

**PUBLIC ACCOUNTS COMMITTEE  
1962-63**

**TWELFTH REPORT  
(THIRD LOK SABHA)**

**Action taken by Government on the Outstanding  
Recommendations of the Public Accounts Committee  
contained in their 34th, 37th and 42nd Reports (Second  
Lok Sabha) relating to Civil Accounts.**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1963  
Chaitra, 5 (Saka)*

*Price : Rs 3.15 nP.*

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(1962-63)

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**SECRETARIAT**

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

**Shri Y. P. Passi—Under Secretary.**

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**Expired on the 14th March, 1963.**

## INTRODUCTION

As authorised by the Public Accounts Committee, I hereby present this Twelfth Report on the action taken by Government on the recommendations of the Committee contained in their 34th and 37th Reports (1960-61) and 42nd Report (1961-62) relating to Appropriation Accounts (Civil) and Audit Reports thereon.

2. The Committee considered and approved the statement showing action taken or proposed to be taken by Government on the recommendations of the Committee in their above mentioned Reports at their sitting held on the 16th April, 1963. Some of the important cases have been dealt with in the body of the Report. The statement, as approved by the Committee, has been appended to this Report.

3. A brief record of the proceedings of the sitting of the Committee has been maintained and form part of this Report (Part II).

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

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

New Delhi—1.  
April 19, 1963.  
Chaitra 29, 1885 (Saka).

MAHAVIR TYAGI,  
Chairman,  
Public Accounts Committee.

## GENERAL

The need for expeditious submission of notes/statements pursuant to the recommendations of the Committee has been repeatedly emphasised by the Public Accounts Committee in the past. The Committee feel, however, concerned to note that the position in this regard continues to remain unsatisfactory. The time limit of one month laid down by the Committee for the purpose is not being observed by most of the Ministries and in some cases the delay in the submission of notes exceeded even two years. In extenuation, it was urged during the course of evidence that delay in submission of notes in some cases was occasioned by the fact that the information had to be called for from various sources and the notes had to be vetted by Audit.

While the Committee agree that in some cases it might not be possible for the Ministries to adhere strictly to the prescribed time-limit, they feel that there was hardly any justification for inordinate delay in the submission of these notes. As pointed out in their earlier Reports, this not only dislocates the programme of business of the Committee, but by such delays in taking action the criticisms and suggestions made by the Committee in respect of some of the important procedural and financial matters also lose much of their force. They feel that the long time taken in the submission of these notes could be largely reduced if the Ministries concerned initiate action on the recommendations of the Committee, as soon as the Report is presented to the House.

The Committee do appreciate that in some cases, it may be difficult to finalise action within a month, specially when the matter has to be referred to different authorities before final action is taken. The Committee, therefore, agree to extend the time limit for submission of these statements to three months from the date of presentation of the report to the House. They trust that the Ministries will take steps to adhere to this time limit strictly in future. The Committee also desire that in cases where it is not possible to submit the notes even during this extended period, a note explaining the reasons for the delay should be submitted to them. The Committee will thus have a complete picture about the implementation of their earlier recommendations and would take up selected cases for further examination with the representatives of the Ministries during the course of consideration of the relevant Accounts of the following year.

2. The Committee also decided to simplify the existing procedure regarding review of action taken by Government on the recommenda-

tions contained in their reports. According to this simplified procedure, comments|statements containing action taken on the recommendation of the Committee would be appended to the report of the next year without any comments. However, selected recommendations of substantial nature where it is felt that adequate action has not been taken by Government or which require reiteration will be dealt with in a separate chapter. The Committee hope that this simplified procedure will result in reduction of work all round and it will also assist the Committee in focusing attention to their important recommendations of substantial nature. They would, however, like to point out that this revised simplified procedure can be effective only if the Ministries on their part also cooperate by giving complete information asked for and by furnishing their comments and replies with promptitude, so as to avoid the necessity of making further references.

## MINISTRY OF FINANCE

### (Rehabilitation Finance Administration)

*Directions by the Government to their representatives on the Board of Director of Public Undertakings/Corporations etc.—Para 76, 18th Report (Second Lok Sabha).*

3. The Committee considered some of the cases described in Appendix X of the Audit Report (Civil), 1952 (reproduced as Appendix VIII, 18th Report, Vol. II) which were illustrative of the irregularities that had occurred in the grant of loans and recovery proceedings. While commenting upon these cases of irregularities in the R.F.A. the Committee, in para 76 of their 18th Report (Second Lok Sabha) had observed that Government representatives had failed to warn Government in time regarding the unwise activities or investment etc. of such Boards and the Committee desired that Government should impress upon their nominees on autonomous bodies this important aspect of their duties.

In a note submitted to the Committee, the Ministry of Finance (Department of Expenditure) had stated that the representatives of Government on the Board of Directors of autonomous Corporations and companies were senior officers who, by virtue of their experience and standing, while participating in the deliberations of the Board were expected to ensure, by and large, that the known policies of Government and the objectives and responsibilities entrusted to the corporations were discharged in the most satisfactory manner. In the event of any difference with their colleagues on the Board on any substantial matter, the Government representatives were expected to bring the matter to the notice of the Government but no formal instructions had been issued to them on this matter, nor was it considered necessary or desirable to do so.

In this connection, the Committee (1961-62), in para 85 of their 42nd Report, Vol. I (Second Lok Sabha), observed that they found it difficult to accept the reply of the Ministry in this case. They did not see how the Ministry felt that it was neither necessary nor desirable to issue formal instructions to the representatives of the Government on the Board of Directors of Public Undertakings/Corporations in this regard when the principle underlying the recommendation had been accepted by the Ministry. In the Committee's opinion it was desirable in the interest of both the Government and the Government Directors that formal instructions should be issued enjoining

upon the Government Directors that they should apprise Government on matters over which they did not agree with the views or decisions of the Board of Directors.

The Ministry of Finance (Department of Expenditure) submitted a note (Appendix IX) stating therein that a large measure of autonomy had been given to these undertakings and only a few important questions of policy had been reserved for decision by Government. It had also been decided to withdraw the power previously available, in some cases, to any Director to withhold action on any proposal or decision taken by the Board until the approval of Central Government was obtained. It had been stipulated that only the Chairman of the Company might, at his discretion, reserve any matters of importance for Government's decision. The Government felt that the representatives, like other Directors on the Company, were expected to make their contribution in the decisions of the Board, and did not enjoy any special position. They maintained that within the delegated field the Board of Directors enjoyed full powers and any "interference" by Government Directors would impinge on the "autonomy" sought to be given. In the subjects reserved for Government's decision, Government representatives, could, of course, have their full say before final decisions were taken. In exceptional cases Government Directors were, however, not precluded from bringing the matters to Government's notice for issue of a directive, if necessary. The Ministry of Finance, therefore, urged that the Committee may not press for the issue of formal directive to Government representatives on public undertakings, in this regard.

**The Committee (1962-63) note that the Ministry of Finance agree to the principle underlying their earlier recommendation but are reluctant to issue formal instructions to the Government Directors on the lines envisaged by the Committee. The Committee are unable to appreciate the reasons advanced for this reluctance. The Committee do not see how the issue of these instructions would impinge on the "autonomy" of these undertakings. All that is envisaged by the issue of these instructions is that the Government should be kept informed by the Government Directors concerned as a normal part of their responsibility as representatives of the respective Ministries whenever a Board of Directors takes a decision involving major change in policy or heavy financial commitments with which the former are not in agreement. The position regarding their ultimate accountability to their Ministries must be made clear. Each such case need not necessarily result in the issue of a directive by Government. The Committee would like the Ministry of Finance to re-examine the matter in the light of these comments.**



## MINISTRY OF HOME AFFAIRS

*Shortage of foodgrains, note 8, page 278 (1957-58 accounts)*

4. Shortage of Foodgrains.—A Department of Centrally Administered Area appointed an agent in 1952 for the storage of Government Foodgrain Stocks without any written agreement and without taking any security from him. 33,569 mds. of paddy and 3,000 mds. of rice were stored in the Agent's godowns during the period from 1952 to 1955. The agent delivered 27,105 mds. of paddy and 1,749 mds. of rice to Government on different dates prior to October, 1955. The balance of 6,464 mds. of paddy (19.3%) and 1,251 mds. of rice (41.7%) as well as 4,986 guny bags valued at Rs. 88,849 in all was found short in the godowns and could not be accounted for. The question of instituting a civil suit against the storing agent for the recovery of the loss was stated to be under examination (December 1958). An investigation for fixing responsibility of the officials at fault was also reported to be in progress. It was stated that the foodgrains were stored in Kutcha godowns by the agent without proper dunnage.

The Committee (1959-60) while considering the above audit objection observed in para 64 of their Twenty-fifth Report (Second Lok Sabha), Vol. II that they understood that the Board of Enquiry appointed in connection with the case reported in para 23 of Audit Report (Civil), 1958 would enquire into this case as well. In view of this, they would await the findings of the Board and action taken by Government thereon.

The Committee (1961-62) while considering the statement showing action taken or proposed to be taken on their outstanding recommendations relating to the accounts of the Ministry of Home Affairs, desired that the requisite information may be furnished without delay *vide* S. No. 79, Appendix I, Vol. II, 42nd Report (Second Lok Sabha).

The Ministry of Home Affairs have submitted a note (Appendix XIII) for consideration of the Committee. After considering the facts as contained in the said note, the Committee would like to make the following observations:—

- (i) While it may be accepted that the Director of Procurement could not verify the stocks of each centre periodically

cally, as was his duty to do, it is difficult to understand why he did not undertake the verification in respect of this particular Centre when there were reports of shortages. It appears that timely action was not taken by him on these reports. The Committee understand from audit that the first report of verification was submitted in April, 1954 and after this date there were only three changes in the incumbency of the post. The period for which each person held charge is known and it should not be difficult to fix the responsibility.

- (ii) The Committee further understand from Audit that the Board of Enquiry had observed as follows:—

“Some exemplary action could be taken against such an officer (SDO) then and there for the naked violation of every bit of rules, regulations and orders but nothing was done in this regard. He has since retired from service and we can hardly take any action against him.”

The Committee are concerned to note that the Director of Procurement did not suggest any disciplinary action against an officer who was violating every bit of rules and allowed him to retire and feel that to this extent he failed in the performance of his duties.

- (iii) The Committee further understand that another SDO was not only responsible for the lapse in regard to the non-execution of the agreement with the Agent but also for not taking any security from the Agent and not conducting proper verification about the landed property of the Agent before his appointment. The Board have themselves pointed out these lapses but have not suggested any action against the SDO.
- (iv) The Committee are not happy about the manner in which this case has been handled by the Administration and would suggest that the matter be investigated further and responsibility for lapses fixed on the officials concerned.

MINISTRY OF STEEL & HEAVY INDUSTRIES (DEPARTMENT  
OF IRON & STEEL)

*Outstanding dues from two main producers of steel—paras 6—10  
of the Twenty-sixth Report of P.A.C. (1959-60).*

5. During the period of 1st May, 1949 to 10th June, 1956, the selling price of steel (f.o.r. destination) supplied by the two main producers (TISCO AND IISCO) to various allottees **included an element of freight upto destination**, calculated at a flat rate per ton. The difference between this flat rate of freight and the actual freight for each consignment was to be recovered from, or paid to, the main producers, as the case may be, by corresponding credits or debits to the Steel Equalisation Fund.

The orders of Govt. regarding this adjustment were conveyed to the two main producers in the then Ministry of Industry and Supply letter dated 25th May, 1949 and a copy thereof was endorsed to the Iron and Steel Controller. No adjustment on the above account was, however, made by the Office of Iron and Steel Controller (Price and Accounts Division).

