the central cesses.

by collieries despatching coal/coke by means other than rail. Coal being an ' Essential commodity ', the function of exercising checks on movements of coal by road etc., is being discharged by the Police. Dep'ts. of the State Governments concerned in accordance with the provisions of the Essential Commodities Act. Recently a system of granting permits for movement of coal by road only after purchasing coupons in advance which are issued after pre-payment of the amount of excise duty has been introduced. This is expected to minimise evasion of excise duty further. It is also felt that the expenditure involved in maintaining an elaborate check on the despatch of coal by road by the appointment of special inspecting staff might not be commensurate with the additional revenue

---

1

2

3

4

5

6

that might accrue. The Ministries of Finance and Labour & Employment have also concurred with the above views.

119 (Introduction) and  
36

Deptt. of Mines  
and Fuel/Coal  
Board.

The Committee were distressed to learn that so far nothing had been done by the Board in regard to blending of Semi-coking coals with coking coals for use in the metallurgical industry. It is needless to point out that the Board should take action in this matter as part of the policy of conservation of metallurgical coal.

The Coal Board have under consideration a scheme for introducing blending as a regular programme. The technical aspect has to be examined fully before the scheme can be finalised and blending of semi-coking coals with coking coals for use in the metallurgical industry is adopted widely, subject of course to operational and technical limitations. In the meantime increase in the production of blendable coal has been made an integral part of the coal development programme.

The Committee may like to have a further report regarding the Coal Boards Scheme for introducing blending as a regular programme.

120

44

Deptt. of Mines  
and Fuel/Coal  
Board.

The Committee fail to understand why the research

As it had not been possible to obtain the services of

The delay in transfer of the research work of the Board

scheme of the Board could not be put on a permanent footing especially as research was one of the specific purposes on which moneys in the Fund were to be applied as envisaged in section 12(1) of the Coal Mines (Conservation and Safety) Act, 1952. They feel that in the absence of any tangible results, the expenditure incurred even on the junior investigating staff was infructuous.

a competent Investigating Officer to be in-charge of the Coal Board's research work, the staff and equipment of the research section were transferred on 11-5-59 to the Central Mining Research Station, set up in April, 1955 under the Council of Scientific & Industrial Research. This station is financed by the Board upto 50% of its cost of establishment and a contribution of Rs. 11.57 lakhs for the period 1955-56 to 1960-61 has been made by the Board. Research on all items in which the Board is interested will now be undertaken by the Station, and the Board would not be responsible for the conduct of research work direct. Rule 22 of the Coal Mines (Conservation and Safety) Rules has been deleted as a consequence.

to the Central Mining Research Station, Dhanbad was too long. The Committee feel that had this been done earlier, a part of the infructuous expenditure incurred on the junior investigating staff could have been avoided.

1	2	3	4	5	6
121	6 (Introduction) and 46.	Deptt. of Mines and Fuel/Coal Board.	The Committee are concerned at the accumulation of heavy arrears of grading work. They would urge that immediate steps should be taken by the Coal Board to equip itself to discharge this function of grading and to clear off the arrears by the end of the Second Five Year Plan. The Coal Board would do well to consult the Indian Standards Institution with a view to simplifying the existing sampling procedure.	The Coal Board had undertaken a programme of revising all the existing gradings in the Bengal-Bihar fields and bringing them up-to-date by drawal and analysis of fresh samples. The drawal of samples has more or less been completed and on the basis of the results of analysis a large number of collieries/seams have already been regraded. The question of simplifying the procedure for drawal of samples is under consideration by the Coal Board, consistent with the scientific procedure laid down by the Indian Standards Institution.	The Committee may like to have a further report regarding the simplification of the procedure for drawing of samples.

### **Eighteenth Report (Second Lok Sabha) Vol. I**

122	29	S.M.&F. (I.&S.)	The Committee are not satisfied with the explanation that it was not possible to submit a note on this subject.	A note has been submitted (Appendix LXI).	The Committee are pained that the Iron & Steel Control Organisation did not submit a note on this subject.
-----	----	-----------------	---	---	--

sible to fix the responsibility for the loss on any particular officer. In their opinion, it was a fit case to be investigated further and responsibility fixed.

The Department of Iron and Steel have further stated :

"The case originated in 1947. The formal claim was preferred in writing in September, 1947. The claim in respect of one of the wagons was *not* time-barred. The Railways turned down the claim in June, 1953, after a lapse of nearly six years. The Railway Board also refused to intervene in the matter. The Police investigation ordered by the Railways in May, 1952 did not give any clue. The transit depots have closed down long ago. The services of the Depot Manager and another were dispensed with in December, 1947, as they were considered unreliable. Termination of the services of these persons, however, had no direct bearing on this case.

not investigate the matter fully for years after the non-receipt of wagons at the destination came to its notice. In their opinion, the present case is illustrative of the fact that with the efflux of time, it becomes increasingly difficult to spot delinquent officials and to take action against them. The Committee trust that care will henceforth be taken by the Organisation to ensure that investigations are initiated soon after irregularities come to its notice.

1	2	3	4	5	6
---	---	---	---	---	---

Government, therefore, consider that further investigation into the matter, at this distance of time, would not yield results so as to fix the responsibility on any particular officer."

123 135

I. & S.

The Committee hope that an early settlement will be reached in the matter of payment to the Resident Engineer. They would like to be informed of the result in due course.

Hindustan Steel Limited are of the view that as the office of the Resident Engineer at Calcutta was established by the Technical Consultants at the request of the Managing Director of the Rourkela Steel Works with a view to settle the preparatory work connected with the construction of the Project, the expenditure amounting to Rs. 2,15,843 incurred on the Calcutta Office from January—November, 1955 should be adjusted against the ceiling of Rs. 70 lakhs fixed in the Consultants' Agreement for payment

The Committee may like to watch progress made in the recovery of Rs. 28,011 from the consultancy fees to the Combine.

to the Resident Engineer and his staff. As regards the balance of Rs. 28,011 incurred on the visit of Dr. Lucke to West Germany, Hindustan Steel Limited propose to recover the amount from the consultancy fees to the Combine as this visit was undertaken in the interest of the Combine in connection with the expansion of the capacity of the Rourkela plant from half million to one million tons ingots.

149

The Department of Iron & Steel agrees with the above proposal of the Hindustan Steel.

124      136      I & S.

(i) The Committee were not satisfied with explanation of the Ministry about the accumulation of unspent balances. While they appreciate that the estimates of expenditure might go wrong occasionally, the steadily rising balance in this case indicated that

A note has been submitted (Appendix LXII).

The Committee trust that the Hindustan Steel Ltd. will henceforth prepare their estimates more realistically.

1

2

3

4

5

6

the estimates were not prepared or checked carefully taking into account the balance in the current account with banks. They desired to be furnished with further details as to the dates on which the amounts were drawn, the actual requirements of the company and the balances in the current account with the bank on those dates. The information is still awaited.

(ii) The Committee consider that the Ministry also cannot escape responsibility for this avoidable loss as apparently the loan applications from the Company were dealt with in a routine manner without verifying whether the requirements were justified with reference to the funds already advanced and the expenditure incurred therefrom.

At present only loans are granted to Hindustan Steel Limited. The loans are no longer given in a routine manner. In every requisition for loans the Hindustan Steel Limited give the closing balances in the Projects and their estimated requirements for the ensuing week for which the loan is asked for. Before sanctioning the loan, it is scrutinised

No comments.

They understand that the Company has now drawn nearly the whole of its share capital of Rs. 300 crores and that it has to draw money from Government in future, only in the shape of loans. The Committee trust that to avoid such situations in future, Government will exercise greater scrutiny over the loan applications.

whether the sum asked for is reasonable.

125 137 L. & S.

- (i) The Committee regret that the construction of perimeter walls around the area where stores were lying and strengthening of the watch and ward staff had not been taken up sufficiently early to prevent pilferage of stores.
- (ii) The Committee desire that all the project authorities should undertake an early stock verification of stores in their custody and ensure their proper accounting. They would also like to be informed of improvements

A note is attached (Appendix LXIII).

(i) *Construction of perimeter Walls :*

No comments.

(ii) *Stock verification of stores:*

The Committee may like to have a further Report re: the position of stock verification at the Three Steel Projects. They may also like to be informed whether the shortage of 6 items valued at Rs.16.16 lakhs under Group 'B' Other Deptts. in Rourkela during 1959-60 has been investigated and if so, with what results ?

(iii) *Improvements effected in the storage of materials:*

1	2	3	4	5	6
			<p>effected in the storage of material in the three projects and also measures adopted by the Hindustan Steel Limited to ensure safety of stores during transit.</p>		No comments.

**Twenty-Fifth Report (Second Lok Sabha)—Vol—I**

126	67	<p>S. M. &amp; F. (i) In the opinion of the (Depts. of I. &amp; S.) Committee, the present case is indicative of both defective planning and bad execution. The original schedules for the construction of tracks were revised twice within less than two years, and the actual execution was far behind the revised schedules.</p> <p>S. M. &amp; F. (ii) It is needless to point out (Depts. of I &amp; S) that targets should be laid down realistically, after making due allowance for all possible difficulties to be encountered in the process; once these have been laid down, /All other Ministries.</p>	<p>The requisite information is awaited.</p>
-----	----	--	--

every effort should be made to ensure that these are strictly adhered to. For, delay, irrespective of the reasons therefor, entails extra expenditure which in turn will push up the outlay on the Project and will be reflected in the price of the end-product. They trust that cases of such type will not recur.

127

69

S. M. & F.  
(Deptt. of I & S)

The Committee are unhappy over the manner in which the whole transaction was conducted by the Hindustan Steel Ltd. If the lowest tender for four shovels opened on the 25th March, 1957 was technically acceptable to the Company and the delivery dates also suitable, the Committee fail to see why there was such inordinate delay in placing the order which resulted in the Company having to pay about Rs. 2 lakhs more per shovel.

The requisite information is awaited.

133

1	2	3	4	5	6
128	70	S. M. & F. (Depts. of I &S and M&F)	<p>(i) The Committee were not convinced by the plea of urgency put forth in support of the decision taken by the Company on the 19th July, 1957 to purchase the shovels in as much as the first shovel was commissioned only in July, 1958 and the next in January, 1959.</p> <p>(ii) In the opinion of the Committee, there was an unnecessary competition between the Hindustan Steel Ltd., and the National Coal Development Corporation for the purchase of the shovels which was taken advantage of by the suppliers.</p>		Do.
		S. M. & F. (Depts. of I&S and M. & F.)	<p>(iii) The Committee are unable to subscribe to the view that as either of the two State Undertakings had to purchase the shovels from the second tenderer, there being no other offer, there was no</p>		

overall loss to Government. They feel that as only one shovel was urgently required at Rourkela, both the Undertakings could have co-ordinated their requirements and distributed between them equitably the four shovels available at a lower price instead of competing with each other.

(iv) As the two State Undertakings are under the supervision of the same Ministry and had a common Financial Adviser and further as the Secretary of the Ministry is a Member of the Boards of Management of both the Undertakings, the Committee consider that there was an omission on the part of both the Ministry and the Financial Adviser.

S.M.&F.(Deptt.  
of I & S)

All other Ministries.

(v) To prevent such cases in future, the Committee suggest that Government should evolve a procedure by which co-ordination

1	2	3	4	5	6
---	---	---	---	---	---

can be secured in the matter of purchase of at least common or similar equipment by the various State Undertakings so that the purchase can be to the best advantage of the State.

129

73

S.M.&F.(Deptt.  
of I & S)

H. S. L.

(i) The Committee consider that the choice of the firm for doing this work was unfortunate. Subsequent events proved that the tender had been prepared without full knowledge of the work to be done.

(ii) The Committee are not convinced by the plea that circumstanced as the Company was at that moment, it had no other course to follow but to provide extra concessions to the contractors. For even granting that there were errors in the initial stages, it is not clear to them why the Com-

(i) and (ii) The lowest tender was accepted by the Hindustan Steel Ltd., on the advice of their Technical Consultants. The Company decided to bear the expenses involved in strengthening the civil engineering contract as they were anxious to have the blast furnaces commissioned on schedule and also because they did not want the plant suppliers to treat delay in civil engineering as an excuse for delay on their part. It is correct that these concessions resulted in wiping out the difference between

While the Committee note the Hindustan Steel's anxiety to have the blast furnaces commissioned according to schedule, they are unable to understand why the Company should have itself borne the liability for the extra expenditure of about Rs. 30 lakhs instead of passing it on to the defaulting contractor whose failure to employ extra plant and machinery, as per the terms of the Contract, was principally responsible for the work falling into serious arrears.

pany should have gone out of its way to foot the bill for the extra concessions provided to the contractor. In the Committee's opinion, the contractor should legitimately bear the additional expenditure on this account.

the offers of the lowest and the next highest tenderers. Further, both tenderers were new to this type of work. In deciding to strengthen the existing contractor, Govt. had to weigh all considerations including that of changing the agency.

130

74

Do.

(i) A note stating why the additional shuttering work was not provided for in the original esti-

mates prepared by the Technical Consultants who were expected to be conversant with all the details of the work is still awaited.

(i) and (ii) A note was May be awarded.  
sent to the Director of Commercial Audit in April 1960 for checking before submission to the Public Accounts Committee. The note is being re-examined in the light of the comments offered by commercial audit. The delay is regretted.

75

S.M.&F.(Deptt.  
of I & S

All other Ministries.

(ii) The Committee regret that though nearly five months have elapsed since a note regarding payment of high rate to foreign carpenters was promised to be furnished, it is still awaited. They would, in this connection, like to point out that as

1	2	3	4	5	6
---	---	---	---	---	---

a result of such delays not only the programme of the Committee is dislocated but also with the lapse of time the criticisms and suggestions in respect of some of the vitally important issues lose much of their force.

131	77	S.M.&F.(I.&S.)	The Committee endorse the views of the Estimates Committee expressed in para 107 of their 33rd Report (Second Lok Sabha) that purchase of machinery would have been to the advantage of the Company.	The purchase of machinery would have meant larger expenditure of foreign exchange and resulting delay involved in procurement.	The Committee are not satisfied with the explanation of the Ministry of Steel, Mines & Fuel (Deptt. of Iron & Steel). In this connection, they would invite attention to the views of the Estimates Committee expressed in para 107 of their 33rd Report (1958-59) that the difficulty regarding the timely procurement of the equipment arose because of inadequate planning. The Committee trust that the Hindustan Steel will benefit by its experience in the present case.
-----	----	----------------	--	--	---

## Twenty-Sixth Report (Second Lok Sabha)

132

8

S.M.F. (Deptt. of I.&S.)/Iron & Steel Controller

The Committee are concerned to learn that such a large amount (Rs. 1.5 crores according to the Ministry) relating to a period covering over six years remains unadjusted for such a long time. The invoices received from the main producers were not coded in the Price Card Book as required under the procedure prescribed. Nor did the Iron & Steel Controller watch the receipt of the monthly consolidated statements from the main producers. Iron & Steel Controller's Organisation did not seem to bother about the adjustments for more than two years (from 1949 to 1951) till Audit pointed out the omission. Thereafter a hitch arose about the date from which the adjustments should be made and it took about 14 months (from November, 1951 to January, 1953)

Statements of despatches, freight incurred and place extras required were compiled for 4 months i.e., Jan. 1950, February 1950, Dec. 1951 and Jan. 1952 in respect of TISCO's despatches from the records available in the

Iron and Steel Control. These statements were referred to TISCO for verification. The Company returned the statements pointing out that there has been no reconciliation between the tonnage accepted for surcharge and the tonnage for freight adjustment. Some other minor discrepancies were also pointed out by them. The machine tabulation referred to in the following paragraph will not overcome these difficulties 100% but since the tonnage for surcharge and the tonnage for freight

Although nearly two years have elapsed since the Committee of 1959-60 had urged upon the Iron & Steel Control Organisation to proceed with the work of recovering the outstandings from the main producers with utmost expedition, much headway has not yet been made in the matter. The Committee regret this. They desire that the matter should be finalised without further delay.

to have the matter settled. The Committee were perturbed at the manner in which the then Iron and Steel Controller (who was serving in an honorary capacity) was oblivious of his statutory responsibilities. They felt that the relevant file (1949-51) would throw some light on this, but strangely and unfortunately it was missing. The Committee also consider that period of 14 months taken to settle this point was unjustifiable. Even if there were a *bona fide* doubt about the effective date of the orders of Government from which adjustments should be made, it would have been more prudent to carry out the adjustment from the later date (1-5-1949) leaving the question of retrospective application of the orders from the earlier

adjusted are both calculated from the same documents, it is expected that the proportion of discrepancies viz. illegible wrong figures or description in the invoices, wanting documents, errors in coding/punching etc. which cannot be reconciled will not be very large.

On the basis of the recommendations of the Special Reorganisation Unit of the Ministry of Finance it was decided to mechanise the tabulation work, and the tabulation work has on 24-9-60 been entrusted to M s. International Computers and Tabulators (P) Ltd., Calcutta. The firm, when they were entrusted with the work, were required to complete the statements in 7 months. The firm have completed the state-

date (1-1-48) open.

9

(ii) The Committee are far from happy at the way in which the matter has been dealt with. The Committee consider that it will stand Govt. in good stead if the statements are compiled from the documents available with the Iron & Steel Controller and the amount to be adjusted, computed.

10

(iii) The matter has been kept pending for an unduly long period. The Committee consider that the Ministry should adopt the suggestion in the preceding paragraph and proceed with the work with utmost expedition. In the opinion of the Committee it should be possible to clear the outstandings from both the main producers by 31st October, 1960. The Committee would like to have a report at the end of this period.

ments for 24 months but submitted statements for only 5 months. On a scrutiny of these statements, it was found that there were many defects. This was due to some misunderstanding on the part of the firm. These defects, when explained to the firm, were removed by them by preparing additional statements accommodating the wanting details. After examination, bills will be issued to Tatas without having the figures of tonnages despatched reconciled by Tatas. While it is true that reconciliation with Tatas will be necessary in regard to a small portion of the tonnage due to discrepancy between the tabulated tonnage and the surcharge tonnage, it is expected that for the bulk of the tonnage, no dispute is likely to arise. Discrepant quantities, however, will have to be settled separately. The

101

1

2

3

4

5

6

firm has represented that they will require some more time for the revision of the statements already prepared by them and found to be defective. Once the firm gets a clear grasp of the points that have to be done, they might be able to do work at a quicker pace. Claim bills have been issued both to TISCO & IISCO in December, 1961. It remains to be seen whether Main Producers will accept the bills. If they do not, finalisation of this matter may take some more time.

133

14

S.M. & F. (Deptt. of Iron & Steel)

Iron & Steel  
Controller.

(i) While the Committee appreciate the reasons that led to the *ad hoc* payment of the major portion of the subsidy *prima facie* admissible, they regret to observe that due attention was not paid to the important question of finally settling the *ad hoc*

The requisite information is awaited.

S.M. & F. (Deptt.  
of Iron & Steel)

Iron & Steel  
Controller

payments of subsidy so as to ensure that subsidy was paid only where it was actually admissible and to the extent due.

- (ii) It was admitted before the sub-Committee that there was a possibility of blackmarket in cases when the consignments were despatched to "self", as was usual in commercial practice. Further there was no check on the quota holders to whom steel was supplied as to whether the steel was used fully for the purposes meant. As allotments were made by the Iron & Steel Controller on the recommendations of the sponsoring authorities it was the responsibility of the latter to ensure that the quantity asked for was reasonable and that it was utilised for the stated purpose. There was also a possibility of steel
-

1	2	3	4	5	6
---	---	---	---	---	---

finding its way into the  
blackmarket in this  
manner.

16 S.M. F. (Deptt.  
of I. & S.)

C.&A.G.

(iii) The Committee regret to observe that when the question of relaxation of the procedure for enabling payment of advance subsidy to importers was decided, it was unfortunate that a time-limit was not fixed for the submission of consignees receipts—a necessary concomitant of the decision. The Committee thought that notices might be served on the importers requesting them to furnish the consignees' receipts within a stipulated time, failing which action would be taken to recover the unadjusted portion of the subsidy. The Comptroller and Auditor General, however, felt that a solution on the

following lines may be feasible in respect of outstanding cases :—

“As the procurement of the consignees’ receipts for the old bills at this distance of time would be a difficult and time-consuming process, about 15% to 20% cases should be selected at random, in consultation with Audit, for which the consignees’ receipts should be obtained if necessary by sending down an officer. On the basis of this test check, the genuineness of the transactions could be assessed. If there was no evidence of serious irregularities it should be assumed that the other transactions are also genuine and the Iron and Steel Controller could so certify. On the basis of this certificate, Audit would clear all the bills outstanding on this account. If, however, there was

---

no satisfactory evidence of receipt in some of the cases covered by the test check, the percentage will have to be increased and all such cases would have to be further investigated."

According to the statements furnished to them the Committee find that heavy amounts of subsidy actually paid were awaiting final adjustment. The Committee would like the investigations to be carried out as suggested above and a report submitted by 31st October, 1960.

17

(iv) The Committee trust that Government will benefit by this experience and devise appropriate and timely checks to ensure that such situation does not recur in future.

134	24	S.M. & F. (Deptt. of I. & S.) <hr/> Iron & Steel Controller	The Committee trust that Government will ensure that the Iron and Steel Controller strictly observes in future the restrictions imposed on his powers of purchase.	The requisite information is awaited.
135	28	Do.	(i) The Committee consider it their duty to point out that while all the possible difficulties facing the importers were provided for in the revised procedure, no serious attention was paid either to cover the risks taken by Government in affording credit facilities or to ensure prompt recovery of the amounts as and when they fell due. Had a clause been inserted in the agreement for the levy of penal rate of interest for delay in payment by the stockists, the dues would not have accumulated to such proportions.	The requisite information is awaited.

1	2	3	4	5	6
29	S. M. & F. (ii) (Deptt. of I.&S.)  Iron and Steel Controller	The Committee were informed that some stockists were also importers. Such firms had thus in their stocks the imported steel eligible for subsidy and the steel imported under T.C.A. on credit. Although the Committee did not have the material to examine how far the confusion and delay in the final settlement of subsidy claims on imported steel can be attributed to this dichotomy, the Committee are of opinion that Government should do well to look into this aspect while conducting the scrutiny contemplated in paragraph 16.			The requisite information is awaited.
136	31	S.M. & F. (Department of I. & S.)	The Committee understand that the amount outstanding against the Steel Company has not been incorporated in the accounts of the Iron and Steel Equa-	Bill No. EF/7735 dated 5-5-60 for the balance amount of Rs. 44.41, 593. 62 was issued to the Indian Iron and Steel Company Ltd. in May,	The Committee would like to watch further progress in the adjustment of the remaining amount due from the Company (about Rs. 30 lakhs).

lisation Fund even now and as such the accounts do not represent the correct position. This should be set right early.

1960 and shown in the asset side of the Balance Sheet as on 30-6-1960 of the Iron and Steel Equalisation Fund.

In accordance with the schedule of repayment, an instalment of Rs. 15 lakhs due for repayment by the Company in July, 1961, has since been received and credited to Government Accounts on 20-7-61.

#### Fifteenth Report (First Lok Sabha)

137	66	Deptt. of Transport	The Committee would like to know the present position regarding the recovery of the cost (Rs. 73,912) of two barges from the Commander-in-Chief— East Indies, Naval Headquarters, Ceylon and also about the recovery of the U.K.'s share of deficit in the account.	A note has been submitted by the Ministry—Appendix LXIV.	Further developments may be reported to the Committee.	§
-----	----	---------------------	---	--	--	---

#### Twenty-Fourth Report (Second Lok Sabha)

138	S. No. 16 (i) of Appendix I.	Do.	The Committee observe that the rules for the accounting of motor ve-	Due to difficulties in securing accommodation, additional staff and armed	The promised report on the working of the new system of accounting of motor
-----	------------------------------	-----	--	---	---

1

2

3

4

5

6

hicles and Taxation receipts, etc. have not yet been finalised.

The Committee understand from Audit that the rules on the subject are now being finalised and that the new system would be introduced shortly. They would like a further report in the matter being made to them in due course.

guards, etc., the new scheme could not be introduced earlier. Arrangements have, however, been made to enforce it with effect from the 15th July, 1960. A report on the working of the scheme will be sent to the Lok Sabha Secretariat in due course.

vehicles and taxation receipts, etc. would be awaited.

170

139

16 Deptt. of Transport

As regards the Departmental proceedings against the delinquent officials responsible for the irregularities in the accounts of the Motor Vehicles Licences, the Committee understand that the Accountant involved in this case had retired from service in August, 1958. The Committee feel that the fact that the

The Ministry's report in the matter would be awaited.

official had retired is not sufficient justification for not taking action against him in the matter. In this connection, they would refer to Article 351-A of the Civil Service Regulations (as amended by C. S. No. 20 dated 30-9-1958), and desire that the disciplinary aspect of this case may be reconsidered by the Delhi Administration.

As regards the contention of the Delhi Administration that it would be unfair to take any action against the Motor Licencing Officer, the Committee are not satisfied that he should have been completely exonerated.

#### Twenty-Fifth Report (Second Lok Sabha)—Vol. II

140	74	Transport & Communications <u>External Affairs</u>	(i) The Committee would like to know if the exchange of premises between the Tourist Office and Air-India International has since taken place.	The proposed exchange of premises between the Government of India Tourist Office and the Air-India International in Paris has not taken place for the following reasons : Further developments may be reported.
-----	----	---	--	---

1

2

3

4

5

6

Since the time the mutual exchange of premises between Air-India and the Tourist Office was negotiated, the Air-India premises at rue Scribe have come into the possession of new owners (an Insurance Company) who have refused to let Air-India transfer the lease to the Tourist Office, for the reason that the Tourist Office not being a commercial organisation, the leasing of the premises—which are essentially commercial premises—to that Office would reduce their rental value as commercial premises in future. The owners have merely permitted Air-India to share the accommodation with the Tourist Office. Air-India still continuing to be lessees. The Law

Ministry here who were consulted in the matter advised us against such an arrangement on legal grounds. The Air-India were also not willing to hold the leases for two premises at the same time. Under the circumstances, the proposed exchange of premises between the Air-India and the Tourist Office has had to be reluctantly called off.

In the meanwhile, however, the Director, Tourist Office, Paris has informed this Department that if he is permitted to sell the lease of the Tourist Office premises at Hotel de Paris, he will be able to recover all that we have invested by way of key money and furnishings on these premises in 1956 and perhaps even more. It has accordingly been decided to ask the Director, Tourist Office, to explore the possibilities of

---

this proposal and if it materialises then at the same time to look for smaller and more economical premises for the Tourist Office.

141

76

Transport & Communications  
(Deptt. of Transport).

The Committee would like to be informed of the final outcome of the disciplinary case against the Tourist Officer and also the remedial measures taken by Government to obviate recurrence of such cases.

The Tourist Officer concerned who was charge-sheeted, submitted on 9-10-59 a very lengthy and elaborate statement of defence. His defence statements required a detailed examination with reference to the original records of the Tourist Office especially in regard to the financial transactions made by him about four years ago. The examination of the statement of his defence has almost been completed and it may be possible to take the necessary administrative decisions in the next few months. A

Further report may be awaited.

further report in the matter will be made to the Committee as soon as the case is finalised.

2. A comprehensive Departmental Manual has been prepared for the guidance of the Tourist Offices in India as well as abroad and circulated among them recently. The Manual refers to the various financial and other rules framed by Government, relevant to the administration of Tourist Offices and also contains a summary of the special executive orders of Government on the functions of Tourist Offices.

175

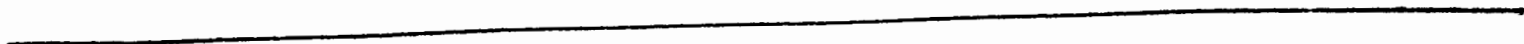
142

81

Transport

The Committee would like to be informed of the settlement regarding excess payment made to the contractor in due course.

A note has been submitted by the Ministry—Appendix LXV. Further developments may be reported.



1

2

3

4

5

6

They suggest that Government should also institute an enquiry to investigate the circumstances in which payments were made to the contractor and fix responsibility therefor.

#### Seventh Report (Second Lok Sabha)

143

227

Communications  
& Civil Aviation.

The Committee should be informed of further developments relating to the recovery of Rs. 1,29,230 from the Chinese (K.M.T.) Government which is long outstanding.

*Comments of P.A.C. (1958-1959)-S. No. 138, Appendix I to 18th Report, Volume II.*

The Committee may be informed of the settlement of the dues.

Note awaited. The Committee deprecate the delay in furnishing the requisite note.

176

### Eighteenth Report (Second Lok Sabha)

144	142	(Deptt. of Communications & Civil Aviation).	<p>The Committee are of the view that while permitting the club to withdraw the money from the Accident Reserve Fund, Government should have insisted on the other three air craft also being insured. They trust that in future the rules in this behalf would be strictly enforced.</p>	<p>Note awaited. The Committee deprecate the delay in furnishing the requisite note.</p>
-----	-----	--	---	--

### Twenty-fifth Report (Second Lok Sabha)—Vol II.

145	86	Do.	<p>The Committee would await the information called for from the Ministry of Transport and Communications regarding loss due to caking of cement before recording their opinion on this case. They regret to observe that too long a time is taken by the Ministry in furnishing the note.</p>	<p>Note received from the Ministry in May 1960. Note also received from Financial Adviser Appendices LXVI-LXVII.</p> <p>2. The Ministry have investigated whether there was any undue delay in the disposal of the case at any stage but it has been found that generally the case was processed all along with expedition. The delay in furnishing the note was due to the</p>	<p>In the light of the information given by the Ministry of Trans. &amp; Comm. the earlier stand taken by the Ministry of W.H.&amp;S. that "the loss was not due to defective or unsatisfactory storage condition" was not justified.</p>	177
-----	----	-----	--	---	---	-----

reason that the case had to be processed through various Departments concerned viz. the Central Public Works Departments, Ministries of Transport & Communications and Works, Housing & Supply and their Associated Finance and the Accountant General, Central Revenues.

146

89

Deptt. of Communications & Civil Aviation).

(i) In view of a clear stipulation in the lease agreement that the lessee should, if required, remove the buildings and structures owned by him and deliver the land to Government, without any compensation, it is surprising why the authorities did not choose to exercise this right when the lessee refused to pay the enhanced rent.

(i) Rent due from the lessee had fallen into arrears and there was little prospect of realising the dues even after lengthy protracted proceedings which would have, on the other hand, cost Government quite a bit. There was no evidence that the lessee had any other property beyond the buildings constructed by him on the land leased out to him by

The Committee are not satisfied with this explanation. Obviously, there was no urgency for the purchase of the buildings which remained unutilised for over six years and then demolished. They would like to be informed of the reasons for delay in preparation of the survey report."

Government. From various aspects, *e.g.* expeditious settlement of the dispute by agreement (instead of formal legal process), utilisation of existing structures instead of compelling their demolition), easy realisation of dues by Government, and likely relief to civil aviation staff who were finding housing problem difficult, it was considered advisable to take over the existing structures from the lessee. The Ministry of Law, who were consulted, had opined that the proposal was "eminently reasonable". The Government feel that in the peculiar circumstances of the case, the proposal to take over the structures could be regarded as reasonable.

(ii) The officers who took the decision to purchase the building without pro-

(ii) In view of the position explained against item (i) above, no blame could be

perly considering its utility, have erred grievously. Further it is strange that the authorities should have taken 6 years to come to a decision regarding the demolition of the structure which could not be put to any use and incurred an avoidable expenditure on watch and ward.

apportioned to the officers who took the decision to purchase the buildings. The buildings were taken over in the interests of the Civil Aviation Department, and there is no suggestion of any *mala fide*. In the circumstances prevailing in 1952, when the buildings were taken over, there was reason to hope that it would be possible to utilise these buildings but later on when the accommodation was actually offered to the staff, they showed reluctance to accept the same. During a visit to the site in April 1954, the Director General of Civil Aviation and the Additional Chief Engineer, Central Public Works Department, noticed appreciable deterioration in

the condition of the buildings which rendered them unfit for any economic use and it was accordingly decided to demolish the structures. The Central Public Works Department were accordingly requested in April 1954 to prepare the survey report which, however, was actually prepared by them in July 1957. The delay in the submission of the Survey Report is under investigation. Orders for the demolition of the buildings were issued in July 1958 and the work of demolition was completed in March 1959. Expenditure incurred on watch and ward was unavoidable as it was essential to ensure that no materials were pilfered from the buildings. The plot of land on which the buildings were situated is completely without any fencing and is detached by a public road from the

---

1	2	3	4	5	6
---	---	---	---	---	---

rest of the fenced boundary of the aerodrome. A sum of Rs. 2.159/- was realised by the Civil Aviation Department by way of sale of the dismantled materials, after the buildings had been demolished.

147 91 Deptt. of Communications & Civil Aviation As a commercial undertaking, the Committee see no reason why the Corporation should offer freight rates which do not cover its working expenses. The Committee feel that there is scope to bring down the working expenses. They trust that an all-out effort will be made to minimise them. The Committee will await a report about the measures actually adopted to achieve this end.

Note awaited.

148

93

Do.

The Committee understand that the question whether the State Governments, at whose instance uneconomic lines were being operated, should share the losses incurred by Indian Airlines Corporation, was under examination of the Government. They feel that an early settlement should be reached in the matter.

Do.

149

94

Do.

The Committee are concerned at the delays that have occurred in fixing norms of output for various categories of workers, without which the management has deprived itself of a vital instrument for controlling costs. The Committee trust that the Corporation will take a decision in this matter without further loss of time to enable it to consider, on this basis, ways of rais-

Department of  
Communication & Civil  
Aviation.

Do.

Do.

183

1	2	3	4	5	6
---	---	---	---	---	---

ing the co-efficient of efficiency of its workers.

150	97	Do.			Note awaited.
-----	----	-----	--	--	---------------

In the opinion of the Committee the shifting of Administrative offices of I.A.C. to Dum Dum indicates lack of proper planning and foresight on the part of the Corporation which resulted in large avoidable expenditure.

151	99	Do.			Do.
-----	----	-----	--	--	-----

In the absence of detailed specifications about the work of renovation of booking offices, the Committee fail to understand how the authorities could determine the cost of work and satisfy themselves that the contractor was not paid at higher rates than were necessary. Further the Committee also feel that the management should have

displayed more austerity in spending on such items especially when the booking offices are located in hired accommodation and the Corporation was incurring losses every year.

152	101	Do.	The instances of irregular payments of allowances and other emoluments referred to in sub-para (vii) of para 55 of Audit Report, 1959 indicate the need for tightening up of the Administration.	Note awaited.
153	102	Do.	The Committee would like to emphasize the need for closer watch by a senior official over the recovery of amounts due to the Corporation.	Do.
154	104	Deptt. of Communications & Civil Aviation.	The officers through whose negligence the Corporation suffered the loss of Radio Equipment should not escape departmental	Do.

1

2

3

4

5

6

punishment merely because it was difficult to establish their *mala fide*. The Committee are unhappy that the officials who were guilty of negligence in this case were not dealt with timely but were allowed to leave the Corporation. They trust that in future such cases will be dealt with severely.

155

107

Do.

C &amp; A.G.

The Committee attach great importance to proper maintenance of accounts and periodical verification of stores. Stores are cash in another form. They would urge upon the Corporation to give this matter serious attention. They would like to be informed of the progress made in the matter through subsequent Audit Reports.

Note Awaited.

156	108	Deptt. of Communications & Civil Aviation.	The Committee would like to know how the surplus and obsolete aircraft spares are proposed to be disposed of.	None Awaited.
-----	-----	--	---	---------------

**Twenty-Third Report (First Lok Sabha)**

157	118	W.H. & S.	<p>The Committee observe that the arbitration proceedings stand adjourned <i>sine die</i> pending the hearing by the High Court of a revision filed by the firm against the orders of the lower court dismissing its objection to extensions granted by the Government Arbitrator for filing of Government claim. The Committee would like to be apprised of the final outcome of the case. The latest position may be stated.</p>	<p>A retired High Court Judge of Bombay who had been appointed as Umpire on the 10th August, 1959 in this case had declined the appointment and another retired judge of the Punjab High Court was appointed Umpire on the 24th October, 1959. The Government have filed a revised Statement of claim and 15-12-59 is now fixed for filing of written statement of the firm.</p>	<p>Further developments may be reported. Special steps should be taken to finalise the case without further delay.</p>
-----	-----	-----------	--	--	--

*Comments of P.A.C. (1958-59) S.No. 153, Appendix I, 18th Report, Vol. II—*

The latest position may be stated.

---

1

2

3

4

5

6

### Seventh Report (Second Lok Sabha)

158

249

W. H. &amp; S.

The Committee should be informed of the decisions taken in regard to the recovery of arrears of rent due from the displaced persons.

*Comments of P.A.C. (1958-59)—S. No. 165, Appendix I to 18th Report, Vol II*

(ii) The Committee also desire to know alternative steps taken for the recovery of arrears of rent due from the displaced persons.

Note received from the Ministry—Appendix I XVIII

Further progress in the recovery of rents may be reported.

159

266

Do.

The Committee desire that on release of the records by the Civil Court action should be taken immediately against the persons responsible for misappropriation of Govern-

Note awaited. The Committee deprecate the inordinate delay on the part of the Ministry in furnishing the requisite note.

ment money in the case commented upon in para 127 of the 23rd Report.

*Comments of the P.A.C.  
(1958-59) S. No. 177  
Appendix 1 to 18th Report,  
Vol. II.*

The latest position may be stated.

# **Eighteenth Report [Second Lok Sabha]—Vol. I**

160

98

Do

The Committee considered the explanation of the Ministry that the person who was responsible for failure to pursue claims was a local recruit and had since resigned his job as unsatisfactory. They desired that the Secretary Ministry of W.H. & S. should look into the case himself by calling for the relevant papers from the Mission and furnish a comprehensive note to the Committee.

Do.

181

1

2

3

4

5

6

The Committee also learn that according to a recent legal opinion, the claims could still be pursued with the firm and accordingly the Mission was holding further discussions with the firm and had asked for 6 months' time to finalise the same. The Committee would like to be informed of the outcome of these discussions.

161

99

W.H. &amp; S.

The Committee feel that failure to pursue claims is a chronic disease with the Mission. They are amazed at the explanation of the Ministry that these were old cases relating to 1947-48. The Committee regard it as highly unsatisfactory that the officers responsible in the Mission should have acted in this light-hearted manner without realising

Note awaited. The Committee deprecate the inordinate delay on the part of the Ministry in furnishing the requisite note.

the financial implications thereof. Considering the number of cases, and their quick succession, the Committee are led to the impression that lack of control from the Ministry had led the Mission to act as it chose. The Committee, therefore, desire that the Ministry should review the working of this Mission in this background and take all steps necessary to ensure that it acts in a business-like manner in purchases abroad.

The Committee had desired to be furnished with a note indicating when and in what manner the Ministry had expressed their dissatisfaction against the officers concerned in the Mission. They understand that the Ministry have called for the original papers from the Mission. They, therefore, defer consideration of this case till they receive the note.

---

1	2	3	4	5	6
---	---	---	---	---	---

162	100	W. H. & S.	<p>The Committee understand that the Ministry have called for the original papers for a fresh appreciation of the position to determine whether any other officer could be held responsible in any manner, and if so, whether suitable action should be taken against him. The Committee have agreed to the request of the Ministry for a period of 3 months to submit a final note, duly vetted by Audit.</p>	<p>Note awaited. The Committee deprecate the inordinate delay on the part of the Ministry in furnishing the requisite note.</p>
-----	-----	------------	--	---

192

163	W. H. & S.	<p>The Committee consider it necessary that there should be uniformity of action and practice with regard to putting contractors on the blacklist. They trust that Government will take necessary action to carry it out.</p>	<p>(a) The State Governments have already been approached on the subject. On the 10th September, 1958, they were informed of the decision that black-listing orders issued by the Central Government Departments and State Governments should be given effect to by both</p>	<p>The final outcome of the case may be reported.</p>
-----	------------	---	--	---

on a reciprocal basis. They were requested to intimate if they had any objection to this procedure. All the Union Territory Administrations and the Governments of Bombay, Madras, Andhra Pradesh, Mysore, Rajasthan and Kerala have since accepted the procedure. The remaining State Governments are being requested to communicate their acceptance of the procedure.

169

164

159 W. H. & S.

The Committee find it difficult to accept the plea of the Ministry that the original estimate framed by the architect for the Ashoka Hotel building indicated only lump sum figures for filling in foundations and the then management did not imagine that the PWD and the Government Rules would have to be followed by the Architect employed

It has been decided in consultation with the Director of Commercial Audit to entrust the investigation to the Chief Technical Examiner. The specific points on which the C.T.E's opinion will be sought will be intimated by the Director of Commercial Audit shortly.

Further developments may be reported.

in this work. As payments made should always be on the basis of actual work executed, in any system of accounts worth the name, due attention should have been paid to this fundamental requirement. The Committee, therefore, feel that there was hardly any justification for making payments without measurements and allowing higher special rates for work. In their opinion, the matter calls for further investigation.

165

160 W.H. &amp; S.

From the evidence placed before them, the Committee find that no measurements were actually taken during the execution of the work and payments were made on the basis of certificates given by the Architect. It was urged

The payments were made to the Contractor on the basis of the Certificates by the Architect as per the term of the Agreement. The fee of the Architect who apparently was responsible for the questionable procedure

Further action proposed to be taken in the matter may be reported.

that the work had to be completed within a specified period for providing accommodation to the delegates for an International Conference and so the Management had to race against time. Even so, the Committee cannot refrain from observing that the procedure followed in making the payments to the contractor was questionable.

followed in certifying the payments to the contractor has not yet been paid in full.

166

164 W. H. & S.

The Committee regret to observe that the action to fix the final price of road rollers and to recover the difference in cost from the various indentors has been considerably delayed. They trust that this matter will be finalised before they next examine the Accounts relating to the Ministry.

A note has been submitted by the Ministry. (Appendix LXIX.)

A decision giving the final price of road rollers should be taken without further delay.

167

# **TWENTY-FIFTH REPORT, VOL. I (1959-60)**

167

80

Do.

The Committee feel that personal lapses disclosed

Note awaited.

---

in para 42 of Audit Report, 1958 (Unauthorised alteration in specification) deserve deterrent punishment.