The net amount due to the Fund on this account from the two main producers was estimated by the Ministry to be about Rs. 1.5 crores.

The sub-Committee of the P.A.C. (1959-60) on the working of the Iron and Steel Controller's Organisation, who examined the matter, were informed by the Iron and Steel Controller during the course of evidence that all the relevant records except for a few months were available in his office and the amount due to be adjusted could be compiled. The sub-Committee considered that it would stand Government in good stead if the statements were compiled from the documents available with the Iron and Steel Controller and the amount to be adjusted computed. They desired the Organisation to proceed with the work with utmost expedition.

In a Note (Appendix XVI) furnished by the Ministry of Steel and Heavy Industries (Department of Iron and Steel), it has, however, been stated that from the data now available, it appears that records for more than a few months are not likely to be available.

The Committee regret that in a matter involving Government dues to the extent of Rs. one and a half crore, the Organisation should have failed to maintain proper records. They desire that the Ministry should address itself to the matter and impress upon the Organisation the imperative need to maintain properly all records involving the financial interests of Government.

The Committee also regret that the information furnished to the sub-Committee in this behalf by the representative of the Organisation during the course of evidence was materially incorrect and misleading. They hardly consider it necessary to emphasise again that the representatives of the Ministries and Departments appearing before the Committee should come fully posted up with facts and furnish accurate information to the Committee.

6. As regards the present position regarding recovery of outstandings from the main producers, it has been stated by the Ministry in a Note (Appendix XVI) furnished to the Committee that claim bills prepared by the Organisation on the basis of tabulated statements compiled by Messrs. International Computers & Tabulators Ltd., Calcutta were furnished to the two main producers—Messrs. TISCO AND IISCO—in December, 61. No payment had yet been received from either of the companies. One of the producers, viz., M/S TISCO, wanted to examine the statements with a view to verifying whether there was any error. As a result of the scrutiny conducted by two officers deputed by the Company, a large number of errors of tabulation were detected which were due, essentially, to absence of control totals for place extras and railway freight.

The Ministry have further stated that with a view to early settlement of this long outstanding issue, the following procedure has been evolved in January, 1963, in consultation with Finance and Audit: "One month's statement for each quarter of the period in question will be selected for joint checking by the Iron and Steel Controller and producers. Alternate quarters will be considered by the Iron and Steel Controller and the producers so that 50% roughly of the months will be selected by each party. In this respect, the possibility of covering all the calendar months of the period in question will be kept in view. The average rate worked out in this way will be applied for the entire period. The producers are yet to convey their acceptance of the revised proposal".

The Committee regret to observe that although more than three years have elapsed since the Committee of 1959-60 had urged

upon the Iron and Steel Control Organisation to proceed with the work of recovering the outstandings from the main producers with utmost expedition, much headway has not yet been made in the matter. They again urge that the matter should be finalised without further delay.

7. Several major accounting & other failures in the Iron & Steel Controller's Organisation have recently been dealt with by the Committee in paragraphs 85 to 96 of their 8th Report (3rd Lok Sabha) In the Committee's opinion functioning of the organisation and the methods of work followed therein call for careful review by Government. The Committee would reiterate in this connection their recommendation in concluding part of paragraph 143 of their 34th Report (2nd Lok Sabha).

*Loss due to non-enforcement of the terms of contracts—Paras 139 to 142 of the Thirty-fourth Report of P.A.C. (1960-61)—Vol. I.*

8. In paras 139-142 of their Thirty-fourth Report (Second Lok Sabha), the P.A.C. (1960-61) considered a case in which a certain firm offered 2,000 tons of MS Angles and 5,000 tons of MS Rounds, after negotiations to the Iron and Steel Control Organisation at C.I.F. prices of Rs. 724 and Rs. 698 respectively per ton on 11th May, 1956 on the condition that if these prices were found to be higher than the prices obtained against tender enquiry (to be issued within 15 days) for similar type of the material and the same specification, the firm would be asked to reduce its prices accordingly within 30 days; and in case of non-acceptance of the reduced price, it would be allowed to sell the material elsewhere at the landed cost. The firm was informed about acceptance of its terms of offer on 17th May, 1956 and simultaneously tenders were invited on 16th May, 1956 for similar type of material. As the lowest quotations received in response to tender enquiry were Rs. 659/4 per ton for Angles and Rs. 663/8 to Rs. 683/12 per ton for various items of MS Rounds, the firm was asked on 25th June, 1956 to reduce its prices accordingly or in the alternative to sell the materials elsewhere at full landed cost. The firm did not accept the lower prices on the plea that materials offered against the open tenders were products of Continental Re-rolling Mills while the stores offered by it were of better quality, strength and finish, being the products of main producers in Japan. On 14th July, 1956, the firm was informed that its plea was unacceptable. On further negotiation the firm agreed to accept reductions in price of Rs. 4 and Rs. 3 per ton in respect of Angles and Rounds respectively and final contracts stipulating the prices of Rs. 720 and Rs. 695 per ton were accordingly issued on 10th August, 1956 and 12th August, 1956 respectively. According to Audit, purchase of the steel from the firm

at prices higher than the lower quotations without entering into fresh contracts with other lower tenderers resulted in avoidable extra expenditure of Rs. 2,25,082.

In evidence, the Committee of 1960-61 enquired why after rejecting the firm's plea of superior quality of the materials offered by it on the 14th July, 1956, the Iron and Steel Control Organisation entered into agreements with it a few days later on the basis of just a nominal reduction in prices (from Rs. 724 to Rs. 720 per ton and from Rs. 698 to Rs. 695 per ton for Angles and Rounds respectively). The Iron and Steel Controller stated that as a result of discussions held by his Organisation with Finance in the presence of the firm's representative, it was agreed that the firm's offer for fully tested MS Rounds of Japanese origin in open hearth quality should not be lost.

The P.A.C. (1960-61) were not convinced by this explanation. They felt that when the plea of superior quality urged by the firm was rejected, there was no apparent justification to pay substantially higher price for the steel purchased from this firm when other firms were willing to offer the materials at lesser rates.

In a statement furnished by the Ministry of Steel and Heavy Industries (Department of Iron and Steel), the observations of the P.A.C. (1960-61) are stated to have been 'noted'. From this, the Committee presume that their observations have been accepted by the Ministry. If so, the Committee feel that the Ministry should have examined whether the persons responsible for finalising this deal at a higher cost of Rs. 2.25 lakhs acted in the best interests of Government. They regret that no indication of this has been given by the Ministry. The Committee urge that the case should be reviewed accordingly and the outcome thereof intimated to them.

*Loss of Rs. 1,68,000 in the purchase of cast-iron cement—paras 158 to 160 of the Thirty-fourth Report (Second Lok Sabha)—Vol. I.*

9. In paras 158 to 160 of their Thirty-fourth Report (Second Lok Sabha), the P.A.C. (1960-61) considered a case in which following a demand for 50 tons of cast-iron cement in November, 1957 a telegraphic order was placed by the Bhilai Project authorities on 17th June, 1958 with a firm at the rate of Rs. 3.25 per lb. at which the cement had been purchased earlier from the same firm in August, 1957. Meanwhile, in April, 1958 an offer from another firm to supply similar type of cement at Rs. 1.75 per lb. had been received with samples by the Project authorities. The quality of the cement was not examined in the project laboratory till October, 1958. Audit felt that before the repeat order at the higher rate was placed by the Project authorities, the suitability of the material offered at the lower rate should have been examined.

The Committee of 1960-61 were informed in evidence that 50 tons of the material were required for sealing the cooling plates of the second and third blast furnaces whose erection was scheduled to commence in June and September, 1958. Having in view their experience in the case of the first blast furnace, the Project authorities wanted to ensure the availability of the requisite quantities of the material well in advance for use in the erection of the second and third blast furnaces. At the time of placing the repeat order, there were two alternatives before the Project authorities, either to purchase the material of proved quality at higher rates or to wait for the laboratory tests of the material offered at lower rates. On grounds of urgency the Project authorities chose the former course.

From a note (Appendix XVII) furnished by the Ministry of Steel and Heavy Industries (Department of Iron and Steel), the Committee observe that as against the orders of 25 tons and 50 tons placed by the Company in August, 1957 and June, 1958, the total quantity consumed by the Project authorities upto the 25th July, 1959 (i.e., more than one year after the placing of the repeat order) was only 18 tons. They also note that even after the completion of the third\* blast furnace, a balance of approximately 35 tons will be left in stock unutilised. It is also observed from the Ministry's note that the Chief Engineers increased the quantity of the material to be purchased from 19½ tons given by foreign experts to 25 tons, as extra provision required for variation in the gaps between cooling plates.

In the light of the fact that of the 50 tons of the material ordered telegraphically in June, 1958, not even 1 ton could be used by the Project authorities upto the 25th July, 1959, the Committee can hardly accept the plea of urgency advanced by the Hindustan Steel for placing the repeat order, without awaiting the laboratory tests of the material offered at lower rates. It has been stated in extenuation in the Ministry's note that by the time the second purchase order was issued in June, 1958, the actual consumption of the cement in the first blast furnace could not be ascertained as the work was still in progress. It has also been explained that according to the commissioning schedule then in vogue, construction work in the second and third blast furnaces was also to go on simultaneously, and it was necessary to plan and procure the materials in advance. The Committee cannot but reject this plea. They feel that the second order could well have been placed after a proper assessment of the quantities required on the basis of the progress made in the construction of the first blast furnace and not on the *ad-hoc* quantity of

\*The construction of which had not started even upto 25.7.1959, as against September, 1958, as stated in evidence.

25 tons obtained for the first blast furnace. The Committee trust that the Hindustan Steel will benefit from their experience in this case, and be more careful while placing orders for such materials in future.

NEW DELHI;  
*The 19th April, 1963.*  
*Chaitra 29, 1885 (Saka).*

MAHAVIR TYAGI,  
*Chairman,*  
*Public Accounts Committee.*



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**PART II**

**Proceedings of the sitting of the Public Accounts Committee held  
on Tuesday, the 16th April, 1963**

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**Proceedings of the 56th sitting of the Public Accounts Committee  
held on Tuesday, the 16th April, 1963**

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*The Committee sat from 15.00 to 1600 hours.*

**PRESENT**

Shri Mahavir Tyagi—*Chairman*

**MEMBERS**

2. Shri R. K. Khadilkar
3. Shrimati Maimoona Sultan
4. Dr. P. Mandal
5. Shrimati K. Bharathi
6. Shri Dahyabhai V. Patel
7. Shri Lalji Pendse

Shri C. S. Menon—*Addl. Dy. Comptroller & Auditor General  
(Rlys.)*

Shri P. K. Rao—*Director of Audit, F.R.S.C.S. & M. AGCR.*

**SECRETARIAT**

Shri H. N. Trivedi—*Deputy Secretary*

Shri Y. P. Passi—*Under Secretary.*

The Committee considered and approved the draft Twelfth Report on the action taken by Government on the outstanding recommendations of the Committee contained in their 34th, 37th and 42nd Reports relating to Civil Accounts subject to certain modifications here and there.

2. The Committee also decided to simplify the existing procedure regarding review of action taken by Government on the recommendations contained in their reports. It was decided that a suitable reference to the revised procedure, as agreed to by the Committee, may be made in the Report.

3. The Committee authorised the Chairman to review the proposed comments on the statements of action taken in the light of the simplified procedure agreed to by the Committee.

4. The Committee authorised the Chairman to sign the Report and to present it to Lok Sabha.

5. The Committee also authorised Shri Dahyabhai V. Patel/ Shrimati K. Bharathi to lay the Report on the Table of Rajya Sabha.

The Committee then adjourned *sine die*.

## APPENDIX I

### *Summary of conclusions/recommendations*

Sl. No.	Para No.	Ministry/Department concerned	Conclusions/Recommendations
(1)	(2)	(3)	(4)
1	1	All Ministries	<p>(i) While the Committee agree that in some cases it might not be possible for the Ministries to adhere strictly to the prescribed time-limit, they feel that there was hardly any justification for inordinate delay in the submission of the notes on their outstanding recommendations. As pointed out in their earlier Reports, this not only dislocates the programme of business of the Committee, but by such delays in taking action the criticisms and suggestions made by the Committee in respect of some of the important procedural and financial matters also lose much of their force. They feel that the long time taken in the submission of these notes could be largely reduced if the Ministries concerned initiate action on the recommendations of the Committee, as soon as the Report is presented to the House.</p> <p>(ii) The Committee do appreciate that in some cases, it may be difficult to finalise action within a month, specially when the matter has to be referred to different authorities before final action is taken. The Committee, therefore, agree to extend the time-limit for submission of these statements to three months from the date of presentation of their report to the House. They trust that the Ministries will take steps to adhere to this time</p>

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(1)	(2)	(3)	(4)
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limit strictly in future. The Committee also desire that in cases where it is not possible to submit the notes even during this extended period, a note explaining the reasons for the delay should be submitted to them. The Committee will thus have a complete picture about the implementation of their earlier recommendations and would take up selected cases for further examination with the representatives of the Ministries during the course of consideration of the relevant Accounts of the following year.

2      2 All Ministries

The Committee also decided to simplify the existing procedure regarding review of action taken by Government on the recommendations contained in their reports. According to this simplified procedure, comments/statements containing action taken on the recommendations of the Committee would be appended to the report of the next year without any comments. However, selected recommendations of substantial nature, where it is felt that adequate action has not been taken by Government or which require reiteration, will be dealt with in a separate chapter. The Committee hope that this simplified procedure will result in reduction of work all round and it will also assist the Committee in focussing attention to their important recommendations of substantial nature. They would, however, like to point out that this revised simplified procedure can be effective only if the Ministries on their part also cooperate by giving complete information asked for and by furnishing their comments and replies with promptitude, so as to avoid the necessity of making further references.

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(1)	(2)	(3)	(4)
3	3 <u>Finance</u> All other Ministries		<p>The Committee (1962-63) note that the Ministry of Finance agree to the principle underlying their earlier recommendation (referred to in para 76 of their 18th Report—2nd Lok Sabha) but are reluctant to issue formal instructions to the Government Directors on the lines envisaged by the Committee. The Committee are unable to appreciate the reasons advanced for this reluctance. The Committee do not see how the issue of these instructions would impinge on the "Autonomy" of these undertakings. All that is envisaged by the issue of these instructions is that the Government should be kept informed by the Government Directors concerned as a normal part of their responsibility as representatives of the respective Ministries whenever a Board of Directors takes a decision involving major change in policy or heavy financial commitments with which the former are not in agreement. The position regarding their ultimate accountability to their Ministries must be made clear. Each such case need not necessarily result in the issue of a directive by Government. The Committee would like the Ministry of Finance to re-examine the matter in the light of these comments.</p>
4	4 Home Affairs		<p>(i) While it may be accepted that the Director of Procurement could not verify the stocks of each centre periodically, as was his duty to do, it is difficult to understand why he did not undertake the verifications in respect of this particular Centre when there were reports of shortages. It appears that timely action was not taken by him on these reports. The Committee understand from audit that the first report of verification</p>

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(1)	(2)	(3)	(4)
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was submitted in April, 1954 and after this date there were only three changes in the incumbency of the post. The period for which each person held charge is known and it should not be difficult to fix the responsibility.

- (ii) The Committee further understand from Audit that the Board of Enquiry had observed as follows: "Some exemplary action could be taken against such an officer (SDO) then and there for the naked violation of every bit of rules, regulations and orders but nothing was done in this regard. He has since retired from service and we can hardly take any action against him".

The Committee are concerned to note that the Director of Procurement did not suggest any disciplinary action against an officer who was violating every bit of rules and allowed him to retire and feel that to this extent he failed in the performance of his duties.

- (iii) The Committee further understand that another SDO was not only responsible for the lapse in regard to the non-execution of the agreement with the Agent but also for not taking any security from the Agent and not conducting proper verification about the landed property of the Agent before his appointment. The Board have themselves pointed out these lapses but have not suggested any action against the SDO.

- (iv) The Committee are not happy about the manner in which this case has been handled by the Administration and would suggest that the matter be investigated further and responsibility for lapses fixed on the officials concerned.
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(1)	(2)	(3)	(4)
5	5 Steel & Heavy Industries (Deptt. of Iron & Steel)	Do. <u>All other Ministries</u>	<p>(i) The Committee regret that in a matter involving Government dues to the extent of Rs. one and a half crores the Iron &amp; Steel Organisation should have failed to maintain proper records. They desire that the Ministry should address itself to the matter and impress upon the Organisation the imperative need to maintain properly all records involving the financial interests of Government.</p> <p>(ii) The Committee also regret that the information furnished to the sub-Committee in this behalf by the representative of the Organisation during the course of evidence was materially incorrect and misleading. They hardly consider it necessary to emphasise again that the representatives of the Ministries and Departments appearing before the Committee should come fully posted up with facts and furnish accurate information to the Committee.</p>
6	6 Steel & Heavy Industries (Deptt. of Iron and Steel)		<p>The Committee regret to observe that although more than three years have elapsed since the Committee of 1959-60 had urged upon the Iron and Steel Control Organisation to proceed with the work of recovering the outstandings from the main producers with utmost expedition, much headway has not yet been made in the matter. They again urge that the matter should be finalised without further delay.</p>
7	7 Do.		<p>Several major accounting and other failures in the Iron &amp; Steel Controller's Organisation have recently been dealt with by the Committee in paragraphs 85 to 96 of their 8th Report (Third Lok Sabha). In the Committee's opinion function-</p>



1)	(2)	(3)	(4)
			<p>ing of the Organisation and the methods of work followed therein call for careful review by Government. The Committee would reiterate in this connection their recommendation in concluding part of paragraph 143 of their 34th Report (Second Lok Sabha).</p>
8	<p>8 Steel &amp; Heavy Industries (Deptt. of Iron and Steel). Hindustan Steel Ltd.</p>		<p>In a statement furnished by the Ministry of Steel &amp; Heavy Industries (Department of Iron and Steel) the observations of the PAC (1960-61) made in para 142 of their 34th Report (Second Lok Sabha) are stated to have been 'noted'. From this, the Committee presume that their observations have been accepted by the Ministry. If so, the Committee feel that the Ministry should have examined whether the persons responsible for finalising this deal at a higher cost of Rs. 2.25 lakhs acted in the best interests of Government. They regret that no indication of this has been given by the Ministry. The Committee urge that the case should be reviewed accordingly and the outcome thereof intimated to them.</p>
9	9	Do.	<p>(i) In the light of the fact that of the 50 tons of the material ordered telegraphically in June, 1958, not even 1 ton could be used by the Project authorities upto the 25th July, 1959, the Committee can hardly accept the plea of urgency advanced by the Hindustan Steel for placing the repeat order, without awaiting the laboratory tests of the material offered at lower rates.</p> <p>(ii) It has been stated in extenuation in the Ministry's note that by the time the second purchase order was</p>

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issued in June, 1958, the actual consumption of the cement in the first blast furnace could not be ascertained as the work was still in progress. It has also been explained that according to the commissioning schedule then in vogue, construction work in the second and third blast furnaces was also to go on simultaneously, and it was necessary to plan and procure the materials in advance. The Committee cannot but reject this plea. They feel that the second order could well have been placed after a proper assessment of the quantities required on the basis of the progress made in the construction of the first blast furnace and not on the *ad hoc* quantity of 25 tons obtained for the first blast furnace. The Committee trusts that the Hindustan Steel will benefit from their experience in this case, and be more careful while placing orders for such materials in future.

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## APPENDIX II

*\*Statement showing action taken or proposed to be taken on the outstanding recommendations of the Committee relating to Civil Accounts*

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

### EIGHTEENTH REPORT (SECOND LOK SABHA)—Vol. I

1	166 (S. No. Deptt. of 182 of App. Atomic I, 42nd Report, Vol. II)	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 French Firm and settle it. The matter was being taken up with the C & AG's representative, in the Indian High Commission in U.K. The Committee would like to be informed of the settlement in this case.		Note awaited.
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*Further comments of the  
P.A.C. (1961-62)*

The Committee await the final settlement of the case.

2 170 (S. No. 183 of App. I, 42nd report, Vol. II)

Do.

The Committee recommend that while entering into long term agreements with firms for supply of materials etc. fluctuations in requirements should be taken into account and suitable provision made in the agreement to safeguard the interests of the Company in this respect.

Note awaited.

*Further comments of the  
P.A.C. (1961-62)*

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

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\*The recommendations on which the Committee have no comments to offer, or which have been dealt with in the body of the Reports of the P.A.C. (1962-63) relating to Civil Accounts, have not been included in the statement.

EIGHTEENTH REPORT (SECOND LOK SABHA)—Vol. II

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|---|---|--|---------------|
| 3 | Item 5, App. Commerce<br>I (S. No. 1, & Industry<br>42nd Re-<br>port, Vol.<br>II) | 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 over-lapping 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 coordination and the results thereof. | Note awaited. |
|   |   | <p><i>Further comments of the committee (1961-62)</i></p> <p>The Committee would like to know the latest position in this regard.</p>  |               |
| 4 | 20 (S. No. Commerce<br>8, 42nd Re- & Industry<br>port, Vol.<br>II)                | The Committee deprecate the inordinate delay in finalising the matters connected with accounts of subsidy on   | Note awaited  |

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.

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 Fund.

*Further Comments of the  
Committee (1961-62)*

The Committee are unable to accept the explanation of the Ministry that the irregularities were mainly consequential on certain decisions 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.

5 23 [S. No. 9 Commerce  
(ii) of 42nd & Industry  
Report  
(2nd Lok  
Sabha)  
Vol. 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 recoup the same in future years. The information is still awaited.

Note awaited.]

*Further comments of the committee (1961-62)*

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 should institute an enquiry.

6 32 (S. No. Commerce  
10, 42nd & Industry  
Report,  
Vol. II)

The Committee desire that in view of the demand for salt in the Mandi region the question of economic utili-

Note awaited.

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sation 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.

*Further comments of the Committee (1961-62)*

The Committee would like to know further progress made in this regard.

TWENTY-FIFTH REPORT (SECOND LOK SABHA)—Vol. I

7 19 ( S. No. 13, 42nd Report Vol. II)

Commerce & Industry

The Committee of 1958-59 has 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 Committee, however, would like to point out that if the funds earmarked in pursuance of the policy of Development of traditional

Note awaited.

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.

*Further comments of the Committee (1961-62)*

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

THIRTY-FOURTH REPORT (SECOND LOK SABHA)—Vol. I.

3 27

Commerce & Industry (K.V.I.C.)

(iii) The Committee were promised notes regarding outstanding as well as about certain objectionable features in the leasing of 140 acres of cultivable land attached to the institution to a private party. Both these notes are still awaited.

A note has been submitted (Appendix III).

The Committee agree with the views of Audit [contained at Sl. No. 8(v) of Appendix III] that payment of special rebate requires to be regularised by Govt. *ex-post facto*.

1	2	3	4	5	6
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9 51 Commerce & Industry (i) The Committee are not satisfied with the explanation given as regards the reported undercharging of rent. Even granting there had been wrong-billing in the first instance, the position should have been reviewed in time and recovery of rent effected correctly. In the face of the reported existence of concrete cases of under-charging of rent, the Committee find it difficult to accept the Ministry's assurance. They would urge that a thorough examination of the cases be made by the Ministry in consultation with Audit and a report furnished.