168

81 W. H. &amp; S.

The Committee consider that due and prompt action should be taken in all cases where delay in settling the accounts of a contractor comes to notice. They would also like to be informed about the final outcome of the present case and the action which Government propose to take against the officers for lack of proper supervision.

Note awaited.

169

86

Do.

The Ministry should enquire into the case of infructuous expenditure referred to in para 46 of Audit Report, 1958 and rectify defects if any in the procedure. If, on

Do.

the other hand, the en-  
quiry revealed personal  
lapses suitable discipli-  
nary action should be  
taken.

170

87 W. H. & S.

Once the furniture was de-  
clared unserviceable there  
appeared to be no justi-  
fication for its being kept  
in storage for more than  
a year. Much of the ex-  
penditure could have been  
avoided had prompt ac-  
tion been taken by the  
officials connected with  
the disposal of stores.

Note awaited.

171

89

Do.]

The Committee trust that  
the instructions now is-  
sued by the Ministry to  
the effect that work on  
external services should  
be started simultaneously  
with the constructions of  
the buildings will be im-  
plemented in actual prac-  
tice. The Ministry should  
also take appropriate steps  
to ensure better co-ordi-  
nation between the CPWD

Do.

1

2

3

4

5

6

and the municipal authorities in the matter of provision of ancillaries.

172

90 W. H. &amp; S.

In the opinion of the Committee the responsibility for having sold the mild steel sheets disregarding the conditions imposed by the Disposals Directorate lay squarely on the CPWD. They would like to be informed of the recoveries made from the contractor.

Note awaited

198

173

91

Do.

Government will be well advised to issue strict instructions to all purchase officers to examine the legal implication of *ad hoc* provisions/clauses before incorporating them in contracts.

Do.

174

92

Do.

In the opinion of the Committee the action of the purchase officer in allow-

Do.

ing the sales tax to the contractors *suo moto* was questionable and deserved more severe action than the communication of an oral warning.

175	93	W. H. & S.	The Committee would like to be informed of the decision reached on the question of fixing responsibility of the Superintending Engineer and the Executive Engineer concerned for not taking prompt action in the case.	Note awaited.
176	94	Do.	In the opinion of the Committee not only the cost of the work but also the time necessary to execute it should be estimated with reasonable accuracy and adhered to.	Do.]
177	95	Do.	The Committee cannot overlook the omission to follow the prescribed procedure on the part of the purchase organisation which was responsible for the payment of compensation in the case referred	Do.

1

2

3

4

5

6

to in para 46 of Audit  
Report, 1959.

178

96 W.H. &amp; S.

The Committee trust that Government will ensure that 'purchase registers' are properly maintained by purchase Officers and an effective watch kept over the progress of execution of indents against the date of supply of the stores as specified by the indenter.

Note awaited.

179

98

Do.

The Committee feel that the settlement of overpayment made to Oil Companies is taking too long a time. They suggest that in cases involving large financial repercussions, expedition is essential.

Do.

They would like to be informed of the outcome of this case as well as

Do.

csc

the result of the review that is being conducted by the Department in respect of POL contracts.

180      99    W. H. & S.      .    The Committee would like to be apprised of the action taken against the Section Officer for his failure to send an advance copy of the acceptance of tender to the Inspector concerned.      Note awaited,

181      100      Do.      .    The Committee would strongly urge that adequate and effective steps should be taken by Government to ensure that delays in supply of purchase order files to Audit are avoided.      Do.

201

#### **Eighteenth Report (Second Lok Sabha)—Vol. I**

182      166    Deptt. of Atomic Energy    In evidence it was stated that as soon as the final audit of the Company's Accounts with the French Firm was carried out, the Company proposed to discuss the issue with the The Indian Rare Earths Ltd. have stated as follows :—  
“The position as stated by the Committee is confirmed. As arranged by the Department of Atomic Energy, the final The Committee await this information.

French Firm and settle it. The matter was being taken up with the C. & A.G.'s representative in the Indian High Commission in U.K. The Committee would like to be informed of the settlement in this case.

audit has now been carried out by the Office of the Director of Audit, Indian Accounts in U.K., London, and the Audit report is expected to be received by this month (March 1960). The representatives of the French Firm have also agreed to come down to India for discussing the issues arising from the final audit and the matter relating to the supply of defective equipments, with a view to arrive at a final settlement. The Committee will be informed of the final settlement in this case in due course.

183

170 Deptt. of Atomic  
Energy  
All Ministries

The Committee recommend that while entering into long term agreements with firms for supply of materials etc. fluctuations in

The suggestion of the Committee has been noted. Suitable provisions in this respect have been made in the agreement

The Committee would like to know the precise provision made in the agreement subsequently entered.

requirements should be taken into account and suitable provisions made in the agreement to safeguard the interests of the Company in this respect.

subsequently executed for the supply of chemicals etc.

---

## **APPENDIX II**

***Note from the Ministry of Education re: presentation of Audit Reports on the Accounts of Central Universities to Parliament (vide para 39 of 18th Report (Second Lok Sabha))***

The Public Accounts Committee, in its Seventh Report (Second Lok Sabha) (Appendix I Item 18), recommended that early opportunity should be taken to amend the Visva-Bharati Act so as to bring it in line with the other University Acts, so far as audit by the Comptroller and Auditor General is concerned and also to make a statutory provision for submitting the Audit Reports on all the Central Universities to Parliament.

The first recommendation of the Committee has been noted by this Ministry and effect will be given to the same as and when the Visva-Bharati Act is next amended. As regards the other recommendation, namely to make statutory provision in the Acts of Central Universities for the presentation of their Audit Reports to Parliament, the matter had been examined thoroughly before our earlier reply was sent.

The administrative reasons, which prompted the Government decision on the subject, are as follows:—

- (i) that as early as 1952, the Government had taken the view, in connection with the amendments to Acts of the two Central Universities at Aligarh and Banaras, that in order to preserve the financial autonomy of the Central Universities, their financial affairs should not be made a subject of public controversy or an issue in party politics. Although the then Auditor General had made a suggestion that the accounts of the Universities be laid before the Parliament, the Parliament itself had negatived this suggestion in a pointed manner when this matter was raised by Dr. M. M. Das in the Parliament in connection with the amendment to the Acts of the Aligarh Muslim University and the Banaras Hindu University. Having regard to this decision of Parliament with which Government are in full agreement, it would not be correct for Government to lay the audit reports before Parliament.

(ii) that the control over the Universities should be indirect and consistent with their place in national life.

2. The Committee would be interested to know that in the United Kingdom the accounts of the Universities and the University colleges in receipt of Treasury grants are audited by the Auditors appointed by them and the audited accounts are placed in the Library of House of Commons for information.

3. It may be mentioned in this connection that the audit inspection notes of Universities are different in character from Audit Reports presented to the House and they do not have the *imprimatur* of the Comptroller and Auditor General.

4. The Comptroller and Auditor General has seen this reply in draft.

P. N. KIRPAL,  
*Secretary.*

**APPENDIX III**

**No. F.2(51)-B/58**

**GOVERNMENT OF INDIA**

**MINISTRY OF FINANCE**

**(Department of Economic Affairs)**

**New Delhi, the 25th August, 1958**

**MEMORANDUM**

**Subject:** Regulation of unauthorised expenditure incurred on a 'new service' discovered after the close of the financial year.

At its meeting held on the 11th January 1958, the Public Accounts Committee desired that the question regarding regularising expenditure on a 'new service' discovered after the close of the financial year should be referred to the Attorney General for his opinion and the Committee informed of the result of this reference.

2. A copy each of the statement of case for the opinion of the Attorney General and his opinion thereon is enclosed for consideration by the Public Accounts Committee. The statement of the case to the Attorney General was, as desired by the Committee, shown in draft to the Comptroller and Auditor General.

(Sd.) H. S. NEGI,

*Jt. Secy. to the Govt. of India.*

## STATEMENT OF CASE FOR THE OPINION OF THE ATTORNEY GENERAL OF INDIA

The question for consideration of the Attorney General of India is whether an amount spent out of the Consolidated Fund of India (or of a State) in a particular year on a new service for which no grant is voted by the Legislature for that year and which comes to notice in a later year, can be regularised by the Legislature, and if so in what manner.

2. A case of this kind occurred in U.P. It appears from the letter of that Government of July 1956 that Rs. 10,000 were spent by the Head of a Department in connection with an exhibition without provision for the same either in the annual budget or in the Supplementary estimates of that year. It is admitted that the expenditure was on a new service. The expenditure was actually booked under the Consolidated Fund section, though no authority of an Appropriation Act existed as contemplated by article 266(3) of the Constitution. The letter of U.P. Government giving the facts of the case and the various suggestions made for regularisation of the expenditure is briefed.

3. The views of the Comptroller and Auditor General on this case are contained in a note of the Director of Audit and Accounts dated 17th January, 1957. It will be noticed that his view is that expenditure in such a case can be regularised by law passed under article 205(1)(b) of the Constitution [corresponding to article 115(1)(b), in the Union part]. The matter was referred to the Law Ministry. Attention is invited to the note dated 26th February, 1957 recorded in that Ministry. For the reasons stated therein, the view taken was that the expenditure could not be regularised by law passed under article 205(1)(b), or any other provision of the Constitution. Attention is also invited to the letter of Shri S. C. Bhattacharya dated 7th June, 1957, in which the further views of the Comptroller and Auditor General on the opinion of the Law Ministry are set out.

4. Though the case arose in U.P., it is felt that it involves a general question of principle and hence this reference is made to the Attorney General of India at the instance of Central Public Accounts Committee. For the sake of convenience, only the provisions relating to the Union are referred to in the subsequent paragraphs, but there are corresponding provisions in regard to the States.

5. The normal procedure for sanctioning expenditure from the Consolidated Fund of India is for Parliament to pass an Appropriation Act under article 114 after all the earlier stages of annual financial statement and votes for grant, where vote is necessary, have been gone through. Clause (3) of article 114 lays down that, subject to the provisions of articles 115 and 116, no money shall be withdrawn from the Consolidated Fund of India except under an appropriation made by a law passed in accordance with provisions of article 114. Article 266(3) is to the same effect. It must follow that if (there is no law passed under article 114, then the only way of sanctioning expenditure out of the Consolidated Fund of India is to act under either article 115 or article 116. In the case under consideration, there is no question of a law under article 114, since the expenditure was incurred in an earlier year. The only point to be considered is whether the case falls under any of the clauses in article 115 or article 116.

6. Taking first article 115, sub-clause (a) of clause (1) of the article is obviously not applicable. That sub-clause applies only where excess occurs or supplementary or additional expenditure is to be incurred in the "current financial year" that is, in the same year in which the law to cover such expenditure is passed. The question on which there is a difference of opinion is whether clause (b) of article 115(1) applies. The Comptroller and Auditor General holds the view that it does. The law Ministry has taken a different view. The reasons in support of these views are stated in the notes and correspondence referred to in paragraph 3 above. Learned Counsel will please consider whether on a correct interpretation of clause (b) of article 115(1), action can be taken under that clause in the cases of the type under consideration.

7. In case learned Counsel comes to the conclusion that neither clause (a) nor clause (b) of article 115(1) is available, then he may please consider whether any of the clauses in article 116(1) can be relied on. Sub-clauses (a) and (b) of article 116(1) would probably not be relevant, but sub-clause (c) has been referred to during discussions in the Central Public Accounts Committee as a possible authority for making law to regularise the expenditure. In regard to clause (1) of article 116, it would appear from the terms of that clause, particularly the concluding portion thereof, that the expenditure contemplated by any of the clauses therein is an expenditure to be incurred in future. It is for consideration of Counsel whether clause (c) can be invoked for the purpose of regularising an expenditure which has already been incurred. It is also for consideration whether expenditure of the kind under consideration would justify

**"an exceptional grant" or can properly be regarded as not forming part of the current services of any year.**

8. In relation to matters under discussion, reference has been made to the practice in the United Kingdom and to the practice prevailing in this country under the Government of India Act. As regards the practice in the United Kingdom, attention is invited to the Treasury Minute of 18th January, 1921 at pages 606-607 of the Epitome of the Reports from the Committees of Public Accounts of U.K., 1857 to 1937. In this connection, attention is invited to the Note dated 21st December, 1957 sent by the Comptroller and Auditor General to the Public Accounts Committee. As regards past practice in this country, attention is invited to rules 49 and 50 of the Indian Legislative Rules and paragraphs RI-33 and RII-29 (and Government of India's orders thereon contained in their letter No. F/XV-IX.II/32, dated 12th December, 1932) at pages 293 and 301-2 respectively of the Epitome of the Reports from the Central Committees of Public Accounts, on the accounts for the years 1921-22 to 1947-48.

9. It is doubtful whether the practice in the U.K. or in the pre-constitution India would be relevant for the purpose of deciding the question of regularising expenditure under the Constitution of India. In the U.K. Parliament is supreme and is not fettered by any constitutional instrument. In the pre-Constitution India, there was a Constitution Act, but it did not contain a restrictive provision like that in article 114(3) and article 266(3); nor was there the Consolidated Fund. Having regard to the provisions of these articles, it would not seem permissible under the Constitution to regularise an expenditure out of the Consolidated Fund of India by a Resolution of Parliament as was suggested in 1932 in paragraph RII-29 at pages 301-2 of the Epitome of Reports of Indian Public Accounts Committees already referred to. Incidentally, it will be noted that rule 49 of the Indian Legislative Rules which in some respects is similar to article 115(1)(b), of the Constitution, was interpreted in 1932 in a manner similar to that in which the latter provision has been interpreted by the Law Ministry in their note of 26th February 1957. It was then realised that there was a lacuna in rule 49, but it was decided that it was not worth while amending the rule. In other words, the provisions of rule 49 were stretched to include a case similar to that being discussed. It is for consideration whether this kind of liberal construction is permissible in regard to the provisions of the Constitution.

10. It may be stated that the Audit authorities and the Central Public Accounts Committee feel that there should be complete Parliamentary control over all expenditure out of Consolidated Fund

**2064 (Ail) LS—14.**

of India, and that the control can be achieved only by requiring that all such expenditure should be sanctioned by Parliament. They feel further that that is the intention of the Constitution and that provisions of the Constitution should be interpreted in a liberal manner so as to provide for the regularisation by law of all irregular expenditure incurred by Government. From this point of view, it is considered by them that article 115(1) (b) should be widely construed so as to include the present case, or failing that, it was suggested during discussions in the Central Public Accounts Committee that it should be possible to rely on article 116(1) (c).

Opinion and advice of the Attorney General of India are requested on the following question:—

- (i) Whether it is possible to regularise by Law an expenditure of the kind mentioned in paragraph 1 above, and if so, in what manner? and
- (ii) Generally.

(Sd.) K. Y. BHANDARKAR,  
Jt. Secy. & Legal Adviser.

21st February, 1958.

OPINION

1. It is undoubtedly desirable that there should be complete Parliamentary control over all expenditure out of the Consolidated Fund of India. The question for consideration, however, is whether having regard to the provisions of the Constitution there is available any method by which an amount spent out of the Consolidated Fund of India (or of a State) in a particular year on a new service for which no grant has been voted by the legislature for that year and which comes to notice in a later year can be regularised by the legislature.

2. I do not think that the practice in the United Kingdom referred to in paragraph 8 of the Statement of the Case is of any assistance to us. Nor has the practice prevailing in India prior to the Constitution much relevance. Having regard to the express prohibitions in articles 114(3)/266(3), it is necessary that there should exist some constitutional provision under which the unauthorised expenditure out of the Consolidated Fund can be approved of by the relevant legislature.

3. It will be convenient to deal with one set of constitutional provisions, viz., those relating to the Union. The provisions in regard to the Union and State are indetical.

4. There having been in such a case no appropriation made by law under article 114, one has to examine the provisions of articles 115 and 116 to see if any provisions in them can be availed of for the purpose of regularising the unauthorised expenditure.

5. Article 115(1)(a) would clearly be inapplicable because both parts of it contemplate a supplementary, additional or excess grant during "the current financial year". We are concerned with expenditure for which the approval of the legislature would be needed in a later year. It is, however, noticeable that the latter part of sub-clause (a) specifically refers to "additional expenditure upon some new service". This has some importance because the Constitution makes a distinction between Supplementary or additional expenditure on a particular service for which a grant has already been made and supplementary or additional expenditure upon a new service for which the grant has not been made. The language of article 115(1)(b) also

makes it inapplicable to the case under consideration. That sub-clause contemplates excess expenditure for a particular service over the amount granted for that service for that year. It clearly will not have application to expenditure on a new service for which no grant has been made in that year.

6. Article 116(1)(a) deals with grants in advance and is, therefore, of no assistance. Article 116(1)(b) makes provision for a grant for meeting an unexpected demand upon the resources of India when on account of the magnitude or the indefinite character of a service the demand cannot be stated with the details ordinarily furnished. This again would seem to refer to grants in anticipation of the expenditure and in any event the language of the sub-clause will make it inapplicable to unauthorised expenditure on a new service of the kind in question. Sub-clause (c) of the article speaks of the power "to make an exceptional grant which forms no part of the current service of any financial year". Taking the ordinary and natural meaning of the language used in the sub-clause it would be difficult to regard the unauthorised expenditure under consideration as being legitimately a subject of "an exceptional grant". It is also a matter of doubt whether the unauthorised expenditure on the new service which is under consideration can fall under the description "which forms no part of the current service of any financial year".

7. The conclusion, therefore, which I reach is that on a proper construction of articles 115(1)(b) and 116(1)(c) which alone call for consideration, it is difficult to say that the House of the People can be asked to approve the unauthorised expenditure on the new service acting under these sub-clauses.

8. However, if it is desired to approach the legislature in order to regularise the expenditure, the only possible method is to approach it by putting a strained construction on the language of articles 116(1)(c) and 206(1)(c) of the Constitution.

9. My answers to the questions are:

- (1) No; but see paragraph 8.
- (2) I have nothing to add.

(Sd.) M. C. SETALVAD,  
*Attorney-General of India.*

NEW DELHI;  
*The 17th May, 1958.*

**APPENDIX IV**  
**MINISTRY OF FOOD AND AGRICULTURE**  
**(DEPARTMENT OF AGRICULTURE)**

No. F. 3-62/60-F-II

Dated 25th August, 1961.

*Statement showing the outstanding royalties due from M/s. P. C. Ray & Co.  
as on 31-3-60 as reported by the Andamans Administration. (Para 111 of the  
18th Report of P.A.C.—1958-59)*

I.	Rs.	nP.	Rs.	nP.
(i) Royalty on timber exported and consumed in mill during 1957-58 . . . . .	6,98,356	17		
(ii) Royalty on timber exported and consumed in mill during 1958-59 . . . . .	10,78,899	26		
(iii) Royalty on timber exported and consumed in mill during 1959-60 . . . . .	9,49,402	00		
	27,26,657	43		
<i>Deduct</i>				
Amount received as advance royalty against each shipment upto 31-3-1960 . . . . .	12,07,374	15		
Interest on security deposit of Rs. 8.65 Lacs for the half year ending 15-3-1959 . . . . .	8,855	38		
Interest on security deposit of Rs. 8.65 Lacs for the half year ending 15-9-1959 . . . . .	7,514	25		
Interest on security deposit of Rs. 9.65 Lacs for the half year ending 15-3-1960—Rs. 7925/- Rs. 7103 only taken as representing interest on 8.65 lacs—Balance Rs. 822/- adjusted against <i>ad hoc</i> credit afforded on 14-10-58 . . . . .	7,103	00		
Interest on security deposit of Rs. 35,000/- upto 15-3-1960 . . . . .	1,317	50		
	-----		12,32,164	28
Balance royalty outstanding on 31-3-60 . . . . .			14,94,493	15
			-----	

II. Interest on late payment of royalty assessed upto 31-3-1960 . . . . .	Rs.      nP.
(i) Bill issued Rs. 1,07,930·10 . . . . .	1,12,498·47
(ii) Bill to be issued Rs. 4,568·37 . . . . .	
III. Royalty on logs lost by the licensee due to their negligence upto 31-3-1960 . . . . .	4,63,410·54
	<hr/> 20,70,402·16

## IV. Royalty on shortfalls

Year	Amount Rs. nP.
1951-54 . . . . .	3,43,163·22*
1954-55 . . . . .	3,58,431·35*
1955-56 . . . . .	4,39,795·65*
1956-57 . . . . .	15,40,815·66
1957-58 . . . . .	36,41,681·57
1958-59 . . . . .	36,38,008·33
1959-60 . . . . .	45,25,131·44
TOTAL . . . . .	<hr/> 1,44,87,027·20

\*Against these dues, bills for Rs. 10,74,000 have been issued. Bills for the balance are yet to be issued.

1. These figures have been vetted by the Director of Commercial Audit, New Delhi.

2. The company has since invoked the arbitration clause of the agreement for deciding certain disputes including the amount of royalty mentioned above. As the basis of charging royalty is a point of dispute in arbitration, action can be taken by Government to recover these dues only after the arbitration proceedings are over.

(S. MULLICK)

*Joint Secretary to the Government of India.*

## APPENDIX V

### MINISTRY OF REHABILITATION

The Public Accounts Committee in their Seventh Report (First Lok Sabha) Volume I \*recommended that the Ministry of Rehabilitation should undertake a review of the more important audit objections which revealed leakage of Government money and gross mismanagement on the part of the Administrators of the various camps, in consultation with the A.G. (FR&S) and see whether they could fix responsibility on particular individuals and determine the action to be taken against them. In pursuance of this recommendation, a \*\*Note was furnished by this Ministry in December 1958 giving the facts and the result of the proposed review in respect of 29 more important audit objections pertaining to various relief camps.

2. After considering this \*\*Note, the Committee in their Eighteenth Report (Vol. II) desired\*\*\* that attempts should be made further to trace the officials at fault and to determine the action to be taken against them.

3. The Ministry of Rehabilitation have since reviewed all the 20 cases, in consultation with the State Governments concerned, wherever necessary, with the object of exporing the possibility of tracing the officials at fault, as desired. The result of this review is however, not encouraging as would appear to be the case from the following facts:—

- (a) It would be observed from the \*\*Note furnished by this Ministry in December 1958, that in so far as the audit objections No. 1, 2, 3 and 6 are concerned, responsibility of the officers concerned was not involved. The question of determining the action to be taken against these officers, therefore, does not arise.

---

\*Para 20 of the Seventh Report of the P.A.C. (First Lok Sabha)—Volume I and S. No. 48 in Appendix I of the Sixteenth Report of the P.A.C. (First Lok Sabha) Volume II.

\*\*Appendix XXXVIII of Eighteenth Report (Second Lok Sabha) Vol. II.

\*\*\*S. No. 114 of Appendix I of Eighteenth Report (Second Lok Sabha) Volume II.

- (b) Conclusions already reached and reported to the Committee in respect of the audit objections No. 4 and 5 are such that need for further investigation with a view to fixing the responsibility, will not be felt. The Ministry of Rehabilitation are therefore, inclined to suggest that the question of making further efforts to trace the officials at fault, may be given up.
- (c) In respect of 19 more audit objections pertaining to the same category of non-maintenance/non-production of distribution accounts etc. for which a combined Note (Nos. 7—25) was submitted, the Committee was informed that the relevant files had either been destroyed or they were not traceable in spite of best efforts, except in 8 cases. Even for these 8 cases, it was reported that the camps had been closed many years ago and the staff which was purely temporary, retrenched whose whereabouts could not be traced. In the light of these findings, the Committee will, no doubt, appreciate that as more time passed, any further investigation and consequential disciplinary action against the defaulting officials, even if contemplated, would seem to be out of question.
- (d) As regards the remaining four objections (Nos. 26, 27, 28 and 29) pertaining to the camps administered by the State Governments, the Government of Rajasthan have in respect of objection No. 26 intimated on 16th June 1960, that the question of recovery of any amount from the officers towards the making good of the loss resulting from the irregularity of non-maintenance of the accounts, does not arise. As the amount held under objection viz., Rs. 802/3 is very small, the matter is not proposed to be pursued further with the State Government, particularly when it is realised that even in December 1958, when these cases were first reviewed, whereabouts of the camp commandant and other employees were not known. In respect of audit objection No. 27, the Madhya Pradesh Government have on 5th August 1960, expressed their inability to investigate the matter further on the plea that the relevant record was lost in transit from Nagpur to Delhi in 1953. The State Government's reply dated 25th August, 1960, giving the result of the review of audit objection No. 28, although not conclusive, seems to indicate that their efforts to trace the whereabouts of the officials at fault, have been infructuous so far. Lastly,

about the audit objection No. 29, the Government of Bombay have intimated on 30th November, 1959 that action to trace the officials of the camp which was closed long ago, is not possible at this belated stage.

(DHARMA VIRA),

Secy. to the Govt. of India.

NEW DELHI;

The 25th October, 1960.

## APPENDIX VI

### MINISTRY OF REHABILITATION

**Note on Para 101 of the 7th Report of the Public Accounts Committee (2nd Lok Sabha) Vol. I regarding the amount of rehabilitation loans given to the States so far, the amount that was due and the amount that had actually been received.**

A statement showing the required information as on 31st October, 1958 is enclosed. The figures given therein are provisional pending the final allocation of loans outstanding against re-organised States in accordance with the provisions of the S.R. Act. It would be observed that the amounts actually recovered from the State Governments fall much short of the amounts due in spite of the fact that the Ministry of Rehabilitation had from time to time been impressing upon the State Governments to accelerate the pace of recovery. The main reasons for short recoveries and delay in recoveries are explained below:—

(a) *Western Region:* (i) In the case of claimant displaced persons (who have got verified claims, against which they have been/will be paid compensation) the recovery of loans and interest etc. outstanding against them has to be adjusted against their compensation and therefore recoveries on due date could not be enforced.

(ii) In the case of non-claimant displaced persons and claimant displaced persons whose compensation is insufficient to meet their public dues, the recoveries are ordinarily made according to the terms and conditions on which the loans were granted to them but in hard cases, in such easy instalments as may be justified by the circumstances of each case.

(iii) Small urban loans upto Rs. 300/- granted to non-claimant displaced persons for business, trade, or industry and educational loans granted to non-claimant displaced students for studies in India irrespective of their amount are to be remitted. It will be seen from Col. 6 of the statement that a sum of Rs. 3.27 lakhs had been remitted till 31st October, 1958. But the necessary financial adjustment was not carried out till that day as the accounting procedure was

finalised only in September, 1958. The present position is that proposals for remission of these loans have been approved to an amount of Rs. 58 lakhs. Out of these, a sum of about Rs. 26 lakhs has since been adjusted in accounts upto the year 1959-60 against the amounts remitted by the State Governments.

(iv) In certain cases, loans granted to non-claimant displaced persons become irrecoverable due to one reason or other and on receipt of recommendations from the State Governments such loans are written off by the Ministry of Rehabilitation as a loss to the Government. A sum of about Rs. 4.25 lakhs (principal only) was written off upto the year 1959-60.

(b) *Eastern Region:* (i) A majority of the displaced persons have not yet been able to rehabilitate themselves to such an extent as to be able to repay the loans.

(ii) Due to the tight "Ways and Means" position of the State Governments they are not agreeable to deposit any amount towards the shortfall in recovery of loans in accordance with the terms and conditions.

2. It may be mentioned in this connection that Government have accepted the recommendations of the Second Finance Commission that with effect from 1st April 1957 the States should pay to the Union the amounts of principal and interest actually collected on account of these loans, including the arrears, if any. In other words the losses will fall wholly on the Central Revenues and will have to be written off. At this stage, however, it is not possible to give any indication of the extent of this loss.

(DHARMA VIRA)

*Secretary to the Government of India.*

NEW DELHI;

Dated the 24th March, 1961.

Statement showing the position of Rehabilitation Loans as on 31-10-1958.

(In lakhs of Rs.)

S. No.	Name of the State	Amount of loans advanced (Principal only)	Amount due for repayment Principal and Interest	Amount actually recovered Principal & Interest	Amount remitted	Amount outstanding Principal & Interest	REMARKS
1	2	3	4	5	6	7	8
1.	Andhra Pradesh	2.40	1.79	1.79	..	..	
2.	Assam	637.93	20.65	19.81	..	.84	
3.	Bihar	183.64	73.45	19.52	..	53.93	
4.	Bombay	1134.37	491.08	477.67	..	13.41	
4(a)	Bombay/M.P. & former Hyd. State	126.39	116.03	40.06	..	75.97	
4(b)	Bombay (Saurashtra)	124.93	87.01	97.07	..	(—)10.06	'AA'
5.	Jammu and Kashmir	147.81	42.89	.32	..	42.57	
6.	Kerala	..	..	..	..	..	
7.	Madhya Pradesh	411.54	324.00	117.92	..	206.08	
8.	Madras	.06	.01	.01	..	..	
9.	Mysore	8.02	4.94	7.36	..	(—)2.42	'AA'
10.	Orissa	72.86	56.18	2.04	..	54.14	
11.	Punjab	1964.67	1353.89	1053.74	..	300.15	
12.	Rajasthan	474.58	338.24	148.00	2.89	187.35	
13.	Uttar Pradesh	900.28	526.82	294.15	.38	232.29	
14.	West Bengal	4724.55	1622.47	88.80	..	1533.67	
TOTAL		1,9,14.03	5059.45	2368.26	3.27	2687.92	

'AA'—Represents amounts recovered in excess of recoveries due.

## **APPENDIX VII**

### **MINISTRY OF REHABILITATION**

#### **OFFICE OF THE CHIEF SETTLEMENT COMMISSIONER**

##### *Note for the Public Accounts Committee*

The Public Accounts Committee in its meeting held on the 3rd December, 1959, while discussing para 33 of the Audit Report (Civil) 1959, regarding over-payment of compensation to a displaced person made the following observations:—

“What are the reasons for taking one decision in the case referred to in the Audit para and quite another in the case pointed out by audit at the sitting of the Committee (details furnished by the Director of Audit, F.R.S.C.S. & M. vide his D.O. No. Rep. 3(144)/Vol. II/2300-02, dated the 5th December, 1959) What action has been taken by the Ministry to evolve a uniform policy in all such cases?”

##### *Ministry's Reply*

This position has been examined in the Ministry. The discrepancy pointed out by the Director of Audit between the stand taken by the Ministry in the case mentioned in para 33 of the Audit Report and the decision given in Chief Settlement Commissioner's Office letter No. 10(6)-Comp.II/57, dated 8th January, 1958 has been carefully examined. It transpired that this letter of the 8th January, 1958 was issued because of a misunderstanding and was not in accordance with the policy of the Ministry. Accordingly orders have been issued on 18th January, 1960 cancelling that letter. The stand taken by the Ministry in connection with para 33 of the Audit Report has been in accordance with the policy followed all along.

2. Audit has made the following comments in this case:

“The Ministry hold that cases in which interim payments of compensation have been made before the amendment of Rule 19, will be governed by the amended Rule 19 if the final payment is made after 4th September, 1956 (date of amendment) but where a loan has been paid for house building purposes on the security of compensation calculated on the basis of unamended Rule, the Calculation of final compensation will be made under the unamended

Rule 19 even if final payment is made after 4th September 1956. Audit is unable to appreciate why a different treatment should be given to the latter cases, when (i) the calculation of compensation under unamended Rule made prior to 4th September, 1956 was only for the purpose of ascertaining the amount of security for the house building loan and not for making a final payment of compensation (ii) the loans were adjusted in the accounts under a loan head and not as compensation, (iii) the house building loans were limited to Rs. 8000 (maximum) even if compensation admissible was more and (iv) the loans were to be adjusted at a later date against the final amount of compensation."

(DHARMA VIRA),

*Secretary to the Govt. of India,*

3-8-61.

## APPENDIX VIII

*Note from the Ministry of Scientific Research and Cultural Affairs re: continuance of National Research Development Corporation as a separate organisation (Vide para 133 of 18th Report, Second Lok Sabha).*

The National Research Development Corporation is a commercial organisation, exploiting the inventions and discoveries made not only in the laboratories of the Council of Scientific and Industrial Research, but also in other Government organisations, such as All India Radio, or the Defence Science Laboratories. While there should be the closest connection between the Council of Scientific and Industrial Research and the National Research Development Corporation, it seems undesirable to entrust the Council of Scientific and Industrial Research, whose main function is to encourage and carry out research and development, with the commercial exploitation of inventions. This should be the duty of a separate body. Accordingly instead of considering the question of abolition of the National Research Development Corporation, it is proposed to reconsider its constitution and functions. This matter is receiving consideration; and the decision will be communicated in due course.

(A. K. GHOSH),

*Joint Secretary to the Govt. of India.*

2-2-62.

## APPENDIX IX

### MINISTRY OF WORKS HOUSING & SUPPLY

*Statement showing Action taken or proposed to be taken on the recommendation of the Public Accounts Committee made in their Eighteenth Report, Vol II—Appendixes*

Sl. No.	Para No.	Particulars of the recommendation	Action taken or proposed to be taken by the Ministry
1	2	3	4
157	237	(i) The Committee feel that the case relating to the departmental execution of work, referred to in para II of the Audit Report (Civil), 1956 Part I disclosed a serious situation in regard to the maintenance of initial accounts by C.P.W.D. as the proper account of repair works carried out departmentally was not maintained and even the accounts of materials were not made available to audit. They indicate loose control of the C.P.W.D. over its subdivisions. Officers responsible for not maintaining the accounts have been let off lightly with a warning. The Committee trust that a note of warning to the officers concerned for not maintaining the initial accounts and for laxity of financial control in the present case has been kept in their character rolls. They feel that more stringent action is necessary in such cases.	<p>The following officers were involved from the time of commission of the irregularities upto their regularisation through completion reports—which were submitted in 3/56 by E.E. and passed in 6/57.</p> <p><i>Superintending Engineers.</i></p> <p>(1) A. from 11-2-52 to 31-3-54</p> <p>(2) B. from 31-3-54 to 4-1-55</p> <p>(3) C. from 4-1-55 to 7-4-56 (since retired)</p> <p>Between the short period of 4/56 and 11/56 there were four changes in the post of Suptdg. Engineer.</p> <p>(4) B. from 29-11-56 to June, 57. (He actually held charge of the Circle upto 3-9-57).</p> <p><i>Executive Engineers.</i></p> <p>(1) D. from 8-2-52 to 11-11-53</p> <p>(2) E. from 11-11-53 to 10-12-56</p> <p>(3) F. from 10-12-56 to June, 57 (He actually held charge of the Division upto 23-9-57).</p> <p>The Committee desire that the particulars of officers who</p>

1	2	3	4
		<p>were responsible for the various financial and accounting irregularities may be stated.</p>	<p><i>Assistant Engineers.</i></p> <p>(1) G. from 1-3-51 to 3-8-53  (2) H. from 3-8-53 to 8-9-53  (3) I. from 8-9-53 to 18-11-55  (4) J. from 19-11-55 to 6/57.  (He actually held charge upto 3-3-58).</p>
158	238	<p>(ii) The Ministry should conduct a further enquiry into the matter and report to the Public Accounts Committee <i>inter alia</i> the details of excess expenditure and the factors leading to it.</p> <p>The Committee desire that the particulars of officers who were responsible for the various financial and accounting irregularities may be stated.</p>	<p>The irregularities pinpointed by Audit are as follows :—</p> <p>(1) Non-surrender of savings on contract portion of the work amounting to Rs. 9,993/- and its utilisation on the departmental work through casual labour.</p> <p>(2) For exceeding the prescribed limit of Annual Repairs estimate based on percentage fixed for annual repairs by the C.E.</p>
159	239	<p>(iii) The question of the excesses over estimates should be examined carefully to see that the provision made for maintenance and repairs is realistic and in accordance with current trends.</p> <p>The Committee desire that the particulars of officers who were responsible for the various financial and accounting irregularities may be stated.</p>	<p>(3) Non-production of material accounts and failure to call for the accounts from the S.D.O. by the Divisional Officer.</p> <p>(4) Showing the departmental works as not susceptible of measurement.</p> <p>The detailed reasons and circumstances which led to the excess expenditure have already been explained in the note <i>vide</i> Appendix L III to P.A.C.'s 18th Report, Vol. II.</p> <p>With regard to the above mentioned irregularities the position is explained below :—</p> <p>(1) There is nothing in the prohibiting the utilisation of savings from one sub-head of repairs to another. The estimates for repairs</p>

1

2

3

4

are governed by the amounts available within the percentage ceiling fixed and in most cases do not satisfy the requirements of repairs in full. If there is a resulting saving on certain items due to low tender or curtailment of less important work in the estimate, the same can and is utilised, if need be, on other essential items of repairs. The grant for repairs is also made on a lump sum basis permitting distribution to individual works according to requirements. The question of non-surrender of savings in respect of certain items of work and their utilisation on other authorised items of repairs, therefore, does not arise.

- (2) The additional repair works leading to excess expenditure over the estimate were considered as unavoidable. The completion report was passed by competent authority and accepted as such by Audit in 6/57. According to C. P.W.D. Code para 46, the Executive Engineer is required to review the expenditure on a work through the register of works and bring any probable excess to the notice of the Superintending Engineer and seek his orders.

In this particular case, however, the repairs being to bungalows of high dignitaries it was not possible

1

2

3

4

to forecast the likely expenditure correctly. The Executive Engineer therefore, brought the excess to the notice of the Superintending Engineer in January, 1953 when the expenditure had actually exceeded the estimate. The S. E. brought the excess to the notice of the Additional Chief Engineer in 2/53 and the A.C.E. ordered the excess to be explained in a completion report.

(3) Though it is true that the material accounts were not made available to audit at the time of the divisional inspection and were also not called for by the Divisional Officer for necessary check by the Divisional accountant the control over issue of materials, was, however, fully exercised through details of consumption which were recorded in the respective muster rolls in Part 3 and were reviewed by the Executive Engineer before passing the muster rolls. Therefore, no lack of control over the issue of materials was involved.

(4) Wherever it was possible, measurements were recorded, but certain items of the works were certified as not susceptible of measurement. The position has been verified again and it appears that some items of

1

2

3

4

work could have been measured but they were shown as not susceptible of measurements. The circumstances in which these items were not measured cannot be verified or checked at this stage. The question whether any responsibility can be fixed for not recording measurements of such items is being looked into.

Leaving the disciplinary aspect of the case referred to at item 4 above, the only issue to be considered was the delay in regularising the position through a completion report which was asked for by the A.C.E. in 6/53. Disciplinary aspect of this point has been examined and the officers concerned as indicated below, were warned and copies of these warnings placed on their confidential reports as desired by the Public Accounts Committee.

- (1) Superintending Engineer in charge for the period from 31-3-54 to 4-1-55.
- (2) Executive Engineer in charge for the period from 11-11-53 to 10-12-56.
- (3) Two Assistant Engineers who held the charge for the periods from 8-9-53 to 18-11-55 and 19-11-55 to June, '57 respectively.
- (4) The other two officers involved were the Executive Engineer who held charge of the Division upto 11-11-53 and the S.E., who

1

2

3

4

was in charge of the circle upto 31-3-54. The case of the E.E. has been examined. Since he was transferred from the Division on the 11th November, 1953. In the short period of 1 1/2 months that he remained in charge of the Division, he could not take action to submit the completion report, as the same had not been received from the Asstt. Engineer, who had been transferred. As such, it is considered that he cannot be held responsible. As regards the S.E., who remained in charge of the circle upto 31st March, 1954, that is, nearly six months after instructions were received from the A.C.E. for preparation of Completion report,—the matter is under consideration.

(V. K. RAO), [

*Joint Secretary to the Govt. of India.*

## **APPENDIX X**

### **MINISTRY OF COMMERCE & INDUSTRY**

*Note in connection with S. No. 5 of Appendix I of the 18th Report of the Public Accounts Committee (2nd Lok Sabha)—Vol. II*

The Public Accounts Committee has already been informed (*vide* Appendix XVIII of the Eighteenth Report of the Public Accounts Committee 1958-59 Vol. II) that a Co-ordination Committee for Small Industries has been set up in this Ministry under the chairmanship of the Minister for Commerce and Industry. This Committee consists of representatives of all the Boards concerned with Village and Small Industries and the Ministries of Community Development and Cooperation and Finance and the Planning Commission. This Committee has been functioning from June 1957, and it considers problems of common interest to the different organisations administering the programmes for the development of village and small industries. One of the decisions of this Committee was that as far as possible there should be uniformity in the patterns of financial assistance for the programmes followed by the different Boards. The Co-ordination Committee has appointed a Sub-Committee on 25th January, 1958 to examine the system of financial assistance now followed by the different boards, and to suggest measures for rationalising them to the extent possible. The final recommendations of this Sub-Committee are still awaited. Another decision of the Co-ordination Committee was that with a view to secure co-ordination between the different Boards in the programme of sales of the finished products through emporia no new separate emporia for handloom and handicrafts by the different Boards should be opened as far as possible except for very special reasons. Also existing emporia may be looked into and co-ordination brought about. Different boards had started their own emporia in different cities for publicity and sales of the products with which they were concerned, resulting at certain places in duplication of effort and expenditure. The Co-ordination Committee accepting the principle of co-ordinated effort for the sales programme through a single sales establishment (except in the case of the sale of Khadi), has now suggested that these boards should co-operate with each other in this work and avoid duplication of efforts. The matter is now under consideration by the different boards.

2. The Public Accounts Committee was also informed (*vide* Appendix XVIII of the Eighteenth Report of the Public Accounts Committee 1958-59—Vol. II), that in the field of marketing for handlooms and handicrafts, action had been taken to have the matter studied by the National Council of Applied Economic Research. The results of the study by that Council are still awaited.

3. In order to ensure effective co-ordination in this Ministry, the work relating to all Boards/Commission, other than Small Scale Industries, has been brought under one Joint Secretary from 16th July, 1959. It may also be noted that the Handloom Board and the Silk Board are at present under the Chairmanship of one officer, who is, in addition, the Textile Commissioner.

NEW DELHI;

(C. S. RAMACHANDRAN),

*Dated the 27th November, 1959.*

*Jt. Secy. to the Govt. of India.*

## **APPENDIX XI**

### **GOVERNMENT OF INDIA**

#### **MINISTRY OF COMMERCE & INDUSTRY**

*Note on Para 29 of the recommendations of the Public Accounts Committee made in their Seventh Report, relating to the printing of the pamphlet entitled 'The New India, Your Market.'*

In para 29 of the Seventh Report the Public Accounts Committee had observed *inter alia* that when it was admitted that there had been an error of judgment, disciplinary action should not have been delayed, and that the disciplinary action taken should be reported to them.