A note has been submitted (Appendix IV).

The Committee trust that all verbal commitments, decisions etc. would in such cases be confirmed in writing so that disputes re : bills etc. do not arise later.

10 52 Do. (ii) The Committee are unhappy to learn that even 2 years after the exhibition there should be arrears of rent pending.

They would also like the settlements of outstanding dues to be made early.

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FORTY-SECOND REPORT (SECOND LOK SABHA)—Vol. I.

Note awaited.

11 20 Commerce & Industry In the Committee's opinion the facts disclosed in the case of the establishment of a show room-cum-trade centre clearly establish that the agreement with the firm did not serve the purpose in view and did not also safeguard adequately the interests of Government. The transfer of the lease to the firm after a period of 3 years entailed a loss not only of the goodwill amounting to Rs. 2.18 lakhs but also heavy depreciation of the capital expenditure on installation and equipment amounting to Rs. 1.25 lakhs. The foreign firm had been benefited unduly at the expense of the Government of India.

Note awaited.

12 25 Do. The Committee desire that Government should take an early decision regarding apportionment of the trade discount.

1	2	3	4	5	6
13	27	Commerce and Industry	(i) The Committee feel that any reduction in the prescribed rate of discount should have the prior approval of the Certification Committee.	Note awaited	
			(ii) The Committee feel that as the trading activities of the Commission involve large sum of money, it should be examined whether the Certification Rules of the Commission do not require Government approval.	A note has been submitted (Appendix V)	The Committee are not convinced with the explanation furnished by the Ministry for their view. They feel that the clause relating to fixation of rates of discount which has financial implications and affect the Government Departments should have Government approval.
14	29	Do.	The Committee are concerned to find over-payments of large magnitude. They urge that the review of remaining cases of over-payment of sale-subsidy should be completed and the balance of over-payments recovered early.	Note awaited.	

In the face of the opinion of the Ministry of Law, it passes the comprehension of the Committee as to how the subsidiary agreement contemplating additional payment was approved and accepted by the Company and the Government on 15th January, 1959. It is also inexplicable how the letter dated 5th April, 1956 came to be issued from the late Production Ministry to M/s A.E.I. In the absence of any evidence to prove the abrogation of the Consultant's letter dated 19th June, 1955, the Committee feel that the matter needs further investigation. It is significant in this connection that the Consultants had claimed that the subsidiary agreement which was finalised on 15th January, 1959 with the approval and acceptance of the Company and the Government had superseded the terms of their letter dated 19th June, 1955.

Note awaited.

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The Committee understand that the relevant file of the Ministry leading to the conclusion of the main agreement in November, 1955 with the technical consultants is missing for a long time. The matter, therefore, calls for a thorough investigation.

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Commerce  
& Industry  
STC

The Committee are not happy at the way in which the Corporation has set about the work in this deal. Apparently the Corporation had not kept a watch on the market trends. The plea that the Corporation made good the contracted supplies out of the 1957 crop (at a loss to the Corporation) as it was the first order from the Russians is also not convincing as the Corporation had a strong case to seek cancellation of the quantity which could not be procured from the 1956 crop.

Note awaited.

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The Committee would like to be informed of the outcome of disciplinary proceedings in the present case.

Note awaited.

EIGHTEENTH REPORT (SECOND LOK SABHA) Vol. I

18 36 and Sl. Education  
No. 23 of  
Appendix I,  
42nd Report  
(1961-62)  
Vol. II.

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 of the University Grants Commission in the matter.

*Further comments of the P.A.C.  
(1961-62)*

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 and other grants by

The recommendation was brought to the notice of the University Grants Commission. In their view the question of unspent balance did not loom large, partly because they expected the Universities to be more expeditious than they actually proved to be and partly because they were operating on a Fund rather than on an annual allocation of money. The Commission had made it a matter of strict policy to release grants in instalments to the institutions on the basis of the progress reports and with reference to the capacity of their spending. In view of this, the Commission does not anticipate any large unspent balances with the

While the Committee are glad to be informed that the University Grants Commission has made it a matter of strict policy to release grants to the institutions on the basis of progress reports and with reference to their spending capacity, they find it difficult to share the Commissions' view that the problem of unspent balances did not loom large on the ground that they were operating on a fund rather than on annual allocations. The Committee hardly consider it necessary to point out that the timely utilisation of funds by the aided institutions was as important in the



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

Universities henceforth.

case of a fund as in case of annual allocations. The Committee would like to watch the effect of the measures taken by the Commission to obviate the accumulation of unspent balances.

19 43 and Sl. No. 24 of Appendix I, 42nd Report, (1961-62) Vol. II.

Education The importance of local contributions and the necessity of the Projects 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

Note awaited.

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.

*Further comments of the PAC (1961-62)*

The statement giving the latest position regarding voluntary public contributions called for by the PAC (1960-61) vide para 322 of their 34th Report (1960-61) Vol. II may be awaited.

#### TWENTY-FOURTH REPORT (SECOND LOK SABHA)

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|----|--|----------------------------|--|--|---|
| 20 | Sl. No. 10 of Appendix I to 24th Report (1959-60) and Sl. No. 25 of Appendix I, 42nd Report (1960-61) Vol. II. | Rehabilitation. Education. | The Committee observed 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 | A note has been submitted by the Ministry of Education. (Appendix VI). | From a perusal of the Report of the Departmental Enquiry Committee, the Committee note that the Enquiry Committee could not get hold of the complete records of the Delhi Administration containing the progress 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 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.

case from 1-8-1954 to February, 1956. The Enquiry Committee have in this regard observed, "...in the absence of all files which could give complete picture of the position the Committee feel that it cannot be possible to determine whether action on the case was unduly held up at any stage during this period or to fix responsibility therefor." In the light of this, the Committee find it difficult to appreciate the conclusion of the Enquiry Committee reached in para 4 of their Report that 'the long time taken in the closure of the Account was occasioned by the very circumstances of the case and no blame for it could be apportioned to

anybody'. The Committee trust that care will, henceforth, be taken by the Ministries concerned to ensure that the treasury rules and orders of Government are strictly complied with by the sub ordinate authorities. 4

TWENTY-FIFTH REPORT (SECOND LOK SABHA)—VOL. II.

21	6 & S. No. 30 of Appendix I to 42nd Report (Second Lok Sabha) Vol. II.	Education ————— S.R. & 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.	A statement has been submitted by the Ministry of Education (Appendix VII).	The Committee desire that the pace of clearance of arrears in accounting should be accelerated & a further report made to them.
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*Further comments of the P.A.C.  
(1961-62).*

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

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THIRTY-FOURTH REPORT (SECOND LOK SABHA)—VOL. I

- |    |        |  |  |   |   |
|----|--------|--|--|---|---|
| 22 | 13 (b) | Education                                | The Committee feel that the expenditure incurred on the scheme of National awards for teachers involving "New Service" should not have been met without obtaining supplementary grant. | Noted for guidance and adherence. A note is also under preparation, in consultation with the Ministry of Finance. | Note awaited.   |
| 23 | 69     | Education, Planning Commission; Finance. | The Committee desire that an early decision should be taken on the question of channelising all the grants given by Government to the Bharat Sewak Samaj through a single Ministry.    | A note has been submitted by Planning Commission (Appendix VIII).   | The Committee would like to be informed whether the decisions referred to in para 3 of the Ministry's note have since been given effect to. |

FORTY-SECOND REPORT (SECOND LOK SABHA)—VOL. I

- |    |    |           |  |   |               |
|----|----|-----------|--|---|---------------|
| 24 | 60 | Education | While the Committee are in no way less anxious than the Ministry to preserve the financial autonomy of the Central Universities, they are unable to share the Ministry's apprehension that presentation of Audit | The Ministry of Education have stated :<br>"The matter is receiving consideration and a separate note will follow". | Note awaited. |
|----|----|-----------|--|---|---------------|

Reports on the accounts of these Universities to Parliament might infringe their financial autonomy or result in making their financial affairs a subject of public controversy. They would, in this connection, draw attention to para 85 of the 7th Report of P.A.C. (1952-53). The Committee would, therefore, again urge that in deference to the long-standing desire of the P.A.C. and the repeated assurances given by Government pursuant thereto, early steps should be taken by Government to present Audit Reports on the Accounts of these Universities to Parliament and to incorporate the necessary provision in the relevant statutes.

EIGHTEENTH REPORT (SECOND LOK SABHA)—VOL. II

25	Item of App. I (S. No. 32 42nd Re-	25 External Affairs.	The Committee are not at all satisfied with the progress of recovery from the evacuees from war zones. They desire	Note awaited.
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port Vol.  
II).

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

*Further Comments of the Committee (1961-62).*

The Committee desire that a target date for finalisation of the work should be fixed and progress of recovery reported periodically to Audit.

TWENTY-FIFTH REPORT (SECOND LOK SABHA)—VOL. II

26 23 (S. No. External  
34, 42nd Affairs  
Report Vol.  
II).

The Committee desire to be informed of the action taken against the fourth Officer after his explanation has been examined by the Min-

Note awaited.

istry. They trust that there is at present proper arrangement in the Ministry for scrutiny the orders of sanction of various allowances to officers in the Indian Missions abroad.

*Further Comments of the Committee (1961-62)*

The Committee regret to note that responsibility for over payment of the Foreign allowance could not be fixed due to belated consideration of the question. They desire to be informed of the steps taken to avoid recurrence of such cases.

27 26 (S. No. 35, 42nd Report Vo. II). Do.

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 has fortuitous—it cannot be put forth as a plea to justify the expenses

Note awaited. 2

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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 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.

*Further comments of the Committee (1961-62)*

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

FORTY-SECOND REPORT (SECOND LOK SABHA)—VOL. I

28

63 External  
Affair

Another aspect which causes concern to the Committee is the delay on the part of the Ministry in sending a reply to the Mission. The plea that the reference made by the Mission in July, 1958 had been mislaid is unconvincing. The Committee desire that the Ministry might look into this matter and deal appropriately with the officials concerned, as loss of records in such an important Ministry will have serious repercussions.

Note awaited.

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FORTY-SECOND REPORT (SECOND LOK SABHA)—VOL. I

29

82 Finance  
(E.A.)

The Committee are of the opinion that as in the pre-Constitution days, cases of expenditure incurred without approval of Parliament on an item adjudged as 'New Service' after the close of the year can be brought before Parliament for app-

Note awaited.

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roval, without violating any of the provisions of the Constitution, by moving a resolution in appropriate terms and getting its approval, *ex post facto* to the money spent on such items. However, in cases where by incurring such expenditure, the amount authorised by Parliament for a particular demand (Service) for that year has been exceed, the provisions of Article 115(1) (b) of the Constitution will be attracted and the excess will have to be regularised under those provisions.

#### EIGHTEENTH REPORT (SECOND LOK SABHA)—VOL. I

- |    |                                       |  |   |  |  |
|----|---------------------------------------|--|---|--|--|
| 30 | 103 (S. No. 57, 42nd Report Vol. II). | Food & Agriculture (Deptt. of Agriculture) | The Committee note that detailed accounts of food-grains amounting to Rs. 10·16 crores purchased are still awaited by Audit. They should like the submission of the accounts to be expedited. | Out of the total amount of Rs. 10·16 crores, accounts have been rendered to the P.A.O. for a sum of Rs. 9·31 crores which has been adjusted by him in full. Action is in hand for obtaining accounts for the balance | The Committee are surprised to note that even after a lapse of seven years there is a balance of 85 lakhs left for which the accounts are yet to be rendered. This betrays a disquiet state of |
|----|---------------------------------------|--|---|--|--|

of Rs. 85 lakhs from the State Government concerned.

affairs. The Committee desire that the Ministry should look into this delay and send a report to them.