2. The facts of the case, from the time of the first print of the pamphlet up to the time of the final write-off of the amount of £1400/-, as they appear from the files of the High Commission of India in the U.K. London and the Ministry are as follows:—

In the beginning of 1949 it was decided by the then Commerce & Industry Adviser in the High Commission for India, London, with the approval of the High Commissioner, to print a brochure entitled "India, Your Market" for the purpose of trade publicity in the British Industries Fair (1949), and for subsequent use. Initially an expenditure of £450/- was expected to be incurred on the printing of the brochure. The lay out, design, subject matter etc. of the brochure were discussed in detail by the Officers of the Commerce Department, London with the representatives of the firm which was entrusted with the job. The firm gave a draft of the brochure for approval. It did not come up to expectation and it was also found that the material presented therein was not impressive and forceful. The draft was, therefore, revised and 9,700 copies of the revised draft were not got printed on 10th August 1949 at a total cost of £1000/12/1. Although the price of the brochure was fixed nominally at 1 shilling, the brochure was intended to be given away free to Commercial Houses and people interested in Indo-British Trade. As the review about the brochure in the periodicals and daily press including the London Times was favourable, it was thought that a larger number of copies than those already printed would be necessary. So a further order was placed with the printers on 23rd September 1949 for the reprint of a further 10,150 copies at a cost

of £600/-. In doing so, it was thought that the brochure would be suitable for use for the next five years whenever any commercial publicity work was undertaken. Another consideration was that it would be more economical to get such a large number of copies reprinted from the standing type.

Thus in all 19,850 copies of the brochure were printed, and 6,906 copies were either given away free or sold by the end of February, 1951. The distribution and sale of the brochure as was originally intended did not materialise. Further the brochure also became out of date for distribution after February 1951 as a lot of new developments had taken place in the Indian economic scene including the publication of the First Five Year Plan, which rendered much of the material contained in the brochure obsolete. It was not, therefore, considered desirable to distribute the brochure which had lost its original value.

As the Government had incurred a loss of £1400/- in this transaction, the proposal to write-off this amount was placed before the then High Commissioner who raised the point, *inter alia*, as to who was to be held responsible for the loss. It was explained to him that the initial mistake lay in getting such a large number of copies printed in the belief that the brochure would be suitable for use in the next five years, whenever any commercial publicity work was undertaken. It was also explained to him that responsibility could not be attached to any individual in this case because the initial error lay in the judgment that the brochure could be utilised for the successive five years. In according his approval to the write-off, the High Commissioner recorded that "we should avoid repetition". Subsequently the High Commission approached the Government of India for sanction to the write-off which was accorded in consultation with the Ministry of Finance.

3. Even before receiving the printed report of the Public Accounts Committee, the Secretary had initiated to the then Minister (Economic) the criticism of the Public Accounts Committee in the matter and had asked him to convey the criticism to the officers concerned for guidance in future. In view of this and also of the fact that the High Commissioner had himself applied his mind to the matter and had satisfied himself that responsibility could not be fixed on any particular individual, the matter may perhaps be allowed to rest.

(S. RANGANATHAN),  
Secy., Miny. of Commerce & Industry.

Dated the 3rd August, 1959.

**APPENDIX XII**  
**MINISTRY OF COMMERCE & INDUSTRY**  
**TEXTILE 'D' SECTION**

*Note in respect of para 35 of Seventh Report (2nd Lok Sabha) vide  
S. No. 11 of Appendix I of their 18th Report (2nd Lok Sabha)  
Vol. II.*

*S. No. 11—Further remarks of Public Accounts Committee:—*

*"It may be stated whether the adjustment in respect of the  
balance of Rs. 34,490·11 has been finalised, if not, when is it expected  
to be finalised? The notes on the other old State Trading Schemes  
may be expedited".*

•                      •                      •                      •                      •

*The present position regarding the adjustment of the value of  
Rs. 30,490·11 due from the mills is as follows:—*

*The official Liquidator of the Mill (in liquidation) had recently  
declared a 2nd dividend amounting to Rs. 8,966·31. This amount  
was credited to Government Account on the 28th September 1959.*

*The balance amount of Government's claim against the mill  
remaining for adjustment will be Rs. 21,523·80.*

*The notes on the other old State Trading Schemes will be sepa-  
rately sent.*

*(C. S. RAMACHANDRAN),  
Joint Secretary to the Government of India.  
(File No. 23(21)CT(B)-Tex(D) 52 refers)*

**NEW DELHI;**

*Dated the 5th January, 1960.*

## **APPENDIX XIII**

### **MINISTRY OF COMMERCE AND INDUSTRY**

**Sub:—Item 13 of Appendix I of the Eighteenth Report of the P.A.C. (Second Lok Sabha)—Vol. II—Para 37 of the Seventh Report—Claims of West Bengal and Delhi Administration in connection with the purchase and distribution of Standard Cloth.**

The Public Accounts Committee in column 6 against S.No. 13 of the Appendix I of their 18th Report (Second Lok Sabha)—Vol. II have remarked as follows:—

“The latest position may be stated”.

The above remarks of the Committee refer to the pending claims of the Government of West Bengal and the Delhi Administration in connection with the Purchase and Distribution of Standard Cloth. The latest position in respect of the two claims is as follows:—

#### **West Bengal:**

The West Bengal Government after several reminders claimed on 17th February 1959 an amount of Rs. 6,00,992-13-9 on the basis of the report of their Application Committee. On the advice of the Deputy Director of Audit, FRSCS & M., Bombay, the West Bengal Government were informed on 26th May 1959 that their claim on the basis of the report of their Application Committee could not be accepted in the absence of an audit certificate from the Accountant General, West Bengal, testifying the correctness of the amount. They were also requested to refer the matter to the Accountant General, West Bengal for auditing the claim and issuing necessary certificate in this regard. That Government were further requested to intimate whether the amount of Rs. 6,00,992-13-9 claimed by them related to the dues of undivided Bengal and if so to confirm that their share would amount to only 35·2% of the total claim and not the entire amount of Rs. 6,00,992-13-9.

West Bengal Government's reply is still awaited.

#### **Delhi Administration:**

The debit of Rs. 2,37,115·00 has not yet been accepted by the Delhi Administration. The matter is still being pursued by the

Accountant General, Central Revenues, New Delhi who has addressed Delhi Administration again on 5th October, 1959 to accept the debit of Rs. 2,37,115.00 in question. The Delhi Administration had advised Government in their letter dated the 12th May, 1959 that the matter was under their active consideration. A further communication from the Administration is awaited.

Director of Audit F.R.S.C.S. & M., New Delhi, has seen the note.

(C. S. RAMACHANDRAN),

*Joint Secretary to the Government of India.*

NEW DELHI;

*Dated the 10th December, 1959.*

## **APPENDIX XIV**

### **MINISTRY OF COMMERCE & INDUSTRY**

The following further information in respect of paras 39 and 41 of the Seventh Report of the Public Accounts Committee relating to the National Instruments Factory is submitted to the Committee in continuation of the note considered by it on the 19th January, 1959:—

*Para 39 of the Seventh Report: Introduction of proper cost accounting system in the National Instruments Factory (now called the National Instruments Ltd.)*

The new cost accounting system, based on the Time Card System, was introduced in the National Instruments Ltd., Calcutta, during 1959-60. Further improvements in the system were made during 1960-61. Early in 1960-61, a qualified Cost Accountant was recruited. The Labour card was replaced by Labour Booking Registers in which the production shops promptly recorded the daily performance of each worker. This register was so designed that it not only threw into relief any variations from standard performance for taking corrective action for better utilisation of labour, but also provided a ready analysis of the labour hours spent on different job orders. The introduction of this simplification in the system resulted in reduction of labour and helped in expediting cost compilations during 1960-61. There is a constant endeavour on the part of the company to improve the costing system in the factory so as to keep pace with the changing needs for better control.

*Para 41 of the Seventh Report: Review of idle and non-moving stores*

Upto the end of February 1960 stores valued at Rs. 1,24,468 were reported by the National Instruments Ltd., to the Directorate General of Supplies and Disposals. There was some initial difficulty in fixing up the ceiling prices for each item of stores some of which required visual inspection. Directorate General of Supplies and Disposals have, however, disposed of only a small portion valued at Rs. 36,450/-. In respect of some of the items of sales by the Directorate-General of Supplies and Disposals, the offers received were too low and they had to be withdrawn from auction and fresh attempts

are being made by that organisation for their disposal. The Company hope that all the surplus stocks will be cleared during the year 1960-61.

[This note has been vetted by the Director of Commercial Audit, New Delhi.]

NEW DELHI;

(D. SANDILYA).

Dated the 21st April, 1961.

Joint Secy. to the Govt. of India.

## APPENDIX XV

**A Short Note covering information asked for by the Public Accounts Committee in respect of (1) Paragraph 22 of Audit Report (Civil) 1957 and payment of grants-in-aid in excess of requirements and (2) Appropriation Accounts (Civil) 1955-56, page 16, Note 9, Sub-Head 'A' (4) Silk Industry. [Reference Lok Sabha Secretariat O.M. No. 2(1) (3)-PAC/58 dated 29th January, 1959 addressed to this Ministry].**

### **Introduction:**

The Central Silk Board was constituted in the year 1949 under the Central Silk Board Act, 1948 (Act LXI of 1948) for the development of the Silk Industry under Central control. The Board consists of 36 members, including the Chairman who is appointed by the Government. Out of 36 members, 3 are officials nominated by the Government of India, 6 elected by both Houses of the Parliament and the others are nominated by the Central and State Governments to represent the various State Governments and certain special interests. The main functions of the Central Silk Board are to promote the development of Silk Industry in India by undertaking such measures as it considers necessary. These measures include:—

- (a) undertaking, assisting or encouraging scientific, technological and economic research;
- (b) devising means for improved methods of mulberry cultivation, rearing, developing and distributing healthy silkworm seeds, reeling of silkworm cocoons, improving the quality and production of raw silk, if necessary by making it compulsory for all raw silk to be marketed only after the same has been tested and graded in properly equipped raw silk conditioning houses;
- (c) the supply of technical advice to filature and charka reelers;
- (d) improving the marketing of raw silk;
- (e) the collection of statistics from such persons as may be prescribed;
- (f) carrying out any other duties which may be vested in the Board under rules made under this Act.

2. The Board is also required to advise the Central Government on all matters relating to the development of the raw silk Industry, including the import and export of raw silk.

3. The Board started functioning in May, 1949. Since the inception of the Board, the Government of India sanctioned the following grants-in-aid for the development of sericulture industry, including amounts required for administration expenditure:—

Financial Year	Grants-in-aid sanctioned Rs.
1949-50	4,00,000
1950-51	4,00,000
1951-52	1,50,000
1952-53	4,28,500
1953-54	15,18,779
1954-55	22,56,715-9-11

A statement showing the grants-in-aid sanctioned by the Government of India, the miscellaneous receipts of the Board, amount available for development and administration expenditure during each of the above years, expenditure incurred by the Board directly for developmental purposes, expenditure incurred on the administration of the Board, and the incidence of administration expenditure to the grants available is attached\*. It will be observed therefrom that the incidence of administration expenditure has been reduced to 8.6% in the year 1954-55 when compared to the year 1951-52 when it was 35.29%.

(A) *Unspent balances lying with various State Governments year by year that had not been surrendered.*

Out of the grants-in-aid sanctioned by the Government of India for the industry from the financial year 1949-50 to the financial year 1954-55, the Board approved sericultural schemes received from the State Governments and paid grants-in-aid to them as shown below:—

Financial Year	Grants-in-aid made by the Board to the State Governments Rs.
1949-50	1,39,000
1950-51	1,19,000
1951-52	1,46,680
1952-53	2,70,390
1953-54	11,32,545
1954-55	†19,06,496
	††37,14,111

\*Not printed.

†This includes Rs. 19,050/- being cost of incubators supplied and excludes Rs. 10,000/- granted to a private party through a State Government. Making these adjustments, the total comes to Rs. 18,97,446.

††This includes Rs. 19,053 cost of mentioned above and Rs. 5,000 refunded by a State Government in 1954-55. Deducting Rs. 24,040 the total of grants-in-aid comes to Rs. 36,90,061/- as shown in para 22 of the Audit Report, 1957.

A statement showing the unspent balances which remained with the State Governments in each financial year and which were not surrendered by them, from out of the grants-in-aid paid by the Board is attached.\* It will be observed therefrom that a sum of Rs. 28,23,885 remained unspent with the States as on 1st April, 1955. This information is based on the latest information available with the Board from the Accountants-General in the States concerned.

(B) *Particulars of the schemes sanctioned during the six years by the Silk Board:*

A statement showing the nature of each scheme for which grants-in-aid were paid is attached.\*

(C) *How many of these schemes had been completed?*

During the six years from 1949-50 onwards, the Board had approved and sanctioned 121 schemes out of which 34 were completed during that period. A statement showing the number of schemes completed in each State, the number of schemes continued in years subsequent to 1954-55 and the number of schemes discontinued is enclosed.\* It will be seen therefrom that a sum of Rs. 27,481/- was spent on schemes which were discontinued during the period under reference.

(D) *Incidence of administration charges to the grants-in-aid made to the Silk Board:*

Please refer to Annexure 'A' attached.\*

(E) *Amounts spent by various States on administration out of the grants made to them by the Silk Board:*

Based on the figures of expenditure received by the Board from the State Governments (Rs. 8,92,196 in the years from 1949-50 to

---

\*Not printed.

1954-55) it is roughly calculated that a sum of Rs. 70,000/- approximately would have been spent by the State Governments on administration out of the grants made to them by the Central Silk Board. While working out this figure, we have not taken into consideration the expenditure incurred on field staff required for implementation of the schemes.

(F) *Schemes which had been abandoned and expenditure incurred thereon:*

Please see Annexure 'D' attached.\* A statement giving reasons for abandoning the schemes is at Annexure 'DD'.\*

II. *Copy of Rules and Regulations framed by the Central Government to determine the quantum of Government grants to the Board and the Board's allotment to the State Governments.*

Until 25th November, 1952, the schemes received from the various State Governments for improvement of the industry were considered by the Board and its Committees merely on their merits as no broad principles governing the grant of financial assistance were adopted till then. The Government made grants-in-aid to the Board depending upon the cost of schemes received from the State Governments, besides the administration expenditure which included developmental expenditure to be incurred by the Board directly. These grants were made under Section 9(1) of the Central Silk Board Act for the promotion of the Sericulture Industry. No specific rules and regulations had been framed by the Government to determine the quantum of assistance for the industry.

It was decided in April, 1955 that the grants sanctioned by the Government of India will not be transferred entirely to the credit of the State Governments concerned as was done in the earlier years. But, instead, the Accountants-General will be authorised to advance money to the States, upto the limit of the sanctioned grant, when and to the extent actually required. Later, it was found that this procedure prevented the States from initiating the implementation of the schemes as they were required to find funds from their own resources initially. With a view to facilitate the work in the States, the Government of India informed the State Governments on 15th December, 1956 that release of grants would be made to

---

\*Not printed.

them immediately they are in receipt of Government of India's sanction for sericultural schemes as follows:—

- 1) For schemes where the central grant is more than Rs. 5 lakhs . . . 25% of the amount
- 2) For schemes where the central grant is more than Rs. 1 lakh but less than Rs. 5 lakhs. . . 33-1/3% — do—
- 3) For schemes where the central grant is less than Rs. 1 lakh . . . 50% — do—

The State Governments were also informed that the balance amount would be released to them in the second half of the year after verifying the figures of expenditure incurred in the first half. The pattern of financial assistance was revised in January, 1957 by the Government of India. According to the revised procedure, it was agreed to provide the State Governments with 100% of the non-recurring and recurring expenditure on all schemes, with the exception of the cost of land and buildings. In regard to land and buildings, the Government of India agreed to examine each proposal on merits. A copy of the pattern of financial assistance, as in operation since the financial year 1957-58, is attached.\*

III. Appropriation Accounts (Civil) 1955-56, Page 16, Note 9, Sub-head A (4).

- (a) Details of Central Schemes for the training of personnel, amount sanctioned and spent in each of them.
- (b) Number of persons that had to be trained and that was actually trained.

Prior to the inception of the Central Silk Board in the year 1949, the organisation in the Sericultural Departments in the States was adequate only for day to day work undertaken by them then. With the establishment of the Board in the year 1949, while Development Plans were drawn up by the State Governments and put up to the Board for financial assistance, it was not found possible for the Board to sanction all such plans due to its inadequate resources. As a result of this, the States were not sure whether they would receive funds for implementation of the schemes. It was for this reason that the question of technical personnel was not taken up, although some provision for facilities for training was made. Later, in the year 1953-54 when the grants for Sericulture Industry were increased by the Government of India, it was found that adequate number of

---

\*Not printed.

technical personnel was not available to execute the schemes. This factor came in the way of speedy implementation of the schemes approved and sanctioned by the Board during the years 1953-54 and 1954-55. Besides, the States had to simplify the procedure to ensure that the grants were made available to the Sericulture Departments without delay. Both the questions relating to availability of technical personnel and simplification of the administrative procedure in the States were, however, discussed by the Board and its Committees on various occasions. No assessment of the requirements of the personnel for implementing the schemes was made during these years (1949-50 to 1954-55) as the requirements depended primarily on the number of schemes to be taken up in the States. A statement showing schemes sanctioned from the year 1956-57 onwards by the Board for the reorganisation of the existing Sericultural Training Institutes in Mysore, Assam and West Bengal is enclosed.\* This assistance was made available to the States with a view to create facilities for imparting training to meet the requirements of the technical personnel in the States. It is reported that during the years from 1949-50 to 1954-55 nearly 309 persons had been trained in the Institutes in the States. The present capacity of these institutes in the matter of imparting training is 124 persons every year for lower posts. Besides, the Board took upon itself the responsibility of deputation of officers to Japan for receiving higher training in that country. A list of such officers deputed abroad is attached.\* The total expenditure incurred on the deputation of these officers amounts to a sum of Rs. 3 lakhs approximately. The Board met 50% of the cost while the other half was met by the States concerned.

It has been estimated that the number of technical persons required by the State Governments in the Sericultural Departments in the Second Five Year Plan period would be 11,225 approximately. In order to make available trained technical personnel, the Central Silk Board prepared a scheme for establishment of an All India Sericultural Training Institute. The original estimated expenditure on the implementation of the scheme worked out to Rs. 9,55,520/-. This was reduced to a sum of Rs. 2,43,844/- due to the deletion of the provisions made in the original estimates for the construction of buildings. Besides, the recurring expenditure was also reduced to Rs. 1,21,169/- from Rs. 1,99,520/-. The revised expenditure was approved by the Government on 5<sup>th</sup> June, 1958. The Institute started functioning at Mysore from 26th September, 1958. The courses of study (Lower and Higher) include instructions in theory and practice in all branches of study associated with sericulture. The duration of the course is one year for each category. 40 students

---

\*Not printed.

deputed by the Governments of Andhra Pradesh, Bihar, Himachal Pradesh, Jammu and Kashmir, Manipur, Orissa, Punjab, Tripura and Uttar Pradesh have already joined the institute and are at present undergoing training. The question of providing more facilities for admission of increased number of students in the Institute is also receiving consideration. The training imparted in this Institute would go a long way in meeting the requirements of the State Governments in respect of the provision for a regular flow of technical man-power needed to implement the sericultural schemes in the States.

Upto the 31st January, 1959, a sum of Rs. 83,095/- has been spent by the Board on the Institute.

(c) *The feasibility of charging agency commission by the Silk Board on raw silk imports to augment its resources.*

The Government of India decided in the year 1955 that imports of raw silk be canalised through the agency of the Central Silk Board from the licencing period Jan-June 1955 as it was found that there were violent fluctuations in the prices of raw silk ruling in the market. While the market price was quoted at more than Rs. 40/- per lb. the landed cost worked out to Rs. 28/- per lb. only. As a result of high prices of imported raw silk, the rates for indigenous raw silk also went up. It was feared that on account of high prices of both imported as well as indigenous raw silk, the demand for silk would fall. The Board was entrusted with the import and distribution of raw silk during the licensing periods January-June 1955 to January-June 1956; imports from other channels were not permitted. From the licensing period July-December, 1956, imports of raw silk are arranged through the State Trading Corporation of India (Private) Ltd., while the distribution continues to be undertaken by the Central Silk Board. So far, the imports through the Board and the Corporation have been as follows:—

Period	Quantity lbs.	Imported by	Remarks
Jan-June 1955	197,940 (from China)	Central Silk Board	Distribution completed
Jan-June 1956	109,916 (from Japan & China)	-do-	-do-
Jan-Dec. 1956	125,673 -do-	State Trading Corporation	-do-
Jan-June 1957	112,395 -do-	-do-	-do-
July 1957 to March 1958	109,800 -do-	-do-	-do-
April-Sept 1958	110,254 -do-	-do-	Partly distributed

The State Trading Corporation of India (Private) Ltd., has been requested to arrange supplies of a quantity of 168,000 lbs. (76 metric tons) of raw silk from China and Japan during the licensing period October, 1958 to March 1959. Supplies of imported silk are expected to be received shortly.

The advantage of the policy of canalisation of imports of raw silk has been that the prices of both imported and indigenous raw silk have been stabilised at an economic level. This has helped in infusing a sense of security among the sericulturists. It has also enabled the States to pursue without fear of foreign competition, the development plans for sericulture. The consumer of foreign silk has been benefited by supplies of raw silk at an economic price which is fixed by the Government in consultation with the Board and the Corporation. A statement showing the profits which accrued as a result of the transactions of import and distribution through the Central Silk Board is attached.\* These amounts have been credited to the Consolidated Fund of India by the Board. The suggestion that the Silk Board should charge an agency commission on raw silk imports to augment its resources has been noted and will be considered if and when Board takes up the work of importation.

Dated the 14th May, 1959.

C. S. RAMACHANDRAN.

*Joint Secretary to the Government of India.*

---

\*Not printed.

## **APPENDIX XVI**

*Note for the Public Accounts Committee on para. 18 of their Eighteenth Report (Second Lok Sabha) Vol. I.*

**Appropriation Accounts (Civil) (1955-56) and Audit Report.**

### **I. Chairmanship of the Central Silk Board and All India Handloom Board.**

P.A.C.'s recommendations: "The Committee were also doubtful whether the present arrangement of entrusting the work relating to the Silk Board to the Textile Commissioner, who was already saddled with other important responsibilities was conducive to satisfactory results. They would suggest that Government should consider the feasibility of having a separate Chairman, preferably a non-official, for the Silk Board and also the Handloom Board."

The arrangement of having a Chairman (official) exclusively for the Handloom Board and the Central Silk Board for about five months from October 1957 to March, 1958 was tried and although according to this arrangement the Chairman was found to be able to devote more time to the working of these two Boards, it did not prove very satisfactory in so far as co-ordination of policies was concerned. Production of handloom cloth and of silk are integral parts of the Textile Industry whose problems have to be looked at and dealt with as a whole and in an integrated manner. Unlike khadi, the handloom industry depends entirely for its raw material on spinning mills; and, the problems of spinning mills and the composite mills have again to be looked at as a whole. The production programme and the economics have to be integrated as well as the taxation structures. It would be disadvantageous to handle problems of the handloom industry separately from those of spinning mills and mills in general. There are also the problems of supply of other raw materials like dyes and chemicals etc. Experience has also indicated that the handloom industry needs much larger technical assistance for its development. This technical assistance can only be had from the technical side of the textile industry and the Textile Commissioner's organisation

The regional set up of the Textile Commissioner's organisation has recently been integrated with the regional offices of the All India Handloom Board; matters relating to the textile mill industry and

the handloom industry, in the different regions, are being looked into by these integrated regional offices. If the Textile Commissioner remains the Chairman of the All India Handloom Board, it will make for better co-ordination.

2. The All India Handloom Board is, however, not an autonomous body; it is a nominated body with advisory functions. The entire work is executed by the office of the Textile Commissioner at the headquarters and through the State organisations in States. There is no separate independent machinery for the Handloom Board. Neither is it necessary nor would separate existence be conducive to efficient working.

3. The Central Silk Board is a statutory body but there are no separate sources of funds for this body. The central funds for the development of sericulture industry are made available to the Central Silk Board only to the extent of administrative expenditure and expenditure on Centrally sponsored schemes of the Sericulture Training Institute and Foreign Race Seed Station, Srinagar. The expenditure for the Central Sericultural Research Station, Berhampur, is met directly by the Ministry. All other funds are made available by the Centre direct to the States. The Central Silk Board, therefore, more or less acts in an advisory capacity.

It may be mentioned that the All India Handloom Board gives financial assistance to State Governments for the development of silk handloom industry also. In addition, there are Weavers' Service Centres (formerly called Design Centres) set up under the All India Handloom Board for evolving designs and rendering service to the weavers of both cotton and silk handlooms. If the Chairman of both the organisations is the same person it will obviously lead to a better co-ordination of efforts in all spheres.

## II. Annual Reports of the All India Handloom Board and Central Silk Board

*P.A.C's recommendation.*—"In the Committee's opinion, Parliament is not fully informed of the working of these autonomous Boards. Since large sums of money are voted by Parliament for payment to these Boards as grants-in-aid it is only proper that Parliament and the Public Accounts Committee should be apprised of their activities. The Committee desire that the Annual Reports on the working of the autonomous Boards viz., Silk Board, etc. should be placed before Parliament."

So far as the All India Handloom Board is concerned, quarterly reports are being prepared at present. A brief account of the working of the Board is also included in the Annual Report of the Ministry of Commerce and Industry. The Annual Reports of the All India Handloom Board, when prepared, are placed in the *Parliament Library*. Copies of the Fourth Report of the Board have already been sent to the Parliament Library. As regards Central Silk Board, half yearly reports on its activities and the working of the Act are prepared as required under Section 8(3)(b) of the Central Silk Board Act, 1948 (Act No. LXI of 1948) and laid before Parliament in compliance with the assurance given by the Minister of Commerce and Industry in the course of the debates in the House of the People on 29th July, 1952.

### **III. Revolving Credit:**

*P.A.C.'s recommendation:* "The C. & A.G. suggested that Government might consider the feasibility of giving small revolving credits to the States for financing these schemes. The Committee desire that the suggestion of the C. & A.G. should be examined".

In this connection attention is invited to para. 12 of the eighteenth report (Vol. I) of the Public Accounts Committee 1958-59. It will be observed therefrom that the Public Accounts Committee have considered the revised procedure and have themselves stated that they would like to watch the working of the new procedure devised by the Ministry (of Finance) through future Audit Reports on Accounts (Civil). In the circumstances no action is necessary in this Ministry.

This note has been seen and approved by the Director of Audit, F.R.S.C.S. & M., New Delhi.

C. S. RAMACHANDRAN,

*Joint Secretary to the Government of India*

## APPENDIX XVII

**Note re: irregularities in the Accounts of subsidy on production and sale of Khadi (Vide para. 20 of 18 Report (Second Lok Sabha).**

I. The Commission has since reviewed the case and has worked out the figures in this connection and according to the figures furnished by them the excess payments made amount to Rs. 19,948.71.

It has been stated that in respect of some of the loans given by the Board/Commission, no acceptance or acknowledgement had been received from the loanees. The question that came up for consideration before the PAC in respect of loans given was in regard to non-submission of proper agreement forms by loanee institutions. If, however, the reference here is to the acceptance of balances being furnished at the end of each financial year, it may be stated that from the records held in the Ministry, it has been observed that in all about 186 cases were pointed out by audit during the course of audit of the accounts of loans paid to Khadi and Village Industries during 1953—57 in which the acceptance of balances at the end of each year were not received in time. These items except for 32 items have since been seen and settled in correspondence with Audit.

If, however, the acceptance/acknowledgements mentioned in PAC's recommendations refer to the proper agreement forms, it may be stated that expeditious action is being taken to have the legal documents expedited. Out of about 487 hypothecation deeds pertaining to the loans granted prior to 1st April, 1957, 361 deeds have been received by the Commission, after proper execution by 30th April, 1960. The work of preparation and execution of agreements in respect of loans to State Boards has not yet been commenced as the agreement form applicable to the State Boards has itself not yet been finalised. The preparation and execution of agreements has been taken up in respect of loans to other institutions only, in respect of the outstanding balances as on specified dates (viz., 31st January, 1959 for Khadi and 15th March, 1959 for Village Industries). No agreement would be prepared in those cases where the loan was completely re-paid on the specified dates.

The completion of the work is being watched by the Ministry.

**II. From the time (viz., January, 1953) the loans were granted by the former Board, the finalisation of Loan Rules and the agreement forms was under consideration of the Ministry but as this took some time, the execution of agreements was delayed. The agreement forms have already been finalised in the case of the institutions and the Commission is taking expeditious action in getting these forms finally executed by them.**

The reasons which led to the irregularities pointed out by Audit have been examined by Ministry in consultation with Commission. It has been pointed out to Government by the Commission that the irregularities were mainly consequential on certain decisions taken by the former Board after due consideration and keeping in view the requirements of the aided institutions and the purpose that the schemes were intended to serve and not due to the fault of any particular officer/officers. To avoid a repetition of such irregularities, necessary instructions have been issued to the Commission for strict observance of the relevant orders in future, vide this Ministry's No. 14/21/59/KVI/ATK, dated 1st October, 1959. Regarding the past periods the Commission have been asked to work out and intimate the total number of items, institutions and total amount of over-payment, if any, to enable Government to examine whether any regularisation etc. action is required to be taken in this regard. The matter is being closely watched by the Ministry.

#### **Audit Comment:**

As the relevant files and papers were not shown to audit, it cannot verify the statement in the Ministry's above reply that 'the irregularities were mainly consequential on certain decisions taken by the former Board ....'.

**III. In order to obviate the recurrence of irregularities reported by Audit, Government have issued several instructions to the Commission on varying dates conveying individually and in a general manner also, all irregularities pointed out by Audit. The Ministry had in the recent past issued instructions to the Commission on several subjects connected with this as follows.---**

- (a) The failure of the Commission to have the accounts of Institutions receiving financial assistance checked in time was brought to the notice of the Commission at high level. The necessity for completion of the check of all accounts for the period ending 31st March, 1957 and submission of utilisation certificates to audit was impressed on the Commission constantly. In the result,

the Commission has very nearly completed the work, and a special note on the subject is also being submitted separately to the P.A.C.

- (b) The Commission was directed to draw up a Manual of financial procedure so that after its approval by Government and Audit, it could be strictly followed and the recurrence of the irregularities may be avoided. The expeditious completion of this work, by the Commission is being closely watched by Government.
- (c) Pending completion of the Manual etc. the Commission has been asked to follow strictly the rules as in GFR and other Government Rules.
- (d) Strict instructions have also been issued to obtain adequate security (cash or other guarantees) from the staff handling stores/cash.
- (e) As advised by Audit Ministry the Commission have also taken action to lay down the financial powers of Zonal Directors etc: within which only they should exercise the financial powers.
- (f) A copy of the latest set of instructions issued to them under Ministry's letter No. 14(5) 59-KVE, dattd 28th July, 1959 is also enclosed for ready reference.

K. T. SATARAWALA,

Dated the 23rd September, 1960.

*Joint Secretary to the Government of India.*

## APPENDIX XVIII

**(1) When was the decision to participate in the Industries Fair which was held from 3rd May to 14th May, 1954 taken? When did its actual implementation commence?**

The participation in the Industries Fair was suggested by the High Commission in a letter received by us on 12th October, 1953.

2. The decision to participate in the Fair was taken on 22nd November, 1953 with the concurrence of Finance. The decision was communicated to the High Commission on the same day. The High Commissioner was instructed to book 5,000 sq. ft. of space for the pavilion.

3. Although the instructions to book the space were issued on 22nd November, 1953, the formal approval of Finance for the expenditure could be obtained only on 16th December, 1953.

4. The data regarding the space and its location together with a draft plan, were received from the High Commission on 18th December, 1953.

5. Some correspondence took place with the Mission regarding the pattern of display and a Skeleton Scheme for display was finalised on 16th February, 1954 and a notice inviting the Trade and Industry to participate was issued on 16th February, 1954.

6. The scheme prepared by the Directorate was conveyed in all its details to the High Commission on 1st March, 1954.

7. Exhibits were despatched on 26th March, 1954 and 30th March, 1954 reaching London in the 3rd week of April, 1954.

8. Some of the exhibits were air-freighted at a cost of Rs. 3172-9-0. These consisted of:—

- (a) Alfanso Mangoes which were perishable and seasonal fruits.
- (b) Small quantities of different varieties of sannhemp a little less than 15 lbs. (in weight), and small quantities of trade samples of spices and a few.

(c) Photographs and statistical charts.

(d) Pieces of Brocades and Silks.

Exhibits mentioned at item No. (b) and (c) were received very late by the Ministry/shipping agents and since this particular fair was a very important fair, they had to be despatched by air.

(ii) *What has been the actual loss in the organisation of all the exhibitions and fairs costing about Rs. 1.25 crores?*

The total of Rs. 1.25 crores includes expenditure on salaries, allowances, transport, insurance, display, fittings, temporary structures, rent, decorations, illumination, publicity, advertisement and entertainment. It is estimated that Rs. 11 lakhs were spent on the pay and allowances of the staff at the headquarters, Rs. 22 lakhs on setting up showrooms, show windows, trade centres and on remunerating the staff employed therein and Rs. 83 lakhs on rent, freight and insurance, construction of temporary buildings and other incidentals. All this outright expenditure is of a promotional and non-commercial nature. The exhibits were mostly supplied by private exhibitors. But 9 lakhs of rupees were spent during a period of 8 years on purchase of exhibits and decorative pieces, mostly handicrafts and handloom fabrics. Some of these exhibits were sold off at cost price and the sale proceeds have been credited to Government Account. Soiled exhibits were also sold at reduced prices. Some exhibits were presented as trade samples. The balance is being carried in stock. Most of the old exhibits in the stock are deemed to have outlived their utility as exhibits and disposal instructions to screen and dispose of useless exhibits have been issued on 10/16th February, 1959. Break-up amount in respect of the sales, the presentations and the stocks held in various Missions and at headquarters have been compiled in a consolidated form and the statement is attached.

2. So far, only Rs. 19,025 have been written off.

(iii) *Have the accounts of the Fair (St. Eriks Fair) since been finalised and the private accounts settled? What is the total liability that the Government had to share in this case?*

The accounts relating to India's participation in the annual St. Eriks Fairs in 1955 and 1957 have not yet been settled.

2. The participation in these fairs was managed by the Indian Embassy at Stockholm, without the help of any field staff deputed by the Directorate of exhibitions with the assistance of temporary local staff.

3. 24 commercial firms contributed exhibits worth Rs. 12,487 to the St. Eriks Fair, 1955.

4. 2 commercial firms contributed exhibits worth Rs. 779 to the St. Erik Fair in 1957. The exhibits inherited from the 1955 Fair were also used for the 1957 Fair.

5. Handloom and handicrafts exhibits worth Rs. 62,256 (Rs. 61,677 handloom and handicrafts exhibits plus Rs. 579—national flags) were purchased/procured in two lots of Rs. 15,754 and Rs. 46,502 by the Directorate of Exhibitions in June-August, 1955 for being displayed at the 1955 St. Eriks Fair. Owing to the engine trouble in the ship, the first consignment worth Rs. 15,754 could not leave in time or be retrieved for use at this Fair but was later sent to Copenhagen. But meanwhile to complete the participation in St. Eriks Fair, 1955, the second lot of exhibits mentioned above, worth Rs. 46,502 was acquired and was sent by air to Stockholm.

6. After the 1955 St. Eriks Fair, the Embassy arranged two follow-up sales in co-operation with the Departmental Stores at Copenhagen and Helsinki. The exhibits sent by private parties and by government were used for these sales-cum-display Exhibitions. These exhibitions were arranged in 1956. The goods initially sent by ship were also used for the purpose.

7. Since response to the St. Eriks Fair in Scandinavian countries was encouraging, further lot of exhibits, valued at Rs. 49,209, was at the instance of the local Embassy sent for inclusion in these Sales-cum-Display Exhibitions at Copenhagen and Helsinki.

8. For the St. Eriks Fair in 1957, State Emporia and the Director of Exhibitions contributed further exhibits valued at Rs. 31,826.

9. All these participations were arranged by the Embassy with the help of temporary recruited local staff. Care was not taken to retain code numbers and labels attached to these exhibits. This was partly due to the fact that the Departmental Stores did not allow these labels to be retained. If correlation sheets had been maintained, no difficulties in identification would have arisen. But because of inexperience of the staff, correlation sheets were not maintained.

10. Out of the goods valuing Rs. 163,083 received for the exhibitions the total sale proceeds of goods sold in the course of these Exhibitions is Rs. 81,549, which sum has been credited to the Embassy account.

11. While effecting sales, customs clearance was not obtained from the Customs Department of the Government concerned. The question of payment of customs duty has not yet been settled with the authorities concerned.

12. Owing to the impossibility of identifying the ownership or invoice value of the exhibits still in stock, and owing to the non-settlement of customs claims, it has not so far been possible to:—

- (a) close the accounts;
- (b) pay to the private parties the sale proceeds of exhibits which have been sold;
- (c) return unsold exhibits to private parties; and
- (d) dispose of the used exhibits belonging to Government.

13. Special sanction of the Ministry of Finance has been sought for:—

- (a) auctioning the used exhibits still in stock; and
- (b) making payment to private parties on *ad hoc* basis. The total invoiced value of the exhibits belonging to private parties is Rs. 13,266.

NEW DELHI;

S. N. BILGRAMI,

14th August, 1959.      *Joint Secretary to the Government of India.*

## APPENDIX XIX

### Note for the Public Accounts Committee.

Item VIII (2)—A Note stating the preliminary estimates of the cost of production of salt by means of solar evaporation from perennial springs of brine at Maigal (Mandi). Whether it is proposed to continue to utilise this source of production of salt and measures taken to exploit the rock salt sources.

The perennial springs of brine at Maigal have a discharge of 3,400 gallons per hour at a density of 10° Be. On this basis, the salt content of the entire brine comes to 10,000 to 12,000 tons per annum. The average production of four years viz., 1954-55 to 1957-58 of pan salt in the existing pans is, however, of the order of 1,500 maunds. It has not been possible to utilise the entire supplies of brine available at Maigal as the manufacturing season is very brief lasting from April—June and October—November. There are occasional heavy showers even in these months which spoil the crop of salt. The remaining months in the year are mostly rainy and the rate of evaporation is very low. Besides, the topography of land is hilly and flat ground required for making pans is not available at site. Further, as brine available naturally has a salinity of nearly 10 per cent., it is required to be concentrated to 25° Be. by lining the feeder drains with pieces of rock salt available at the mines situated at a distance of about 5 miles. If saleable salt from the mines is used for this purpose, the cost of production would go up. Accordingly, rejected and unsaleable rock salt only is used. The possibility of utilising the entire supplies of brine by solar evaporation is, therefore, ruled out of consideration for the present.

2. The Salt Department are alive to the potential value of these springs, and have already undertaken construction of a new set of condensers and crystallisers estimated to cost, according to the present estimates, Rs. 1.65 lakhs as against the previously sanctioned amount of Rs. 100,270. The ultimate additional amount required will be provided in due course. The amount at present sanctioned for this work is Rs. 100,270, out of which an expenditure of Rs. 79,066 has been incurred up to the 31st March, 1958. The pans which are ready were partly used for salt manufacture during 1958-59, as a result of which production of pan salt at Maigal increased to 2,101

maunds, against the quantity of 1,495 maunds produced annually on an average during 1954-55 to 1957-58. The construction of a set of condensers and 8 crystallisers is likely to be completed during 1960-61. The projected unit consisting of one condenser and 13 crystallisers spread over an area of about 4 acres will have a manufacturing capacity of about 400 tons (10,000 maunds) per annum.

3. If the entire supplies of brine at Maigal were utilised for manufacture of salt, the expenditure involved would, on a rough estimation, work out as under:—

*Non-recurring (Capital Outlay)*

	Rs.
Land (About 100 acres, subject to availability) at the rate of 2,000 per acre.	.. 2,00,000
Cost of lay-out and construction of crystallisers and other works.	.. 10,00,000
<i>Recurring</i>	
I. Direct charges (Labour & Material)	.. 14,92,208
II. <i>Indirect charges</i>	
(a) Pay and Allowances	.. 28,020
(b) Leave salary contribution	.. 1,895
(c) Pensionary charges	.. 2,768
(d) Interest on Capital	.. 42,360
Total (recurring)	.. 15,67,251

for a theoretical production of 2.72 to 3.27 lakh maunds (10,000 to 12,000 tons) as assumed by the Salt Experts Committee in 1950-51.

As, however, due to limited availability of land, heavy monsoon and severe winter during which evaporation is practically nil, the actual production would reasonably be only of the order of 1,50,000 maunds. Thus, the cost of production on the above basis would be as high as Rs. 10 per maund.

4. The cost of production of salt per maund on the basis of expenditure on the projected unit estimated to cost Rs. 1.65 lakh works out roughly as under:—

	Re.
(1) Direct charges.	.. 1.00
(2) Supervisory and other charges.	.. 0.43
(3) Interest on Capital.	.. 0.58
(4) Miscellaneous.	.. 0.04
Total per maund	Rs. 2.05

5. Having regard to the fact that manufacture of salt by solar evaporation in the area has natural limitations, the working results of the projected unit may be awaited before any expansion is considered. But, as the cost of production of salt from the springs at Maigal, when the projected scheme is completed will be only Rs. 2.05 per maund, and since Sambhar salt sells in this area at Rs. 5 to Rs. 6 per maund, it is proposed to continue manufacture of salt by solar evaporation at Maigal, on the scale of the projected salt works described above.

6. *Measures taken to exploit the rock salt sources.*

*Drang Salt Mines.*—A sum of Rs. 13.62 lakhs has been sanctioned for sinking two shafts each 360 ft. deep and for installation of necessary equipment in them. This work has been given on contract to Messrs. Meameco (Private) Limited, Dhanbad, and is likely to be completed during 1959-60. It will provide two permanent openings up to the deposit of rock salt, which is approximately 160 ft. below ground. From the bottom of these shafts tunnels will be driven in salt towards north and east and both the shafts will be inter-connected underground so that rock salt produced from this mine could be brought up to the surface. Besides, these shafts will also serve for the entrance and exit of labour and staff and for providing adequate ventilation in the mine.

During the course of working the mine by means of tunnels, necessary machinery for drilling, haulage, pumping, ventilation, etc. will also be installed underground.

With the help of these shafts and machines the output of this mine, which at present is of the order of 1,15,000 maunds, is likely to increase to 4,00,000 maunds a year.

*Guma Salt Mines.*—In order to make working conditions safe at this mine, two tunnels one 565 feet long at low level and another 270 ft. long at high level are being driven. These tunnels will connect the surface with the deep-seated salt deposits and provide safe means of entrance and exit to the workmen. Besides, transport of salt from underground will be facilitated and the working places will have adequate ventilation. These tunnels, when ready, will enable the output of this mine to be stabilised in the region of 50,000 to 75,000 maunds a year as per requirements.

**Other measures:**

Other measures taken at the mines are as under:

- (1) Electricity has been made available at the Mines and various manual operations are being replaced by mechanical appliances.

- (2) An electric driven air compressor has been installed at Drang Salt Mines with the help of which drilling operations are being carried out by means of compressed air.
- (3) Modern practices like electric shot-firing, provision of dust masks to labour have been introduced to ensure safety of workmen.
- (4) A small but up-to-date workshop has been fitted at Drang Salt mine where various repairs and construction jobs will be executed for the mines.
- (5) Trained personnel has been posted at the Mines.

7. This Note has been vetted by the Director of Commercial Audit, New Delhi.

NAGENDRA BAHADUR,  
*Joint Secretary to the Government of India.*

NEW DELHI;  
*The 15th June, 1959.*

## APPENDIX XX

### Note for the Public Accounts Committee

**SUBJECT:** *The present position of the scheme for the purchase and installation of a washery plant at Sambhar.*

The Hindustan Salt Company Limited submitted a scheme towards the end of 1958 for the purchase and installation of a washing plant at Sambhar Lake for washing 1,000 tons of salt every day and recovery of sodium sulphate from the salt washings which will remain after washed salt has been taken out of the saturated brine. The plant to be imported from Germany would also be utilised simultaneously under an integrated process for the recovery of sodium sulphate from the bitterns at Sambhar Lake. The plant was estimated to involve an outlay of Rs. 54 lakhs (including unforeseen and contingent expenditure and also working capital of Rs. 10 lakhs for operating it) out of which foreign exchange component was Rs. 20 to Rs. 22 lakhs. The Scheme was expected to produce 1,000 tons of salt per day and 10,000 tons of sodium sulphate per year. The estimated working cost of the plant was Rs. 20·60 lakhs. The return from the plant by way of (1) extra price the purified salt would fetch; (2) sale of sodium sulphate produced; and (3) value of surplus power generated as a result of the installation of the plant, etc. was estimated at Rs. 26·5 lakhs, thus leaving an estimated profit of about Rs. 5·9 lakhs per annum. An added advantage of the scheme was that it would save foreign exchange of the value of nearly Rs. 20 lakhs, in that the total quantity of sodium sulphate which is at present being imported, viz. 10,000 tons per annum or even more will be produced within the country. Besides the above, other incidental benefits, e.g. increased production of salt, net saving on fuel, saving in repairs and renewals and maintenance of Power House, estimated at Rs. 6·45 lakhs per annum, are likely to be earned by the installation of the plant. The return from the plant worked out above does not, however, take into account the element of royalty, payable to the Government of Rajasthan, on account of the recovery of sodium sulphate. Under the existing terms of the lease of Sambhar, the right of the Central Government is restricted to the manufacture of salt only. The question of obtaining the agreement of the State Government to the Central Government undertaking recovery of byproducts of salt at Sambhar Lake and that of royalty, if payable to them, for the by-products has been taken up with the State Government. It has been proposed that there should not be any

payment of a royalty. A decision in this regard has not been reached yet.

2. While the scheme was under Government's consideration, two engineers of the German firm visited Sambhar early in May, 1959. As a result of an on-the-spot study, the firm has now made certain modifications in their original scheme, which would increase the cost of the scheme by about Rs. 14 lakhs. The Board of Directors of the Hindustan Salt Company Limited considered the revised offer made by the firm at their meeting held on the 14th September, 1959, and decided that a sub-committee of the Board should examine the revised offer and make its report to the Board within six weeks. The sub-committee will also assess the correct foreign exchange requirement for the plant in terms of the revised offer.

3. It will thus be seen that the scheme is still under the consideration of the Hindustan Salt Company Limited. The Company will obtain the President's approval to the proposal, if the offer made by the German firm is acceptable to them, as the expenditure involved exceeds the powers of sanction of the Board of Directors.

4. This Note has been vetted by Audit.

*Sd./- Joint. Secy. to the Govt. of India.*

NEW DELHI;  
the 23rd December, 1959.

## APPENDIX XXI

*Note from the Ministry of Commerce and Industry re arrangements for running a sales emporium [vide paras. 17-18 of 25th Report (2nd Lok Sabha)—Vol. I].*

The Commission have set up emporia at the following Centres:—

BOMBAY	During	1954-55
DELHI	..	1955-56
MADRAS	..	1957-58
CALCUTTA	..	1957-58
BANGALORE	..	1958-59

These emporia have been opened in the principal cities of India with the following objects:—

- (i) to familiarise the public with the improvements and developments achieved in respect of Khadi & Village Industries.
- (ii) to serve as centres of effective propaganda through careful and artistically designed window displays.
- (iii) to serve as centres of training for salesmen in modern methods of sales promotion for the products of Khadi and Village Industries.
- (iv) to stimulate interest among the people at large in the products of village industries and different varieties of khadi.

It may be stated here that the object of the Commission is not to earn profits from out of these emporia. Ultimately, they are expected to work on a "no-profit no-loss" basis but in the initial stages it has not been possible for the emporia to work without incurring losses because of many difficulties which they had to face such as the very high rent to be paid for the buildings, the cost of establishment and other promotional expenditure of an unavoidable nature. But as the volume of sales increases, the Commission expects that even those emporia which are working on a loss now will be able to reduce their loss and become more or less self-supporting. It may be added in this connection that the rent paid by these Bhavans ranges from Rs. 800/- to Rs. 10,000/- per month.

As regards the suggestion that the Khadi Commission should reduce expenditure on the staff, the Sales Development Directorate of

the Commission holds periodical meetings with the managers of the Bhavans run directly by the Commission and initiates action wherever necessary either to effect economies or step up sales. Now that a few years experience had been gained in the running of these Bhavans, Government suggested on 18-8-1960 to the Commission the desirability of setting up special Committee to undertake a close study of these Bhavans and recommend suitable measures for their improvement.

(ii) A note regarding the ratio of expenditure on administration on the Khadi Commission as compared to the amount paid to spinners is being prepared and will be sent to the P.A.C. separately.

(iii) The Advisory Committee constituted for the Emporium includes a representative of the Commission and he will certainly ensure that the Commission's interests are fully safeguarded.

## APPENDIX XXII

*Note from the Ministry of Commerce and Industry re loans for the development of traditional khadi [Vide para 19 of 25th Report (2nd Lok Sabha)—Vol. F].*

The need for greater vigilance in ensuring that the funds earmarked for the development of traditional khadi are properly spent has been repeatedly impressed on the Commission. Pending finalisation of its Financial Regulations, the Commission is following the General Financial Rules of the Central Govt. and a close watch is being maintained by the Commission through its Supervisory and Internal Audit Staff.

A special officer appointed by the Commission is actively engaged in finalising the Commission's own Financial Regulations which would take into account the special features of the Commission's programmes for Khadi & Village Industries. These Financial Regulations are expected to be finalised very shortly. The Commission has also the assistance of its Financial Adviser in keeping a vigilant watch over the expenditure of the funds earmarked by the Commission under various programmes.

The Government are in correspondence with the Commission with regard to additional powers to be given to the Commission to deal effectively with Statutory Boards, etc.

K. T. SATARAWALA,

*Joint Secretary to the Government of India.*

*Dated the 13th October, 1960.*

## **APPENDIX XXIII**

***Non-submission of utilisation certificates in respect of grants-in-aid paid to Handloom and Silk Industries [Vide para 20 of 25th Report (2nd Lok Sabha)—Vol. I].***

Audit-cum-utilisation certificates, for the years 1954-55, 1955-56 and 1956-57 in respect of the State Governments listed in the annexure were furnished to audit on 17-6-1959. But these were returned by Audit because the certificates did not specify the amounts covered and also because they were given by the Secretary of the All India Handloom Board and not by the Ministry. Audit accordingly desired that the certificates should be furnished in the form suggested by them. This matter is under consideration. Some States have furnished Nil expenditure statements and some are yet to send the certificates, and the matter is being pursued with them, at a high level.

A note concerning the entire position of these utilisation certificates, as called for by the Public Accounts Committee, is being prepared, in consultation with the Director of Audit, Food, Rehabilitation, Supply, Commerce, Steel and Mines, New Delhi. This will be forwarded as soon as it is finalised.

The revised procedure which was being devised to ensure that the grants-in-aid were utilised economically and for the intended purposes by the States and other bodies has not been finalised so far.

A note in respect of Silk Industry has been prepared and will be submitted separately.

*Sd./- Jt. Secy. to the Govt. of India.*

## APPENDIX XXIV

### Ministry of Commerce & Industry

**Public Accounts Committee 1959-60, Twenty-fifth Report (Second Lok Sabha)—[Appropriation Accounts (Civil) 1956-57 and 1957-58 and Audit Report (Civil), 1958 and 1959] Vol. I—Para 23 (Item No. 19, Appendix I).**

**Fees for deposits and registration of Trade Marks, Grant No. 5, 1957-58 Accounts, Vol. II, page 79, note 5—Group-head A. 2—Registrar of Trade Marks.**

#### **P.A.C.'s recommendation:**

"Para 23. The receipts on account of fees for Deposits and Registration of Trade Marks realised during the year amounted to Rs. 4,96,993 against which the total expenditure under group-head A. 2 was Rs. 8,40,523. In this connection the Committee would invite the Ministry's attention to their note (Appendix LXXVI, Volume II, Seventh Report, Second Lok Sabha) wherein it was *inter alia* stated that it was proposed to amalgamate the Trade Marks Registry and the Patent Office and would like to know whether this has since been done."

#### **Reply:**

At a meeting held in July, 1951, to examine the appropriation accounts of 1948-49, the Public Accounts Committee, desired to know why the expenditure on the Trade Marks Registry, Bombay was in excess of the receipts and what action had been taken to reduce it. The Committee also suggested that, if necessary, the scales of fees levied under the Trade Marks Act should be suitably raised so as to make the organisation self-sufficient. The Committee were informed in March, 1957 that there were two organisations under the Ministry of Commerce & Industry dealing with protection of industrial property viz. Trade Marks Registry and the Patent Office and if the two organisations were taken together for determining the question of self-sufficiency, the receipts covered the entire expenditure and there was also a small surplus. The Committee were also informed that the Ministry had a proposal to amalgamate the two organisations. The Committee now wants to know whether the amalgamation has since been done.

2. The position with regard to amalgamation of the Trade Marks Registry and the Patent Office is that with the coming into force of the Trade and Merchandise Marks Act, 1958, with effect from 25-11-1959, a common Head of Department viz. Controller General of Patents, Designs and Trade Marks for both the organisations has been appointed. The Ministry has also under consideration the question of revision of Patents Law. The revised Law will contain certain provisions affecting the organizational set up of the Patent Office. Till the revised law is passed, the amalgamation of the two offices cannot be attempted. After the revised Patents Law is enacted, the Trade Marks Registry and the Patent Office will be brought together. It is expected that the revised Patents Law will be enacted in about a year's time.

It might be added that in the rules issued under the new Trade and Merchandise Marks Act, 1958, the scale of fees for various purposes has been increased. It is expected that the receipts from these fees would now cover the greater portion of the expenditure of the Trade Marks Registry. The accounts for the year 1960-61 will reflect the results of this increased scale of fees.

K. V. VENKATACHALAM,  
*Joint Secretary to the Government of India.*

*Dated 16-9-1960.*

## APPENDIX XXV

*Note from the Ministry of Commerce and Industry pursuant to action taken on para 26 of Twentyfifth Report (Second Lok Sabha).*

The position relating to outstandings is constantly under review of the Foundry and the Board of Directors, and special steps are being taken by the Foundry to reduce the outstandings. As a result, against a sum of Rs. 65,031 due from the Cooperative Federation in U.P., the amount still to be received is Rs. 24,283.03 as on 30th September 1960. The Foundry is actively pursuing the question of recovering the balance amount also.

As regards the dues from private parties which stood at Rs. 547,201 on 31-3-1957 (which includes a sum of Rs. 1,02,976 covered by Arbitration Awards) a sum of Rs. 96,243/- only remains to be recovered.

As regards the amount of Rs. 102,976/- covered by Arbitration awards, a sum of Rs. 84,553.00 is still to be recovered, and the Foundry is taking action for recovering of the amounts against the decrees or for referring to further arbitration as the case may be. The Foundry is taking steps for writing off of the amounts in those cases where the debts are considered to be irrecoverable.

A year-wise break up of book debits outstanding as at 30th March 1960 with the latest position thereof and steps taken to clear them is furnished in the annexure (not printed)

This note has been seen and vetted by Audit.

(Sd.) D. SANDILYA.

*Joint Secretary to the Government of India.*

## APPENDIX XXVI

### *Instructions issued by the Ministry of Education regarding drawal of funds against letters of credit (Vide Para 3—6 of Twenty-fifth Report (Second Lok Sabha)—Vol. II*

Consequent upon a detailed discussion in the last meeting of the Public Accounts Committee regarding the need of drawing funds against letters of credit, it has been decided that the practice of drawal of money against letters of credit should be discontinued in this Ministry, except in the case of A.C.C. Camps pending settlement of the procedure in case of these camps. Even before this, it will be recalled that the Deputy Financial Adviser had emphasised on several occasions in the periodical meetings of financial control and also in individual cases, that the practice of drawing money in such form was neither desirable under the rules except in emergencies nor free from risk from the Administrative point of view. All Officers and Sections are requested to note this decision and ensure that no funds are drawn in future against a letter of credit.

2. As regards the past cases where amounts were drawn in this manner and personal ledger accounts opened, all Sections are requested to check up that the accounts in question have been duly completed and rendered to the A.G. and that the Personal Ledger Accounts have been closed. Cases, if any, which are still outstanding either from the point of view of rendering complete Accounts to the A.G. or closing the personal Ledger Accounts should be immediately reported to Section A. 8 so as to reach that Section by the 27th January, 1960. It has further been decided that all Sections which may still have some outstanding cases should make all efforts to finalise these accounts as early as possible and to send to Section A. 8 a fortnightly progress report in the proforma enclosed, to enable it to watch the progress of finalisation without avoidable delay and to offer suitable advice where there may be difficulties in doing so.

(Sd/-) G. P. VARMA,

*Budget Officer.*

To

*All Sections and all Officers upto the Divisional Heads. 2. Guard File.*

**Progress showing the position of Letter of Credit and Personal  
Ledger Accounts maintained therefor.**

Name of Section.....

Sanction letter No. and date.	Amounts	Date of drawal	Amount for which accounts have been rendered to A. G.	Balance	Reason for delay in Finalisation
1	2	3	4	5	6

## APPENDIX XXVII

**Instructions issued by the Ministry of Education regarding stamped receipts and supply of detailed accounts (Vide para 11 of Twenty-fifth Report of Second Lok Sabha)**

The Senior Deputy Accountant General, Central Revenues has recently reported that, inspite of repeated requests from his office, a large number of objections pertaining to this Ministry have been outstanding for very long and that no satisfactory results have been achieved so far. He has classified the objections broadly in two categories, commenting as follows:—

- (a) "In a number of cases.....stamped acknowledgement are awaited from the payees. These stamped receipts are indispensable for a vouching bonafide payments made by disbursing officers to the bonafide payee and should have been obtained from the payees immediately when the payment was made. It is however, strange to note that these receipts in respect of payments made during the month of June 1955 and thereafter are still awaited in this office. Surely the inference is that the officers concerned are either not aware of their primary responsibility for public funds entrusted to them or take their responsibilities very lightly. In either case administrative Ministry cannot escape its responsibility for taking effective disciplinary and remedial measures. Even in respect of such of the outstanding cases whenever the attempts made had indicated that there was no likelihood of the receipts being procured, immediate action as required under Rule 206 of C.T.R. Volue I should have been taken."
- (b) "In cases.....detailed bills have not been sent in respect of advances drawn during 1955 onwards. I would be grateful if you kindly institute reasons to ensure that the amounts have been properly spent and if so the de-detailed accounts thereof are submitted without delay."

2. In view of this position, it is requested that immediate action may kindly be taken to obtain stamped receipts from the payees in respect of all pending cases, and, in such cases, where this is not

feasible, or this would mean further delay, action may be taken in accordance with Rule 206 of C.T.R. Vol. I, reproduced below:—

**"Rule 206.**—In all cases in which it is not possible or expedient to support a payment by a voucher or by the payee's receipt, a certificate of payment prepared in manuscript signed by the disbursing officer and countersigned by his superior officer, together with a memorandum explaining the circumstances should invariably be placed on record and submitted to the Accountant General were necessary. Full particulars of the claims should invariably be set forth; and where this necessitates the use of regular bill form, the certificate itself may be recorded whereon".

3. In so far as the stamped receipts are concerned, no payment should in future, be made to any party until a stamped receipt has been obtained therefor.

4. As regards advances, drawn from the treasury for making payments on the spot in connection with certain events there would appear to be no justification for keeping such advances unadjusted for more than a couple of weeks after the events is complete. The normal period fixed for this settlement of these advances by rendering a complete account to the A.G. and refunding the utilised balance into the Treasury is one month from the date of completion of the events. In so far as the old outstanding cases are concerned, these advances should be settled as early as possible and in any case any delay in the submission of accounts is contemplated, the position should be fully explained to the A.G. separately in respect of each individual case. In regard to the cases in which the account has been compiled but their submission could not be made to the A.G. pending clarification or collection of some documents in respect of a few items, these accounts should not be held up for these reasons. These should be sent to the A.G. pointing out the particular items which might be under further examination of the Ministry and on which a farther communication will follow. It seems that the above mentioned unsatisfactory situation regarding advances and arises out of the following possible irregularities:—

- (i) A tendency to draw advances frequently with a view to making the payment position for the event easy.
- (ii) A tendency to attach all importance to the activities of the event and ignore the essentiality of keeping a systematic account day to day as the events progress.
- (iii) A tendency to keep the accounts open till the last payment in connection with the events has been made.

All the three tendencies mentioned above lead to series of irregularities. In regard to (i) above, it should be borne in mind that the drawal of an advance entails with it a much greater responsibility on the drawing Officer than the amount of facility of payment that it affords. Apart from this, it is highly irregular from the point of view of financial propriety to block Government money by drawing advances for any payment that can be arranged through normal procedure. Claims for even supplies and services should as far as possible be paid by endorsing the bills of the claimants for payments at the treasury. Thus advances will normally require in rare cases only, for petty payments to be made on the spot can be met from temporary advances from the permanent impress of the Ministry. As a general rule, therefore, in the best interest of the drawing officer himself, the drawal of advances should be restricted to a very few unavoidable cases only and the amount so drawn should be limited to the minimum requirements. This will also facilitate settlement of such advances by rendering account to the Accountant General and refunding the unspent balance within the prescribed period of one month from the date of completion of the event. As regards tendency mentioned at (ii) it will be seen that if the number and amount of advances is restricted to minimum requirements, the burden of keeping accounts of advances will not be heavy. While it is appreciated that a great deal of importance should be given to the activities of the event, the importance of keeping a vigilant watch and maintaining a systematic account of the expenditure incurred should be no means be ignored. A little care in keeping the number of advances to a minimum and maintaining day to day accounts of the expenditure would enable the officials concerned to meet the requirements of financial rules without the least prejudice to the activities. In regard to tendency (iii) mentioned above, it may be noted that the drawal of an advance for a particular purpose of an even does not necessarily mean that all claims connected therewith must be met from the advance itself even if some claims may not be preferred for several months. The purpose of drawing an advance is to meet expenses of events of emergent character. As soon as the event is over, the emergency vanishes and the account should be closed and the advances settled in full if necessary, by adding a note to the accounts are outstanding claims which might not be received till then. The account pertaining to advances and unspent balances thereof should not in any case be held up for that reason. The outstanding claims can thereafter be settled by drawing funds from the treasury in normal way.

5. Incidentally the accounts from the grantees which are to be submitted to this Ministry for examination with a view to finding out that the grants have been properly utilised and that no refunds are

due from the grantees are likewise delayed abnormally by the grantees. They should also be able to furnish the accounts within a reasonable period from the date of completion of the purpose of the grant or the close of the financial year which ever is earlier. Where detailed accounts are due from the grantees but have not been received from them so far, immediate steps should be taken and all efforts made to get the accounts without delay. The question of stopping further grants in such cases, if accounts for the grants already made are not duly received should also be considered.

There may be some cases where it is not feasible for the grantee to furnish the accounts within the prescribed time. In such the position should be clearly be explained to the A.G.

All concerned may kindly note. D.F.A. has seen.

All Branch Officers.  
All Sections.

(Sd/-) G. P. VARMA,  
Budget Officer.

---

## **APPENDIX XXVIII**

**No. F. 20(2)-Cons./59.**

### **MINISTRY OF EXTERNAL AFFAIRS**

**SUBJECT:—Public Accounts Committee—Recommendations made in para 69 of the Seventh Report (2nd Lok Sabha)—Administration of the Scheme of Financial Assistance to Evacuees from War Zones.**

In the note circulated to the members of the Public Accounts Committee in January, 1959 in respect of recovery of the advances given to the evacuees from war zones, this Ministry suggested for consideration of the Public Accounts Committee two solutions to deal with the outstanding advances which amounted to roughly Rs. 5 crores by the end of 1957:—

- (i) The whole amount outstanding against the evacuees might be written off, and
- (ii) More serious efforts should be made to streamline the write off procedure and to obtain a precise picture of the amounts that could be recovered.

In commenting on this note, the Committee observed that the final decision as to which course they should follow should be taken by the Government.

2. As a complete write off might have repercussions on other loans granted by the Government of India—particularly to evacuees from West and East Pakistan.—this Ministry favoured the adoption of the second solution on the ground that it would indicate a very serious efforts on the part of the Ministry to liquidate these outstanding advances on a rational basis and the net result would be an advantage to the Government. To obtain a streamlined picture of the problem certain practical suggestions were made. The Heads of Missions at Rangoon, Kuala Lumpur and Singapore were addressed in the matter and they were requested to prepare statements giving full details of each case of the loan granted with their recommendations in regard to their recovery or write off. The Chief Secretaries of the States were also requested demi-officially to collect particulars regarding the amounts advanced, the amounts recovered and the amount outstanding etc. in respect of each evacuee. They were also

informed that as soon as the particulars were collected by them, a team of two officers one representing the Finance Ministry and the other representing the Administration would visit the State Capitals to examine each case and decide on the spot whether to continue recovery or write off the outstanding amounts depending on the financial resources of the evacuees.

3. The Embassy of India at Rangoon forwarded bulky statements containing particulars of 15,734 evacuees from whom recoveries were still to be effected. On going through these statements certain defects were noticed on account of which it was not possible for us to take action. The Embassy had not given the names of the States in India which had originally granted the advances to the evacuees. Similarly the Embassy did not report on the existing assets or financial resources of the evacuees and also did not make their specific recommendations regarding continuance of the recoveries or their write offs. Out of the 15,734 cases, 1,471 cases related to advances of over Rs. 1,000 and 14,263 cases of less than Rs. 1,000. The High Commission at Kuala Lumpur reported a total of 1,461 cases of which 107 cases were of over Rs. 1,000 and 1,354 of less than Rs. 1,000. The Mission at Singapore reported 1,040 cases, 154 of over Rs. 1,000 and 886 of less than Rs. 1,000.

4. It was felt that in the absence of the personal files of each evacuee it was difficult for us to take a decision in regard to each case. With a view to accelerating the expeditious disposal of the total of 18,235 cases pending disposal in the three Missions mentioned above, it was decided to delegate powers to the Heads of these Missions. Accordingly the Heads of the three Missions were given powers to write off finally, all bad cases, i.e., irrecoverable advances up to a limit of Rs. 1,000 in any individual case subject to certain conditions. The Missions were also requested to furnish monthly statements giving the names of the evacuees, the States in India in which the advances were originally given and the amounts written off in each month. It will be observed that with the powers delegated to them all the Missions can finally deal with 16,503 cases, though a report about each case dealt with will be made by them to the Government of India in monthly statements. The Ministry themselves will have to issue orders on 1,732 cases only (1,471 in Burma, 107 cases in Malaya and 154 cases in Singapore) where the amounts recoverable from the evacuees exceed Rs. 1,000. Action will be taken when the Missions have done their best to effect recoveries and make specific recommendations to us for the write off of the amounts.

5. The team of officers referred to in para 2 above have so far visited the State Capitals of Punjab, Uttar Pradesh, Bombay, Bihar

and West Bengal. Out of total amount of Rs. 3,69,387-15-4 advanced to evacuees in the State of Punjab, a sum of Rs. 1,98,369:35 was reported to be outstanding against the evacuees. The figure of Rs. 1,98,369.35 included Rs. 68,890 due from the Government of Pakistan on account of migrated Muslims and Rs. 35,425:54 due from the Government of Burma on account of Anglo-Indian evacuees who are the financial responsibility of that Government. The Punjab Government were asked to treat the amount of Rs. 68,890 due from the Government of Pakistan as written off under the agreement between the Government of India and Government of Pakistan. The amount of Rs. 35,425.54 on account of the Anglo-Indian evacuees is to be passed on to the Government of Burma. The State Government have been requested to let us know the details of this amount to enable us to debit it to the Government of Burma. If the State Government follow the line of action indicated by the visiting officers, they could settle a sum of Rs. 1,18,328.50. The State Government were also asked to report to the Ministry those cases of evacuees where the advances exceeded Rs. 1,000 in individual cases so that the Ministry could take decision to their write offs. In the remaining cases of less than Rs. 1,000 the Government of Punjab are themselves taking action regarding recovery of advances or their write off under the powers delegated to them.

6. As a result of the visit of the two officers to Lucknow, a sum of Rs 32,654.00 was written off in regard to the evacuees in the State of Uttar Pradesh. The State Government are in direct touch with our Missions at Rangoon, etc. with a view to making enquiries about the financial resources of the evacuees reported to have gone out of India before decision to write off the amounts could be taken.

7. As the time of their visit to Bombay the two officers indicated to the State Government the line of actions to be taken in regard to about 450 cases where the amounts of advances exceeded Rs. 1,000. We have taken decisions in regard to 'bad cases' and as a result we have written off a total amount of Rs. 1,18,885. Most of the evacuees in the State of Maharashtra are at present in Burma. The Embassy of India at Rangoon to whom the report of the visiting officers was sent have started initiating action in addressing the evacuees, requesting or serving notices on them to repay their loans. The Embassy have also sought the assistance of the Indian Associations in Burma.

8. In the State of Bihar there are 44 cases of evacuee advances of less than Rs. 1,000 and 9 cases of over Rs. 1,000. The total amount recoverable from these evacuees is 63,661.50 and the State Government are taking action with a view to finally dispose of all these cases.

9. There were about 20,000 cases to be examined in West Bengal. As the Government of West Bengal declined to undertake the work of recovery from the evacuees, this work has been entrusted to the Regional Passport & Emigration Officer, Calcutta and a regular Section called Burma Loan Recovery Section has been established in his office with 1 Superintendent, 1 U.D.C., 1 L.D.C. and 1 stenotypist. This Section has examined so far 9,000 cases. The team of officers is satisfied with the present rate of examination of the cases. There are about 12,000 cases still to be examined and it will take about 10 months to finish this work. Financial powers have been delegated to the Regional Passport Officer, Calcutta, to write off finally irrecoverable advances upto a limit of Rs. 200 in any individual case. As a result of this the R.P.O. has so far written off a total amount of Rs. 7,559.21. The Ministry, after careful examination of the 'bad cases' have written off a total amount of Rs. 48,782.67.

10. In the State of Delhi, Assam and Mysore, the amounts of outstanding advances against the evacuees are negligible. It has therefore, been decided that it is not necessary for the officers to visit these States.

11. The team of officers has yet to visit Madras, Andhra Pradesh, Kerala and Orissa which have not yet furnished statements of the evacuees.

12. The following categories of evacuees from Burma who were granted repayable advances during their stay in India under the Government of India's Scheme of Financial Assistance to evacuees from War Zones are the financial responsibility of the Government of the Union of Burma.

- (i) Burmans
- (ii) Anglo-Burmans
- (iii) Anglo-Indians
- (iv) European British subjects, other than the Indians evacuated from Burma, and
- (v) All Burma Government servants irrespective of nationality, whose services had not been terminated by that Government.

During the period under review our efforts were intensified and brought to some shape the various debits raised against the Government of Burma from time to time on account of the above mentioned categories of evacuees. The Ambassador at Rangoon was requested to take up the matter at a higher level with the Government of

**Burma.** It is gratifying to note that we have gained substantial achievements and these are reported as follows:—

1. The Government of Burma has agreed to accept the debit of Rs. 2,57,305.22 on account of the expenditure incurred on the Arakanese Refugee Camp.
2. That Government have agreed to settle our claim of Rs. 3,30,824.75 for Rs. 2,80,000 on account of expenditure incurred on evacuees in West Bengal. As desired by them we have furnished a certificate from the A.G., West Bengal that no double debit is involved. No more difficulty is anticipated in this regard.
3. Out of the total amount of Rs. 3,25,191-13-9 on account of expenditure in the State of Uttar Pradesh the Government of Burma have already agreed to accept the debit of Rs. 1,04,538.15. The Embassy at Rangoon has been asked to move the Government of Burma to accept the balance of Rs. 2,20,653-11-3. Our Embassy do not anticipate much difficulty in persuading that Government to accept the balance.
4. In the case of Assam, the Government of Burma have already agreed to accept the debit of Rs. 15,978.29 and are further agreeable to accept another debit of Rs. 6,26,433. Our Embassy at Rangoon, as reported by them earlier, have written officially to that Government in the matter.

We sent round demi-official reminders to the Chief Secretaries of the State Governments and the Governments of Andhra Pradesh and Bombay have recently raised the debits of Rs. 6,875.69 and Rs. 1,53,476.25 against the Government of Burma. The Government of Madras intend debiting an amount of Rs. 1,18,274.36. Final figure of the amount raised against the Government of Burma can only be arrived at when we have received final reports from the other State Governments who are being reminded periodically.

13. At the time of next reporting to the P.A.C. it is hoped that the Government of India will be able to receive from the Government of Burma a total credit of about Rs. 15 lakhs. It may be stated that there is likely to be a time lag between the acceptance of the above mentioned debits by the Government of Burma and the actual payment.

14. As a result of the visit of the two officers to various State Governments and as a result of our efforts in general to dispose of as expeditiously as possible individual cases of over Rs. 1,000 received from the State Governments for write offs, we have written off a total amount of Rs. 2,78,142.08 during the period February, 1959 to 30th June, 1960.

Y. D. GUNDEVIA,

*Special Secretary to the Government of India.*

**APPENDIX XXIX**  
**MINISTRY OF EXTERNAL AFFAIRS**

(Vigilance Unit)

*Subject: Note on overpayment of foreign allowance to Shri K. N. S. Sarma—an ex-Assistant Information Officer, Indian High Commission, London—Observations made by Public Accounts Committee in para 23 of their Twenty-fifth Report, Vol. II—(2nd Lok Sabha).*

The Indian High Commission, London, have informed us that in accordance with our instructions, they conducted an enquiry into the question of overpayment of Foreign Allowance, with a view to fixing responsibility on an officer/officers of their Accounts Department. They have stated that owing to lapse of time, personal enquiry has not been possible, as all the supervisory officers concerned viz. the Chief Accounting Officer, the Deputy Chief Accounting Officer and the two Assistant Chief Accounting Officers who were then in position, are no longer in service in the Mission, all of them having retired from service between 1957 and 1959. In the absence of these supervisory officers in the Accounts Department, who have now retired, it has not been possible to fix responsibility in the matter on any individual officer.

2. However, the Ministry issued instructions to the Chief Accounting Officer in 1957 that he should make a pre-check of all the payments made by him on behalf of the Government of India. In view of this it seems permissible to assume that such omissions will not occur in the Accounts Department in future.

**K. V. PADMANABHAN.**

*Joint Secretary to the Government of India.*

## APPENDIX XXX

No. 56 (14) Prop./60

### MINISTRY OF EXTERNAL AFFAIRS

*Note containing information desired by the Public Accounts Committee in connection with purchase of land at Nairobi for construction of residence of the Head of the Mission—Recommendation made in their 25th Report Vol. II—Para 26.*

Ministry of External Affairs regret if they have given the impression to the Committee that they were attempting to justify the purchase of the land on the ground that there has been a rise in the land value. There was certainly no intention of speculation in land and making a profit by subsequent sale. What was intended to be conveyed was that the land value was rising and expected to continue to rise. It was, therefore, considered prudent to purchase the land while the prices were still reasonable, even though Government were not in a position to finance immediate construction on the plot in question.

2. The other information asked for by the Committee is given below:—

- |  |  |
|--|--|
| (i) Yearly expenditure on rental   | Rs. 33,888.12  |
| (ii) Present arrangement for housing the staff.                            | (a) Government of India estate (12 flats in two blocks of six each).<br>(b) Ten rented flats at annual rental of Rs. 33,888.12   |
| (iii) The saving that would result by constructing quarters for the staff. | Taking into consideration the recurring annual charges (a) interest at 6 per cent on the capital cost, (b) maintenance charges and (c) sinking fund on the basis of the life of the buildings to be constructed at 75 years, there is likely to be |

an annual loss to Government of approximately Rs. 8,042, the cost of construction being calculated at Rs. 4,80,000.

- (iv) The total expenditure likely to be involved by such construction. In the construction of the existing 12 flats an expenditure of nearly Rs. 4,80,000 was incurred in 1952|1953. It is estimated that more than that amount will be necessary for the project as prices have since risen.

- (v) Time that would be taken in construction of the quarters. The construction itself will take about a year after preliminaries are completed.

3. The Government have carefully considered the various proposals for the utilisation of this plot of land on High Ridge Estate and it has been decided in August 1960 that the Commissioner's residence should be constructed on this plot, as originally contemplated. The rent which is being paid for the leased furnished house of the Commissioner is Rs. 24,000/- per annum. The Mission in Nairobi has been requested to furnish estimates at present day rates of the cost of construction broadly as per plans already prepared..

NEW DELHI;

*Dated the 27th December, 1960.*

Y. D. GUNDEVIA,

*Special Secretary to the Govt. of India.*

## APPENDIX XXXI

*Supplementary note containing information desired by the Public Accounts Committee in connection with the purchase of land at Nairobi for construction of residence of the Head of Mission—Recommendations made in their 25th Report Volume II—Para 26. (2nd Lok Sabha).*

The Ministry of External Affairs in their note No. F. 56(14) Prop/60 dated the 7th December, 1960, on the above subject, had stated that it was decided in August, 1960 that the Commissioner's residence should be constructed on the original plot, and that estimates etc. had been called for by the Mission. The proposal for commencing the actual construction of the residence has again had to be reviewed in the light of the present impending political changes in East Africa. While no change in the choice of the site is contemplated; it is considered advisable to hold up the actual construction till the political position is clearer.

(B. F. H. B. TYABJI),  
Special Secretary.

NEW DELHI;  
Dated, 27th September, 1961.

## APPENDIX XXXII

*Note detailing the action taken or proposed to be taken on para 88 of the Seventh Report of the Public Accounts Committee*

Although it may be true that there are heavy arrears of income-tax, it is not due to any negligence on the part of the Ministry. The broad reasons for this pendency have been indicated in the statements already furnished to the Public Accounts Committee (Appendix XV of Seventh Report of Public Accounts Committee). The Department has often to stay the recovery of outstanding demands where appeals have been filed by assesseees and points are in dispute. In these cases, if the Department resorts to coercive measures, such as, attachment and forced sale of properties, it will be causing undue harm to the assesseees since, if they win in appeal, they will not be able to get the properties back. And then, there are arrears pending settlement of Double Incometax Relief claims. These claims cannot be settled unless and until the relevant assessments in India and in foreign countries concerned are completed. When the claims are settled, the demands will be automatically liquidated.

2. The Department is taking various steps to enforce recovery. The statutory powers given to them in this regard are contained in Section 46 of the Income-tax Act. The most important of these are attachment of movable and immovable assets and of dues to the defaulter from other parties. Penalties can, of course, be imposed on the defaulting assesseees so as to expedite recovery. But against a recalcitrant assessee on whom no effect is produced by the imposition of penalties, the final step is to issue a certificate to the Collector of the District with a request to him to recover the dues as arrears of land revenue. The Department's ability to collect arrears of income-tax in these cases is, therefore, ultimately dependent on the Collectors and the vigour with which they pursue recovery. As the Collectors are overburdened with other work, the recovery of taxes does not get that priority as it should get. Arrangements have, therefore, been made with the State Governments for the appointment, at the cost of the Central Government, of Special Revenue Officers exclusively for income-tax collection work whenever there are heavy arrears and the volume of work is too much for one Collector to cope with. This arrangement is in vogue in Bombay|Calcutta|Madras|Kanpur|Delhi|Agra|Mysore|Trivandrum|Ahmedabad|Surat|Nasik|Hyderabad|Vijayada and Amritsar. Further, a drive for the clearance

of appeals was inaugurated during 1957-58, the number of Appellate Assistant Commissioners being specially increased for the purpose. The total number of appeals disposed of in 1957-58 increased to 1,30,778 as against 78,181 in 1955-56. The pendency got reduced from 1,14,702 on 1-4-56 to 83,231 on 1-4-58.

3. Recovery is also sometimes handicapped by filing of writ petitions before the High Courts by the assessees. These are followed by prohibitory orders from the High Court against enforcing recovery of tax.

4. Ultimately, a part of the arrears will have to be written off as irrecoverable. Writes off of irrecoverable demands of income-tax are inevitable having in view the very nature of the levy. We find that in other countries also, it is an usual feature. Assessments are made after the incomes are earned and in the meanwhile the assessee may have incurred losses which permanently cripple his capacity to pay. Further, in any scheme of assessment which depends upon the correct disclosure of all relevant facts by the assessee himself, it is inevitable that occasions should arise in which the Department while not accepting the correctness of the information furnished by the assessees should make estimates. In such cases assessees who conceal their liquid assets can always make recovery a difficult problem for the Department. Taxes are also outstanding against parties who have left for Pakistan and there are no means of effecting recovery from them. And then there are demands against companies who have gone into liquidation and possess practically no assets. Further, in a case where an assessee dies and the demand happens to be created after his death, the taxes that can be recovered will have to be limited to the extent of the estate left by him and this may be much less than the demand raised. In view of these factors, it is inevitable that a part of the outstandings shall have to go unrecovered.

5. A systematic review of cases in which demands have been outstanding for a long time has been undertaken and write off is being ordered wherever found necessary. The powers of write-off of Income-tax Officers and Inspecting Assistant Commissioners have been enhanced with effect from the 16th June, 1958 and where the outstanding demand exceeds Rs. 1 lakh, the concurrence of the Board is taken before the amount is written off.

Sd./- (V. V. CHARI),

Joint Secy. to the Govt. of India.

The Analytical summary of the arrear demand and current demand (I.T., E.P.T. & B.P.T.) as outstanding at the end of JUNE, 1958:

(Figures in thousands)

	Arrears	Current demand for 1958-59	Total
1. Amount pending settlement of DIT or other relief claims .	12,80.87	13.93	12,94,80
2. Amount due from persons who have left India and have no assets in India . . . . .	8,01.48	9	8,01,57
3. Amount due from companies under liquidation . . . . .	6,79.08	3.90	6,82,98
4. Amount covered by certificates (issued to the Collectors excluding certificates relating to items 1 to 3 above).			
(a) Recoverable estimate . . . . .	94,75.15	5.52	94,80,67
(b) Irrecoverable estimate . . . . .	23,94.25	1.27	23,95,52
5. Amount pending disposal of appeals (excluding items 1 to 4 above) . . . . .	33,42.48	32.77	33,75,25
6. Amount in respect of which penalties u/s 46 have been levied (amounts included in items 1 to 5 should not be included in this) . . . . .	3,67.23	15	3,67,38
7. Outstanding for other reasons of which—			
(a) Probably irrecoverable . . . . .	10,00.71	2.83	10,03,54
(b) Balance recoverabl. . . . .			
(i) fallen due before 30-6-58 . . . . .	34,38.75	5,81.15	40,19,90
(ii) not fallen due before 30-6-58 . . . . .	11,06.00	13,12.14	24,18,14
TOTAL . . . . .	2,38,86.00	19,53.75	2,58,39,75
(iii) Unclassified misc. items . . . . .	8,82.81	..	8,82,81
GRAND TOTAL . . . . .	2,47,68.81	19,53.75	2,67,22,56

## **APPENDIX . . . . .**

### **MINISTRY OF FINANCE**

#### **(DEPARTMENT OF EXPENDITURE)**

**Note on "Control over grant-aided bodies" submitted to the P.A.C. with reference to their observation in para. 176 of their Seventh Report (1957-58).**

This note discusses the various types of checks, financial as well as administrative, exercised by Government in the case of grants-in-aid given to quasi-Government and private organisations with a view to ensuring proper utilisation of such grants.

2. Payments of grants-in-aid to public bodies and institutions are normally governed by the provisions of paragraphs 206 to 209 of the G.F.Rs. Vol. I (These rules have been reproduced in the Annexure to this note). These rules provide *inter alia* that:

- (i) Every order sanctioning a grant should specify clearly the object for which it is given and the conditions if any, attached to the grant. In the case of non-recurring grants for specified objects, the order should also specify the time limit within which the grant should be spent.
- (ii) Before a grant is paid to a public body, the sanctioning authority should, as far as possible, insist on obtaining an audited statement of the accounts of the body in order to assess the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was granted. The authority sanctioning a grant, while communicating the sanction to the Accountant General, should state whether the audited statement of accounts has been obtained or whether the grantee has been exempted from submitting the statement. In cases, however, where it is necessary to help the bodies to tide over their difficulties due to non-payment of grants, pending submission of the accounts, it has been decided that only partial payment should be made to assist them till they are in a position to submit audited accounts and obtain their regular allotments.
- (iii) The departmental officer is primarily responsible for certifying to the Accountant General in such form and

at such intervals as may be agreed upon between the Accountant General and the Head of the Department, the fulfilment of the conditions attaching to the grant. To enable the certifying officer to satisfy himself that the conditions of the grant have been fulfilled, he is empowered to require submission to him, of such reports, statements etc., in respect of expenditure from the grant.