*Further Comments of the Committee (1961-62)*

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 accounts rendered are still not complete.

31 104 (S. No. Food &  
58, 42nd Agriculture  
Report, (Deptt. of  
Vol. II). Agriculture)

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.

Note awaited.

*Further Comments by the Committee (1961-62)*

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.

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TWENTY-FIFTH REPORT (SECOND LOK SABHA)—VOL. II

32 38 (S.No. 61, 42nd Report, Vol. II).  
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 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 the Government before accepting the terms.

Note awaited.

(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.

*Further Comments of the Committee (1961-62)*

The submission on the note may be expedited.

Note awaited.

(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.

33 40 (S. No. Food  
62, 42nd  
Report,  
Vol. II).

(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.

*Further Comments of the Committee (1961-62)*

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].

**THIRTY-FOURTH REPORT (SECOND LOK SABHA)—VOL. I**

34 85

Food & Agriculture  
(Deptt. of Agriculture)

(i) It is not clear to the Committee whether the Chief Conservator of Forests had sought clarification from Ministry of the precise implications of the relevant clauses regarding classification of timber before he

A note has been submitted.  
(Appendix X)

chose to reclassify the species of timber in question on the basis of their marketable value. It was a serious failure on his part if he had not done so. The Committee would urge that expeditious action should be taken to recover the arrears of royalty upto date and to ensure that payment of royalty on such species of timber on the basis of its first classification by the Chief Conservator of Forests is made by the lessee promptly and regularly.

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Do. (ii) The Committee are not happy at the manner in which Government have proceeded in the matter of realisation of the Royalty for the years 1955-56 and 1956-57 from the lessee. They do not see why Government chose to deviate from the provisions of the Agreement by adopting the weighted average price of

The Committee would like to see a copy of the reference to the Minister of Law for the Letters advice thereon in regard to the question whether the sale of timber by lessees by private negotiations without obtaining the approval of the C.C.F. for their refusal to disclose the prices con-



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the year 1954-55 as the basis for calculating the royalty for the two succeeding years. When the lessee had sold the timber by private negotiation without obtaining the approval of the Chief Conservator of Forests and refused to disclose the price; it was clear case of breach of the terms of the agreement and Government should have taken legal opinion before acting in the manner they did.

stituted a breach of the agreement.

35 91

Food & Agriculture  
(Deptt. of Agriculture)

(i) The Committee find it difficult to accept the plea that the telegram was misunderstood by the Chief Conservator of Forests. In their opinion, the telegram was in unambiguous terms and there was hardly any room for 'misunderstand-

The position in this respect has been explained in the notes submitted to the Public Accounts Committee as desired at the meeting of the Committee held on the 4th November, 1960 regarding Audit Report (Civil) 1960—Part I. It has been ad-

The Committee would like to be apprised of the results of the investigation.

ing'. When the firm had paid only about Rs. 16 lakhs against the outstanding royalty of Rs. 31 lakhs (opprox.), the proper course for the Chief Conservator of Forests was to set off the interests of Rs. 55,000 paid by the firm towards the arrears due. His action in refunding this amount in cash, therefore, lacked justification. The Committee consider that this matter required investigation.

mitted that the orders of the Government of India had been misinterpreted and the amount should not have been refunded. The responsibility for the wrong interpretation will be investigated.

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Do.

(ii) The Committee are concerned at the halting manner in which Government are handling this case. The Agreement was entered into in 1950—10 years back and would be in force for 25 years, that is, till 1975. The lessee had not been paying the royalty fully for the past 4 years or so and Government had not chosen to enforce their rights under the terms of the Agreement. In the course of evidence it was

The entire position has been explained in detailed notes submitted to the Public Accounts Committee as desired at the Committee's meeting held on the 4th November, 1960, to examine the Audit Report (Civil), 1960—Part I.

Since then the lessees have served a notice on Government seeking arbitration on the various disputes that have been raised by them

See para 46 of Seventh Report (Third Lok Sabha).

admitted before the Committee that the agreement was not a 'very fine piece of work.' If so, the Committee are surprised why action had not been taken by Government to rectify the relevant clauses. They are distressed at the "wait and see" attitude on the part of the Government which is costing the Exchequer rather heavily. In their opinion, the matter requires prompt attention and stern action if further losses are to be avoided. In this connection the Committee would also invite attention to para 35 of their Twenty-fifth Report (Second Lok Sabha), Vol. II.

in connection with the working of the Agreement. In accordance with the provisions of the agreement they have appointed an arbitrator. Government also have accordingly appointed an arbitrator. The arbitration proceedings will give Government an opportunity to get the whole matter examined by the arbitrators and thereby to get a final decision regarding the recovery of the dues and the future working of the agreement.

37 95

Deptt. of Food

(ii) The Committee are surprised to hear that the misappropriation of sale proceeds had occurred in this

The Ministry of Law were consulted in regard to the question of instituting proceedings against the indivi-

The Committee would like to be apprised of the final outcome of this case.

case not because of any defect in the system of purchase but due to the failure of the agent to credit the sale proceeds of the Export Quota Rights to the Government in time. The same firm had defaulted in exactly the same manner to the tune of Rs. 10 lakhs in 1954-55 and Government, should, therefore, have taken necessary steps to ensure that a similar situation did not recur. It was admitted before them that had the Director of Purchase and the Chief Pay & Accounts Officer been vigilant the moneys withheld could have been detected within a couple months. But by the time they detected the mistake the firm had gone into liquidation.

(iii) The Committee regret to observe that the officers had failed in their duties. As regards the realisation of the amounts, the Committee understand that a claim has

dual partners of the firm for criminal breach of trust. As advised by them, the case has been reported on 23-11-60 to the Special Police Establishment for investigation into the offences against the partners of the firm, and to take necessary further action. The explanations of the officers concerned in the Army Purchase Organisation of the Department of Food and in the Pay and Accounts Office of this Ministry have been called for.

been lodged with the official liquidator. The Committee would suggest that the Department may consider in consultation with the Ministry of Law the question of instituting proceedings against the individual partners of the firm for criminal breach of trust.

FORTY-SECOND REPORT (SECOND LOK SABHA)—VOL. I

38 95	Food	The Committee desire that departmental action against those responsible for fraud and against the supervisory officers, for failure to discharge their duty should be finalised quickly.	Note awaited.
39 98	Do.	In the opinion of the Committee continued retention for more than 7 years of some varieties of foodgrains acquired in 1954 indicates how ineffective the review	Note awaited.

of stocks has been. If the fair price shops were reluctant to take the stocks, there was no justification of retaining them in the godowns. The Committee feel that it will be in the interest of both the Government and the consumer if stocks of foodgrains are controlled on the basis of age with due regard to their condition, older stocks being disposed of before they deteriorate.

40 100

Do.

(i) The Committee desired to be furnished with a note indicating (a) the number of cases where foodgrains had to be rushed to other Depots/consignees in the jurisdiction of other depots during the period August, 1958 to February 1960 justifying expenditure of Rs. 3.67 lakhs and (b) the standing rules/orders about the movement of foodgrains. This is still awaited.

Note awaited.

(ii) The Committee suggest that cross movements of foodgrains from the Depot

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to another should be periodically reviewed and the stocks replanned in the light thereof.

41	102	Food.	<p>The Committee desired to be furnished with a note giving (a) the number of cases in which rules regarding physical verification of stocks were not observed by officers, (b) cases in which their explanations were called for, (c) departmental action taken against the officers responsible for the lapses, and (d) the number of cases during the period under report in which shortages had been detected and that number of such cases in which investigations had been completed. But they regret to observe that the note is still awaited.</p>	Note awaited.
42	104	Do.	<p>The Committee were informed that the rules could not be observed at certain places</p>	Note awaited.

because of physical difficulties, *e. g.*, in Calcutta port 100 per cent weighment was physically impossible as the Port Commissioner would not allow the stocks to be kept in the port for long. The Committee are hardly convinced by this explanation. They see little purpose in such paper orders which, according to the Ministry's own admission, are not practicable. It is time the Ministry modify the rules suitably and lay down a workable procedure which can be enforced, keeping in view the interests of Government.

43 106

Do.

The Committee desire that the finalisation of the form of Proforma Accounts should not be delayed further.

Note awaited.

See para 53 of the 8th Report (Third Lok Sabha).

EIGHTEENTH REPORT (SECOND LOK SABHA)—VOL. I

44 107 and Sl. Health  
No. 65 of  
Appendix I  
to the 42nd

The Committee were given to understand that the principle of cost accounting would be applied to all the

A note has been submitted (Appendix XI).

The Committee would like to watch the position through future Appropriation Accounts



Report (Second Lok Sabha)—Vol. II.

biological products manufactured at the Institute, and they would be apprised of the progress made in the matter.

*Further comments of the P.A.C. (1961-62)*

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.

45 108 and Sl. Health  
No. 66 of  
Appendix I  
to the 42nd  
Report (Second Lok Sabha)—Vol. II.

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.

Not awaited.

*Further comments of the P.A.C.*  
(1961-62)

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

TWENTY-FIFTH REPORT (SECOND LOK SABHA)—VOL. I

46 46 and Sl. No. 70 of Appendix I to the 42nd Report (Second Lok Sabha)—Vol. II.

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

The number of quarters occupied by the non Institute employees has come down to 56 due to the efforts made by the Health Ministry. Procuring of suitable alternative accommodation for persons occupying the Institute quarters is the only hitch that has stood in the way of the surrender of these quarters. The matter is being actively pursued with the Ministry of Works, Housing & Supply and it is expected that all quarters of the All India Institute of Medical Sciences will be returned to them in a few months.

The Committee suggest that the matter may be settled at a high level between the Ministries of Health and Works Housing & Rehabilitation and the quarters released to the Institute as early as possible.

*Further Comments of the P.A.C. (1961-62)*

The Committee are concerned to note that as many as 93 quarters of the Institute are still in occupation of the non-Institute employees. They desire that effective steps should be taken by Government to get these quarters vacated and handed over to the Institute.

47 52 and Sl. Health  
No. 72 of  
Appendix  
I to 42nd  
Report (Se-  
cond Lok  
Sabha)—Vol.  
II.

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.

Note awaited.

*Further Comments of the P.A.C.  
(1961-62)*

The Committee are not happy over the manner the Delhi Administration and the De-

puty 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.

48 53 and Sl. Health  
 No. 73 of ———  
 Appendix Law  
 I to the  
 42nd Re-  
 port (Se-  
 cond Lok  
 Sabha)—  
 Vol. II.

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

Note awaited.

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.

*Further comments of the P.A.C.  
(1961-62)—*

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.

FORTY—SECOND REPORT  
(SECOND LOK SABHA)—VOL.  
I.

49

109 Health

The Committee are concerned to note that the unauthorised occupation of the property, continuing for over nine years, had cost Government an infructuous expenditure of nearly 14 lakhs in rent and municipal taxes. While the Committee do not underrate the difficulties faced in getting the property vacated, they cannot overlook the fact that the initial process of unauthorised occupation had continued for full four years during which time there had been a failure to initiate adequate preventive measures. Nor was the matter pursued with due vigour and resourcefulness thereafter. The Committee desire that determined efforts should now be made by the Ministry to get the property vacated early. In view of the large infructuous expenditure incurred in this

Note awaited.

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case the Committee would also suggest that the Ministry should examine whether disciplinary action was not called for against the officers who were charged with the responsibility of getting the property vacated.