3. The question of adequacy or otherwise of these checks was examined by Government in 1955 at the suggestion of the Accountant General, Central Revenues and it was felt that the existing provisions were adequate. It may be added here that the Comptroller and Auditor General also held a similar opinion. In a letter to all the Accountants General in 1955 he expressed the view that a strict observance of the present rules in the G.F.Ra. would help to avoid irregularities and suggested that the Accountants General should ensure that corresponding rules existed in the State Codes.

4. *Administrative Control.*—In view of the Public Accounts Committee's recommendations, the matter of control of grant-aided bodies has been further reviewed in consultation with the various administrative Ministries. The review has revealed that, besides the above checks, certain administrative measures are also taken to ensure that the standard of work of the grant-aided institutions and their achievements are commensurate with the grants given to them in all cases where such a step is found necessary. This is achieved by one or more of the following methods:—

- (a) The schemes which are financed by Government are approved by the Ministry and periodical progress reports are received and scrutinised in the Ministry.
- (b) In cases where the entire expenditure of an institution or a major part of its expenditure is financed from Government grants, Government have nominated representatives in the respective Boards of management which are responsible for the efficient running of the institutions concerned. Government have thus the advantage of getting first hand information as to how the affairs of the body are handled and also, in certain cases, have a voice in shaping the policies followed by the institution.
- (c) In certain cases there are inspection teams or field officers or liaison officers who report on the progressive utilisation of the grants.

- (d) In the case of local development works through voluntary associations, village Panchayat etc., where grants are given on a matching basis, schemes are implemented through the agency of the State Governments, who approve the schemes and the amount is reimbursed in arrears, based on the detailed statement furnished by the State Governments every quarter. In some cases the State Governments are also requested to appoint liaison officers for exercising supervision etc.

5. *Autonomous bodies receiving grants-in-aid.*—In the case of autonomous bodies set up by resolutions or other executive orders (whether registered or unregistered) receiving grants-in-aid from Government, the following safeguards exist in the majority of the Organisations:

- (i) Obtaining the prior approval of the Central Government to appointments to high level posts.
- (ii) Arrangements for Audit through the Comptroller and Auditor General.
- (iii) Having representatives of the Ministry of Finance in the Governing body/Finance Committees.
- (iv) Submission of audited statements of Accounts and the budget estimates for the ensuing year to Government.

In the case of a few Organisations the following further safeguards also exist:

- (a) Obtaining the prior approval of Government to large schemes/capital expenditure exceeding certain specified limits.
- (b) Power of Government to issue directions to the organisations in certain matters, and
- (c) right of Government to inspect.

6. *Recommendations of the Estimates Committee.*—It may be added that these checks/controls on the various grantees have further been improved upon by the acceptance by Government of the recommendations of the Estimates Committee made in paragraph 17 of their 55th Report (Second Lok Sabha). A review of the utilisation of the grants-in-aid specifying in detail the achievements vis-a-vis the amounts spent is also to be included in the annual report of the Ministry concerned—*vide* this Ministry's O.M. No. F.10(3)-E(Coord)/59, dated the 24th July, 1959 to

the Lok Sabha Secretariat. Necessary instructions have been issued to the Ministries in this regard, vide paragraph 4 of this Ministry's O.M. No. 10(3)-E(Coord.)/59, dated the 20th July, 1959.

7. **Audit Control.**—The provisions relating to the checks by Audit of the grants-in-aid are contained in the Audit Code. The Comptroller and Auditor General, however, in 1956, suggested that in cases where the amount involved is substantial, audit should have an independent means of satisfying itself as to the fulfilment of the conditions of the grant by referring to the accounts of the grantees. This was examined by Government in consultation with the Comptroller and Auditor General and orders were issued in 1957 that grants-in-aid in excess of Rs. 1 lakh per annum (recurring) and Rs. 5 lakhs (non-recurring) should normally be sanctioned by the competent authorities with the specific condition laid down in the sanctioning orders that the accounts of the institution receiving the grant should be open for a test check by the Comptroller and Auditor General at his discretion. A copy of this Ministry's O.M. No. 11(39)-EII(A)/56, dated the 4th January, 1957, is attached. These orders further stipulated that the Comptroller and Auditor General will have the discretion in approaching Government if, in any special case, he considered that an audit of the recipient's books, even when the amount is less, was called for. Even in respect of unconditional grants-in-aid, Government reserved the right to have the accounts of the grantee audited by the Comptroller and Auditor General on their own initiative, to satisfy themselves generally regarding the manner in which the affairs of the body are being managed.

In this connection it may be observed that the Attorney General had advised, and the Ministry of Law had also agreed that the Comptroller and Auditor General could not, in the absence of any law made by Parliament in this behalf, perform any duties or exercise any powers in relation to accounts of any authority other than the Union and State Governments. At the instance of the P.A.C., a fresh reference was made to the Attorney General soliciting his advice *inter alia* on the following points:—

(i) Whether Government can, in making a grant-in-aid, attach a condition to the effect that the Comptroller and Auditor General shall have power to examine the accounts of the grantee; and

(ii) whether conferment of a power as is mentioned in the above question will require a law of Parliament and if so, whether such law can be passed in respect of any

grantee, whether an individual or association of individuals, incorporated or unincorporated or whether such law can be passed only in respect of certain kinds of grantees and, if so, which.

The learned Counsel has advised as follows:—

- (f) No, except when grants-in-aid are made to an authority or a body where an authority would mean a person or body exercising power or command. It may be a statutory authority or a local authority or some other kind of authority. A body would mean an aggregate of persons, incorporated or unincorporated; and
- (ii) A law of Parliament would be necessary. Such a law can be passed only in respect of a grantee who is an authority or body as stated above. Such a law cannot be passed in respect of a grantee who is an individual. But it can be passed in the case of grantees who are associations of individuals, whether incorporated or unincorporated.

The advice of the learned Counsel and the need for any consequential legislation in this regard has been examined by the Government in consultation with the Comptroller and Auditor General and it has been decided that suitable provision to give the Comptroller and Auditor General the right of access to the books and accounts of grant-aided authorities and bodies may be made in the proposed Exchequer and Audit Bill defining the functions of the Comptroller and Auditor General.

8. The question of control over grant-aided bodies has been a subject of continuous review in order to devise such financial and administrative measures as may be considered necessary to see that the grants are spent for the purpose for which they are intended. Recently the Comptroller and Auditor General has also suggested that:—

- (i) In all cases where Government consider it necessary to set up a body to administer sanctioned schemes, its status should be that of either an advisory body or that of a departmental committee; the Chief Executive should, in either event, be a Government officer under the control of the Ministry. If the advice or the decisions of the Committee violate financial principles or administrative and other regulations, the executive officer will represent his point of view to the Committee. In the event of a disagreement, the orders of the Ministry should be obtained.

(The Comptroller and Auditor General has stated that his suggestions are not inconsistent with the idea of the advisory bodies being allowed considerable autonomy in actual practice as a matter of convention and has expressed the view that independent registered bodies, with attendant complications, should not be set up merely for the purpose of expending Government funds by a Committee nominated by Government. According to him, even if registered bodies were set up, it would not dispense with the necessity of making provision for a competent officer being appointed by Government as its Chief Executive and it would still be necessary to lay down a well defined procedure to be followed in cases where the Chief Executive Officer's advice on matters of administrative or financial regularity or propriety were not accepted by the governing body. In the Comptroller and Auditor General's view, Government would similarly have to take steps to enforce the proper maintenance of accounts by qualified staff and to ensure that Government assets were used for the purposes for which they were provided).

- (ii) Grants should be made available only on the basis of specific schemes of expenditure drawn up in sufficient detail and approved by Government.
- (iii) Government should call for periodical reports showing the expenditure on each of the objects as detailed in the Scheme and scrutinise whether there have been variations or unauthorised diversion of funds.
- (iv) There should be a provision for the maintenance of an audited record of all assets acquired wholly or substantially out of Government grants; and
- (v) Where grants are made to non-Government or quasi-Government bodies or institutions, a condition may be laid down that such assets should not, without prior sanction of Government, be disposed of or utilised for purposes other than those for which the grants have been sanctioned.

The suggestions made by the Comptroller and Auditor General contained at serial Nos. (ii) to (v) above have been accepted by the Government and necessary orders have been issued—vide this Ministry's O.M. No. F.11(8)-E.II(A)/60, dated the 2nd February, 1960 (copy attached).

In regard to the suggestions at (i) above, while Government fully appreciate the reasons behind the suggestion, since it has been their policy that the performance of certain types of activities may be entrusted to bodies having a measure of autonomy in their administration, unfettered by the normal rules, regulations and routine of Government Departments, the adoption of the Comptroller and Auditor General's suggestion is bound to be regarded as an incursion into the autonomy of the institutions, and would largely defeat the object with which they were set up. In order, however, to ensure that these organisations function properly and are subjected to statutory regulations and can be held liable for their actions, it is necessary, unless they have been created by statute, to incorporate them as Societies under the Societies Registration Act, 1860, (or as companies under the Companies Act, 1956). There are, however, certain difficulties in adopting these alternatives, such as safeguarding of assets acquired out of grants made by Government in the event of dissolution of the body, changing the membership of the governing body, recovery of misapplied funds, etc. A proposal to sponsor suitable legislation to give corporate existence to such bodies as have objects not confined to one State where Government could provide for clauses securing the desired type and measure of control is also separately under consideration of the Government.

9. As the observation of the Public Accounts Committee in their 7th Report (1957-58) was made on the suggestions of the Comptroller and Auditor General, the latter was requested to let the Government know the types of checks the Committee had specifically in mind. He replied to the following effect:--

"The Public Accounts Committee had probably in mind the responsibility of the Departmental authorities to satisfy themselves at appropriate intervals by administrative inspections or by requiring the submission of suitable reports, statement of progressive expenditure etc. whether the object has been fulfilled and whether the funds are being properly utilised."

The position indicated in the earlier paragraphs would show that, by and large, adequate safeguards have been provided to have an effective control over the recipients of grants and that judged from the above provisions, the case referred to in the Audit Report, 1956 and commented upon by the Public Accounts Committee would appear to be more due to non-observance of the provisions in this regard. The administrative Ministries, who have been given full powers for payment of grants-in-aid subject to observance of general rules and conditions prescribed by the Finance Ministry, have

also been consulted in the matter. They have indicated that there are no practical difficulties in exercising an effective control over such grantees and that the existing provisions in this regard appear to be sufficient and satisfactory.

This note has been shown to Audit.

(R. P. PADHI),

Joint Secretary to the Government of India.

*Extract of paras 206, 207, 208 and 209 of the General Financial Rules of the Central Government Volume I.*

#### GRANTS TO PUBLIC BODIES, INSTITUTIONS, ETC.

206. The sanction necessary for payment of grants-in-aid or contributions to educational and other institutions, local bodies and Co-operative Societies, and of educational scholarships is regulated by the orders contained in paragraph 13. of the Book of Financial Powers and detailed rules made by local Administrations under the powers vested in them. The following instructions are issued for the guidance of sanctioning authorities in the matter of according sanctions for grants-in-aid.

207. (1) Unless in any case Government directs otherwise, every order sanctioning a grant should specify clearly the object for which it is given and the conditions, if any, attached to the grant. In the case of non-recurring grants for specified objects, the order should also specify the time-limit within which the grant or each instalment of it is to be spent.

(2) Only so much of the grant should be paid during any financial year as is likely to be expended during that year. In the case of grants for specific works or services such as buildings, water-supply schemes and the like, the sanctioning authority should use its discretion in authorising payments according to the needs of the work. The authority signing or countersigning a bill for grant-in-aid under Treasury Rule 406 should see that money is not drawn in advance of requirements. There should be no occasion for a rush for payment of these grants in the month of March

(3) Before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body, or institution concerned in order to see that the grant-in-aid is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended. It is not essential for this purpose, however, that the accounts should be audited in every case by the Indian Audit Department and it will

be sufficient therefore if the accounts are certified as correct by a registered accountant or other recognised body of auditors. In the case of small institutions, which cannot afford to obtain the services of a registered accountant or other registered body of auditors, the sanctioning authority may exercise its discretion of exempting any such institution from the submission of accounts audited in this fashion.

The authority sanctioning a grant, while communicating the sanction to the Accountant-General, should state whether the audited statement of accounts has been received when required, or whether the grantee has been exempted from submitting the statement.

*Note.*—This order applies both to non-official institutions and to semi-official ones, such as Public Clubs, etc.

208. In cases in which conditions are attached to the utilisation of a grant in the form of specification of particular objects of expenditure or the time within which the money must be spent, or otherwise, the departmental officer on whose signature or counter-signature the grant-in-aid bill was drawn should be primarily responsible for certifying to the Accountant General, where necessary, the fulfilment of the conditions attaching to the grant, unless there is any special rule or order to the contrary. The certificate, should be furnished in such form and at such intervals as may be agreed between the Accountant-General and the head of the department concerned. Before recording the certificate, the certifying officer should take steps to satisfy himself that the conditions on which the grant was sanctioned have been or are being fulfilled. For this purpose he may require the submission to him at suitable intervals of such reports, statements, etc., in respect of the expenditure from the grant as may be considered necessary. Where the accounts of expenditure from the grant are inspected or audited locally, the inspection or audit report as the case may be, will either include a certificate that the conditions attaching to the grant have been or are being fulfilled or will give details of the breaches of those conditions.

209. Unless it is otherwise ordered by Government, every grant made for a specific object is subject to the implied conditions:—

- (i) that the grant will be spent upon the object within a reasonable time, if no time-limit has been fixed by the sanctioning authority; and
- (ii) that any portion of the amount which is not ultimately required for expenditure upon that object should be duly surrendered to Government.

No. F.11(3)-EII(A)/60

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Expenditure)

*New Delhi-2, the 2nd February, 1960**13th Magha, 1881 (Saka)*

**SUBJECT.—Financial control over Bodies which receive grants-in-aid from Government.**

The undersigned is directed to invite a reference to rules 206 to 209 of G.F.Rs. Volume I and this Ministry's O.M. No. 11(39)EII(A)/56 dated the 4th January, 1957 (copy enclosed for ready reference) regarding the sanctioning and audit of grants-in-aid to public bodies, private institutions etc. A number of irregularities including non-maintenance of proper accounts and vouchers, non-production of accounts for audit, misuse of Government funds and property have been brought to the notice of Government recently by the Comptroller & Auditor General and hence it is considered necessary to suggest further measures to enable Government to exercise adequate control over the utilisation of the funds.

2. Accordingly, the undersigned is directed to request that besides strict compliance with the existing provisions in the G.F.Rs. and the Ministry's O.M. No. F.11(39)-EII(A)/56, dated the 4th January, 1957, the administrative ministries may pay special attention to the following conditions and to take adequate steps to ensure that they are generally observed in respect of grants-in-aid sanctioned by them in future:—

- (i) Grants should be made available, as far as possible, on the basis of specific schemes drawn up in sufficient detail and duly approved by Government.
- (ii) Periodical reports indicating the expenditure on each of the objects as detailed in the scheme should be called for and scrutinised to check whether there have been any variations or unauthorised diversion of funds.
- (iii) The provision of G.F.Rs. 207(3) regarding submission of an audited statement of accounts should be insisted upon. There should be a provision also for the maintenance of an audited record of all assets acquired wholly or substantially out of Government grants. In the case of small institutions, however, the sanctioning authority may exercise its discretion of exempting such institutions from the submission of accounts as provided under G.F.R. 207(3).

- (iv) In respect of grants to non-Government or quasi-Government bodies or Institutions a condition may be laid down that the assets referred to on (iii) above should not, without the prior sanction of Government, be disposed of, encumbered or utilised for purposes other than those for which the grants were sanctioned.

3. It is also requested that suitable instructions may kindly be issued accordingly to all authorities empowered to sanction grants-in-aid.

K. P. SIRCAR,  
*Deputy Secy. to the Govt. of India.*

To

All Ministries/Departments of the Government of India including Miscellaneous and personal Secretaries etc.

No. F. 11(8)-EII(A)/60

Copy forwarded to all Expenditure Divisions in the Deptt. of Expenditure/Department of E.A. and Revenue/E(Coord) Branch/E.G.I. Branch/Defence Division.

C. P. MITTAL,  
*Under Secretary to the Govt. of India.*

Copy of O.M. No. F.No. 11(39)-EII(A)/56, dated the 4th January, 1957 of the Ministry of Finance, Department of Expenditure, addressed to all Ministries of the Government of India etc.

**SUBJECT.—***Audit of grants-in-aid.*

The undersigned is directed to invite a reference to paragraph 208 of the General Financial Rules, Volume 1, which stipulates inter alia that in respect of grants sanctioned by competent authorities with specific conditions attached to their utilisation, the sanctioning authority should satisfy itself that the grant has, as a matter of fact, been applied for the purposes for which it was intended and a certificate to this effect has to be furnished to the Accountant General. While the certification of such utilisation has been left to the departmental authorities and the audit officer normally accepts the certificates furnished as adequate for purposes of audit under Articles 192(a) and 193(c) of the Audit Code, the question has been raised whether, in respect of substantial grants-in-aid for specific purposes, the Comptroller and Auditor General should not have an independent mean of ensuring that the grants have been applied for the purposes for which they have been sanctioned by

having a right to test-check the accounts of the grantees, if he so desires.

2. The Government of India after consultation with the Comptroller and Auditor General are now pleased to decide that grants-in-aid in excess of Rs. 1 lakh per annum recurring and Rs. 5 lakhs non-recurring should normally be sanctioned by the competent authorities with the specific condition laid down in the sanctioning orders that the accounts of the institution receiving the grant should be open for a test-check by the Comptroller and Auditor General at his discretion.

3. The Comptroller and Auditor General has agreed that any audit in pursuance of these provisions will be undertaken in consultation with the administrative Ministry concerned who will make the necessary arrangements with the institution for the conduct of such audit.

4. The monetary limits prescribed above shall not, however, be treated as in any way fettering the discretion of Comptroller and Auditor General in approaching Government, if in any very special case, he considers that an audit of the recipient's book, even when the amount is less, is called for.

5. Even in respect of unconditional grants-in-aid, Government reserve right to have the accounts of the recipient body audited by the Comptroller and Auditor General on their own initiative, if and when occasion demands, to satisfy themselves generally regarding the manner in which the affairs of the recipient body are being managed.

6. Attention is also invited to paragraph 209 of the General Financial Rules, Volume I, according to which every grant made for a specific object is, unless declared as unconditional, subject to the implied conditions mentioned therein.

## APPENDIX XXXIV

*Note from the Ministry of Finance pursuant to action taken on para 73 of 18th Report regarding loans advanced in spite of adverse reports by local authorities/State Government or Field Staff.*

In order to ascertain the financial position, business experience, reputation and eligibility of the applicants for loans the Rehabilitation Finance Administration causes investigation to be made through its officers on the spot or through the local authorities. While sanctioning the loans in certain cases, the Administration felt it necessary to disregard the recommendations of the field staff or the local authorities. These sanctions were accorded by the Administration functioning as a Board on the merits of each individual case, including reports of the civil authorities and its own field staff. In this, the Administration acted within the powers conferred on it by Section 12 of the Rehabilitation Finance Administration Act, 1948. As the Administration did not exceed its powers in such sanctions the fixation of individual responsibility is not easy. Nevertheless, the cases referred to in Sub-para (5) of para 21 of the Civil Audit Report, 1957 have been examined and it is found that sanction of the loans despite adverse reports by local authorities/field staff, etc., was generally due to the following reasons:—

- (i) In some cases, the local authorities either did not furnish complete report or did not adduce sufficient reasons in support of their views.
- (ii) In some cases, the Administration actually sanctioned the loan before receipt of the local authority's report.
- (iii) Loans were sanctioned in certain cases despite adverse reports from local authorities, after certain conditions had been imposed for the sanction of the loan.

It has also been the experience of the Rehabilitation Finance Administration that favourable reports of the district authorities by themselves do not guarantee the credit-worthiness of the parties concerned. There are instances where sanctions were accorded on the recommendations of the district authorities, but the loans have gone bad.

2. This note has been vetted by Audit.

(Sd.) A. BAKSI,  
Jt. Secy. to the Govt. of India

## APPENDIX XXXV

*Note from the Ministry of W.H. & S. pursuant to action taken on para 77 of 18th Report regarding recovery of rent from the employees of State undertakings, autonomous bodies, etc. who are allotted Government residences.*

In para. 77 of their 18th Report, Vol. I, the Public Accounts Committee recommended that Government should issue standing instructions regarding the recovery of rent from the employees of all State Undertakings, autonomous bodies, etc., who are allotted Government residence, if not already done.

2. Necessary instructions in the matter have already been issued *vide* the Ministry of Works, Housing and Supply Memoranda Nos. 1/4/57-Acc., dated the 24th August, 1957, 1/4/57-Acc., dated the 14th April, 1958, 2/228/58-Acc., dated the 5th September, 1958 and 8/1/59-Acc., dated the 20th October, 1959. These orders govern the allotment of accommodation in the General Pool at Delhi, Simla, Bombay and Calcutta to specified categories of employees of Corporations and semi-Government organisations.

3. In regard to the above, the Director of Commercial Audit, New Delhi, has suggested that the instructions referred to in the preceding para, may either be amplified to cover other places as well or fresh instructions may be issued in this regard. In this connection, it may be stated that apart from the accommodation under the control of this Ministry at Delhi, Simla, Bombay and Calcutta, this Ministry controls residential accommodation at other places. Various other Ministries/departments of the Government of India have also got their own departmental pool of accommodation. They are being requested to take suitable action in the matter, i.e., to issue the necessary instructions in case none have been laid down so far, and also to bring the contents of the instructions referred to in para. 2 above to the notice of the Corporation and Semi-Government organisations under their control. Similarly, action regarding extending the instructions to the accommodation under the control of this Ministry at places other than Delhi, Simla, Bombay and Calcutta, is also being taken

(Sd.) A. S. NAIK

*Jt. Secy. to the Govt. of India.*

**Dated 10-10-1960**

## **APPENDIX XXXVI**

***Note from the Ministry of Food & Agriculture (Deptt. of Agriculture)  
regarding delay in execution of a Pilot Plant Scheme, Dehra Dun.***

**(Vide Paras 28, 29 & 31 of 25th Report, Vol. II)**

With reference to the Public Accounts Committee's observations in paragraph 31 of the report, the present position of the project is as under:—

- (i) The project consists of 3 components, namely, chipping and pulping room, beater room and paper making machine.
- (ii) The construction of almost all the buildings had been completed by the 10th May, 1960 and the entire machinery received from the U.S. Firm has been installed by the 14th October, 1960.
- (iii) The paper making machine was completed in all respects by 10th May, 1960 and a number of trial runs had been taken thereon with pulp procured within the country. An expert deputed by the Supplying firm in America who was available at the plant from the 7th January, 1960 to 7th November, 1960 had been supervising these trial runs and making necessary adjustments.
- (iv) The installations of most of the equipment in the Chipping and Pulping room has been completed by the 14th October, 1960. Certain steam-pipes and valves which were being obtained through the Director General of Supplies and Disposals have also since been received by the 14th October, 1960 and the entire installation is expected to be complete in all respects by the middle of April 1961 when certain items of valves, etc. are expected to be received from the M/s. W. H. Brady & Co. Ltd.
- (v) The beater room is complete in all respects except for lining with acid resistant cement in one of the troughs, but it is already being utilised with locally procured pulp and the non-completion of one of the troughs does not affect the operation of this unit.
- (vi) Arrangements for adequate water supply have been made. Apart from assured supply of water from the local canal

system, a tube-well has also been bored successfully. Besides, a submersible pump for tube-well is expected by the 31st March, 1961. It will be put into commission by the Exploratory Tube-Well Organisation, New Delhi after its arrival.

- (vii) The total power requirements for the plant were 800 KVA for operating all the 3 units simultaneously. Of this, 550 KVA had already been secured and a sub-station has been put up by the local Electric Supply Authorities, which would ensure steady supplies of power. Efforts are being made to get the rest of the power also at an early date. There has been some difficulty in settling the rates for power supplies and the help of the C.W.P.C. was taken to resolve this. This is still in process of settlement. The available supplies of 550 KVA are adequate for running all the 3 components in shifts for research and training purposes.
- (viii) The estimated requirements of coal of the Forest Research Institute as a whole is about 1,056 tons per year which includes 100 tons per year for the Paper Plant. Steps are being taken to ensure maintenance of adequate stocks and regular supplies for the future.
- (ix) Steps have been taken to keep in hand for sufficient quantities of pulp. Arrangements are also being made for 30 tons of waste paper and about 72 tons of bagasse and other raw material from which pulp would be produced in the plant itself.

2. As a result of Professor M. S. Thacker's enquiry in 1957, into the delay in the completion of this project, an Expert Committee under the Chairmanship of Dr. J. W. Whitaker, was set up by the Government of India to review periodically the progress of the work and to arrange for its expeditious completion. This Committee met 6 times and the last meeting was held on the 14th October, 1960. Apart from this Committee, an internal committee of the Institute had also been set up to review the progress of the work. It is as a result of these committees' efforts that the project which was in a very unfinished state in 1957 could be completed by October, 1960. The expert engineer deputed by the American firm for an effective period of 270 days (excluding leave period) from the 7th January, 1960 helped in the completion of the plant in all respects, its working and maintenance and in training the staff in operating it. He has advised that a large number of trial runs would have to be taken up in all the 3 units of the plant more or less continuously for a number of weeks before it could be said to be completed in all respects for

2004 (Aii) LS-20.

operation. A number of trial runs have been conducted and it may be necessary to conduct a few more. The plant was formally opened on 3-11-1960.

3. Considerable advance has been made in the pulp and paper industry particularly in regard to the manufacture of newsprint, cheap writing and printing paper, kraft and packing paper, grease-proof and water-proof paper, tissue paper and other special paper; boards for packing purposes; insulation and pressed board for structural purposes; semi-chemical processes of pulping; mixed pulping of coniferous as well as broad-leaved species, etc. The urgent requirement of developing the paper industry in this country necessitates the utilization of indigenous raw materials like coniferous and broad-leaved species of wood, agricultural wastes, bagasse, etc., which are not being fully utilised at present. The use of mixed species for pulping is also a very important problem and has been taken up at the Institute. Many special types of paper are at present imported by the Defence and other Departments. To save time and valuable foreign exchange, it is necessary to develop these from indigenous raw materials. Recent attempts at the Forest Research Institute on a laboratory scale have been encouraging and this has to be confirmed on a pilot plant scale. The pilot paper plant will help in carrying out the required research and thereby help the industry in its advancement. Further, by providing training facilities, it will also cater to the needs of the industry. Such training in the form of Diploma of the Forest Research Institute Course and Short Training Course in Pulp and Paper Technology has already been started.

4. After the plant is fully commissioned, investigations will be taken up on the feasibility of producing special types of paper, utilising the surplus capacity of the plant after meeting requirements of research and training for which it is primarily intended. If the investigations show that it will be possible to produce such paper economically, production will be taken up to the extent of the spare capacity available.

*Latest position regarding the Pilot Paper Plant at the Forest Research Institute and Colleges, Dehra Dun.*

*(Vide F. & A. No. F.7-12/61-F, dated 9-5-1961)*

The Pilot Paper Plant at the Forest Research Institute & Colleges, Dehra Dun, has been completed and put into commission on the 3rd November, 1960. With the opening of this plant, the Cellulose and Paper Branch of the Forest Research Institute is equipped for efficiently carrying out the functions assigned to it, viz., technical research in cellulose and pulp and training of scientific and technical personnel for paper and pulp industries.

**APPENDIX XXXVII**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF TRANSPORT AND COMMUNICATIONS**  
(DEPARTMENT OF TRANSPORT)

No. 19-PG (115)/60

Dated New Delhi, the 10th March, 1961

**OFFICE MEMORANDUM**

**SUBJECT:—Public Accounts Committee—statement showing action taken or proposed to be taken on the recommendations of the Committee made in para 38 of their 25th Report, Vol. II—(S. No. 20 in Appendix I thereof)—diversion of vessel with Ammonium Sulphate from Vishakhapatnam to Kakinada.**

The undersigned is directed to refer to item 20 (i) of the Summary of Conclusions/Recommendations (para 38) of the 25th Report of the Public Accounts Committee—Vol. II, and to say that this Department is primarily concerned with the remark made by the Committee that the "Ministry of Transport could well have taken up the matter direct with the Agriculture Department in this case under intimation to the Mission". The position in this regard is explained below.

2. Because of the very heavy congestion that existed at the major ports of India in 1957 resulting in ships having to wait outside for a considerable time before they could be berthed, a high level Committee of representatives of the Ministries concerned with substantial imports on Government account was set up in July 1957 for taking stock of the transport position, including the situation at the major ports. In order to enable this Committee to function effectively, arrangements were made to collect advance information regarding the shipping space booked by the various Ministries from time to time. The imports likely to be routed through each of the major ports and the ways and means of adjusting them to the handling capacity of each of the ports were discussed at the meetings of the Committee from time to time.

3. In a communication dated the 9th August, 1957, the Ministry of Works, Housing & Supply informed this Department that one ship with 9,500 tons of ammonium sulphate had been booked by the India

**Supply Mission** for discharge at the Port of Vishakhapatnam some time in the second week of October, 1957. In view of the congestion already prevailing at that port, it was feared that the ship would be subjected to undue delay in getting a berth at the port. As the Committee referred to above was not expected to meet before the 27th September, 1957, the Ministry of Works, Housing & Supply were requested in advance on the 10th September, 1957 to take steps for diverting the ship to some other port, preferably a minor port on the east-coast such as Kakinada so as to reduce delay to the fertiliser ship.

4. It is regretted that a copy of this Department's memorandum of the 10th September, 1957 to the Ministry of W.H. & S. was not sent direct to the Ministry of Food & Agriculture. However, at the meeting of the Committee referred to above, which was held on the 27th September, 1957, Secretary, Department of Food, who was present, indicated that the Department of Agriculture would be asked to examine the possibilities of diverting the fertilizer ships scheduled for discharge at the port of Vishakhapatnam in the period October to December 1957 to some other ports.

5. This memorandum has been seen by the Ministries of Food & Agriculture and Works, Housing & Supply.

G. VENKATESWARA AYYAR,

Secy. to the Govt. of India.

---

## **APPENDIX XXXVIII**

**Note from the Ministry of Food and Agriculture (Depts. of Agriculture) regarding Payment of Grants-in-aid in excess of requirements vide pages 90 & 91 of 18th Report Vol. I.**

The suggestion regarding the constitution of a Revolving Fund has been examined in detail by Audit who have not agreed to its adoption mainly for the following reasons:—

- (1) It would reduce parliamentary control by keeping Government money outside the Government accounts.
- (2) It would keep a much larger amount than is at present retained by the I.C.A.R. as undisbursed grants.

Unfortunately when the views of the Government regarding acceptance of the suggestion regarding Revolving Fund were sent to the Public Accounts Committee, the statement had not been seen by Audit. The objections raised by Audit have been considered by Govt. and found convincing. The whole matter has, therefore, been again reviewed and instead of a Revolving Fund, the following alternative procedure has been proposed. This has the concurrence of both the Ministry of Finance and Audit. The Government of India consider that the alternative procedure while satisfying the objections of Audit would also be more suitable administratively and would eliminate the defects pointed out by the Public Accounts Committee.

- (i) In the case of schemes being executed in the States and/or at the I.C.A.R. Headquarters, the grant will be drawn in February on the basis of the actual departmental figures of expenditure (un-audited) supplied every quarter for 9 months from April to December and estimated expenditure for the remaining 3 months based on actuals for the last 9 months plus any specific additional expenditure which it had not been possible for the Government concerned to meet earlier. The entire amount drawn shall be remitted to the Government concerned so as not to leave any unspent balance with the I.C.A.R. The savings or excesses in the case of State Governments will be adjusted in the demand for the next year.
- (ii) In the case of schemes being executed at the Universities, Private Institutions, etc., where payments are required to

be made in advance, the grant from the Central Government will also be drawn in advance in three instalments. The first instalment based on the estimated expenditure for 6 months (April to September) will be drawn in May and the second instalment for three months based on the actual expenditure for six months (April to September) and anticipated expenditure for the next 3 months (October to December) will be drawn in October, if necessary, and remitted to the Universities, Private Institutions, etc. The third and the last instalment based on the actual expenditure for 9 months (April to December) and anticipated expenditure for the remaining 3 months (January to March) will be drawn in February by adjusting the grants drawn earlier for the schemes.

By adopting the above procedure no unspent balance would be left with the I.C.A.R. and the savings and excesses with the State Governments, etc., will also be adjusted immediately during the next year.

The remarks given against para 90 above also cover the suggestion made in this paragraph.

(The Brief has been seen by Audit).

V. SHANKAR.

*Special Secretary to the Govt. of India.*  
(Department of Agriculture)  
29-6-1961.

## APPENDIX XXXIX

*Note giving the latest position regarding the reconciliation of differences in Government Capital Account as maintained by the A.G.C.R. and the Central Tractor Organisation.*

The work of reconciliation of differences between the two sets of figures in the books of the Accountant General, Central Revenues and the Central Tractor Organisation in respect of "withdrawals" in the accounts for the year 1954-55 to 1957-58 has been completed. The pro-forma account for the year 1958-59 has also been completed. The reconciliation of this is already in hand.

It was found that the main reasons for the variations were as follows:—

- (i) Certain adjustments made by the A.G.C.R. in a particular year were accounted for by the C.T.O. in a different year.
- (ii) Certain adjustments carried out by the C.T.O. were not taken into account by the A.G.C.R. and vice-versa.
- (iii) Certain adjustments were wrongly adjusted either by the C.T.O. or by the A.G.C.R.

While the overall effect of (i) above is nil and no adjustment is necessary, action is being taken by the C.T.O. to rectify the discrepancies stated at (ii) and (iii) above. A statement showing the position of figures as would appear in account after the re-adjustments are carried out in the office of the A.G.C.R. and the C.T.O. is enclosed. A comparative statement giving the details of differences at the end of each of the 4 years (1954-55 to 1957-58) along-with the year-wise statement comparing the two sets of figures is also enclosed herewith to give an idea of the reconciliation of each year's account.

It may be mentioned that the reconciliation of "other charges" upto the year 1957-58 has been completed and all the necessary adjustments have been carried out either in the accounts of the A.G.C.R. or the C.T.O., as the case may be, except for the following items:—

### **I STATEMENT 'A'**

- (a) Out of the amount of Rs. 7,73,335 to be re-adjusted by the A.G.C.R., and amount of Rs. 1,04,620 has already been

---

\*Not Printed.

adjusted by A.G.C.R. in 1958-59. The matter regarding the adjustment of the balance of Rs. 6,68,715 is under examination in the office of the A.G.C.R.

(b) The amount of Rs. 1,33,425 shown as adjustable by the C.T.O. comprises of the following items:—

- (i) The amount of Rs. 85,323 representing the difference between the figures of Pay and Allowances as booked in the A.G.C.R.'s office and those in the pro-forma accounts of the C.T.O. for the years 1950-51 to 1957-58 has been accounted for in the pro-forma accounts of C.T.O. during 1958-59. This difference could not be reconciled because of the non-availability of the past records. As it represents only 0.25 per cent of the total expenditure under Pay and Allowances, the figure of the A.G.C.R. has been taken as correct and accounted for in the pro-forma accounts.
- (ii) An amount of Rs. 48,101 is the net difference between the figures of Rs. 16,83,935 and Rs. 16,35,834. The former amount requires adjustment in the pro-forma account and the latter needs write back from the pro-forma account being the interest charges accounted in the pro-forma account in 1955-56. Out of Rs. 16,83,935 to be accounted for in the pro-forma accounts, an amount of Rs. 12,93,527 has already been taken in the pro-forma in 1958-59. Out of the balance of Rs. 3,90,408, an amount of Rs. 2,23,133 has already been incorporated in the accounts of the current year. The balance of Rs. 1,67,275 will be adjusted as soon as the relevant vouchers are traced out by the A.G.C.R.

## II STATEMENT I.\*

Vouchers amounting to Rs. 50,53,548 relating to the years 1953-54 and earlier were found to have been adjusted by the C.T.O. during the year 1954-55 to 1957-58, whereas the net difference between the two sets of figures as on 31-3-1954 was Rs. 49,25,787/- as is evident in the Statement 'A'. The difference of Rs. 1,27,761 between the two figures could not be located at this stage for want of past records. It may be mentioned that this difference works out to only 0.11 per cent of the total expenditure upto 1953-54.

**III STATEMENT VIII\***

As regards the re-conciliation of the difference under the head "Deduct Recoveries" the work has been undertaken recently and it is expected to be completed soon.

This note has been vetted by Audit.

AMEER RAZA,  
Joint Secretary to the Govt. of India.

New Delhi-2;  
March , 1960.

## APPENDIX XL

*Note from the Ministry of Health re: outstanding recoveries at various Medical Store Depots, (Vide para 108 of 18th Report (Second Lok Sabha).*

In the Appropriation Accounts for 1955-56 of the Medical Store Depots, which was examined by the Public Accounts Committee at its last meeting held on the 27th February, 1959, the total amount of outstanding recoveries in respect of all the Depots was shown as Rs. 14,29,582 (Rs. 10,73,585—against Govt. institutions and Rs. 3,55,997 against non-Govt. institutions) on account of cost of medical stores supplied by the Depots upto the period ending 1955-56. As the position stood on 1st February, 1959, the total outstanding recoveries of Rs. 14,29,582 were reduced to Rs. 3,26,915·47. This was the position relating to the outstanding shown in the Appropriation Accounts for 1955-56 which was explained to the Public Accounts Committee in February, 1959.

The Public Accounts Committee, however, did not confine themselves to the outstanding recoveries shown in the Appropriation Account for 1955-56, but referred to the figures included in the latest Financial Review on the accounts of the Depots and Factories viz., for the year 1957-58. The Committee had observed that the dues to the extent of Rs. 28 lakhs had been outstanding. This was the figure as it stood on 30-9-1958 and in certain cases was inclusive of the outstanding amounts for the year 1957-58 which had just ended. However, the balance of Rs. 28 lakhs referred to by the Public Accounts Committee has been reduced to Rs. 7·03 lakhs as on 31-10-1959. Out of this, a sum of Rs. 5·58 lakhs is due from Government institutions and the remaining Rs. 1·45 lakhs from non-Government bodies.

In order to overcome the procedural difficulties in raising the debits against Government institutions, it has been decided by the Government of India, in consultation with the Comptroller and Auditor General of India, that in future supplied from Medical Store Depots shall be subject to the following conditions and that indents will be entertained on the explicit understandings that this condition has been accepted by the indentors:—

“If receipted copy of an issue voucher is not received back by the Deputy Assistant Director General (M.S.), Medical

Store Depot within a period of sixty days from the date of despatch of stores, the DADG. (M.S.), will have the option to raise debits through his Accounts Officer viz., the Accountant General/Madras/Bombay (now Maharashtra)/West Bengal/Punjab for the cost of supplies against the indentors without making any reference to the latter and to support such a debit with the un-receipted copy of the issue voucher containing information regarding proof of despatch such as the No. and date of Railway Receipt, Postal Receipt, etc."

This procedure came into force with effect from 1-4-1959. It is felt that the procedure will arrest the upward trend of outstanding recoveries against the Government institutions and that these recoveries will not be a problem in future.

As regards the concluding portion of para 108 of the Public Accounts Committee Report referred to above, it has been decided that the Health Survey and Planning Committee set up by the Government under the Chairmanship of Dr. A. L. Mudaliar, will consider the working of the Medical Stores Organisation. This Committee will consider the question of the methods and scope of work and ways of improving and enlarging the field of activities of the Medical Stores Organisation. In view of this no separate Committee is being set up for the purpose.

NEW DELHI-2;  
Dated 6th December, 1960.

B. R. TANDAN,  
Secretary.

## **APPENDIX XLI**

**Note from the Ministry of Health re: transfer of the buildings construction by Government for the All-India Institute of Medical Sciences (vide para 46 of Twenty-fifth Report (Second Lok Sabha) Vol. II.**

Out of 856 quarters constructed for the All India Institute of Medical Sciences 103 quarters are still in the possession of the staff of the Safdarjang Hospital. The question of handing over the land and buildings to the All India Institute of Medical Sciences is under active consideration of this Ministry. The property ownership of the lands and buildings (including quarters) has not been transferred to the Institute so far.

**B. R. TANDAN,**

**Secretary.**

## **APPENDIX XLII**

**Further note from the Ministry of Health regarding transfer of the buildings constructed by Government for the All India Institute of Medical Sciences (Vide para 46 of 25th Report—Vol. II and para 183 of Forty-second Report (Second Lok Sabha)-part II.**

(i) The number of quarters occupied by the non-Institute staff in the premises where the Institute is situated, is only two. On the Western side of the Mehrauli Road. 91 quarters (including two, one each with the Posts and Telegraphs Deptt. and the I.C.M.R. directly allotted by the Institute) are in occupation by the non-Institute employees.

(ii) The matter has been taken up on the 25-10-1960, and is being pursued, with the Directorate of Estates and the Ministry of Works, Housing and Supply. As and when alternative accommodation from the General Pool is made available, the quarters of the Institute will be released to them.

**B. R. TANDAN,**

**Secretary.**

## APPENDIX XLIII

*Note from the Ministry of Health setting forth the considerations which weighed with the Delhi Administration in coming to the conclusion that the Land Acquisition Officer was not to blame [Vide para 52 of Twenty-fifth Report (Second Lok Sabha)—Vol. I].*

The history of the case has already been furnished to the Lok Sabha Secretariat vide note attached (Annexure). It will be seen from the history of the case that the period for which interest has been allowed to the heirs of the late claimant can be split up into the following three periods:—

Period I.—25-1-1950 to 7-11-1960 i.e. the period intervening between the taking over of possession and the announcement of the original award.