**EIGHTH REPORT (SECOND LOK SABHA)**

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

50 187 of 7th Home Report (S. Affairs. II), No. 96 of 18th Report, Vol. II, and S. No. 74 of 42nd Report, Vol. II).

Note awaited.

lating to the Andaman and Nicobar Islands, a better picture regarding the working of the Marine Department Stores would be presented to them.

*Further comments of the Committee (1961-62)*

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

50-A 112 of 18th Home Report, Vol. I Affairs (S.No.75 of 42nd Report, Vol. II).

The Committee consider that necessary steps should be taken to make Government Dairy Farm, Andamans self supporting.

*Further comments of the Committee (1961-62).*

The Committee note the steps taken by Government to make the dairy farm Andamans self supporting.

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.

Note awaited. (According to information available with Audit, the Dairy Farm has been wound up since May, 1961).



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51 191 of 7th Report. (S. No. 99 of 18th Report, Vol. II, and S.No.76 of 42nd R. port, 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.

*Further comments of the Committee (1961-62).*

The Committee desire to be informed of the reasons for non-disposal of number of cases even after 12 months. They would urge that steps should be taken to ensure

Recently an analysis was made relating to all disciplinary cases disposed of during the years 1955 and 1956 with a view to finding out the time taken at each stage

The Committee observe from Annexure II of the Ministry's note that some of the Ministries have taken unduly long time in finalising the disciplinary cases. They would stress that the reasons for such inordinate delays may be examined further and action taken to dispose of disciplinary cases expeditiously.

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.

and the cause of delay. It was found that the total average time taken for the disposal of a disciplinary proceeding was :

1949—54 . . .	1515 days
1955—59 . . .	550 days
1955 . . .	556 days
1956 . . .	546 days,
1957 . . .	535 days
1958 . . .	583 days
1959 . . .	344 days

The above table will show that there has been considerable improvement in the time taken in the disposal of disciplinary cases. Specific recommendations have also been made to the Ministries for reducing the time taken at different stages. A copy of the note containing the recommendations is enclosed (Appendix XII).

### HIMACHAL PRADESH ADMINISTRATION TWELFTH REPORT (SECOND LOK SABHA)

The Committee would suggest that Government should examine the feasibility of recovering the

Note awaited.

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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.

*Further comments of the Committee (1961-62)*

Further report awaited.

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23  
(S.No. 83(i),  
42nd Report  
Vol. II).

Home Affairs  
H. P. Admn.

(i) The Committee desire that all out efforts should be made to reduce the outstanding dues from the individuals by the Himachal Pradesh State Co-operative Bank to enable the Bank to progressively change over completely to Cooperative Business.

*Further comments of the Committee (1961-62)*

The Committee desire that all out efforts should be made to recover the outstanding dues. They would

Note awaited.

- await a further report in the matter.
- Do. (ii) The Committee desire that the Government 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.

*Further comments of the  
Committee (1961-62)*

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

Note awaited

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35  
(S. No. 84,  
42nd Report  
Vol. II)

Home Affairs  
H.P. Admn.

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.

Note awaited.

*Further comments of the Committee (1961-62)*

Further report awaited.

56

36  
(S.No. 85,  
42nd Report,  
Vol. II).

Do.

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 Committee would like to know

Note awaited.

the progress made in this behalf by the C.P.W.D.

*Further comments of the Committee (1961-62)*

Further report awaited.

- 57      43      Home Affairs.      The Committee would emphasise that the outstanding-  
          (S. No. 86,      H.P. Admn.      ings due to the Forest Department should be recovered expeditiously and a  
          42nd Report,      further report about the progress made in the matter submitted to them  
          Vol. II).      in due course.

Note awaited.

*Further comments of the Committee (1961-62)*

Further report awaited.

- 58      55(ii)      Do.      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 replace-

Note awaited.

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

*Further comments of the Committee (1961-62)*

Further report awaited.

- 59      59      Home Affairs (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.      Note awaited  
(S. No. 88, H.P. Admn. 42nd Report, Vol. II).

*Further comments of the Committee (1961-62)*

Further report awaited.

- 60      20      Home Affairs Forest : See para 43 of the Report.      Note awaited.  
(S.No. 89, H.P. Admn. 42nd Report, Vol. II).  
Industries : A further report stating the progress made in recovery of the outstandings may be submitted to the Committee.

*Further comments of the Committee (1961-62).*

Further report awaited.



DELHI ADMINISTRATION  
 TWENTY-FOURTH REPORT  
 (SECOND LOK SABHA)

- 61 S. No. 21, Food and  
 App. I, 24th Agriculture  
 Report (Deptt. of  
 (59-60) Food)  
 S. No. 90, Home Affairs  
 42nd Report, (Vol. II)

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 foodgrains in the State had overdrawn 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 misappropriated by the Agents were not exactly worked out. There were other irregularities and breaches of contract too.

Note awaited.

When the examination of the Depts. 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.

*Further comments of the Committee (1961-62).*

The Committee would await the final outcome of this case.

**THIRTY-FOURTH REPORT**  
(SECOND LOK SABHA)—VOL. I.

62

107

Do.

(ii) The Committee regret to observe that Government had failed to have the work completed within the stipulated time in spite of their advancing a large amount interest free. They learnt that the first instalment of advance, *viz.*, Rs. 5 lakhs was given even before the execution of the agreement. They see no convincing reason for this. Nor are they satisfied with the plea

A note has been submitted. (Appendix XIV)

The Committee would like to be apprised of the latest position with regard to the recovery of amounts due from the firm under the Agreement.

that "the drawing up of an agreement necessarily takes time and for this reason it was not considered practicable to await the finalisation of the contract for making the payment of the advance". The Committee are distressed to learn that the advance has not yet been adjusted. They desire that early steps should be taken to adjust the advance and finalise the payment on account of the work.

63

110

Do.

The Committee trust that scrutiny of the accounts will be completed expeditiously and the total loss determined. The Committee would like to be informed of the results of the police investigations and the departmental action taken against the various officers, especially the drawing and disbursing officer whose laxity facilitated the

Note awaited.

various irregularities detailed in the audit para.

64 112

Do.  

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All Ministries.

The Committee are not happy over the accumulation of audit objections as some of the objections are 7-8 years old. They regret to observe that in spite of their repeated recommendations and instructions issued by the Ministry of Finance, the objections and audit objections are allowed to accumulate. They desire that each Ministry should fix a target date for clearance of outstanding audit objections and see that the date is adhered to.

All the authorities concerned have been asked to fix a target date for elimination of outstanding audit objections (*vide* this Ministry's D.O. No. 4/46/60- Ac. III, dated the 12th May, 1961. Certain special measures have also been introduced for enquiring about speedy disposal of outstanding audit objections (*vide* this Ministry's D.O. No. 9/7/60- Ac. III, dated 4-10-60).

The Committee would like to watch the progress in this regard through future Audit Reports.

18

65 113

Home Affairs.

The Committee would like to be informed of the result of the Police investigation into the losses incurred at the Himachal Pradesh Rosin & Turpentine Factory, Nahan, and of the action taken by the Ministry against the officer concerned.

Note awaited.

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**FORTY-SECOND REPORT**  
(SECOND LOK SABHA)—  
VOL. I.

66	13(d)	<p>Do. ----- Finance</p>	<p>The Committee regret to observe that the case referred to in this para is another instance of loose budgeting and trust that in future the budget estimates in regard to Grants-in-aid would be more realistic and accurate.</p>	<p>This has been brought to the notice of the concerned office.</p>	<p>The Committee would like to watch the progress in this regard through future Audit Reports.</p>
67	117	<p>Home Affairs ----- Defence</p>	<p>The Committee regret to observe that the evidence earlier given before them did not present the correct picture. In the light of the observation now made before them, it is clear that every journey undertaken in the VIP Flight entails extra cost to the exchequer.</p>	<p>Note awaited.</p>	

From the statement detailing 143 journeys performed during the two years between places connected by commercial services (15 of them were undertaken

in order to avoid circuitous journeys by the commercial routes) it appears that the VIP Flight has not been as sparingly used as is intended. Considering the cost of the VIP Flight *vis-a-vis* the cost of a passage in a commercial aircraft, the Committee feel that the implementation of the existing orders on the use of the VIP Flight could better be ensured by obtaining a certificate from each VIP (other than the President, the Vice-President and the Prime Minister) that it was necessary to undertake the journey by the VIP Flight in the public interest and it was not possible to utilise a commercial service.

EIGHTEENTH REPORT  
(SECOND LOK SABHA)

68 119 & 120 I. & B.  
(S. No. 91,  
42nd Report  
Vol. II)

(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 ser-

Note awaited.

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vices, 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.

(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 has resulted in the reduction of loss on radio publications.

*Further comments of the Committee (1961-62)*

(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) The Committee would watch the effect of the steps taken for reducing the loss on radio publications.

69 S.No. 103 I & B  
of App. I  
Vol. II (S.  
No. 92, 42nd  
Report  
Vol. II).

The Committee feel that the proportion of free distribution of Radio Publications is rather on the high side and they see no 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.

Note awaited.

The Committee are not sure how far 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



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supply of a free copy of the programme portion of the journal of his choice to each license holder. The desirability 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.

*Further comments of the Committee (1961-62)*

(See remarks against S. No 91)

70 S. No. 104  
of App. I  
Vol II (S.No  
93, 42nd Re-  
port Vol.II)

Do.

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

Note awaited.

*Further comments of the Committee (1961-62).*

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.

TWENTIETH REPORT (SECOND LOK SABHA)

71-22 and Sl. No. 98 of Appendix I to 42nd Report (Second Lok Sabha) Vol. II). Labour and Employment C.M.L.W.O. The Committee trust that immediate steps would be taken by the Coal Mines Labour Welfare Organisation to provide the requisite facilities for transport and water in these townships.

*Further Comments of the P.A.C. (1961-62).*  
Government's decision on the Advisory Committee's recommendation regarding grant of financial assistance to the Jharia Water Board for its scheme to reorganise and improve the existing water distribution system may be communicated.

It has been decided on 2-6-61 that a sum of Rs. 46 lakhs might be paid from the Fund on 50% grant and 50% loan basis subject to the scrutiny of the technical aspects of the scheme and subject to the condition that Jharia Water Board does not increase the existing water rates. This assistance would be channelised through the Government of Bihar. The technical aspect of the scheme was

The Committee desire that the question of providing adequate water facilities to the miners residing at Bhuli should be pursued with greater vigour and expedition.

72 28 and Sl. Labour and  
No. 99 of Employment  
Appendix I\*  
(Second Lok C.M.L.W.O.  
Sabha)-Vol. II  
\*to 42nd  
Report.

The Committee are distressed over the appalling conditions in which coal miners are living. They regret that the successive efforts of the Organisation for providing minimum housing facilities to miners have not met with desired response. As this is a matter in which the state is vitally interested, the Committee suggest that by suitable legislative provision, Government should consider the feasi-

vetted by the Ministry of Health on 22-6-1962 and its views communicated to the Govt. of Bihar on 9-7-1962. The State Govt. were requested on 7-9-1962 to intimate the expenditure likely to be incurred by the Board during the current financial year to enable the Govt. to consider and sanction the actual amount required at present.

The scheme of constructing one lakh cheap houses was approved on 30-5-1961. Administrative approval and expenditure sanction for the construction of the first lot of 25,000 houses and 417 barracks was issued on 30-5-1961. Upto the end of August 1962, 2954 houses and 45 barracks were under construction.

The Committee are not satisfied with the progress of construction of houses under the Scheme. They desire that the pace of construction should be accelerated.

bility 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)

*Further comments of the P.A.C. (1961-62).*

Government's decision on the Coal Mines Labour Welfare Organisation's scheme of constructing one lakh cheap houses may be reported to the Committee.