Period II.—8-11-1950 to 23-4-1954 i.e. the period intervening between the announcement of the original award and the announcement of the supplementary award.

Period III.—24-4-1954 to 25-11-1957 i.e. the period intervening between the announcement of the supplementary award and the date of actual payment.

2. For Period I, no one is responsible. The payment of such interest is inherent in the issue of notification under Section 17 of the Land Acquisition Act and is unavoidable.

3. No interest would have been payable for the second period (8-11-1950 to 23-4-1954) if the Land Acquisition Collector had announced the award and deposited the amount of compensation with the District Judge. The then Land Acquisition Collector did not do so, because he was under the impression that under the Inter-Dominion Agreement, regarding acquisition of evacuee property he was debarred from making such an award. After announcing the original award on the 7-11-1950 the Land Acquisition Collector referred the case to the District Judge in February, 1951. The District Judge enquired about the Law under which reference was made to him about the case as the Inter-Dominion Agreement (1949), in respect of acquisition of evacuee property, did not have the force of any Statute. On this, the Land Acquisition Collector wrote to the Secretary (LSG)

Delhi Administration, on the 1st May, 1951, requesting for Government instructions in the matter. The Secretary of that Department, in consultation with the Government of India, informed the Deputy Commissioner on the 7th August, 1951, that it was not necessary to follow the formalities laid down under the Inter-Dominion Agreement (1949), as the machinery envisaged in this Agreement had not been set up. The Land Acquisition Collector was advised on 7-8-1951 to assess the property in accordance with the provisions contained in the Land Acquisition Act and deposit the awarded amount with the custodian of evacuee property. In the meanwhile, the files pertaining to the original award had been referred to the District and Sessions Judge. No action could, therefore, be taken in the matter as long as the file was not released by the District and Sessions Judge. The then Land Acquisition Collector, on receipt of a communication dated the 14th April, 1953 from the owner of the land asked for the file which had by that time been received back from the District and Sessions Judge and was duly submitted to him. The supplementary award was announced on the 23rd April, 1954.

4. From what has been stated in the above paragraph it appears that the Land Acquisition Collector referred the matter to the District Judge on the strength of the Inter-Dominion Agreement, the relevant part of which reads as under:—

“The Administrative Officer who would ordinarily be charged with the duty of making an award for the acquired land instead of making an award himself submit a report to the Court of the District Judge, which for this purpose will consist of two members, one from each Dominion. If the two members are agreed they will make an award which will be final. If they disagree, a reference shall be made to the High Court of the Dominion in which the property in question is situated. The decision of the High Court shall be final.”

Obviously, the Land Acquisition Collector was not at fault in referring the matter to the District Judge in accordance with the above terms of the Agreement. The District Judge was also correct, when he returned the papers with the remarks that the Inter-Dominion Agreement did not have the force of a statutory law. On this, the matter was referred to the Government of India and clarification obtained and communicated to the Land Acquisition Collector on the 7-8-1951. Thus, for the period from the 8-11-1950 to the 7-8-1951, the delay in the announcement of the award occurred due to the Inter-Dominion Agreement, referred to above, which did not have the force of law and which was not subsequently implemented. The delay for the period from the 7-8-1951 to the 13-4-1953 occurred

as the relevant files remained in the court of the District Judge in connection with the disposal of references with respect to the original awards. In this connection it may be pointed out that the then Land Acquisition Collector on receipt of the instructions to assess the property in accordance with the Land Acquisition Act and deposit the awarded amount, with the Custodian of evacuee property, ordered his clerk on 28-8-1951 to find out from the clerk concerned of the District Judge's office, whether the files could be spared for a few days or not. On this the clerk had recorded the marginal note "I met the clerk concerned. He told me that the files could not be spared." This evidently shows the concern of the Land Acquisition Collector to obtain the files. Moreover, the deputation by him on his clerk for obtaining the files even for "a few days" proves his personal application to the case. He probably, on the report of his clerk, found the position helpless till the files could be released from the court after the disposal of pending references under section 18 of the Land Acquisition Act. Moreover, in the present case, the possession of the land had already been taken under section 17 and only the compensation for the land recorded as evacuee, had to be settled with the Custodian. The Custodian's property was commonly considered to be the property of a Government department and the settlement required was, as if, of one department of the Government with another. According to the general practice evacuee property taken over for public purposes is merely got 'transferred' on the book value without recourse to acquisition proceedings. The Custodian's case or interest stood on quite a different footing from that of an individual right holder. Although the possession of land in question which stood undisputedly recorded as evacuee till its exclusion from the evacuee list by an order of the Assistant Custodian dated the 13th November, 1953, was acquired on the 25th January, 1950, yet the Custodian failed to prefer any claim for compensation. In view of the position explained above, it will be observed that the then Land Acquisition Collector had taken all possible measures to give award to the disputed property and as such could not be held responsible for the delay for the period from the 8-11-1950 to the 13-4-1953.

5. The delay for the period from the 14-4-1953 to the 23-4-1954 occurred because the claimant could not produce a copy of the order of the Assistant Custodian of Evacuee Property dated 13-11-1953 before the 12th January, 1954. The supplementary award was announced by the then Land Acquisition Collector in April, 1954. The delay for this period was attributed to inaction on the part of the claimant and not of the Land Acquisition Collector.

6. Another point which has to be taken into account is that the Land Acquisition Collector remained under the bonafide belief that the land in question was an evacuee property. No mutation had been entered in favour of the claimant in the revenue records. The Land Acquisition Collector accepted the claim of the owner of the land only when he produced a copy of the order of the Assistant Custodian of Evacuee Property on the 12-1-1954. It has been considered whether the Land Acquisition Collector was justified in awarding the interest from the date of possession, when he was debarred from making the Award due to the omission on the part of the claimant to get the mutation entered in his favour in the revenue records. As advised by the Judicial Department, Delhi Administration the payment of interest with effect from the date of possession was inescapable due to the mandatory provision of section 34 of the Land Acquisition Act. Thus, although the omission was on the part of claimant, the interest had to be awarded to his heirs from the date of possession, on legal grounds.

7. For the period from the 24-4-1954 to the 25-11-1957, under the orders of the Chief Commissioner, Delhi, an enquiry was conducted by the Delhi Administration to fix responsibility for the cause of delay. As a result of the enquiry, although the responsibility of the dealing Assistant in the L.S.G. Branch could not be squarely fixed, an adverse entry was however made in his character-roll. The default on the part of the officials of the Deputy Commissioner's office was more serious, as all the reminders of the claimant were addressed to the Land Acquisition Collector. Both the officials concerned i.e. Clerk and Accountant were warned by the Deputy Commissioner. These officials appeared to have been over-worked and could not attend to the reminders sent on behalf of the claimant.

8. From the above facts, it appears that, although the Government had to pay a considerable amount as interest, no single factor or single individual can be held responsible for it. The terms of the Inter-Dominion Agreement (1949) in respect of acquisition of evacuee land, the lack of statutory force behind the decision and its subsequent non-implementation, the locking up of the files in the District Judge's Court, the absence of the correct entry in the mutation register, the legal liability to pay interest from the date of actual possession, the loss of the original sanction issued by the Ministry of Health in transit, and the heavy work of land acquisition in the Deputy Commissioner's office, were some of the factors which contributed to the delay and consequent payment of interest.

*Secretary.*

### Annexure

- (i) When was it decided that the provision of the Land Acquisition Act would be applicable to evacuee properties also? On the 7th August, 1951 the Chief Commissioner, Delhi informed the Deputy Commissioner, Delhi, that the Land Acquisition Act would be applicable to evacuee property also. Information about the exact date on which the Government of India communicated this decision to the Chief Commissioner, Delhi is not available as the relevant file of the Ministry of Rehabilitation has been destroyed and the relevant files of the Chief Commissioner, Delhi and the Assistant Settlement Commissioner (R), Delhi are not traceable.
- (ii) Why did the Land Settlement Officer not give his award at that time, in accordance with the provisions of the Land Acquisition Act? An explanatory note is attached.
- (iii) Why did it take the Government a period of over three years to provide funds to cover the supplementary award which resulted in an additional payment of Rs. 33,766 - on account of interest charges? An explanatory note is attached.

Sd/- (V. K. B. PILLAI)  
Secretary.

***Explanatory note on Points (ii) and (iii) on which the Public Accounts Committee desired to be furnished with further information.***

In 1950, the land measuring 102 Bighas was acquired under section 17 of the Land Acquisition Act for the Infectious Diseases Hospital, Delhi. The award was given on the 7th November, 1950. In this Award a piece of land measuring 29 Bighas and 2 Biswas, which was considered to be an evacuee property by the Land Acquisition Collector, was not included. He was under the impression that, according to the Inter-Dominion Agreement (1949), no compensation was assessable by him on the evacuee land. On the 14th April, 1953, the owner moved the Land Acquisition Collector, claiming ownership of the land comprising 29 Bighas and 2 Biswas. On the 12th January, 1954, he also produced a copy of the decision of the Assistant Custodian of Evacuee Property, dated the 9th November, 1953. On this, the Land Acquisition Collector gave a supplementary Award in April, 1954 under which a sum of Rs. 1,68,832 was awarded as compensation and Rs. 43,896 as interest. The reasons as to why the Land Settlement Officer did not give his award in August, 1951, in accordance with the provisions of the Land Acquisition Act are as follows:—

2. On 7-8-1951 the Government's decision, that the compensation should be assessed under the Land Acquisition Act, was communicated to the Land Acquisition Collector by the Chief Commissioner, Delhi. On receipt of the Chief Commissioner's communication dated the 7th August, 1951 the Land Acquisition Collector, first took up the question of a Supplementary Award on the 28th August, 1951. The relevant files were in the District Judge's office in connection with the disposal of references with respect to the original award, and were not released immediately by the Court of the District Judge. No further action for obtaining the files from the Court and making a supplementary award was taken by the Land Acquisition Collector. However the Collector, on an application dated the 14th April, 1953 from the owner of the Land requisitioned the file and made a supplementary Award on the 23rd April, 1954.

3. After the announcement of the Supplementary Award in April, 1954, the Land Acquisition Collector requested on 29-4-1954 the Secretary (L.S.G.), Delhi Administration, to take necessary action for arranging payment. The Delhi Administration, in turn, wrote to the Government of India, Ministry of Health on the 26th July, 1954 en-

quiring as to how the expenditure of Rs. 2,12,727/11/- was to be met. The Ministry of Health after consulting the Ministries of Finance, Works, Housing and Supply and Law, sent a reply to the Delhi Administration on the 28th February, 1955 intimating that as the item of acquisition of land for extension of the Infectious Diseases Hospital fell within the scope of the subjects included in the State and Concurrent Lists of the Seventh Schedule to the Constitution of India, the expenditure in question could be met by the State Government from their own budget. The Health Ministry's letter dated the 28th February, 1955, was received and diarised in the L.S.G. Department of the Delhi Government on the 5th March, 1955; but it was unfortunately misplaced somewhere in that office perhaps at the circulation stage. The State Government did not, however, pursue for a reply to their reference dated the 26th July, 1954 and the Ministry of Health recorded their papers after the issue of their final reply on the 28th February, 1955. The matter thus remained in cold storage until 1957.

4. The Delhi Administration again approached the Government of India in May, 1957 for expenditure sanction, after they had been reminded by the land owner in April, 1957 for settlement of his claim. In consultation with the Ministries of Home Affairs, Finance and Works, Housing and Supply, necessary sanction was thereupon accorded on the 24th August, 1957. The payment was made to the land owner by the Land Acquisition Collector on the 25th November, 1957.

5. The Delhi Administration have confirmed that they have thoroughly examined the reasons for delay and the official concerned has been warned to be very careful in future.

## APPENDIX XLIV

*Note from the Ministry of Health regarding the desirability of amending the Land Acquisition Act [Vide para. 53 of 25th Report (Second Lok Sabha)—Vol. I].*

The Ministry of Food and Agriculture who are concerned with the Land Acquisition Act and the Punjab Land Revenue Act, were requested to examine the question of amending the above mentioned Acts, in consultation with the Ministry of Law, so that the person, who claims right in the land and does not make claim in respect of that land in response to notice issued under Section 9 or other Sections of the Land Acquisition Act, shall not be entitled to interest if it is subsequently found that he is the rightful owner. The views of the Ministry of Law, who were consulted in the matter by the Ministry of Food and Agriculture, are reproduced below:—

“This is an odd case. The Law does not provide for odd cases. It lays down principles which are of general application. Hard cases often made bad law. Basically the principle that Government should pay interest from the date it takes possession is a sound one because it is from that date that the person concerned is deprived of his profit or usufruct from the land which benefit thereafter accrues to the Government. The trouble in this case has arisen because the property originally belonged to an evacuee. That is quite a fortuitous circumstance which should not affect the normal principle of legislation in such cases.

2. I do not think that under the existing law, Government is helpless in a case where the transferee of the acquired land has failed to take the necessary steps for having his name mutated in revenue records. In such a case, the compensation together with interest should be paid to the person who in the revenue records appears to be the owner of the land. If compensation is paid to such a person, Government will be fully discharged from further liability. The remedy of the transferee would then be against the person to whom the compensation is paid and not against the Government (*vide* the third proviso

to Section 31 of the Act). Thus, in this case, if the land acquisition collector had followed the advice referred to at 'A' of Shri Ameer Raza's note (extracts enclosed), no difficulty would have arisen. But it appears that the advice could not be followed because the record of the case was in the Court of the District and Session Judge which is another fortuitous circumstance in this case. The point is that if Government takes possession of land, it must pay interest from the date of taking such possession. However, if the Ministry of Food and Agriculture think that cases like this are likely to arise in future, they may, when the law is revised in accordance with the recommendations of the Law Commission contained in its Tenth Report, consider the advisability of adding a proviso to Section 34 to the effect that interest shall not be payable in certain circumstances (e.g., where the person claiming interest had been guilty of any default or negligence). But I am doubtful if there will be many occasions on which such a proviso would be useful."

The Ministry of Food and Agriculture have stated that the suggestion at 'A' will be considered in due course.

B. R. TANDAN,  
*Secretary.*

---

**EXTRACTS FROM SHRI AMEER RAZA'S NOTE DATED 16th  
NOVEMBER, 1960.**

"The Land Acquisition Collector accordingly wrote to the Secretary (L.S.G.), Delhi Administration, on the 1st May, 1951, requesting for instructions on the subject. In consultation with the Government of India, the Delhi Administration informed the Deputy Commissioner on 7th August, 1951, that it was not necessary to follow the formalities laid down under the Inter-dominion Agreement (1949), as the machinery visualised in this agreement had not been set up. The Land Acquisition Collector was advised to assess the property in accordance with the Land Acquisition Act and deposit the awarded amount with the custodian of evacuee property."

---

## APPENDIX XLV

*Statement showing action taken or proposed to be taken on recommendations made by the Public Accounts Committee (Second Lok Sabha) in their 25th Report, Vol. II. (Para. 63).*

Consequent on the submission of note vide Ministry of Home Affairs O.M. No. 20/58/59-AC.II, dated the 25th January, 1960, the position has changed. In the Appropriation Account for 1957-58 the outstandings against Sundry Debtors were shown as Rs. 7,90,446, out of which Rs. 2,68,699 was shown against doubtful debts, leaving a balance of Rs. 5,21,747 for being recovered. As against this the outstanding balance from the Sundry Debtors on the 31st March, 1960 was Rs. 4,86,860. Out of this a sum of Rs. 3,53,201 had been shown against doubtful debts. The balance of Rs. 1,33,659 was outstanding on the 31st March, 1960. This position has been shown in the Central Government Appropriation Accounts (including Proforma Commercial Accounts) (Civil), 1959-60 and the Audit Report, 1961.

A statement showing the position of Sundry Debtors as on the 30th June, 1960, is enclosed\*. It will be observed therefrom that the total outstanding as on 30th June, 1960 is Rs. 3,98,501; of which Rs. 3,33,963 is shown against doubtful debts and Rs. 64,538 is the net balance to be recovered. The statement has been vetted by the Audit.

A. D. PANDE,

*Joint Secretary,*

*Ministry of Home Affairs.*

---

\*Not printed.

## **APPENDIX XLVI**

### **MINISTRY OF INFORMATION AND BROADCASTING**

*Note showing action taken on the Recommendations of Public Accounts Committee in their Seventh Report—Volume I (Para 193).*

#### **LOSS ON RADIO STATIONS**

AIR is treated as a Commercial Department, but for part of their service, they do not get any return. If allowance is made for such services for which AIR gets no return e.g., Development Work, External Services, Plan Publicity (including Song and Drama Division), Educational Broadcasts, Industrial Programmes, Troops Programmes and Rural Programmes, the position becomes different. If the expenditure on these services is excluded from the proforma accounts the loss of Rs. 1,29,02,430 on the working of the Radio stations will be reduced to Rs. 82,30,756 as shown in the attached statement in respect of the year 1955-56.

#### **GRADED LICENCE FEE FOR RADIO SETS**

The Public Accounts Committee's suggestion to charge graded licence fee for a radio set on the basis of the number of valves contained in it has been considered. It has, however, been felt that this system cannot prove workable because it would be difficult for licensing staff to check up the number of valves contained in a radio set. Besides, it does not appear to be a correct criterion to charge licence fee on the basis of the number of valves contained in a radio set for a receiver having more valves may be less expensive than one with smaller number of valves. Instead, the question of charging a lower licence fee for a cheap medium wave receiver has been examined. In consultation with the Ministry of Finance, Ministry of Transport and Communications and Directorate General Posts and Telegraphs, it has been decided in principle that the licence fee for cheap radio sets would be Rs. 7/8/- per set per annum and Rs. 2/8/- per set per annum for second and subsequent cheap radio sets kept in the same premises. The details and mechanism of the scheme are being worked out in consultation with the Directorate General, Posts and Telegraphs.

## PRODUCTION OF CHEAP RADIO SETS

The production of radio sets is entirely a matter in the hands of the industry. The Ministry has discussed the desirability of reduction of cost and the production of cheap radio sets with them several times. The Ministry of Commerce and Industry have in consultation with this Ministry set up on 1st August, 1958 a 'Radio Panel' to examine the present position of the radio industry. This Ministry is represented on the 'Radio Panel'. The report of the 'Radio Panel' is awaited. The possibilities of manufacture of transistor radio sets by the public as well as private sector are also being examined. These sets cost about Rs. 75-100 per set. An ad hoc Committee has also been set up in January 1959, by the Ministry of Commerce and Industry to examine the question of manufacture of radio valves in the country. The lowest quotation received from the manufacturers for supply of community receiving sets during 1954-55 was for Rs. 149 per set. During 1955-56, however, the lowest quotation received was Rs. 120. So far about 39,000 sets have been supplied to the various States/Union Territories. About 11,000 sets are supplied every year.

## LOSS ON RADIO PUBLICATIONS

For 1956-57, the losses in this respect amounted to Rs. 3,87,205 and for 1957-58 Rs. 3,62,337. The following are some of the steps taken with a view to save on expenditure and/or increase in revenue:—

(i) Use of cheaper paper for printing programme pages of 'Akashvani'.

(ii) Raising the price of the journals as shown below as a result of increased cost of paper:—

Name of the Journal.	Date of increase in the price.
1. Betar Jagat.	1-2-1959.
2. Vani.	7-4-1959.
3. Vanoli.	7-4-1959.
4. Nabhovani.	22-3-1959.
5. Akashvani.	5-4-1959.

(iii) Reducing the number of complimentary copies, as indicated below:—

Name of the Journal	No. of copies of journals supplied free before effecting any reduction	No. of copies of journals supplied free after effecting reduction
1. Betar Jagat	66	54
2. Nabhovani	45	21
3. Vani	41	38
4. Vanoli	56	29
5. Awaz	198	32
6. Sarang	235	62
7. Akashvani	875	140

- (iv) Improving the get up of the journal.
- (v) Liberalisation of agency terms.

In addition, it is also being explored whether language journals in Hindi, Urdu and Gujarati would be prepared to publish AIR programmes and in the event of a favourable response, the question of supplying the programmes to the selected journals and discontinuing Sarang/Awaz/Nabhovani (each of which has a circulation of less than 5000) would be considered.

R. K. RAMADHYANI,  
*Secretary to the Government of India.*

## **APPENDIX XLVII**

***Note from the Ministry of Information and Broadcasting regarding contract with a firm without agreement vide paras 115-116 of the 18th Report (Second Lok Sabha) .***

The Ministry have gone into the whole matter once again with reference to the observations made by the Public Accounts Committee. They have nothing fresh to add to the explanations already furnished by them to the Committee.

In order, however, to have the case examined thoroughly, and acting on the recommendation of the Committee contained in para 116, the Government appointed on 19th January, 1960 a Committee of Enquiry with the following as its members—

- (1) Officer on Special Duty, Ministry of Commerce and Industry
- (2) Secretary, National Industrial Development Corporation.
- (3) Deputy Secretary, Ministry of Information and Broadcasting

None of these officers was connected with the case in question at any stage.

The terms of reference to the Committee were drawn up in consultation with the Ministry of Finance and with particular reference to the observations of the Public Accounts Committee.

The Enquiry Committee after studying all the relevant records and papers of the All India Radio Station Madras, Directorate General, All India Radio and this Ministry, met at Madras on the 23rd and 24th April, 1960 to take oral evidence from the officers of the Madras Station and again at Delhi on the 6th and 7th May, 1960 to take evidence from the officers of the Directorate General, All India Radio who had been connected with this case. The report of the Committee was submitted to Government on 23rd May, 1960. A copy of the report is attached.

A statement showing the terms of reference to the Committee together with the findings of the Committee is attached (Annexure I). The Committee is unanimously of the view that there has been

no laxity or lack of vigilance on the part of any of the officers concerned in the All India Radio Station, Madras, the Directorate General of All India Radio and the Ministry of Information and Broadcasting. After carefully considering the report of the Committee, Government have decided to accept its findings.

2. The Public Accounts Committee have also desired to be informed of the further development in regard to the recovery of the outstanding amount of Rs. 14,164/8/-. Further to the facts already reported to the Committee the following steps were taken in this respect:—

- (i) Efforts to institute legal proceedings for the liquidation of the Allied Advertising Corporation were dropped on the advice of the Ministry of Law as the Corporation had doubtful assets and this was confirmed by further enquiries made through the Police and the Government of Madras. The Madras Government have since intimated that the said Corporation was reported to be insolvent and that there were no assets of the firm.
- (ii) The last effort made in this direction was to prefer a claim in respect of Government dues in the insolvency case against two of the Directors of the now defunct Allied Advertising Corporation. The claim was, however, rejected by the Official Assignee of the High Court of Madras. The Government Pleader was of the opinion that this was hardly a fit case for filing an appeal and this was agreed to by Government.
- (iii) The possibility of making the Directors of the Allied Advertising Corporation Ltd., personally liable on the ground of misfeasance or malfeasance was also examined. The Ministry were advised by the Ministry of Law that even if such a charge could be proved, no amount could be recovered from Shri Balakrishna and his wife, two of the Directors, as they were insolvents. The whereabouts of the third Director, Shri Shri Shankar Giri, are not known and repeated efforts to trace him through the Police and other sources have failed.

In the circumstances stated above, no further action is proposed to be taken.

R. K. RAMADHYANI,  
Secretary to the Government of India.

## Annexure I

*Terms of Reference to the Enquiry Committee appointed in pursuance of the recommendations of the Public Accounts Committee (contained in para 116 of their 18th Report) to enquire into the case relating to the award of advertising agency to the Allied Advertising Corporation, Madras in 1954 and the findings of the Enquiry Committee.*

Terms of Reference	Findings of the Enquiry Committee.
I	2
(i) Whether there was any impropriety in awarding the contract to the Allied Advertising Corporation.	The Committee is of the opinion that there was no impropriety in awarding the contract to the Allied Advertising Corporation.
(ii) Whether the action in allowing the Allied Advertising Corporation, Madras to take up the sole agency for advertisements in "Vani" and "Vanoli" on the terms agreed upon by the Allied Advertising Agency from 1-4-54 without signing any formal agreement and for tendering a security deposit was reasonable in the circumstances of the case.	<p>The Committee have given their findings in two parts :</p> <p>(a) The Committee find that in the circumstances of the case there was nothing inappropriate in allowing the Allied Advertising Corporation Ltd. to take up the sole agency for which the Allied Advertising Agency had tendered ;</p> <p>(b) The Committee considers that the course of action followed in this case was neither unusual nor unreasonable in the circumstances.</p>
(iii) Whether prompt steps were taken to terminate the agency of the firm forthwith when there were sufficient indications to conclude that the firm was trying to dishonour the terms of the agency and were not doing adequate business expected of them ; and/or whether any laxity is noticed at any stage in Government's dealings with the Corporation that might have affected adversely or made difficult the recovery of the dues or part thereof at a later stage.	The Committee finds that prompt steps were initiated to bring the agency arrangement to an end when it became evident that the Agents were unable to secure adequate business and were trying to evade the stipulations of their agreement. The Committee do not find any undue delay at any stage in dealing with the Corporation which prejudiced the subsequent attempts to recover the dues.

(iv) Whether the laxity/lack of vigilance if any that the Committee of Enquiry may notice in respect of (i), (ii) & (iii) above in its detailed enquiry could be attributed to any Officer/Officers of All India Radio Station Madras Directorate General of All India Radio Ministry of Information and Broadcasting; and if so the name names of officer/officers and the nature and extent of his their responsibility.

In the light of the Committee's findings on the terms of reference of (i) to (iii) above, the Committee is of the view that there has been no laxity or lack of vigilance on the part of any of the officers concerned in the All India Radio Station, Madras, Directorate General of All India Radio and the Ministry of Information and Broadcasting.

## APPENDIX XLVIII

**Note from the Ministry of Irrigation & Power stating the steps taken to check the recurrence of irregularities in cash accounts [Vide para 122 of 18th Report (Second Lok Sabha)].**

Consequent on the establishment of an embezzlement charge against the ex-cashier, C.W. & P. C., the procedure for making payments in the Commission was examined with a view to ensuring that such defalcations did not occur in future. The following steps were taken with this end in view:—

- (1) All control of cash and financial transactions was brought under the Accounts Officer.
- (2) In addition to his responsibilities as Divisional Officer in respect of contingent and works expenditure, the Accounts Officer was also declared as the 'Drawing and Disbursing' Officer in respect of pay and T.A. of non-gazetted staff with effect from June 1954.
- (3) The Accounts Officer was asked to carry out surprise checks of cash in chest periodically besides the closing balance at the end of the month. In addition, an Administrative Officer, who is a Grade I officer of the Central Secretariat Service (Under Secretary's Status), will carry out surprise checks of Cash in Chest once a month and the Director (Administration) once in every quarter.
- (4) The procedure for the disbursement of pay to the individuals was also changed extensively as per office order dated 4th April 1955. According to the new procedure disbursements are made through the Section Officers or Sectional In-charges, who furnish a list of staff working under them. Acquittance rolls are now prepared separately for each section on the basis of this information and the amount pertaining to each Section is handed over to a responsible person deputed by the Section Officer for disbursement. It has since been prescribed that the person deputed to receive the amount from the Cashier would be a permanent employee. The Section Officer furnishes the acquittance rolls with all the acquittance and undischursed amounts, if any, are refunded to

the Cashier. As a further safeguard, it has now been laid down that the Section Officer should receive the pay and allowances of only those members of his staff, who are actually present in the Section and that the amount drawn shall be the net amount payable so as to avoid transactions of undisbursed amount or recoveries being refunded to the Cashier.

- (5) To guard against forged acknowledgements or absence of acknowledgements, vouchers relating to pay and T.A. of non-gazetted staff pertaining to the previous month are kept in the personal custody of the Accounts Officer. All payments against these bills are made after necessary record in those vouchers in the presence of the Accounts Officer himself.
- (6) The vouchers relating to works and contingencies are taken over by the Accountant and original vouchers furnished to audit along with the monthly account.
- (7) The entries on receipt and payment sides in both the Cash Books, one for Works and Contingent Expenditure and the other for pay and T.A. etc., are being attested by the Accounts Officer, who is the Drawing and Disbursing Officer. Prior to 1-4-1958, however, the entries on the payment side of the cash book for pay and T.A. etc., were attested by the Section Officer, Accounts (Establishment) Section. The Accounts Officer is also signing receipts in respect of moneys received after satisfying himself at the time of signing the receipt that the amount has been properly entered in the Cash Book. All money orders and Insured covers are being received by the Accounts Officer who grants receipts to be given to the parties after attesting the entries in the Cash Book on receipt side.

P. P. AGARWAL,

*Joint Secretary to the Govt. of India*

## APPENDIX XLIX

**Note from the Ministry of Labour & Employment re: heavy expenditure of rental (para 125 of 18th Report) (Second Lok Sabha)**

The property known as 43, Nanda Mitra Lane, Tollygunge, Calcutta, comprising 13.89 acres of land was requisitioned on 3rd August, 1943 under the Defence of India Rules for military purposes at an annual rental of Rs. 33,282/. The land together with War Department assets created thereon was temporarily transferred to the Ministry of Labour (Directorate General of Resettlement & Employment) on 1st July, 1946 for running a Technical and Vocational Training Centre but rent was recoverable from that Ministry with effect from 1st August, 1950.

2. On 9th December, 1953, the owner of the property served a notice under Section 80 Civil Procedure Code claiming that the plot Nos. 1573 and 1574 belonging to him, though not requisitioned, had been unauthorisedly occupied by the Training School. The notice was referred to this Ministry and subsequently the site was jointly inspected when it was found that portions of plot Nos. 1574 and 1576 measuring 0.16 and 0.18 acre had been occupied in excess originally by the Ministry of Defence, while erecting perimeter fence around the requisitioned lands, and that a portion of the requisitioned land comprising plot Nos. 1420, 1421, 1427 and 1625 measuring 1.21 acres had been left outside the fence and was thus never occupied. The Ministry of Labour thus desired the Ministry of Defence:—

- (i) to arrange with the land owner for the continued occupation of the portions of 1574 and 1576 encroached upon as hutments had been erected thereon, and to settle the owner's claim for rent thereof; and
- (ii) to take necessary action to de-requisition the portion of the requisitioned land comprising plot Nos. 1420, 1421, 1427 and 1625 lying outside the fence and never physically occupied.

3. The Deputy Director, Military Lands and Cantonments, Eastern Command to whom the matter was referred accordingly, took up the matter with the Collector, 24 Parganas on 14th October, 1954. The owners, however, refused on 7-3-1955 to accept partial de-requisition

of their land and insisted on restoration of the entire property. The Collector, in consultation with the Central Government Solicitor at Calcutta, released the plots referred to above by notification dated 25th May, 1955 in the Calcutta Gazette in consultation with the local L.H. & D. authorities and Central Government Solicitor at Calcutta.

4. The owners thereafter applied to the Collector for refixation of rent compensation for the land still retained under requisition, as per market value as prevailing on 25th May, 1955, the date of derequisition of a portion of the property, and cited the decision of Calcutta High Court in a similar case known as *S. C. Banerjee and others Vs. West Bengal Government* in respect of No. 2 Swinhoe Street, now named as Nos. 10 and 10A, Gariahata Road, Calcutta. In terms of the High Court ruling, the order releasing a portion of the requisitioned premises has the effect and tantamounts to a fresh order of requisition of the remaining portion on the date of partial derequisition.

5. The rent of the remaining portion of land measuring 12.68 acres retained under requisition has consequently been assessed by the Collector at Rs. 48,500 per annum and the same has since been sanctioned by the Ministry of Defence for payment after obtaining the concurrence of the Ministry of Labour (the then Directorate General of Resettlement and Employment) and Government of West Bengal who are to ultimately reimburse the amount to the Defence Estimates.

6. The land involved has been acquired by the State Government at a cost of Rs. 14.49 lakhs with effect from the 28th April, 1959, from which date the liability to pay rent has stopped.

7. Unfortunately, the ruling of the Calcutta High Court made as early as in August, 1953 was overlooked and the portion of the requisitioned land was de-requisitioned in May, 1955 without full appreciation of the financial implications. The Collector who was in the picture had suggested that the decision of the High Court be challenged but his suggestion was not accepted by the Legal Remembrancer to the Government of West Bengal who is reported to have advised that the matter should not be agitated. The Central Government Solicitor at Calcutta who was consulted direct by the Collector did not also foresee the complication which subsequently arose. The matter is being taken up by the Ministry of Defence with the Ministry of Law separately to have their advice whether there was any negligence on the part of the Government Solicitor in rendering his advice.

8. To avoid recurrence of such cases the Ministry of Works, Housing and Supply who are the administrative Ministry concerned with

the requisitioning and de-requisitioning of lands and payment of compensation, have brought the implications of the decision of the Calcutta High Court in case of No. 2 Swinhoe Street, Calcutta, to the notice of all concerned, vide their O.M. No. EE-12(18) 60, dated the 30th Nov., 1960. These instructions have also been conveyed to all the local officers of the Ministry of Defence.

9. This Note has been vetted by the Accountant General, Central Revenues, New Delhi.

(S. ABDUL QADIR).

*Director General of Employment & Training & Joint Secretary to the Government of India.*

## APPENDIX L

### Note for the Public Accounts Committee

*Statement showing action taken or proposed to be taken on outstanding recommendations of the Public Accounts Committee relating to Civil accounts para 205 of the 7th Report of Public Accounts Committee (II-Lok Sabha)—18th Report on Appropriation Accounts (Civil) 1955-56 and Audit Report, 1957*

Question	Answer
(a) Action taken by the Chief Secretary, Delhi to fix responsibility for delay in making payments.	(a) Reply from the Chief Commissioner, Delhi, has been received. (The Chief Commissioner's note is appended hereto.) He confirms the statement made in the note already submitted to the Lok Sabha Secretariat on 21-1-1959 that in this case it is not possible to fix responsibility on any particular officer.
(b) Position regarding the payment of compensation to the remaining land owners.	(b) There is no case pending with the Ministry where compensation has been awarded by the Land Acquisition Collector/Arbitrator/ High Court and payment for which has not been sanctioned. However, in some cases awards are still to be given by the Land Acquisition Collector/Arbitrator and as soon as the awards are intimated sanctions for payment will be given. In spite of repeated attempts it has not been possible to ascertain the actual number of cases of claims pending before the Land Acquisition Collector/Arbitrator from the Delhi Administration.

*Chief Commissioner Delhi's Note dated 14th May, 1959*

In the year 1948, the Delhi Improvement Trust prepared a scheme—**KALKAJI TOWN EXPANSION SCHEME**—for developing certain areas of the villages Tughlakabad, Tekhand and Bahapur for residential accommodation. This Scheme was later taken over by the Ministry

of Relief and Rehabilitation for rehabilitating the displaced persons. The work relating to the acquisition of the land, however, was entrusted to the Lands Officer who was declared as Competent Authority under the Resettlement of Displaced Persons (Land Acquisition) Act, 1948. The Superintending Engineer, Rehabilitation Circle, requested the Chief Commissioner on 17-1-1949 to acquire 644.86 acres of land in villages Bahapur, Tekhand and Tughlakabad under the Resettlement of Displaced Persons (Land Acquisition) Act, 1948. After some correspondence, the Superintending Engineer, Rehabilitation Circle, supplied details of the Khasras and the requisite notification was issued on 26-3-1949.

2. The Ministry of Rehabilitation attached great importance to the speedy execution of the Scheme and the Superintending Engineer, Rehabilitation Circle, appeared to have rushed through the formality of getting the notification issued. Neither the land was clearly demarcated nor the Khasras fully verified. Consequently, several corrections had to be made at a later stage so much so that in the year 1954 it was noticed that possession of 43.57 acres of land was taken over, although the corresponding Khasras were not included in the Notification. The inaccuracies of the field numbers etc. caused great difficulty at the time of issuing notices to the individual land owners/occupiers. In majority of the cases, notices could not be served on the individual land owners/occupiers, in spite of repeated efforts, and several notifications had to be issued in the Gazette in respect of each of the land owners. All this process, coupled with the shortage of staff and non-availability of revenue-trained Patwaris and Clerks, resulted in considerable delay in making payments of the amount of compensation to the land-owners.

3. The Ministry of Rehabilitation placed Rs. 3 lakhs as an *ad hoc* amount at the disposal of the Delhi State on 1st July, 1952, and this amount was credited to the Improvement Trust Account in December, 1952. Before disbursing the amount of compensation to the claimants, the Land Officer (Competent Authority) sought clarification on the following points from the Delhi State Government:—

- (a) Who was competent to sign the agreements on behalf of the Government under Section 7 of the Act?
- (b) Who will bear the stamp duty on the said agreement?
- (c) At what rate should interest be calculated from the date of possession to the date of disbursement of the amount of compensation? (It is significant to note that there is no clear provision in the Resettlement of Displaced Persons Act as to how much interest should be paid from the date of possession to the date of payment of claim).

These points were clarified by the State Government, and reply sent to the Delhi Improvement Trust on 20th April, 1953.

4. The Lands Officer had also asked for additional staff to cope with the heavy work of disbursement and this staff was sanctioned by the Government of India in July, 1953.

5. After obtaining the necessary clarifications and the additional staff, the work pertaining to the completion of the individual Urdu files by the Patwaris and issuing of notices to the land owners for receiving payment, etc., was taken in hand by the Lands Officer (Competent Authority). In the meanwhile, a question arose as to whether or not the work of Rehabilitation should be transferred from the Improvement Trust to the Land Acquisition Collector. This matter remained under consideration of the Delhi State Government till 14th August, 1953, when it was decided that the Land Officer (Competent Authority) of the Delhi Improvement Trust should continue to do the work. Thereafter the work pertaining to payment was expedited and by 23-10-1954 Rs. 2,99,041/14/3 were disbursed out of Rs. 3 lakhs placed at the disposal of the Improvement Trust.

6. It may be added that, as pointed out in para 1 above, the Lands Officer (Competent Authority) discovered in 1953 that possession of certain portions of the land was taken by the Superintending Engineer, Rehabilitation Circle, and houses built upon it, although the relevant Khasra numbers were not covered by the notification. To clarify the position and to assess correctly the area wrongly occupied by the C.P.W.D., the Lands Officer requested the Superintending Engineer to get the land demarcated by fixing boundary pillars at the site in the presence of the Naib Tehsildar and Mahal Patwari. For a long time, the C.P.W.D. failed to demarcate the land and this resulted in further delay in the matter. The required revenue papers were also not prepared by the Revenue Patwaris, notwithstanding the fact that the Lands Officer repeatedly wrote to the Revenue Assistant. After some correspondence, the Revenue Assistant pointed out that his Patwaris were busy with the preparation of the electoral rolls. Afterwards, however, the land was demarcated and necessary revenue papers prepared. It was then discovered that the Superintending Engineer, Rehabilitation Circle had occupied 43.57 acres of land in excess of the land covered under the notification.

7. The Rehabilitation Ministry moved the then Delhi State Government for regularizing the matter by issuing another notification, covering 43.57 acres. The then Minister of Law & Development refused to issue necessary notification under Section 3 of the Resettlement of Displaced Persons (Land Acquisition) Act, 1948. He pointed

out that it was extremely regrettable that the Government (Rehabilitation Ministry) had "tresspassed the land of the people" and that he would agree to the acquisition of the land under the Land Acquisition Act, 1894 only. The Lands Officer (Competent Authority was, therefore, directed to prepare draft notifications under the Land Acquisition Act. The controversy lingered on, and after some time the matter was informally brought to the notice of the Chief Commissioner by the Rehabilitation Ministry. The file was never shown to the Chief Commissioner earlier, and it was only after his specific directions that the file was personally brought by the then Secretary (L.S.G.) at the time of Peshi. The Chief Commissioner recorded that the land should be acquired under the Resettlement of the Displaced Persons (Land Acquisition) Act, 1948, as desired by the Ministry of Rehabilitation, because it would be discriminatory to acquire one portion of the land under the Land Acquisition Act and the other portion under the Resettlement Act for the same purpose. These observations of the Chief Commissioner were not immediately implemented, and the Law & Development Minister raised the point that the notification should be issued retrospectively. The Law Department advised that retrospective notification could not be issued. It was then suggested by the Secretary (L.S.G.) that notification should be issued and interest paid at the rate of 6% from the date of actual possession. The Ministry of Rehabilitation was accordingly moved to give their approval to the payment of interest at the rate of 6% from the date of taking over the possession. The approval of the Government of India was conveyed on 14-6-1957. Thus, it took one year and nine months to settle the points raised by the Minister for Law and Development, and hence the delay in finalizing the papers regarding payment of compensation amount to the landowners.

8. It would, thus, be obvious that the reasons for delay in this case are many and various agencies are responsible for the same. The basic mistake was made when the notification was got issued by the Superintending Engineer, Rehabilitation Circle, in haste and the possession taken over without fixing the boundary pillars and clear demarcation of the land. The lack of clear provision in the Resettlement of Displaced Persons (Land Acquisition) Act, regarding payment of interest, shortage of revenue trained staff, want of clarification on various points, and the controversy raised by the then Minister for Law & Development are the main causes of delay in making quick payments to the land-owners. No single individual can be held responsible for the delay. In fact, payment of considerable amount of interest is a natural corollary to the taking over of immediate possession of land.

## **APPENDIX LI**

### **GOVERNMENT OF INDIA**

#### **MINISTRY OF REHABILITATION**

*Note for consideration of the Public Accounts Committee pursuant to the summary recommendations at S. No. 118 Appendix I, Vol. II of their Eighteenth Report (Second Lok Sabha)*

*Public Accounts Committee's observation*

*"Action against the delinquent officers may be expedited."*

#### *Explanation of the Ministry*

The matter was taken up with the State Governments concerned, for ascertaining the action taken against the persons who held charge of the Sabarmati Camp, Ahmedabad and the Phaphamau camp at Allahabad. The Government of Bombay have intimated on 3-9-1959 that the suit filed by the State against the contractor, who overcharged the Government for the supply of vegetables to displaced persons at the Sabarmati Camp, Ahmedabad, is still pending in a Court of Law. As regards the action taken against persons in-charge of the Phaphamau Camp, Allahabad, the Government of Uttar Pradesh have intimated on 17-8-1959 that the explanations of the Officers concerned were obtained and meticulously examined and it was revealed in the ultimate analysis that these officers could not be held responsible for the losses. The matter was also discussed at a meeting held on 28th Jan., 1959 at Lucknow, between the representatives of the Ministry of Rehabilitation and the State Government, when the Union Minister of Rehabilitation was also present and on the basis of the decision arrived at, the loss of Rs. 1,628.62 was written off on 5th June, 1959.

This Note has been vetted by the Director of Audit, F.R.S.C.S. & M, New Delhi.

**DHARMA VIRA,**

*Secretary to the Govt. of India:*

## APPENDIX LI—A

*Note from the Ministry of Rehabilitation pursuant to action taken on Para 209 of Seventh Report regarding a disciplinary action taken for frauds, embezzlements, etc., against officers employed in various camps.*

Pursuant to the recommendations of the Committee as contained in para. 209 of the Seventh Report of the Public Accounts Committee (Second Lok Sabha)—Vol. I, corresponding to para 117 of their Sixteenth Report on the Appropriation Accounts 1951-52 (Civil) and Audit Report 1953 etc., etc., the matter was taken up with the various State Governments concerned who were requested to re-examine all the cases with a view to considering the possibility of effecting recoveries from the persons concerned. Since the submission of the Note to the Committee on the 19th January, 1959, on which the Committee had made the above observations, replies have been received from the remaining State Governments. On scrutiny, it has been revealed that out of the amount of Rs. 83,112-6-6, required to be recovered from the delinquent officers, the amount which has since been found completely irrecoverable is Rs. 68,200-13-3. The reasons as intimated by the State Governments which account for its non-recovery and in view of which it is not possible for the Ministry to take any further action in the matter, are summed up below:—

- (i) Responsibility for the loss could not be fixed on any particular person|persons.
- (ii) The officers originally held responsible for the loss, on further probe by the State Govt., were absolved of the charge as it was not possible to establish *mala fide* intentions, dishonesty or culpable negligence, etc., on the part of the officers concerned.
- (iii) The officers held responsible, when tried in the Court of Law, were subsequently acquitted.
- (iv) In certain cases the amount of loss of stores represented book value. The Stores had been in use since long and as such the recovery was made at the price of used stores. As such the question of effecting recovery of the balance did not arise.

(v) The officials then working are no longer in service nor their present whereabouts are known.

(vi) The defaulters had already been dismissed from service as a result of charges of misappropriation etc., etc..

The State Government are being asked to confirm that necessary action for the write off of irrecoverable amounts has been taken.

2. As regards the remaining cases involving amount of Rs. 14,911-9-3, the State Governments have intimated that they are still making efforts to effect recoveries from the persons concerned and if and when any progress is made, it will be communicated to the Committee.

3. This Note has been vetted by the Director of Audit, Food, Rehabilitation, Supply, Commerce, Steel and Mines, New Delhi.

(DHARMA VIRA).

Secretary to the Government of India.

## **APPENDIX LII—B**

From the last Note (Appendix LII-A) submitted to the Public Accounts Committee by the Ministry of Rehabilitation on 15-3-1960 it would be observed that further information in respect of the following two points remained to be furnished:—

- (i) whether action for the write off of the irrecoverable amounts had been taken by the State Governments concerned.
- (ii) Progress made in the recovery of the sum of Rs. 14,911-9-3 which was not classified by the State Governments as "completely irrecoverable".

2. The matter was taken up simultaneously with the State Governments concerned and was pursued vigorously by issuing reminders at regular intervals and at various levels. Unfortunately, in spite of these efforts, the State Governments have not furnished complete information. The reports received so far reveal that out of the total amount of Rs. 68,200-13-3 which at one stage was found to be completely irrecoverable, the relevant vouchers for a sum of Rs. 434-3-6 have since been traced. Another sum of Rs. 570-5-0 was also originally taken to be a loss on the ground that vouchers in support of the payment, were not on record. But now it appears that the amount was probably disbursed to the party concerned as no claim has so far been referred to the State Government. Accordingly, this amount has also been set off from the total loss of Rs. 68,200-13-3. Thus the nett loss now works out to Rs. 67,196-4-9. (Rs. 68,200-13-3—Rs. 1,004-8-6). Out of this amount, losses amounting to Rs. 19,356-10 only are reported to have been written off so far. The State Governments have been requested to expedite decision in respect of the remaining cases and as soon as these are communicated to this Ministry, the Public Accounts Committee will be apprised of the same.

3. As regards the recovery of the sum of Rs. 14,911-9-3, the State Governments concerned have intimated that so far no recovery has been made and out of five cases, loss of Rs. 2,255-12-6 in respect of two of them, has since been written off. Efforts are being continued by the State Governments for the recovery of the balance of Rs. 12,655-12-9 (Rs. 14,911-9-3—Rs. 2,255-12-6); but it appears that the chances of recovery at this belated stage are slender.

4. This note has been vetted by the Director of Audit, Food, Rehabilitation & Supply, Commerce, Steel & Mines, New Delhi.

(DHARMA VIRA),  
Secretary to the Government of India

## **APPENDIX LIII**

***Note from the Ministry of Rehabilitation pursuant to action taken on para 130 of 18th Report regarding irregular maintenance of Cash and other accounts***

**A fresh inquiry was held to fix responsibility for the loss of the Cash Book.**

**According to the Inquiry Officer's findings, the Cashier of the office was found to be responsible for the loss. An L.D.C. was also held to have contributed to the loss by his negligence. He has been warned for his negligence. The Cashier had already been dismissed from service on certain other charges and no separate action against him on this account is possible.**

## APPENDIX LIV

### MINISTRY OF REHABILITATION

**SUBJECT:** *Appropriation accounts of the Government of Delhi for the years 1954-55 and 1955-56 and Finance Accounts 1954-55 and Audit Reports thereon:—Recommendations of the Public Accounts Committee contained in Serial No. 11 of Appendix I of Twenty-fourth Report (Second Lok Sabha).*

The points raised in the note submitted by the Ministry of Rehabilitation to the Lok Sabha Secretariat on 18-5-1959 in pursuance of the recommendations mentioned above were considered at the sitting of the Public Accounts Committee held on the 25th July, 1959. The following observations were then made by the Committee:—

"The Committee would like to know the latest position regarding recovery of rent including ground rent etc. from the displaced persons."

*Remarks by the Ministry of Rehabilitation*

A statement showing the total demand, amounts realised and outstanding balances under rent and ground rent as on 1-3-1960 is enclosed.\* On the 1st April 1958 out of the total demand of Rs. 525.38 lakhs a balance of Rs. 149.62 lakhs was shown as outstanding. The corresponding figures on 1-3-1960 are Rs. 320.58 lakhs and Rs. 110.12 lakhs respectively.

(In lakhs of rupees)				
S. No.	Nature of demand	Total demand upto 29-2-60	Total realisation upto 29-2-60	Balance on 1-3-60
1.	Rent	187.64	136.32	51.32
2.	Ground Rent	56.39	34.40	21.99
3.	Instalments	76.55	39.74	36.81
	Total	320.58	210.46	110.12

## **APPENDIX LV**

### **MINISTRY OF REHABILITATION**

**S.No. 3 of Appendix XI (Para 8) of 24th Report of the Public Accounts Committee 2nd Lok Sabha) on Appropriation Accounts of the Government of Delhi for the year 1956-57 and Audit Report thereon.**

**Public Accounts Committee's observations:—**

**"The question regarding the maintenance of property registers by the C.P.W.D. has been taken up by the Ministry of Rehabilitation with the Chief Engineer, C.P.W.D. and the Ministry of Works, Housing & Supply. The Committee would like to be apprised of the final decision in the matter".**

#### **Ministry's Note**

**The Departmental Enquiry Committee set up to examine the working of the organisation which was looking after the houses, tenements, shops etc. constructed for displaced persons in Delhi and steps taken to tone it up, had made the following observations in para. 10 of their report with regard to the maintenance of property registers.**

**"The Housing & Rent Officers and the Rehabilitation Department of the erstwhile Delhi State Government were of the view that it was the duty of the C.P.W.D. to prepare these registers and then hand them over to the Housing & Rent Office. It appears that at one stage the C.P.W.D. were agreeable to undertake this work but no tangible progress seems to have been made in this regard till 1954 when reconstruction of these registers was taken over by Housing & Rent Office itself".**

**While considering the Report of the Departmental Enquiry Committee in their sitting held on the 25th July, 1959, the Public Accounts Committee desired to know the reaction of the Ministry of Works, Housing & Supply to these observations. The matter was accordingly taken up with the Chief Engineer, C.P.W.D. on 12-8-1959 and the Ministry of Works, Housing & Supply. It was explained to them that the observations of the Departmental Enquiry Committee were based on para VIII of the A.G.C.R.'s Inspection Report on the accounts of the Housing & Rent Office, Delhi, for the period from April, 1952, to September, 1952, in which it had been stated that**

the register of immovable Government property had, in the first instance, to be prepared and completed in all respects by the C.P.W.D. Division concerned.

The Ministry of Works, Housing & Supply, however, did not agree with this view and stated that the C.P.W.D. was not required to maintain the property registers belonging to the departments other than C.P.W.D., even if the buildings had been constructed by the C.P.W.D. as construction agency on behalf of those departments.

The matter, was, therefore, re-examined in consultation with Audit and it has been agreed that the C.P.W.D. was not required to maintain property registers in this case. Steps are now being taken in this Ministry to complete the registers of immovable Government property.

Sd./- SECRETARY.

NEW DELHI;

Dated 11th May, 1961.

## APPENDIX LVI

### Government of India, Ministry of Rehabilitation.

*Note in pursuance of the Recommendations made in Para 11 of the Twenty-fourth Report of the Public Accounts Committee (Second Lok Sabha) on the Appropriation Accounts of the Government of Delhi for the Year 1956-57 (1st April, 1956 to 31st October, 1956) and Finance Accounts for the Years 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Reports thereon.*

The work regarding the recovery etc. of small urban loans advanced to displaced persons from West Pakistan in the Union Territory of Delhi was transferred by the Social Welfare and Rehabilitation Directorate to the Deputy Commissioner, Delhi, on 24-1-1959. The total number of cases thus transferred was 3,600. The accounts of these cases were incomplete. The Deputy Commissioner, Delhi has brought upto-date the accounts in 1600 cases and has recovered an amount of Rs. 1,74,765 - in cash upto 31st October, 1960 and adjusted another sum of Rs. 1,49,380 - from the compensation of the displaced persons upto April, 1960. The number of cases in which complete recovery has been effected is 500. In the remaining cases only part recovery has been made. Notices for the repayment of the loan are sent by the Deputy Commissioner regularly. In the case of defaulters, the recovery is being effected as arrears of land revenue both from the loanees and their sureties. There are, however, some loanees who have left for unknown places without informing the authorities concerned. Efforts are being made to find out their whereabouts from their sureties and from the persons who gave good character and solvency certificates in their favour at the time of payment of loans. Efforts are also being made to have these loanees traced out through the State Governments.

2. Action to bring upto-date the accounts of the remaining 2,000 cases is being taken by the Deputy Commissioner and this work is likely to take about 1½ years. Action to recover the amount of loan in these cases also will be taken by him when the accounts of these cases have been brought upto-date.

3. There are some bad cases where it will not be possible to recover the outstanding loans even as arrears of land revenue. Since accounts of all the cases have not yet been brought upto-date,

It is not possible to give the number and the amount involved at this stage. Cases taken in hand by the Deputy Commissioner, however, show that the recovery would be doubtful in about 10 to 20% cases.

NEW DELHI;

DHARMA VIRA.

*Dated the 6th June, 1961.*

*Secretary to the Government of India.*

## **APPENDIX LVII**

### **MINISTRY OF REHABILITATION**

#### **OFFICE OF THE CHIEF SETTLEMENT COMMISSIONER**

No. 20(18) (vi) |A&IA|59.

#### **Note for the Public Accounts Committee**

On para 19 of their Twenty-Fourth Report (Second Lok Sabha) (Summarised at Serial No. 8 of Appendix XI thereof).

A sum of Rs. 1.78 lakhs has been recovered during the period from July, 1959, to July, 1960, raising the total recovery to Rs. 6.36 lakhs.

The reconstruction of accounts could not be completed by the 31st March, 1960 as stated in the note submitted in February, 1960 printed at Appendix IV of the Twenty-fourth Report of the Public Accounts Committee (2nd Lok Sabha), as no additional staff could be provided during the year. Accounts of some Colonies have already been completed. The rest of the work will be completed by 30-6-1961. The exact amount recoverable will be known as soon as the accounts are completed.

The question of the recovery of water charges from 1-4-58 by the Delhi Municipal Corporation and the New Delhi Municipal Committee, directly from the residents of the colonies is under consideration in consultation with the local bodies. The Delhi Municipal Corporation is agreeable to take up the work with effect from 1-4-1961.

*Secretary to the Government of India,  
Ministry of Rehabilitation.*

*Dated 20-2-61.*

## APPENDIX LVIII

*Note from the Ministry of Rehabilitation pursuant to action taken on para 63 of 25th Report Vol. I regarding outstanding arrears of rent in respect of evacuee properties.*

Necessary instructions for the recovery of the arrears of rent have been issued to the Regional Settlement Commissioners and Custodians from time to time. It has always been reiterated that the arrears should not be allowed to accumulate and necessary steps should be taken to realise the rent in time and also the arrears. In some cases large arrears accumulated and, therefore, it became difficult for the displaced persons to pay in lump sum before they could get the allottable properties transferred in their names. Considering the hardship involved in it, it was decided that the payment of the arrears of rent should be made co-terminus with the recovery of instalments of the price of the properties in 7 years. Therefore, it is expected that most of the arrears would be liquidated in that manner.

As regards the arrears of rent due from Government Departments and Government servants (both Central & State) recovery has been sought to be effected through the departments of the respective Governments. Similarly Government Depts. have been requested to ask the government servants to pay the arrears of rent. As regards the displaced persons and others, stringent instructions have been issued for the recovery of arrears of rent from them. It has been decided that coercive steps like, attachment, evictions and arrests should be taken for recovery of arrears. The recommendations of the Public Accounts Committee have, therefore, been accepted and further instructions have been issued to all Regional Settlement Commissioners to make vigorous efforts towards realisation of arrears of rent.

---

## APPENDIX LIX

*Note from the Ministry of Steel, Mines and Fuel (Department of Mines and Fuel) regarding delay in disposal of Government building [Vide para 226 of Seventh Report (Second Lok Sabha)].*

This has reference to the report of investigation into the question of delay in the disposal of buildings built by the late Directorate of Open-cut Coal Mining at market colliery site. The relevant extract from the Committee's remarks on the above report are reproduced below:—

"The Committee can do no more than express their dissatisfaction at the manner in which this case was dealt with. As regards the sale of buildings, it has been stated that a payment of Rs. 25,000 has been realized from one colliery and the issue relating to another is under arbitration. The Committee may be informed in due course of the further developments in the case."

The issue regarding the second colliery is still under arbitration. Sitings were held before the Umpire (Shri Das) on 9th and 30th January 1959. The date for the next sitting was fixed on 6-3-1959 but due to the absence of the counsels, the sitting was adjourned till 9th April, 1959 at which it was intended to fix a date for the examination of witnesses. The two witnesses to be examined are officials employed in the State Bank of India and State Trading Corporation. Both these gentlemen were approached by the Department on 16th and 15th April, 1959, and requested to appear before the Umpire for giving evidence as Government witnesses on dates convenient to them. It is understood from the Central Government's Solicitor at Calcutta that the facts of the case have been communicated to both the witnesses. In the meantime, certain documents on the basis of which the cost of the buildings in question were estimated in 1951 which are required to be produced before the Umpire are being collected by the Coal Controller. In the circumstances, the Coal Controller has recommended to the Central Government Solicitor to defer the case till September, 1959.

N. S. MANI,  
*Joint Secretary to the Govt. of India.*

## APPENDIX LX

*Note from the Ministry of Steel, Mines & Fuel (Department of Mines & Fuel) regarding commercial possibility of manufacturing briquettes of coal waste in India [Vide para 141 of 18th Report (Second Lok Sabha)].*

As suggested by the P.A.C., the matter was taken up with the Forest Research Institute, through the Ministry of Food and Agriculture. It has been reported that they have made only a preliminary study of the problem and have not carried out any detailed experiments on the briquetting of coal dust.

2. The manufacture of briquettes of coal waste depends upon two important factors, namely;

- (1) availability of coal dust and of slack in sufficient quantity;  
and
- (2) the manufacture of briquettes should be economical.

As regards (1), as already reported, statistics are lacking regarding the approximate quantity of coal wasted in India in the normal process of mining and transportation, resulting in coal dust and slack coal etc., which can be utilised in briquetting. Only a few of the collieries have got screening plants, where slack is separated by screening. In other cases, quite a good deal of slack is loaded along with steam coal, and is despatched to the consumers. The major portion of slack is used for brick-burning purposes and in a few cases, as fuel in stationary boilers for generation of steam. Approximately 25 to 30 per cent of the coal can be considered as slack coal, out of which some portion is utilised, as indicated above, in stationary boilers and for the purpose of brick-burning. Only 2½ to 5 per cent of the total production of coal that results in coal dust and slack is probably not utilised. It would be extremely difficult to collect this coal dust and slack for the purpose of briquetting. Slack produced from the coking coal collieries is all despatched and used for the manufacture of Hard Coke. There is no waste of coking coal slack.

3. Besides, the problem of dust and slack coal disposal is not of much consequence because of the following reasons:—

- (1) Quite a sizable quantity of coal produced will be coking coal and the present problem is upgrading by washing.

Since coking coal is used in powdered form, disposal of slack or fine coal presents no problem;

- (2) Besides the use of a major portion of slack for brick-burning purposes, there has been considerable expansion of the cement industry which use non-coking coal in powdered form; and
- (3) In view of the Planning Commission's directive, all major Power Stations over 30 MW are being equipped with pulverised fuel firing boilers or spreader stokers or some other stokers which can use slack coal containing appreciable quantity of dust.

4. As the P.A.C. recommended that the commercial possibility of briquetting of coal waste should be examined, the CFRI were requested on 27-1-1960 to give briquetting of slack and coal dust a high priority in their research programme. It is reported that they have already carried out large scale pilot plant tests on briquetting of dust coal produced from the steam coal stock-piles at various loco sheds, but the results of the pilot plant tests did not suggest it to be an economic proposition to undertake briquetting of coal dust. They have further reported that the problem of briquetting of small coal was most acute in Assam where a major part of the production is of small sizes. In this State two briquetting plants, each of about 10 tons/hour capacity, were installed several years ago before the war but were found to be uneconomical due to high cost of binder.

5. At the Central Fuel Research Institute, a pilot plant for briquetting with conventional binders has been installed sometime back at a cost of Rs. 2 lakhs. Pilot plant tests have been carried out but briquetting of coal with the use of binders has not been found economical.

6. It will thus follow that the pilot plant tests carried out so far by the CFRI for the preparation of briquettes with conventional binders have not proved economical. The CFRI, however, propose to carry out experiments for preparing binderless briquettes under controlled oxidation at a high pressure briquetting press, which has been ordered. They have also in view a long term programme for preparation of briquettes for carbonisation for domestic coke.

7. A comparison with European countries does not seem to be justified. The problem on the continent is entirely different than that which prevails in India, where consumers are not prepared to pay any premium for processed fuel which would justify heavy capital investment and recurring charges.

(N. S. MANI),

*Joint Secretary to the Govt. of India.*

## APPENDIX LXI

**Note from the Ministry of Steel, Mines and Fuel (Department of Iron and Steel) regarding loss due to delay in preferring claims with the Railways [Vide para 29 of 18th Report Second Lok Sabha].**

The case originated in 1947 when two wagons containing 770 packages of tinplates despatched from Belur (EIR) to Transit Depot, Shalimar (BNR) under Railway Receipts Nos. 435596 dated 2nd April, 1947 and 435513 dated 25th January, 1947 did not reach Shalimar. It appears that the Depot personnel took up the matter with the Railway authorities but as these reports were apparently made verbally or on telephone no records of these are available. The matter was officially taken up by the Regional Deputy Iron and Steel Controller, Bengal, on 13th September 1947, with the Divisional Superintendent, E. I. Railway. As no reply was received, the matter was reported to the Assistant Commercial Officer, B. N. Railway, on 27th February, 1948. Since no reply was received, a claim for Rs. 26,017/8/0 for the loss was sent by him to the Chief Commercial Manager (Claims) B. N. Railway, on 18th November, 1948. The General Manager, B. N. Railway, was also addressed in July, 1949. As there was no progress, the case was reported to the late Ministry of Industry and Supply in July, 1950, who took up the matter with the Railway Board. The Board requested the General Manager, B. N. Railway, to dispose of the claim without delay in August, 1950. As the matter remained unsettled, a further reference was made by the Ministry to the Railway Board in February, 1953. In June, 1953, the Chief Commercial Superintendent, Eastern Railway refused to entertain the claim in respect of these two missing wagons, on the following grounds:—

- (i) The non-receipt of the wagons was not officially reported to them within six months from the date of booking, and
- (ii) The wagons were placed at the Brickfield siding of the Shalimar Depot and the relative railway freight collected.

The Chief Commercial Superintendent, E. Railway had also referred the case to the Deputy Inspector General of Police, C.I.D., West Bengal, for investigation in May, 1952. It appears that no clue could be found for the missing wagons.

The matter was further taken up with the Railway Board by the

Ministry of Commerce and Industry in September, 1953, for a review of the case in the light of the facts of the case and settlement of the claim. The time limit of six months was not exceeded in the case of the wagon despatched on 2nd April, 1947. The original Railway receipts were in the custody of Depot personnel and there was no entry in the Depot Wagon Register to show that the wagons were placed in the Depot siding. The Railways also did not establish how the freight was collected in this case, since freight was generally paid by Credit Notes and not in cash.

The Railway Board, however, endorsed the view taken by the Chief Commercial Superintendent and stated that there was no justification for their intervention in the matter. As there was no alternative the loss was written off in consultation with the Ministry of Finance.

The Transit Depots have closed long ago and it is unlikely that similar cases would recur.

(S. BHOOHALINGAM),  
*Secretary to the Govt. of India.*

NEW DELHI;  
*The 28th July, 1959.*

## APPENDIX LXII

*Note from the Ministry of Steel, Mines and Fuel (Department of Iron and Steel) re: loss through premature borrowings [Vide para 136 of 18 Report (Second Lok Sabha)].*

- (i) Dates on which money was borrowed from the Central Government; and at what rate of interest;
- (ii) Dates on which money was deposited in the Banks;
- (iii) Names of the Banks where money was deposited and at what rates of interest; and
- (iv) At the time of drawing each instalment of loan from Government, what was the outstanding balance standing to the credit of the Company and what were the possible demands which were to come up for payment within the next three months.

A statement\* setting forth the information required by the Public Accounts Committee is enclosed. It will be seen from the statement that the loans of Rs. 350 lakhs each were drawn on 16th January, 1956 and 30th May, 1956. At the time the loan of Rs. 350 lakhs was received on 16th January 1956, the Project had a balance of Rs. 16,90,146 only in hand. This loan was obtained against an estimated three months' requirement of Rs. 350 lakhs in terms of the minutes of the Meeting held on 16th November, 1955 (extract enclosed). The second loan of Rs. 350 lakhs was obtained on 30th May, 1956 when the Project had a balance of Rs. 1.31 crores as it was expected at that time that apart from other expenditure, advances amounting to Rs. 250 lakhs would have to be paid to the suppliers against acceptance of tenders for Blast Furnace, Gas Cleaning Plant, Coke Oven Plant and the Steel Melting Shop. A statement\* showing the due dates and actual dates of payment of advances on account of these contracts is enclosed. It will appear therefrom that the total amount of advances payable on account of these contracts was Rs. 252 lakhs. By the time the loan was applied for i.e., on 26th April 1956, the agreement for the Blast Furnace had been finalised, the other contracts were at various stages of negotiations and were expected to be finalised soon. However the contract for Steel Melting Shop was actually executed much later with the

---

\*Not printed.

result that the expenditure anticipated to be incurred during April/June, 1956 was postponed and was actually incurred during January/February/April, 1957. Further, there was difficulty with regard to arrangements of Bank guarantees as well, which could not be anticipated at that time. It will, however, be seen from the statement\* that against the total expenditure of Rs. 629 lakhs from March, 1956 to November, 1956 the total loan raised was Rs. 700 lakhs (Rs. 350 lakhs on 16th January, 1956 and Rs. 350 lakhs on 30th May, 1956). Adding Rs. 50 lakhs as the approximate expenditure on account of February, 1956 the total expenditure comes to Rs. 679 lakhs, against the total of Rs. 717 lakhs comprising the opening balance of Rs. 17 lakhs on 16th January, 1956 and loans amounting to Rs. 700 lakhs obtained on 16th January, 1956 and 30th May 1956, thus leaving a balance of only Rs. 38 lakhs which can be taken as a reasonable carryover. Considering that the monthly expenditure during that period averaged Rs. 40 to 50 lakhs the unspent balance of about Rs. 38 lakhs is not considered excessive. In view of delay in payments, heavy cash balance remained in hand temporarily, and such balances were invested in short term deposits so as to earn some interest to set off against the interest payable to the Government.

(M. C. MISRA),

*Deputy Secretary to the Govt. of India.*

NEW DELHI;

*The 25th January, 1961.*

---

\*Not printed.

## APPENDIX LXIII

*Note from the Ministry of Steel, Mines and Fuel (Department of Iron and Steel) stating the measures taken by the Hindustan Steel to prevent pilferage of stores at the Steel Projects.*

- (i) *Construction of perimeter wall around the area where stores are lying and strengthening of the watch and ward staff:*

**Rourkela:** A perimeter wall around the plant has been constructed and all the openings left therein have been closed except one. This has been kept open because a separate boundary wall is proposed to be constructed from near this place to enclose the pipe plant. Watch towers are being constructed together with lighting arrangements. A jeepable road will also be constructed all along the inner side of the perimeter wall to facilitate patrolling.

**Bhilai:** The construction of a perimeter wall round the Steel Works area has been nearly completed. The few openings still left are necessary for the transportation of construction materials to the Plant Site, and are manned by guards. A barbed wire fencing has been constructed around the storage areas outside the steel works. Sufficient security guards have been posted to check pilferage.

**Durgapur:** In Durgapur Steel Project, the entire plant is being erected under a contract and so far as stores for the plant are concerned, these are contractors' materials and the contractors have their own security organisation. As regards operation stores a system of watch and ward exists. So far as township construction stores are concerned, there is a separate Central Stores which has been provided with a barbed wire fencing since 1957. There is a watch and ward as well as a system of gate passes for the township stores.

- (ii) *Stock-verification of stores:*

**Rourkela:** Stock verification has been conducted in respect of more than 50 per cent of the items including all important and valuable items. In certain cases verification has been carried out upto 80 per cent of the items. The stock verification cell is being strengthened further. The result of stock verification at Rourkela during the last three years is given in Annexure I. The position regarding accounting of stores in Rourkela Steel Project is also given in Annexure II.

**Bhilai:** Stock verification is being taken up. Recently some staff experienced in stock verification has been obtained from the Railways. Meanwhile, action is in hand to complete the priced stores ledgers and the accounts records.

**Durgapur:** Physical verification is done by Stock verification group of the Accounts Department, the programme envisaging verification of all stocks once a year. Discrepancies are investigated and adjusted through proper vouchers. Quantity accounts of stores are maintained in the Stores Divisions and the priced store ledgers recording both quantities and values are also maintained in the Stores accounts Section of the Finance and Accounts Branch. Store ledgers and Accounts ledgers are reconciled periodically and differences investigated.

The result of Stock verification of stores at Durgapur during the last three years in respect of Township stores are as under:

Year	Surpluses		Deficiencies		
	Rs.	nP.	Rs.	nP.	
1957-58		*		*	*Stock verification section started functioning only from June, 1958.
1958-59	1,27,055.50		15,554.70		
1959-60	19,060.84		32,638.95		

In regard to Plant Stores, stock verification under the control of F.A. and C.A.O. commenced working only from June, 1960 when the stores in appreciable quantities started coming in.

*Improvements effected in the storage of materials in the three Steel Projects and also measures adopted by the Company to ensure safety of stores in transit.*

**Rourkela:** The very small quantity of materials lying in the open are mainly structurals and other items which are not liable to damage by open storage. All sensitive materials have been stored under cover either by the Project or by the contractors. In respect of stores in transit consignments that are likely to be pilfered in transit are being escorted by Project staff.

**Bhilai:** Storage sheds for operation stores have been constructed and the shifting of such stores in the permanent Buildings is in progress. Construction materials which are not liable to be damaged by exposure to the weather are stored in the open. Materials that cannot be accommodated inside the storage shed, and which are likely to be damaged have been covered by tarpaulins.

Pilferage of stores is guarded against by the posting of security guards and a system of gate passes for all stores introduced. During transit by rail from the suppliers' premises to destination, adequate precautionary measures are taken to ensure safety of stores. Delicate instruments and expensive stores are insured while in transit. When necessary, escorts are also provided. The stores received from U.S.S.R. are covered by marine insurance upto the Indian ports. The cost of F.O.B. plant and equipment includes marine insurance charges also. The question of insurance of stores and other project property is under consideration.

*Durgapur:* Covered accommodation exists for all stores which are likely to deteriorate if kept in the open. Proper turnover is made from time to time.

All supplies received through the Railways are covered in transit by inland transit insurance for which an open policy of Rs. 50 lakhs exists with the Indian Insurance Companies Association Pool. As regards F.O.B. Plant and Equipment these are also covered by Insurance during transit.

# Annexure I

Statement showing the results of Stock verification at Rourkela Steel Project for the year 1957-58, 1958-59 & 1959-60

## DISCREPANCIES ACCEPTED BY THE CONCERNED DEPARTMENTS.

	Excess	Value	Shortage	Value	Remarks
		Rs. nP.		Rs. nP.	
<b>1957-58</b>					
<i>Group 'A'</i>					
Controller of Stores	34 Items	6,152.48	92 Items	4,386.24	
<i>Group 'B'</i>					
Other Departments in Rourkela	25 Items	541.45	111 Items	2,357.21	
<b>1958-59</b>					
<i>Group 'A'</i>					
Controller of Stores	142 Items	58,846.14	207 Items	22,930.74	
<i>Group 'B'</i>					
Other Departments in Rourkela	28 Items	550.46	256 Items	5,437.30	
<i>Group 'C'</i>					
Outstation Formation	4 Items	*6,610.25	136 Items	6,384.10	*Includes 1 item containing 659.5 tons of undressed lime stone.

	Excess	Value	Shortage	Value	Remarks
<b>1959-60</b>					
<b>Group 'A'</b>					
Controller of Stores	85 Items	30,189.80	75 Items	43,344.00	
<b>Group 'B'</b>					
Other Departments in Rourkela	152 Items	2,985.05	341 Items	7,242.39	
			6 Items	16,16,266.48	
<b>Group 'C'</b>					
Outstation Formation	121 Items	17,758.25	256 Items	28,896.40	

**Annexure II****Accounting of Stores in Rourkela Steel Project**

The position regarding the accounts of Stores in the Rourkela Project is given below:—

- (i) On Receipt of the materials from suppliers Goods Inward Notes are prepared by the Controller of Stores. These Goods Inward Notes are posted in the Bin Cards and in the Stock Control Cards maintained by the C.O.S.
- (ii) Stores Issue Notes also pass through these processes.
- (iii) These Stores vouchers are then accounted for in price stores ledgers maintained by F.A. & C.A.O. In the priced Stores Ledger these vouchers are required to be posted in the same order in which posting is made in the Bin Cards and Stock Control Cards by Controller of Stores. So at a given time the balances of Bin Card, Stock Control Card and the Priced Ledger would agree. In practice however there are discrepancies for various reasons and these are investigated and reconciled.
- (iv) When stock verifications are conducted, verifiers take up the Bin Card to find the ground balance at that stage and physically verify the stock. Discrepancies found on verification are noted in the discrepancy list. This list is then countersigned by the Controller of Stores and a copy handed over to them.
- (v) Stock Adjustment Vouchers are then prepared by Controller of Stores on the basis of the verification conducted by Stock Verification Officer indicating surplus or deficiency therein. These Vouchers are then priced at standard rates by priced Ledgers section and monthly Journal entries passed debiting loss suspense account and crediting the respective stock accounts in case of shortages and vice versa in case of excesses
- (vi) At the close of the year Accounts Office receives a list of items of Stores found short or excess during verification for the whole year from the Stock Verification Officer and Prim Price them with reference to stock Adjustment Vouchers. This also serves the purpose of reconciliation between the final list and stock adjustment vouchers already actioned by us. The priced list is then sent to Controller of Stores and Stock Verification Officer for their approval and countersignature.

## **APPENDIX LXIV**

### **Ministry of Transport and Communications**

*Note showing the action taken on the outstanding recommendations of the Public Accounts Committee*

**Reference:** Para 66 of 15th Report (1954-55).

In 1942, the Government of India, in consultation with the Government of the U.K., decided that additional lighterage should be provided at the major ports with a view to meet the exigencies of War and to ensure quicker turn-round of ships for the purpose of dealing with congestion which resulted at the Ports of Bombay and Karachi from the diversion of traffic from the East Coast. The lighterage Pool was operated through Messrs Mackinnon Mackenzie & Co. and the scheme was run as a joint concern of the Government of India and the Government of U.K., on the basis that the entire expenditure on the scheme as well as the profit and loss on the working of the scheme was to be shared by the two Governments on a 50.50 basis.

2 The pool was closed with effect from the 31st March, 1946 and the accounts were settled with the Government of U.K. on the assumption that the outstanding amounts would be recovered by the Government of India. As part of the settlement, the Government of India were to receive the value of two Bombay Lighters Nos. KS 9 and KS 10 which had been taken over by the Commander of H.M.S. *Braganza* on the 16th September, 1943. A sum of Rs. 73,912 on this account still remains to be recovered by the Government of India.

3 After prolonged correspondence, the British Naval Cashier, Bombay suggested on 20th February, 1948 to the Accountant General, Bombay, that as the allocation of the lighters in question was dealt with at Government level, the Government of India should arrange to raise necessary debits in respect of the cost against His Majesty's Government by normal book transfer. Under instructions from the Government of India, the Accountant General, Bombay explained to the British Naval Cashier that the capital cost of the lighters was debitable to a special head relating to State Trading viz. "87-Capital Outlay on schemes connected with War 1939—Purchase and construction of lighters" and not to "Defence head of account" and that the recovery of the cost of lighters taken over by the Commander, H.M.S. *Braganza*, was not, therefore, covered by the final settlement of outstanding claims under the Defence Expenditure Plan. The amount was therefore recoverable in cash and not by book adjustment. In

September, 1951. the Captain Superintendent, Royal Naval Yard, Trincomalee, proposed to send a representative from his office to the Accountant General, Bombay, to investigate and find the purpose for which the lighters in question were used. The Accountant General, Bombay was informed on the 10th October, 1951 that the Government of India were not aware of the services to which the lighters were put after they had been taken over. As the Captain Superintendent, Trincomalee, could not trace in the Admiralty records any transaction relating to the transfer of the two lighters from Bombay Lighterage Pool to H.M.S. *Braganza* and was also not able to get hold of the Commanding Officers' letter No. 8598/17 dated the 17th August, 1943, which was the basis of the transaction as quoted by the U.K. Ministry of Transport. he expressed his inability on 17th March, 1959 to accept the liability unless the letter referred to or any other satisfactory documentary proof of the acceptance of these two lighters by the Royal Naval Authorities could be produced. He also expressed his inability to make any further investigation in the matter until the Government of India had produced the requisite documents.

4. All efforts in securing a copy of the Commanding Officer's letter No. 8589/17, dated the 17th August, 1943, having failed, the Government of India supplied to the Captain Superintendent, Trincomalee, on the 18th December, 1953, a copy of letter No. L.I/K/1204 dated the 3rd October, 1946. from the Chief Accountant in India of the U.K. Ministry of Transport together with an extract from a statement dated the 27th September, 1946, indicating the fact of delivery of the two lighters No. KS 9 and KS 10 to the Commander, "H.M.S. *Braganza*" on the 16th September, 1943. The price of Rs. 65,046 shown in this statement which was prepared by the Director General, Ship-building and Repairs, Bombay was only the estimated cost of construction of the two lighters. The finalised cost of each of the two lighters was reported as Rs. 36,956 by the Accountant General, Bombay, in his letter dated the 24th March, 1947. The Captain Superintendent was, therefore, requested to accept these documents as sufficient proof in support of the transfer of the lighters to H.M.S. "*Braganza*" and arrange for early credit of the amount of Rs. 73,912 into the accounts of the Government of India, with the Accountant General, Bombay. As no reply was received from the Captain Superintendent he was reminded by cable dated the 11th June, 1954. An interim reply was received by the Government of India on the 27th June, 1954 to the effect that the Admiralty had been requested to give an early decision. As no final communication was received from the Captain Superintendent, Trincomalee, accepting or repudiating the liability, in spite of an express letter sent to him on the 20th September, 1954, the High Commission of India, London were addressed (through the Ministry of External Affairs) on 1st November, 1954 asking them to take up the matter with the U.K. Admiralty for early settlement of the claim.

5. The High Commission carried on protracted correspondence with the Commonwealth Relations Office of the U.K. Government on behalf of the Government of India. The Commonwealth Relations Office in turn referred the matter to the Admiralty. On the 5th January, 1956 the Commonwealth Relations office of the U.K. Government asked the Indian High Commission for clarification as to whether the H.M.S. "Braganza" was a Royal Navy or Royal Indian Navy Ship. They at the same time expressed regret that there had been considerable delay in settlement of the issue since they had to do considerable amount of research into war time and post-war records. After consulting the Defence Ministry, the High Commission for India were informed in May 1956, that "Braganza" was a Royal Navy Shore Establishment located at Bombay during the last war and were requested to take up the matter with the Commonwealth Relations Office of the U.K. Government. On the 8th June, 1956, the Commonwealth Relations Office replied that, according to their records, a general financial settlement in connection with the Bombay Lighters Pool was made between the U.K. Government and the Government of India in 1947. Included in this settlement was a credit to that Government for 26 lighters ex-Bombay Lighterage Pool for which the Government of India had accepted liability. In this connection, they forwarded to us a statement which showed that the two lighters in question were transferred to the H.M.I.S. *Braganza*. This was, however, disputed by us and the position was explained to the High Commission of India, London in our letter dated 21st January, 1957 Annexure). The Government of U.K. accepted liability for the amount in July, 1958 but raised a point as to whether a portion of the amount would not accrue to Pakistan under one of the Independence Orders of 1947 as it was a pre-partition transaction. After consultation with the Partition Secretariat, the U.K. Government were advised on 15th January, 1953 (through the Indian High Commission in London) that 82½% of these receipts are due to the Government of India and the balance of 17½% only is payable to Pakistan. The U.K. Government have in turn referred the matter to the Government of Pakistan as to whether they have any objection to accept 17½% of the amount. Further progress in the matter is awaited. As regards the question of the recovery of the U.K. Government's share of deficit in the accounts, it may be stated that the accounts were settled with that Government on the assumption that the cost of the two lighters in question would be recovered by the Government of India. The accounts have already been settled with that Government excepting the recovery of the amount of Rs. 73,912.

6. There is no other amount to be recovered from the U.K. Government, as all other adjustments have already been effected and accounted for.

(Sd.) NAKUL SEN,  
Joint Secretary to the Govt. of India.

**Annexure****Two lighters taken over the Commanding Officer, H.M.S. Braganza in 1943**

Dear High Commission,

Please refer to the correspondence resting with your letter No. Ext. 64-14-3, dated the 19th June, 1956 on the above subject.

The statement enclosed with the letter No. EC SS/1 dated the 8th June, 1956 from Mr. B. D. Tims of the Commonwealth Relations office was fully within our knowledge. A copy of the late Department of Transport letter No. 9-IWT(1)/45 dated the 30th September 1946 to the Accountant General, Bombay, of which the statement formed an enclosure is attached. The financial settlement as set out in that letter was based on the assumption that the cost of all the lighters mentioned in the statement was debitable to the Ministry of Defence, Government of India. The Accountant General, Bombay, vide his letter No. DA/16/957 dated the 6th January, 1948 addressed to the Chief Accountant, H.M.G. Ministry of Transport (copy enclosed) stated however, that as the 2 lighters were transferred to the Officer Commanding H.M.S. Braganza (and not H.M.I.S. Braganza as stated in the statement attached to Transport Department letter dated the 30th September, 1946 referred to above) their cost was not debitable to the Ministry of Defence, Government of India, but recoverable from the U.K. Government. The Accountant General, Bombay also addressed the British Naval Cashier in the same sense. The latter in his letter dated the 20th February, 1948, stated that the Government of India should arrange to raise necessary debits in respect of the cost of the lighters against the U.K. Government by normal book transfer methods. He also added that the office of the D.G.S.R. was a joint British and Indian War organisation and it is possible that the charges in respect of the lighters should be dealt with under either the India War expenditure Plan or some lease land methods. A copy of Transport Ministry's letter No. 9-IWT(1)/45 dated the 24th November, 1948 to the Accountant General, Bombay explaining the position in regard to the points raised by the British Naval Cashier is attached (not printed). It is hoped that with the information now furnished, the U.K. Government will be able to settle this pending claim of the Government of India so that the accounts of the scheme which was closed as early as in March, 1946 could be finally adjusted without any further delay.

Yours ever,  
Ministry.

The High Commission of India.  
India House, Aldwych,  
London, W.C.-2.

## APPENDIX LXV

### GOVERNMENT OF INDIA

#### MINISTRY OF TRANSPORT AND COMMUNICATIONS

##### Department of Transport (Roads Wing)

*Note indicating the action taken on the recommendations of the Public Accounts Committee made in para 81 of their twenty-fifth report, 1959-60 on the Appropriation Accounts (Civil), 1956-57 and 1957-58 and Audit Reports (Civil), 1958 and 1959, Vol. II.*

(Second Lok Sabha)

*Excess payment to a contractor—para 39 of Audit Report, 1959—  
page 35*

*Recommendations.*—The Committee would like to be informed of the settlement regarding excess payment made to the contractor in due course. They suggest that Government should also institute an enquiry to investigate the circumstances in which payments were made to the contractor and fix responsibility thereon.