SEVENTH REPORT (SECOND LOK SABHA)—VOL. I.

73 226 and Sl. Mines & No. 115 of Fuel. Appendix I to 42nd Report (Second Lok Sabha)—Vol. II.

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.

A note has been submitted (Appendix XV)

The Committee are unhappy over the inordinate delay in the disposal of this case. They urge that the matter should be finalised without any further delay.

25,000 has been realised from one colliery and the issue relating to another is under arbitration. Further developments in the case should be intimated to the Committee.

*Further Comments of the P.A.C.  
(1961-62)*

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

EIGHTEENTH REPORT (SECOND LOK SABHA)—VOL. I

74 140 and Sl. Mines &  
No. 116 of Fuel.  
Appendix  
I to 42nd  
report (Se-  
cond Lok  
Sabha)—  
Vol. II.

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

Note awaited.

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.

The P.A.C. (1961-62) desired to know :

(i) to what extent the efforts made by Govt. 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.

#### NINETEENTH REPORT (SECOND LOK SABHA)

75 13 and Sl. Mines &  
No. 118 of Fuel.  
Appendix  
I to the  
42nd Re-  
port (Se-  
cond Lok  
Sabha)—  
Vol. II.

The Committee would urge the Ministry of Steel, Mines and Fuel to examine in consultation with the Ministries of Labour and Employment and of Finance the possibility of appointing some inspecting staff to be posted to a group of collieries to keep an account of

Note awaited.

the total output of these collieries and also to check that there was no movement of coal and coke except under proper authority. This, 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.

*Further comments of the P.A.C.  
(1961-62) --*

The Committee desire that Govt. 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.

76 44 and Sl. Mines &  
No. 120 of Fuel.  
Appendix \_\_\_\_\_  
I to the Coal Board  
42nd Re-  
port (Se-  
cond Lok  
Sabha)—  
Vol. II.

The Committee fail to under-  
stand why the research  
scheme of the Board could  
not be put on a permanent  
footing especially as re-  
search 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 in fructuous.

*Further comments of the P.A.C.  
(1961-62)—*

The delay in transfer of the  
research work of the Board  
to the Central Mining Re-  
search Station, Dhanbad,  
was too long. The Commit-  
tee feel that had this been  
done earlier a part of the  
infructuous expenditure in-  
curred on the junior investi-  
gating staff could have been  
avoided.

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Note awaited.



77 6 (Introduction) Mines & Fuel  
46; Sl. No. \_\_\_\_\_  
121 of Appendix I Coal Board.  
to the 42nd Report  
(Second Lok Sabha)—  
Vol. II.

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.

*Further comments of the P.A.C.  
(1961-62)*

The Committee may like to have a further report regarding the simplification of the procedure for drawing of samples.

The current procedure for sampling and grading of coal has been the subject of investigation by a Committee of Experts whose Report has been recently received by Government. The recommendations made by this committee, which include modification of the present procedure in respect of sampling, are at present under consideration of Government. As soon as appropriate decisions on the recommendations made by the Committee are taken by Government, a further Report will be submitted regarding the procedure for drawing of samples:

The Committee desire that an early decision should be taken on the recommendations of the Committee of Experts regarding modification of the existing procedure for drawing of samples.

FORTY-SECOND REPORT (SECOND LOK SABHA)—VOL. I

78 13(g)

Mines &  
Fuel  
-----  
Finance.

The Committee desire that the question of revising the existing procedure for filling of posts and making provision therefor in the budget should be examined in all its aspects and a suitable procedure evolved in consultation with the Ministry of Finance and Audit.

The matter will be examined in all its aspects in consultation with the Ministry of Finance and Audit.

The Committee desire that the matter should be expedited.

EIGHTEENTH REPORT (SECOND LOK SABHA) VOL. I

79 137 (S. No. 125(ii) of App. I to 42nd Report—Vol. II)

Steel &  
Heavy  
Industries  
(Deptt. of  
Iron & Steel)  
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Hindustan  
Steel Ltd.

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 effected in the storage of material in the three projects and also measures adopted by the Hindustan Steel Ltd. to ensure safety of stores during transit.

Note awaited.

*Further comments of the Committee (1961-62)*

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?

**TWENTY-FIFTH REPORT  
(SECOND LOK SABHA) VOL. I**

80 67 (S. No. 126 of App. I to the 42nd Report—Vol. II)

D0.

In the opinion of the 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

The delay in the execution of the work was mainly due to the following factors :

- (i) delay in completion of site formation for the tracks, and
- (ii) dearth of trained workers.

The Committee are not satisfied with the explanation. They hope that such cases will not recur.

was far behind the revised schedules.

81 69 (S.No. Steel &  
127 of App. Heavy  
I to 42nd Re- Industries  
port,—Vol.II). (Deptt. of  
Iron & Steel)  

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Hindustan  
Steel Ltd.

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.

Note awaited.

82 70 (S.No. Do.  
128 of App.  
I to 42nd Re-  
port—Vol. II)

(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 shovel inasmuch as the first shovel was com-

Note awaited.

missioned only in July, 1958 and the next in January, 1959.

(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.

(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 overall loss to Government. They feel that as only one shovel was urgently required at Rourkela both the Undertakings could have co-ordi-

nated 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.

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

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83 73 (S. No. Steel &  
129 of App. Heavy In-  
I to 42nd dustries  
Report—Vol. (Deptt. of  
II) Iron & Steel)  

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Hindustan  
Steel Ltd.

(i) The Committee consider that the choice of the firm for doing this work was unfortunate. Subsequent events proved that the tender and been prepared without full knowledge of 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 Company should have gone out of its way to foot the bill for extra concessions provided to the contractor. In the Committee's opinion, the contractor should legitimately bear the additional expenditure on this account.

Note awaited'

*Further comments of the Committee (1961-62)*

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.

84 74 (S.No.  
130 of App.  
I to 42nd Re-  
port—Vol. II)

Do.

(i) A note stating why the additional shuttering work was not provided for in the original estimates prepared by the Technical Consultants who were expected to be conversant with all the details of the work is still awaited.

Note still awaited.



75 (S. No. 130 (ii) of App. I to 42nd Report—Vol. II).

Steel & Heavy Industries (Deptt. of Iron & Steel)

Hindustan Steel Ltd.

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 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.

Note still awaited.

85 77 (S. No. 131 of App. I to 42nd Report Vol. II)

Steel & Heavy Industries (Deptt. of Iron & Steel)

Hindustan Steel Ltd.

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.

Note awaited.

*Further comments of the Committee (1961-62)*

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)

86 14 (S. No. Steel & Heavy Industries (Deptt. of Iron & Steel) Iron & Steel Controller  
133 of App. I to 42nd Report—Vol. II).

(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

Effective steps are being taken to finalise subsidy claims. The position as on 28-2-61 is that out of a total advance of Rs. 34,95,14,051 a sum of Rs. 22,89,69,511 has, so far, been adjusted while finalising the bills and these adjustments work out roughly

The Committee are unhappy over the inordinate delay in the finalisation of *ad hoc* advance payments of subsidy made to importers of iron and steel. They desire that vigorous efforts should be made

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

to 65% of the advance. Against the amount of Rs. 22·89 crores, bills admitted by Audit amount to Rs. 11 crores and the bills for the balance amount are under correspondence between the Iron and Steel Controller and the Deputy Director of Audit, FRSCS&M, Calcutta.

for the expeditious adjustment of the remaining amount of advance (exceeding Rs. 12 crores)

15 (ii) It was admitted before the sub-Committee that there was a possibility of black-market 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

In cases where steel is despatched to "self", the possibility of its going into the blackmarket is not there *when consignees receipts are received*. In other cases effective steps have been taken to obtain consignees' receipts.

The responsibility of the Sponsoring Authorities regarding utilisation of steel quotas is being impressed on them.

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 finding its way into the black-market in this manner.

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- (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
- A time limit of three months for the production of consignees' receipts from the date of payment of advance has now been prescribed. As far as past cases are concerned, action to obtain consignees' receipts has been taken as suggested by the Comptroller & Auditor General. Out of 1231 cases selected by Audit, 1211 consignees' receipts have been collected upto 31-3-1961, out of which 713 cases have already been examined by Audit. But so far, no serious irregularity has come to light. In the case of five items, however, covering a quantity of 2,677

& 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 the serious irregularities it should be assumed that the other transactions are also genuine and the Iron & Steel Controller could so certify. On

tons, the consignees have refused to furnish proper receipts. The Iron & Steel Controller has suspended business dealings with the parties concerned for a period of six months.

Efforts are being made to collect the remaining receipts from the consignees concerned. The administrative Ministries / Departments / State Governments concerned have been addressed by this Ministry in the matter. Further developments are awaited.

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. Noted.

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(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.

A copy of the Iron & Steel Controller's Circular No. A1 / 1 / 1 / 60 / 9 / dated 10-6-1960 is attached. It will be seen therefrom that advance payments with effect from 10-6-60 have been subjected to the condition

that the Importer gives an undertaking to refund the amount so paid in advance immediately on receipt of demand in the event of their failure to produce the relevant consignee's Receipts within three months from the date of receipt of advance payments. No advance payment has been made without such declaration.

87 28 (S. No. Steel and  
135 of App. Heavy  
I to 42nd Re- Industries  
port—Vo.II) (Deptt. of  
Iron & Steel)  
Iron & Steel  
Controller.

(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 in-

It was not anticipated that heavy amounts would remain outstanding. TCA Steel is no longer being imported with effect from August, 1958 onwards. Hence the question of inserting in the agreement provision for levy of penal rate of interest for delay in payment by the stockists does not arise. It may be added that the outstanding sum of Rs. 29.29 lakhs mentioned in para 35 of the

The Committee desire that effective steps should be taken by the Iron & Steel Organisation to clear the balance (Rs. 7.45 lakhs) at an early date, and a further report submitted to them.

terest for delay in payment by the stockists, the dues would not have accumulated to such proportions.

Appropriation Accounts (Civil), 1957-58 and the Audit Report (Civil), 1959—Pt. I has since come down to Rs. 7.45 lakhs according to the records of the Iron & Steel Controller, Calcutta, after adjustment of counter-claims of the stock-holders, admitted by Audit till 31-3-61. This figure of Rs. 7.45 lakhs is still under verification by Audit. Most of the balance still outstanding is also covered by counter claims which are being adjusted as and when admitted by Audit. Efforts for clearing the above mentioned balance as early as possible, are being made by the Iron & Steel Controller, Calcutta.

*Audit Comments*

Although the T.C.A. steel is no longer imported, Government are making large purchases of steel under the DLF Scheme where private handling agents have



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been entrusted with the responsibility of collection of sale proceeds of steel on behalf of Government. The question of providing a clause in the contracts for the levy of a penal rate of interest for any delay on the part of the agents in remittance of sale proceeds, which they have realised, to Government has been under correspondence since January, 1961 and no decision has yet been taken. (December, 1961). *The suggestion has been accepted.*

29	Do.	Do.	(ii) 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	The fact that certain importers are also stockists has not led to any confusion or delay in the final settlement of the subsidy claims.	No. comments.
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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.