*Action.*—The excess payment referred to above relates to the construction of diversions on the Sadiya-Denning road in North East Frontier Agency, the estimate for which was technically approved and financially sanctioned by this Ministry in three parts:

- (1) Construction of new access road from Sadiya to Denning new Headquarter's of Lohit Frontier Division (miles 13/1 to 17/7 and 23/3 to 30/7).  
Original cost .....Rs. 5,57,000  
Revised cost .....Rs. 8,14,400
- (2) Construction of new access road from Sadiya to Denning New Quarters of Lohit Frontier Division (Miles 33/4 to 42/0).  
Original cost .....Rs. 5,21,500.  
Revised cost .....Rs. 7,27,300.
- (3) Construction of new access road from Sadiya to Denning New Headquarters of Lohit Frontier (miles 43/0 to 45/4/560/).  
Approved cost .....Rs. 2,83,500.

The facts of the case as mentioned in the Audit Report, 1959 were accepted by this Ministry after consultation with the Additional Chief Engineer (III), Central Public Works Department.

**2. The points at issue are:**

- (i) settlement regarding the recovery of excess payment of Rs. 1,07,169 from the contractor; and
- (ii) institution of an enquiry to investigate the circumstances in which the alleged excess payment was made to the contractor and fixing of responsibility therefor.

As regards item (i) above, the contractor has neither accepted the substituted items nor the relevant measurements, on the basis of which the final bill prepared showed an excess payment of Rs. 1,07,169 to the contractor. On the latter's request the case has been referred to for arbitration on 26th June, 1958. Recently the Additional Chief Engineer (III), Central Public Works Department has intimated that the arbitration is still going on. In this connection it may also be mentioned that a sum of Rs. 94,369 is available with the Superintending Engineer, North East Frontier Agency Circle by way of security deposits of the contractor and other dues to him and that further, the Principal Engineering Officer, Tripura, has also been requested to withhold the payment of Rs. 32,404 due to the contractor.

The position with regard to item (ii) above is that the explanations of the officers concerned have since been called for (March, 1960) and the Chief Engineer is examining the relevant records pertaining to the case. Further developments are awaited.

**3. The above note has been seen by Audit.**

(H. P. SINHA),

*Consulting Engineer (Road Development) and  
Joint Secretary to the Government of India.*

## APPENDIX LXVI

### MINISTRY OF TRANSPORT AND COMMUNICATIONS

*Information required by the Public Accounts Committee at their meeting held on the 24th October, 1959, in connection with the Examination of Appropriation Accounts (Civil), 1956-57 and 1957-58 and Audit Reports thereon—losses, writes off etc.—Note 3—Page 77 of Appropriation Accounts 1957-58—Vol. XVI.*

**Q. 1.—***The various dates on which the cement was received?*

**Ans.—**The Cement was received during the period from April, 1948 to September, 1948 as shown below:—

	Tons Cwt.
April, 1948	1797—01
May, 1948	645—16
May, 1948	593—05
August, 1948	171—15
September, 1948	1255—00
Total:	4462—17

**Q. 2.** *When was the deterioration in the condition of cement detected?*

The deterioration in the condition of cement was partly noticed in July, 1949, but the exact quantity of cement actually deteriorated was detected in October, 1949 when physical verification of stock was done by the Assistant Engineer. On proper verification of stock by the Assistant Engineer in October, 1949 it was found that about 805 bags (i.e. 40 tons of cement) out of 77,198 bags (i.e. about 3860 tons) of cement lying in the godown was set. The deterioration of 40 tons of cement is not only due to bad storage, but is also due to the following reasons:—

- (a) Humid climate in Calcutta.
- (b) Delay in execution of works for which the cement was indented.
- (c) Non-availability of wagons for diverting the surplus cement to other places viz. Allahabad and Lucknow.

**Q. 3. What measures were taken to improve the condition of storage—e.g., when was the leakage repaired?**

A report about the leakage of godowns was sent by the Assistant Engineer to the Executive Engineer defunct Calcutta Aviation Division No. III Calcutta on 25-7-1949. On receipt of the report the Executive Engineer instructed the Assistant Engineer on 2nd August, 1949 to reduce the height of stacks and to carry out necessary repairs to the godown at once. Accordingly the cement was restacked by the Assistant Engineer in lesser number of bags by reducing the height of stacks in August, 1949. Repairs to the leaking godowns was also done by him partly in July, 1949 and partly in August, 1949. The Executive Engineer had personally inspected the site on 5-8-1949.

**Q. 4. What steps were taken either to divert the cement to other places or to sell it and with what results?**

The proposal for diverting the cement to other places viz. Allahabad and Lucknow was made by the Executive Engineer Calcutta Aviation Division No. III (defunct) to the Superintending Engineer, Calcutta Aviation Circle, Calcutta on 19-5-1948. The case was referred by the Superintending Engineer Calcutta Aviation Circle, Calcutta to the Chief Engineer on 31st May, 1948, and the proposal was accepted by the latter on 23-6-1948. Immediately after acceptance of the proposal by the Chief Engineer, P.A. to Superintending Engineer, Calcutta Aviation Circle, Calcutta personally contacted the Regional Controller of Railway Priorities for allotment of wagons, but the Railway authorities did not allot the wagons on the plea that this diversion would amount to cross movement of traffic.

Thereafter in November, 1949 the Executive Engineer, Calcutta Aviation Division No. III, reported that 1845 tons of cement was surplus to the requirements of works at Dum Dum, and suggested that the surplus cement may be transferred to other consumers through the Honorary Cement Adviser, so that the same may not deteriorate due to long storage. After some correspondence regarding the quality of cement and the issue rate, the Honorary Cement Adviser allotted 60 tons of Cement to three local Consumers. The parties did not, however, purchase the cement as it involved them extra cost of conveyance from Dum Dum to Calcutta, a distance of about 10 to 12 miles. The Regional Honorary Cement Adviser was again requested by the Executive Engineer on 19-4-1950 to permit him to dispose of the Cement by public auction. The Cement Adviser gave his consent for disposal of cement by public auction on 27th April, 1950 subject to the condition that the purchaser should be a direct consumer.

After this the Executive Engineer prepared a Survey Report for declaring 2000 tons of cement as surplus to requirements instead of 1845 tons reported by him as surplus in 11/49, and sent it to the Superintending Engineer for obtaining necessary sanction on 29th May, 1950. While forwarding the Survey report to the Chief Engineer on 9th June, 1950 the Superintending Engineer observed that the cement could not be kept in storage any more as due to long storage the whole stock had deteriorated and started setting already and that it was anticipated that the partial setting would account for a good deal of wastage which might amount to as much as 15% and if those 2000 tons were not disposed of before the impending monsoon, the whole quantity might have to be written off as waste. As the work of construction of New Runway and taxi-track at Dum Dum was in progress at that time, the Chief Engineer did not agree to the disposal of the cement, and directed the Superintending Engineer that efforts should be made to utilise all the cement on the construction of the above mentioned two works.

During a physical verification of stock in October, 1949 it was found that 805 bags i.e. 40 tons of cement out of the total quantity of 3860 tons of cement available in the godown at that time was set due to leakage of godowns during rainy season. Besides this, 703.36 tons of cement had set subsequently due to long storage under unavoidable circumstances as explained above and humidity in Calcutta. Out of the total quantity of 708.36 tons of cement, 307.55 tons of partially clodded cement was crushed and utilised on works by adding some good quantity of cement into the same. The total loss on account of leakage of godowns, long storage and humidity was as under:—

(a) Expenditure on crushing etc. of clodded cement 307.55 tons @ Rs 13/7/6 per ton (approx).	..	4,139
(b) Cost of additional quantity of cement required to bring into use the deteriorated quantity as per (a) above 10.25 tons @ Rs. 87/7/- per ton.	..	896
(c) Loss due to quantity of partially set cement disposed at a lesser value—50 tons @ Rs. 47/7/- per ton.	..	2,372
(d) Clodded cement in stock (unserviceable) 390.81 tons @ Rs. 87/7/- per ton including 85.31 tons found surplus in a clodded state at the time of physical verification done 1/54.	..	34,171
Total	..	41,578

(D. C. DAS),  
Joint Secretary to the Govt. of India.

## **APPENDIX LXVII**

### **MINISTRY OF FINANCE**

*Point on which the Public Accounts Committee desired to be furnished with further information at their sitting held on the 24th October, 1959, in connection with the examination of Appropriation Accounts (Civil), 1956-57 and 1957-58 and Audit Reports thereon.*

**Losses, writes off, etc. Note 3 page 77 of Appropriation Accounts (Civil), 1957-58, Vol. XVI**

*Item No. (V): In what circumstances did the Financial Adviser agree to the write off of the entire loss due to the caking of cement?*

The question of write off of the loss amounting to Rs. 41,578/- was referred to the Finance Ministry in April, 1957. The amount represented the loss as per survey report received from the Superintending Engineer, Calcutta Circle, Central Public Works Department.

2. On receipt of this proposal the Finance Ministry raised the following two points:

- (a) According to a report from the Assistant Engineer, Calcutta, the arrangements made for storage of cement were not satisfactory and the standing instructions for storage, etc. were not followed. In view of this, Ministry of Finance felt that the officers concerned could not be absolved of all responsibility and suggested that an enquiry be held to ascertain how far the officers concerned could be held responsible for the loss.
- (b) It appeared that the humidity and moisture of the Calcutta climate also contributed to the clodding of the cement. Finance Ministry wanted to know what arrangements were generally made by the Central Public Works Department for the safeguarding of cement in Calcutta and why these arrangements were not made in the present case. If no special arrangements are usually made to safeguard cement against moisture in Calcutta, what percentage of cement usually got spoilt due to this cause?

3. With regard to the first point, the Ministry of Works, Housing & Supply stated that the Assistant Engineer had sent his report with-

out proper verification. The loss had occurred on account of unavoidably long storage of cement and not because of any defective or unsatisfactory storage conditions and as such the question of fixing responsibility for the loss or of any disciplinary action did not arise. The Ministry of Works, Housing & Supply had explained this position to the Accountant General, Central Revenues.

4. With regard to the second point made by the Finance Ministry, it was explained by the Ministry of Works, Housing and Supply that although all possible precautions are taken to prevent moisture from coming into contact with the cement bags, the humidity in the atmosphere is so great that there is invariably some encrustation on the outer surfaces of the stacks. The cement supplies are generally regulated in such a way that the minimum possible stock is kept in the Central Public Works Department stores during the wet months. This was not possible in the present case due to the suspension of the works and delay in resuming them.

5. The total loss of cement at Dum Dum since 1947 as compared to the supplies obtained and stocked upto September, 1957 was well below 1%. In these circumstances, as explained by the Ministry of Works, Housing & Supply, Finance Ministry agreed to the write off.

Sd/- (S. S. SHIRALKAR),  
*Joint Secretary to the Govt. of India.*  
 Ministry of Finance (Communications).

## **APPENDIX LXVIII**

### **MINISTRY OF W.H. & S.**

**Item 165 (ii) of Appendix I to Public Accounts Committee 1958-59, Eighteenth Report (Second Lok Sabha) Appropriation Accounts including Proforma Commercial Accounts (Civil), 1955-56 and Audit Report, 1957—Vol.—II.**

The Public Accounts Committee desired to know the alternative steps taken for the recovery of arrears of rent due from the displaced persons.

The question of adjustment of the damages (Rs. 1,36,150.42 nP.) on 1-12-1959 outstanding against displaced persons in unauthorised occupation of Government residences, against the amount of compensation payable to them was again considered in March, 1959 and it was decided to adjust the damages against the compensation payable to the claimants. It was also desired that a list of about 250 defaulters should be furnished by the Estate Office to the Chief Settlement Commissioner. This list was accordingly sent on 21-4-1959.

At the time of payment of compensation, the Chief Settlement Commissioner consults the Estate Office list and if the amount against the claimant concerned is found to be outstanding, he asks the claimant to pay off the amount of damages to the Estate Office. If the claimant denies his liability an affidavit from him is taken and the compensation paid to him. The affidavit and the address of such claimant is furnished to the Estate Office, but no effective action can be taken by the latter as sufficient material to disprove the contention of the claimant is not available. Uptil now 180 intimations have been received from the Chief Settlement Commissioner out of which in two cases only, the claimants have admitted the fact of unauthorised occupation by them. The amount involved in these cases is Rs. 1057.08 nP. and necessary action is being taken to effect recovery from them. Since the bulk of the claims has already been finalised and in the remaining cases the claimants deny payment the chances of recovery of arrears in this way are remote.

Out of approximately 50 cases of unauthorised occupants whose whereabouts are known, action under the Public Premises (Eviction of Unauthorised Occupants) Act, 1958(is) has been started in 17 cases.

(A. S. NAIK),

*Joint Secretary to the Govt. of India.*

## **APPENDIX LXIX**

### **MINISTRY OF WORKS, HOUSING AND SUPPLY**

*Note for the P.A.C. on S. No. 124 of the recommendations contained in their 18th Report (Second Lok Sabha) Vol. I with regard to the question of finalisation of prices in respect of Road Rollers manufactured under the Bulk Procurement Scheme.*

In S. No. 124 of the 18th Report (Second Lok Sabha), the P.A.C. have observed as follows:—

"The Committee regret to observe that the action to fix the final price of road rollers and to recover the difference in cost from the various indentors has been considerably delayed. They trust that this matter will be finalised before they next examine the Accounts relating to the Ministry."

In this Ministry's previous note of 8th July, 1958 circulated to the P.A.C. with reference to their recommendations contained in para 122 of their 16th Report, (Appendix LVII of Eighteenth Report Vol. II) it was pointed out that the final price of road rollers could not be determined as a final decision on the prices to be paid to the DGOF for the components actually supplied by the Ordnance Factories, as well as to various other parties to the contract had yet to be settled.

2. Under the Central Bulk Procurement Scheme, an order for manufacture in India and supply of 1,000 Nos. (subsequently reduced to 950 Nos.) of Steam Road Rollers was placed, on U.K. manufacturers in August 1946. The Indian Ordnance Factories and an Indian firm acted as sub-contractors to the foreign principals.

3. The D.G.O.F. had initially quoted in February 1950 a price of Rs. 24,881/- for supply of components manufactured by the Ordnance Factories. After negotiations this was reduced to Rs. 17,000/- in September, 1950. On the basis of cost examination conducted in June 1955, the Chief Accounts Officer was, however, of the opinion that a further reduction in price was called for but this was not agreed to by the D.G.O.F. who contended that the price of Rs. 17,000/- per road roller was the price on the basis of the actual components supplied by them whilst the D.G. S. & D. and Chief Cost Accounts Officer were of the view that the price of Rs. 17,000/- was the price of the components which the Ordnance Factories were expected to supply

on the basis of the original list and a reduction was warranted in respect of certain components not supplied by the factories. To settle this dispute, the matter was further discussed on 20-8-1958 with Defence and Director General, Ordnance Factories when it was decided that representatives of Director General, Supplies and Disposals and Director General, Ordnance Factories should meet with a view to secure an agreement on the basic facts about the components manufactured by the Ordnance Factories. Accordingly, the representatives of this Ministry, Director General of Supplies and Disposals and Director General of Ordnance Factories met at Calcutta on 24-9-1958 and 25-9-1958. On the basis of the conclusion reached in that meeting the matter is being considered in consultation with the Ministries of Finance and Defence and price is proposed to be finalised shortly in consultation with them.

4. In February, 1952 all the State Governments and Local Administrations to whom the road rollers were supplied under the Bulk Scheme were advised that the provisional price of Rs. 37,500/- per road roller might ultimately have to be changed to a final price of round about Rs. 40,000/-.

5. Therefore, while the final price of a road roller expected to be fixed will no doubt be more than the provisional price of Rs. 37,500/-, it will not exceed the ceiling figure of Rs. 40,000/- which was indicated to the indentors as the likely final price.

6. The difference between the provisional price and the final price will naturally have to be recovered from the various indentors and we do not anticipate any serious difficulty in recovering the same. Out of 950 Road Rollers except for 55 Nos. supplied to Quasi Public Bodies (including six supplied to the Nepal Government) the remaining 895 rollers were supplied to various State Governments in whose case necessary book adjustment is proposed to be made. In the case of the road rollers supplied to Quasi Public Bodies, necessary funds to the extent of the difference between the provisional and final prices will be initially provided and later on endeavours will be made to recover the same from the Quasi Public Bodies.

7. In view of the complicated nature of the issues involved, it is regretted that the final price of road rollers could not be determined so far. However, as will be noticed from the above, the case has made much progress and is in its final stages. Every effort will be made to finalise the price and take further action to recover the extra cost involved from the indentors.

(M. R. SACHDEVA),

*Secretary to the Govt. of India.*

## APPENDIX LXX

### *Statement of case for the opinion of the Attorney-General of India.*

The Public Accounts Committee, 1957-58 in paragraph 263 of their Seventh Report (2nd Lok Sabha) took note of certain American legislation for re-negotiation of contracts. The reference presumably was to the Public Law No. 245 of 1951 (65 U.S. Statutes at large 700) which amended section 304 of the Federal Property and Administrative Services Act of 1949 (63 U.S. Statutes at large 377 at 395) and section 4 of the Armed Services Procurement Act of 1947 (62 U.S. Statutes at large 21 at 23). The Federal Property and Administrative Services Act, 1949 was intended to provide for the Government an economical and efficient system for the procurement and supply of personal property and non-personal services including related functions such as contracting as also for utilization of available property, disposal of surplus property and records management. The Armed Services Procurement Act, 1947 was intended to facilitate the procurement of supplies and services by the Department of the Army, the Navy and the Air Force, the Coast Guards and the National Advisory Committee for Aeronautics and for other purposes. As a rule all contracts by the U.S. Government under the authority of any of these Acts have to be entered into after advertisement. By way of exceptions, however, contracts of specified types may be entered into thereunder without following the usual procedure of advertising. As a check upon the exercise of this exceptional authority, the amendment provides that all contracts for works, supplies and services negotiated without advertisement pursuant to authority contained in any of these Act shall include a clause to the effect that the Comptroller General of the United States or any of his duly authorised representatives shall, until the expiration of 3 years after final payment, have access to and the right to examine any directly pertinent books, documents, papers and records of the contractor or any of his sub-contractors engaged in the performance and involving transactions relating to such contracts or sub-contracts.

2. The Public Accounts Committee desired the Ministry of Law to look into the American analogy and examine the feasibility of enacting similar legislation in India. This Ministry, after examining the American legislation, pointed out that under article 149 of the Constitution the Comptroller and Auditor-General is to perform his duties and exercise his powers only in relation to the accounts of the

Union and of the States and of "any other authority or body" as may be prescribed by or under law made by Parliament. They took the view that a contractor could not be said to be either an authority or a body within the meaning of that article and hence Parliament cannot enact a law comparable to the American one. The Public Accounts Committee 1958-59 in para 127 of their 18th Report (Second Lok Sabha), however, felt that the point whether a private contractor who may be an individual, a firm or a company, who entered into contract with Government could be covered by the expression "any other authority or body" occurring in article 149 of the Constitution and whether a law could be enacted to enable the Comptroller and Auditor-General of India to have access to and examine the records of such a contractor, should be referred to the Attorney-General for opinion and advice.

3. Though the reference suggested by the Public Accounts Committee relates to the scope of article 149 of the Constitution, in order to deal with the matter fully it would be necessary to consider the allied question whether apart from the provisions of that article, the Comptroller and Auditor General can examine accounts of private parties and, if so, in what circumstances.

4. In the United Kingdom, section 3 of the Exchequer and Audit Department Act, 1921 provides that the Treasury can, by a minute laid before Parliament, ask the Comptroller and Auditor-General to audit any account whether relating directly to the receipt or expenditure of public funds or not. Consequently, the Comptroller and Auditor-General in that country is often required to examine and audit the account of a person or body receiving grant from Government.

5. In the U.S.A. the very office of the Comptroller General of the United States seems to have been created by an ordinary law, the Budget and Accounting Act, 1921 (31 U.S. Code Annotated 42). The same Act laid down some of the duties and powers of the Comptroller General regarding investigations and report by him (31 U.S. Code Annotated 53).

6. In U.K. there is no written constitution and hence no constitutional limits on the powers or functions which may be exercised by the Comptroller and Auditor General or which may be conferred on him by parliamentary law. Though U.S.A. has a written constitution, it does not contain any provision regarding powers and functions of the Comptroller General and hence there also the constitutional position is the same as in U.K. In India, however, the Constitution does contain special provision with regard to the duties and powers of the

2064 (AII) LS—25

**Comptroller and Auditor General.** Hence the precedents in U.K. and U.S.A. may not be helpful in considering the extent of the powers and functions of the Comptroller and Auditor General in this country.

7. Section 166 of the Government of India Act, 1935 made provision in regard to the Auditor General of India. Sub-section (3) of the section which deals with his duties and powers runs as follows:

‘The Auditor-General shall perform such duties and exercise such powers in relation to the accounts of the Federation and of the Provinces as may be prescribed by, or by rules made under, an Order of His Majesty in Council, or by any subsequent Act of the Federal Legislature varying or extending such an Order;

Provided that no Bill or amendment for the purpose aforesaid shall be introduced or moved without the previous sanction of the Governor-General in his discretion.”

The sub-section was altered to some extent by the India (Provisional Constitution) Order, 1947 but the alterations are not material for the present purpose. The duties and powers of the Auditor General were laid down by the Government of India (Audit and Accounts) Order, 1936 made under section 166 of the Government of India Act 1935.

8. It would be noticed that section 166(3) of the Act of 1935 corresponds to article 149 of the Constitution, but unlike article 149, section 166(3) confines the duties and powers of the Auditor-General to the accounts of the Federation (later the Dominion) and of Provinces and does not extend them to “any other authority or body” even when authorised by a law of the Central Legislature as is done by article 149. Section 166(3) was considered in 1935 and the view then taken by the Government of India on the basis of the advice tendered by the then Legislative Department was that neither by an Order in Council under section 166(3) nor by an Act of the Federal Legislature enacted in pursuance of the sub-section would it be possible to impose duties or confer powers on the Auditor-General otherwise than in relation to the accounts of the Federation and of the Provinces. It was further stated that section 166(3) was exhaustive of the means whereby duties could be imposed statutorily upon the Auditor General of India with the result that neither by Federal nor by Provincial legislation nor by an executive direction of any Federal or Provincial authority would it be possible to impose additional duties on the Auditor General.

9. Having laid down this interpretation of section 166(3), the Government of India went on to say that there would be nothing to

preclude the Auditor General of India from undertaking such additional duties by consent. The additional duties which Government of India had then in mind appear to be those in relation to the accounts of local bodies both within the Federal and the Provincial field and it was further stated that a law of the appropriate legislature could be passed providing that accounts of such and such a body shall be subject to audit which shall be conducted if and for so long as the Auditor General, with the concurrence of the Governor-General, consents. (See @letter of the Government of India in the Finance Department No. D/10281-F, dated 30-11-1935 and the opinion of Sir George Spence dated 2-8-1935 agreed to by the then Secretary, Legislative Department). It appears that this principle regarding additional duties being undertaken by the Auditor General of India with his consent was evolved having regard to the fact that Rule 12 (1) of the old Auditor General Rules made by the Secretary of State for India in Council under section 96D(1) of the Government of India Act of 1919 did provide for audit of accounts of public and quasi-public bodies by the Auditor General and the Auditor General was actually auditing accounts of many such bodies before the coming into force of the Government of India Act, 1935.

10. The question whether a condition could be imposed by Government when making financial grants that the accounts of the grantee would be audited by the Comptroller and Auditor General of India was recently considered by the Law Ministry. It appears that general orders issued by the Ministry of Finance have made a provision in respect of grants-in-aid that the accounts of the grantee may be subject to audit by the Comptroller and Auditor General (See O.M. of the Ministry of Finance No. F. No. 11(39)-E.II(A)/56 dated the 4th January 1957). Opinions given by the Law Ministry in this connection are briefed. Attention is particularly invited to the opinion of the Deputy Law Minister dated the 21st March, 1959. He has expressed doubt whether the executive Government by virtue of its prerogative can augment the powers and duties of the Comptroller and Auditor General when article 149 of the Constitution prescribes that to be done by Parliament. He, however, added that it may be possible to insert a condition in the grant that the accounts of the beneficiary will be subject to the audit of a specified individual occupying the office of the Comptroller and Auditor General but in auditing the account he will function as a private individual and his report will have no institutional significance.

11. The Attorney-General for India had himself occasion to consider this matter in 1951 in connection with the constitutional questions raised with regard to the Sindri Fertilizer Factory. One of the questions referred to him was whether the Comptroller and Auditor General can, in the absence of law, exercise power in relation to the

accounts of a private limited company formed by the Central Government. In answering this question in the negative, learned Counsel observed as follows in paragraph 9 of his opinion dated the 4th July, 1951 (See page 104 of the printed opinions for 1951):—

"Under article 149 the performance of his duties and the exercise of his powers are confined to (a) the accounts of the Union, (b) accounts of the States, and (c) of any other authority or body. He has to perform such duties and exercise such powers as may be prescribed by or under any law made by Parliament. Until provision is so made he has to perform such duties and exercise such powers in relation to the accounts of the Union and of the States as were exercisable by the Auditor-General of India before the Constitution in relation to the accounts of the Dominion and the Provinces. The powers and duties exercised by him under the Act of 1935 are to be found in section 166 (3) of the Government of India Act, 1935, and in the Government of India (Audit and Accounts) Order, 1936, made thereunder. These provisions show that duties of the Auditor-General of India were at the commencement of the Constitution confined to the audit of accounts of the Central and Provincial Governments. He had no authority or obligation to audit the accounts of any body other than the Central and Provincial Governments. The Comptroller and Auditor General would, therefore, have no such authority."

12. The first point to be considered is whether article 149 of the Constitution is exhaustive as regards the duties and powers of the Comptroller and Auditor-General and the manner in which they can be imposed or conferred. In other words is the effect of article 149 to debar the Comptroller and Auditor General from exercising any power or performing any duty which is not conferred or imposed by or in accordance with that article. In this connection, learned Counsel may consider whether it is open to the Comptroller and Auditor General to undertake additional duties by consent as indicated in the letter of the Finance Department of the Government of India dated the 30th November, 1935 or to undertake such additional duties as a private individual as suggested by the Deputy Law Minister. If it is held that additional duties could be undertaken by him then it could perhaps be left to him and the executive Government to decide in what circumstances and subject to what conditions such duties should be performed. It would appear further that if it is open to him to undertake additional duties, such duties could be

undertaken by him in relation to accounts of Government contractors as well as of those receiving grant-in-aid from Government, of course with the consent of the contractors or of the grantees as the case may be.

13. If on the other hand learned Counsel comes to the conclusion that the Comptroller and Auditor General cannot undertake duties and exercise powers in any capacity beyond those mentioned in article 149, then the question becomes one purely of interpretation of the terms of that article. Apart from the accounts of the Union and of the States (with which we are not concerned in the present reference) the article provides for performance of duties and exercise of powers by the Comptroller and Auditor General in relation to the accounts of "any other authority or body" and those duties can be performed and powers exercised only if prescribed by or under a law of Parliament. It is, therefore, necessary to consider what is the scope of the expression "any other authority or body".

14. It appears from the history of article 149 that when originally drafted (it was article 125 at that time) it was confined to accounts of the Government of India and of Government of a State. The words "or other authority" were added at the consideration stage and the word "body" was added probably at a later stage when drafting was revised. The debates in the Constituent Assembly indicate that the scope of the article was enlarged in order to include accounts of State owned Corporations. Some such corporations had already come into existence, many more may be created in future and it was felt that there should be provision in the article for enabling the Comptroller and Auditor General to exercise his powers with respect to accounts of such corporations (see Constituent Assembly Debates of May 1949 Vol. VIII pages 411—15). Though the debates indicate the reason why the scope of the article was enlarged, they may not necessarily determine the ambit of the expression "authority or body".

15. "Authority", according to Webster's Dictionary means a person or body exercising power or command. A "body" would perhaps mean an aggregate of persons incorporated or unincorporated. The expression "authority or body" is, however, used in conjunction with the words "Union" and "States". Having regard to this context, learned Counsel may please consider whether the expression should be interpreted in a restrictive sense. In any case it seems difficult to hold that the expression includes all the persons who have contracts with Government whether they be individuals, firms or registered or unregistered associations.

16. As regards the above paragraph, Shri G. Swaminathan, on behalf of the Comptroller and Auditor General of India, has made the following observations:—

"It has been suggested in paragraph 15 of the statement of the case that the expression 'authority or body' occurring in article 149 of the Constitution should be interpreted in a restricted sense for the reason that it is used in conjunction with the words 'Union' and 'States' and that the expression cannot possibly include persons who have contracts with Government whether they be individuals, firms or registered or unregistered associations. If such a restricted meaning is given to the term 'authority or body', it might have the effect of excluding Government companies also in regard to which article 619 of the Companies Act confers certain powers and functions on the Comptroller and Auditor General. The question would then arise whether the provision of audit by the Comptroller and Auditor General in the companies Act and in some of the statutes creating authorities such as Port Trusts, Universities, etc., mentioned in para 16 of the brief would be *intra vires* of the Constitution. If not, it would give rise to a situation in which the executive Government can take outside the purview of audit and accountability substantial amounts from the Consolidated Fund by placing them at the disposal of statutory or autonomous authorities specially created. In such a situation it would be necessary to consider whether the Constitution should not be amended to preserve the accountability inherent in our Constitution. On the other hand, if Government companies are regarded as an 'authority or body' for the purpose of article 149 of the Constitution, there appears to be no objection to any other company or contracting firm or body of persons expending funds placed at their disposal by Government or receiving payment for services rendered by them to Government being regarded as falling within the term 'authority or body' as used in article 149 of the Constitution."

17. Shri M. V. Rangachari, Special Secretary, Ministry of Finance, has commented on the above as follows:—

"I do not agree with Shri Swaminathan that the restrictive interpretation of the expression 'authority or body' in Article 149 of the Constitution as suggested by the Law Ministry would necessarily exclude the bodies and authorities mentioned in para 16 of the draft statement. The

words 'any other authority or body' may be construed, even taken in conjunction with the words 'Union' and 'States', as referring to comparable bodies, that is to say, those having a separate legal personality like the State or a Union. This would cover statutory authorities like Port Trusts, Universities, etc. and may even cover companies within the meaning of the Indian Companies Act. This would only leave out individuals and associations of persons without any legal personality."

18. Shri N. N. Wanchoo, Secretary, Ministry of Finance, has remarked as follows:—

"Personally I feel that there is nothing in Art. 149 to justify a restrictive interpretation of the expression 'any other authority or body', even though that expression is used after the words 'in relation to the accounts of the Union and of the States'."

19. It may be mentioned for the information of learned Counsel that after the commencement of the Constitution Parliament has provided for audit by the Comptroller and Auditor General of India of accounts of several statutory bodies. The following are some instances of such legislation:—

- (1) Section 38, Delhi Road Transport Authority Act, 1950;
- (2) Section 13, Banaras Hindu University Act, 1915 as amended by Act 55 of 1951;
- (3) Section 35, Aligarh Muslim University Act, 1920 as amended by Act 62 of 1951;
- (4) Section 39 of the Delhi University Act, 1922 as amended by Act 5 of 1952;
- (5) Section 23 of the Indian Institute of Technology, Kharagpur Act, 1956;
- (6) Section 19 of the University Grants Commission Act, 1956;
- (7) Section 34(6) of the Industrial Finance Corporation Act, 1948 as amended by Act 78 of 1952; and
- (8) Section 37(6) of the State Finance Corporation Act, 1951 as amended by Act 56 of 1956.

20. Opinion and advice of the Attorney-General for India are requested on the following questions:

(1) What is the correct interpretation of article 149 in general and of the expression "any other authority or body" in that article in particular?

(2) Whether the Comptroller and Auditor General can perform duties and exercise powers in relation to the accounts of individuals or associations other than those mentioned in article 149 of the Constitution and, if so, in what circumstances?

(3) Whether the Comptroller and Auditor General can exercise powers to examine the accounts of an individual, firm or association which enters into contract with Government for supplies or services and, if so, in what circumstances?

(4) Whether Parliament is competent to enact a law for the purpose of giving powers to the Comptroller and Auditor General as mentioned in Question No. (3)?

(5) Whether Government can, in making a grant-in-aid, attach a condition to the effect that the Comptroller and Auditor General shall have power to examine the accounts of the grantee?

(6) Whether conferment of a power as is mentioned in Question No. (5) will require a law of Parliament and, if so, whether such law can be passed in respect of any grantee whether an individual or association of individuals incorporated or unincorporated or whether such law can be passed only in respect of certain kinds of grantees and, if so, which? and

(7) Generally.

Sd/- (K. Y. BHANDARKAR),

12-12-1959.

Secretary, Legal Affairs Department.

No. AGF-(31) 60-4701-5

#### OPINION

1. Two principal points arise for consideration in answering the question raised. First, whether article 149 of the Constitution is exhaustive of the duties and powers of the Comptroller and Auditor-General so that it would not be permissible to impose further duties on him and invest him with further powers. If that be so, the further question would arise whether on a true construction of article 149 and in particular the words "any other authority or body", Parliament can by law provide for the performance by the Comptroller and Auditor-General of duties and the exercise of powers in relation to the accounts of any private person, such as firm or individual, who has entered into a contract with the Government.

2. It is a well accepted rule of construction that when a statute lays down the scope of the duties and powers of an office or a body it is implicit in such a provision that other duties and powers cannot be performed by the office-holder or the body concerned. Requiring him to do so would in effect amount to adding the statutory provision. This rule of construction will apply with greater force to a Constitutional provision. I am, therefore, clearly of the view that the necessary implication of article 149 is that the Comptroller and Auditor-General cannot be required to perform duties and exercise powers other than those which may be permissible to be entrusted to him under that article.

3. As pointed out in para 11 of the Statement of the Case I have in my previous Opinion dated the 4th of July 1951 already expressed the above view.

4. That appears also to have been the view taken of section 166(3) of the Government of India Act, 1935 in relation to the duties and powers of the Auditor-General of India. However, having taken that view it seems then to have been decided that there was nothing which could prevent the Auditor General of India from taking upon himself additional duties of his own volition and with the concurrence of the Governor-General. Whatever may have been the basis of that view, I do not think that such a qualification of the clear language of article 149 is permissible.

5. Article 149 provides that the Comptroller and Auditor-General can in relation to the accounts of the Union and of the States and "of any other authority or body" perform such duties and exercise such powers as may be prescribed by or under any law made by Parliament. Until provision in that behalf is made by Parliament he can in relation to the accounts of the Union and of the States perform such duties and exercise such powers as were conferred on or exercisable by the Auditor-General of India before the commencement of the Constitution in relation to the accounts of the Dominion of India and of the Provinces.

6. Would it be competent to Parliament under article 149 to make a law prescribing that the Comptroller and Auditor-General shall perform certain duties and exercise certain powers in relation to the accounts of any company, firm or individual entering into a contract with the Government? The answer to this question will depend on the construction to be placed on the words "of any other authority or body" in the article.

7. It is important to note the context in which these words are used. The article provides for the performance of duties and exercise of powers "in relation to the accounts of the Union and of the States and of any other authority or body". It is possible to take the view that these words following the words "the Union and the States" are to be read *ajusdem generis* with the preceding words and that the authority or body contemplated by the article is a Government authority or body. That however would, I think, be too narrow a construction of the words. It may well be essential in the public interest that the Comptroller and Auditor-General should be called upon to perform his duties and exercise his powers by Parliament in relation to an authority or body which may be non-Governmental. Whether it is expedient or necessary to do so may well have been left by the Constitution to the determination of Parliament. I would, therefore, not place a restrictive construction on the words "of any other authority or body" by reason of their following the words "of the Union and the States". The authority may be a statutory authority or a local authority or some other kind of authority. The body may be an association of persons incorporated or unincorporated.

8. But even if one gave a wide meaning to the words "any other authority or body" they would not be capable, I think, of including an individual contractor or a firm of contractors who have entered into a contract with the Government.

9. The position in the United States and the United Kingdom in this matter does not afford a parallel and will not be helpful. In both these countries there are legislative provisions as pointed out in paras 4 and 5 of the Statement of the Case which enable the officer corresponding to the Comptroller and Auditor-General to be entrusted with the audit of any accounts whether they relate to the receipt and expenditure of public funds or not. In the United Kingdom no question of any constitutional limitations on the powers and functions of the official can arise as there is no written Constitution. The British Parliament could by law confer on him whatever powers and functions it chooses. The constitution of the United States does not prescribe the powers of the official so that the matter is left to be regulated entirely by such law as the Congress may choose to enact.

10. I will now answer the questions.

(1) See para 7 above. As I do not put a restrictive meaning on the expression the dictionary meaning of the words would govern the matter. An authority would mean a person or body exercising power or command. A body would, I think, mean an aggregate of persons incorporated or unincorporated.

(2) No, to the first part of the question for the reasons stated above. The second part of the question does not arise.

(3) Parliament would, I think, be competent to provide by law that the Comptroller and Auditor-General may perform his duties and exercise his powers in relation to the accounts of an unincorporated association of persons which enters into a contract with the Government. But Parliament will not be competent to provide for the performance of such duties and the exercise of such powers in relation to the accounts of an individual or a firm contracting with the Government.

(4) No, except to the extent mentioned in the answer to the third question.

(5) No, except when grants-in-aid are made to an authority or a body understood as stated in answer to the first question.

(6) A law of Parliament would be necessary. Such a law can be passed only in respect of a grantee who is an authority or a body as stated in the answer to the first question. Such a law cannot be passed in respect of a grantee who is an individual. But it can be passed in the case of grantees who are associations of individuals whether incorporated or unincorporated.

(7) I have nothing to add.

Sd- (M. C. SETALVAD),  
Attorney-General of India

NEW DELHI;  
The 14th March, 1960.

43. The S. S. Book Emporium, 'Mount-Joy' Road, Basavangudi, Bangalore-4.

#### ORISSA

44. The Cuttack Law Times Office, Cuttack-2.

44a. Ekamra Vidyabhaban, Eastern Tower Room No. 3, Bhubaneswar-3, Orissa.

#### PUNJAB

45. The English Book Depot, 78, Jhok Road, Ferozepore Cantt.

46. The Krishna Book Depot, Publishers, Book-sellers, Stationery and News Agents, Main Bazar, Pathankot.

47. Minerva Book Shop, The Mall, Simla-1.

48. The New Book Depot, 76, The Mall, Simla-1.

49. (Vacant).

#### RAJASTHAN

50. "Bookland", 663, Madar Gate, Ajmer (Rajasthan).

51. K. M. Agarwal & Sons, Railway Book Stall, Udaipur.

51a. Information Centre, Govt. of Rajasthan, Tripolia, Jaipur City, Rajasthan.

#### UTTAR PRADESH

52. A. H. Wheeler & Company Private Limited, 15, Elgin Road, Allahabad.

53. British Book Depot, 84, Hazratganj, Lucknow.

54. B. S. Jain & Company, 71, Abupura, Muzaffarnagar.

55. Friends Book House, M.U., Aligarh.

56. Goel Traders, 100-C, New Mandi, Muzaffarnagar.

57. Khabistan, 17-A, Kamla Nehru Road, Allahabad.

58. Law Book Company, Sardar Patel Marg, Allahabad.

59. Laxmi Narain Agarwal, Hospital Road, Agra.

60. The Loyal Book Depot, Chhipi Tank, Meerut.

61. Mittal & Company, 85-C, New Mandi, Muzaffarnagar.

62. Shalig Ram & Sons, Bookellers, Madar Gate, Aligarh.

63. Universal Book Company, 20, Mahatma Gandhi Marg, Allahabad.

#### WEST BENGAL

64. Firma K. L. Mukhopadhyay, 61A, Ban-chharam Akur Lane, Calcutta-12.

65. M. C. Sarkar & Sons (Private) Limited, 14, Bankim Chatterjee Street, Calcutta-12.

66. Thacker Spink & Company (1933) Private Ltd., 3, Esplanade East, Calcutta-1.

67. W. Newman & Company Limited, 3, Old Court House Street, Calcutta.

#### JAMMU & KASHMIR

68. The Kashmir Book Shop, Residency Road, Srinagar, Kashmir.

69. Students Stores, Raghunath Bazar, Jammu-Tawi.

#### DELHI

70. Atma Ram & Sons, Kashmir Gate, Delhi-6.

71. Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.

72. Bookwell, 4, San Narakari, Kingsway, Delhi-9.

73. The Central News Agency, 23/90, Connaught Circus, New Delhi.

74. City Book Sellers, Sohanganj Street, Delhi.

75. Dhanwantra Medical & Law Book House, 1522-Lajpat Rai Market, Delhi-6.

76. The English Book Shop, 7-L, Connaught Circus, New Delhi.

77. Freeland Publications, Private Limited, II-A/16, Lajpat Nagar, New Delhi.

78. Hind Book House, 82, Janpath, New Delhi.

79. The Imperial Publishing Company, 3, Puh-Bazar, Daryaganj, Delhi-6.

80. Jayana Book Depot Chappervah Kun Karol Bagh, New Delhi.

1. Jain Book Agency, Connaught Place, New Delhi.

2. J. M. Jaina & Brothers, Mori Gate, Delhi-4.

83. Lakshmi Book Store, 42, M. M. Janpath, New Delhi.

84. Mehra Brothers, 90-G Kalkaji, New Delhi-19.

5. M. Gulab Singh & Sons, Private Limited, Press Area, Mathura Road, New Delhi.

86. The New Book Depot, P.O. Box No. 96, Connaught Place, New Delhi.

87. Oxford Book & Stationery Company, Seindia House, Connaught Place, New Delhi-1.

88. People's Publishing House, Rani Jhansi Road, New Delhi-7.

89. Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.

90. Sikh Publishing House, Private Limited, 7-C, Connaught Place, New Delhi.

91. The United Book Agency, 48, Amrit Kaur Market, Paharganj, New Delhi.

91a. Kitab Mahal (W.D.) Private Ltd., 28, Fais Bazar, Delhi.

#### MANIPUR

92. Shri M. Chacha Singh, Newspaper Agency, Ramail Paul High School, Ananua, Imphal, Manipur.

#### AGENTS IN FOREIGN COUNTRIES

#### U.K.

93. The Secretary Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.-2.



1962 BY LOK SABHA SECRETARIAT

**PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT OF  
BUSINESS IN LOK SABHA (FIFTH EDITION) AND PRINTED AT THE PARLIA-  
MENTARY WING OF THE GOVERNMENT OF INDIA PRESS, NEW DELHI.**

---