THIRTY-FOURTH REPORT (SECOND LOK SABHA)—VOL. I

- |     |      |   |  |   |
|-----|------|---|--|---|
| 136 | Do.] | The Committee were given to understand that the case was being referred to arbitration and that arrangements in regard to the appointment of the arbitrator were under way. The Committee would like to be apprised in due course of the final outcome of the case. | The arbitrators have been appointed by both parties and the preliminaries are being drawn up by the Iron and Steel Controller in consultation with the Central Government Solicitor at Calcutta. The final outcome of Arbitration is awaited.  | The Committee are concerned over the inordinate delay in the settlement of this case. They desire that the matter should be finalised at an early date.   |
| 89  | 143  | Steel & Heavy Industries (Department of Iron & Steel) —<br><hr/> Iron & Steel Controller  | In para 24 of their 26th Report (Second Lok Sabha) the Committee had pointed out a number of instances in which the Iron & Steel Controller acted beyond his powers. Similar irregularities have been pointed out in the Audit Report (Civil), | The irregularity pointed out in para 24 of the 26th Report of the PAC (Second Lok Sabha) and those in the Audit Report (Civil) 1960, all relate more or less to the same period, <i>i.e.</i> , the period prior to 1957, when large scale purchases had to be |
|     |      |   |  | See para 7 of the Report.   |

made by tender, as well as by negotiation, to meet the urgent demands of various Development Projects/Schemes.

he power to make negotiated purchases has since been withdrawn from the Iron & Steel Control Organisation except in respect of purchases of steel from Rupee payment Agreement Countries and purchases are being made against tenders or with the prior approval of Government, wherever necessary. The procedure relating to purchase has also been tightened up by insisting on submission of Bid Bonds, Performance Bonds, etc.

1960. The Committee are constrained to observe that the Iron & Steel Controller had acted in his own way during this period and Government failed to take due notice of these misdeeds and commissions till Audit pointed them out. The Committee would suggest a thorough investigation into the working of this Organisation and devising of effective measures to prevent recurrence of such cases which may entail losses to Government.

No official confirmation to the effect that the demurrage on Russian vessels will be waived.

A further report in the matter may be awaited.

149 Steel & Heavy Industries (De-

90

The Committee would like to be informed in due course of the final decision taken re-

partment  
of Iron &  
Steel).

Hindustan  
Steel Ltd.

garding Rs.11 (eleven)lakhs  
stated to be under dispute  
between the Hindustan  
Steel and their consultants.

ved, has been received so  
far. No further payment  
has, therefore, been made  
for the balance of claims.  
The Committee will be  
informed immediately on  
receipt of confirmation from  
the suppliers.

91

153

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The Committee regret that  
though nearly two years  
have elapsed since the ir-  
regularities referred to in the  
Audit Para were detected,  
disciplinary action in the  
matter has not yet been in-  
itiated and one of the sus-  
pected officials has, in the  
meanwhile, been allowed to  
retire. The Committee  
have pointed out on more  
than one occasion that dis-  
ciplinary action should be  
prompt. The explanation  
of the representative of the  
Hindustan Steel for delay  
in instituting disciplinary  
proceedings is not accep-  
table to the Committee.  
They would in this connec-  
tion like to draw attention

Soon after the irregularities  
came to notice, the matter  
was considered at the high-  
est level and it was decided  
in September, 1958 that  
the case should be handed  
over to Special Police. The  
Departmental proceedings  
against the delinquent em-  
ployees were not instituted  
from the beginning on ac-  
count of the reasons given  
below :

Final outcome of the case  
may be intimated to the  
Committee.

The nature of irregularities  
and the circumstances of the  
case were taken into account  
in coming to the decision  
that the case should be han-  
ded over to the Special Po-  
lice, as a departmental en-

to para 30 of 5th Report (First Lok Sabha) wherein they recommended that against the suspected officials should not be held up pending the outcome of criminal prosecutions and that photostat copies of all documents having an important bearing on the disposal of the case should invariably be kept. The Committee fail to understand why the Hindustan Steel did not consider it necessary to suspend the suspected officials pending police investigations as otherwise there is greater risk of the suspected officials influencing the evidence. They would like to be informed of the action taken against the officers in this case. The Committee also trust that the Company will in future deal with dis-

quiry in a case of this type has its own limitations.

It was also expected that with their wide powers and scope, the Special Police would be able to establish a *prima facie* case, if any, more rapidly and effectively. There was no intention to postpone or to hold up the departmental proceedings.

The present position of the case is as follows :

The Special Police had decided on the 26th Octo-

ciplinary cases with greater vigour and expedition.

ber, 1960 to prosecute one of the Officials involved and necessary permission for prosecution was given in January, 1961. It was also on the advice of the Special Police that his services were terminated after giving him due notice under the Rules of the Company and he was released with effect from 1st May, 1961. Another official who is a deputationist still serving Bhilai Steel Plant has been placed under suspension pending investigations. No action has been taken against the Purchase Officer as the Special Police Establishment wanted to prosecute only the above two employees.

115

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157

Do

The Committee regret to note that the Project authorities who had to handle cash transactions worth crores of

The Committee seem to be under the impression that the question of taking fidelity guarantee was consider-

The Committee are unhappy to note that the elementary precautions of getting security de-

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rupees implemented this requirement of the financial rules only after the shortage was detected in April, 1959 although its necessity was stressed by Audit in August, 1958. They feel that it indicates disregard of financial rules and public exchequer on the part of the superior officers concerned for which responsibility should be fixed.

ed by the Project *only* after the shortage was detected in April, 1959. The position of the case, however, is indicated below :—

posit from the employees handling large amounts of cash were not taken.

Prior to August, 1957 the Cashier was borne on the strength of the Administration Branch. There was no cash work as such in the F.A. & C.A.O's Office following the PWD practice, the transactions being mostly confined to issue of cheques for works done by the contractors. The Cashier in the Administration Branch was, however, withdrawing money from the Treasury at Durg for disbursement of pay and allowances, contingencies etc.

There was only one cashier at that time and security was

actually obtained from him. The security was taken in March, 1956 much earlier to the letter of D.A.G., P.C. & I. dated the 4th December, 1956. There was also a letter from the Ministry in January, 1957. Action was initiated even at that time to collect information regarding cashiers and other Store Keepers who should be asked to furnish security. The rates were fixed in November, 1957. Meanwhile, after the transfer of Project to the Hindustan Steel Limited, the work of cash disbursement was taken over by the Accounts Branch in August, 1957. The previous cashier, however, remained back in the Administration Branch and his security was refunded. No regular appointment of Cashiers and Assistant Cashiers could be made in the Accounts Branch in the initial stages due to paucity of staff and security could



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also not be taken. The U.D.Cs were doing the work of cashiers.

In May, 1958 the Hindustan Steel Ltd. Board was approached for creation of regular posts of cashiers, Assistant Cashiers with special pay attached to the post, and on receipt of the Board's approval on 21st November, 1958, the regular cadre of Cashiers was formed in December, 1958 and correspondence with Insurance Pool for taking fidelity bonds started in February, 1959. Due to formalities with the Insurance Pool and furnishing the required information etc., the bonds could, however, be taken only in May, 1959. Against the above background it may be seen that the unfortunate incident of the shortage occurred

on the 7th April, 1959 just a month before the policies being taken from the Pool. While proposals for taking fidelity bonds were all along under consideration it was mainly the difficulties in forming the regular set up in the initial stages of organisation which were responsible for the delay.

93

172

Steel & Heavy Industries  
(Deptt. of Iron & Steel)

Hindustan Steel Ltd.

In the opinion of the Committee this is a typical case of defective planning. They trust that efforts will be made by the Hindustan Steel to encourage the use of these jetties by other Departments/ Undertakings, besides the Heavy Engineering Corporation, with a view to ensuring that the handling capacity of the jetties is utilised to the maximum. Apart from adding to the revenues of the Company, this will relieve congestion at the Calcutta Port.

The circumstances under which it was decided to construct the jetties have been explained to the Public Accounts Committee. HSL are taking steps to use the handling capacity of the jetties to the maximum possible extent. They are already in correspondence with HEC and some private parties for the joint use of the jetties.

The Committee would like to be informed of the outcome of the efforts made by the Hindustan Steel for the maximum utilisation of the handling capacity of the jetties.

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96	168	<p><b>Steel &amp; Heavy Industries</b>  <u>(Deptt. of Iron and Steel)</u>  <u>Iron &amp; Steel Controller</u>  <u>Railway Board</u></p>	<p>The Committee consider that the Railways also are not blameless in the present case. Having known that subsidy was due from the Steel Equalisation Fund, the Railways should have taken steps to maintain proper records for substantiating their claims, if need be. The Committee desire that effective steps should be taken by the Railway Board to ensure that the requisite information is furnished by the Railways (other than those mentioned in this para) to the Iron &amp; Steel Controller without further delay.</p>	<p>ditional (perhaps unintended) benefit to the producers.  Note awaited.</p>
97	176	<p><b>Steel &amp; Heavy Industries</b>  (Deptt. of</p>	<p>(i) In the opinion of the Committee it is misleading to consider only the quantity of iron ore consumed per ton of pig</p>	<p>Note awaited.</p>

Iron & Steel)  
Hindustan  
Steel Ltd.

iron. The rates of out-turn and the quality of pig iron are equally important, if not more. It cannot, therefore, be denied that there has been financial loss by the acceptance of poor quality of ore and treating it as up to specifications on the certificates of the public analyst.

(ii) The Committee regret to note that as late as February, 1961, the sub-standard iron ore accepted by the Durgapur Project authorities was over 30%. They desire that the Project authorities should examine the adequacy of the existing checks to avoid acceptance of poor quality ore. They would like to be apprised of the steps taken in this regard before they take up for examination the Accounts for the next year.

98

178

Steel &  
Heavy In-  
dustries.

The Committee wanted to know the amount of demurrage claimed by the Port

Note awaited.

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(Deptt. of  
Iron &  
Steel).

Hindustan  
Steel Ltd.

authorities since January, 1960 including the amount solely attributable to late receipt of shipping documents. The representative of the Hindustan Steel promised to furnish the requisite information later. This is still awaited. The Committee would defer their comments till the information is received from the Department of Iron and Steel.

TWENTY-FIFTH REPORT (SECOND LOK SABHA)—VOL. I

99 31 (S. No.  
18 of App.  
I to 42nd  
Report—  
Vol. II).

Steel &  
Heavy  
Industries  
(Deptt. of  
Heavy In-  
dustries).  
Fertilizer

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

Note awaited.

Corpora-  
tion of  
India Ltd.

be made on the basis of the results of the analysis carried out by the Company when the company was within its rights to 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.

*Further comments of PAC  
(1961-62)*

The Committee feel that this matter should be pursued further with the suppliers and the Coal Controller to persuade the suppliers

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to agree to the payment by the company (for the supplies of coa) on the results of quality analysis carried out by the company and such a provision should be reinserted in the purchase orders to avoid the recurrence of the losses as mentioned in this case.

100 34 (S. No. 20 of App. I, 42nd Report, Vol. II).  
Steel & Heavy Industries. (Dept. of Heavy Industries)  
Fertilizer Corporation of India.

The Committee are distressed to note that although about eight years have 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.

Note awaited.

They trust that a decision will be taken without any further delay.

*Further comments of PAC  
(1961-62)*

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

FORTY-SECOND REPORT (SECOND LOK SABHA)—VOL. I

101

55

Steel &  
Heavy In-  
dustries  
(Deptt. of  
Heavy In-  
dustries)

Fertilizer  
Corpora-  
tion of  
India Ltd.

The Committee find no justification for the heavy loss suffered by the company in running the Boarding Section of the hostel. It is regrettable that although the income from the Boarding section was not sufficient in some years to cover even the cost of provisions consumed, no effective steps have been taken so far by the company to improve its financial working. The Committee desire that Government should look into this matter and ensure that the loss in running the Boarding Section is minimised.

Note awaited.



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102	57	<p>Steel and Heavy Industries (Deptt. of Heavy Industries)</p> <hr/> <p>Fertilizer Corporation of India Ltd.</p>	<p>The Committee note that despite idle hours the average monthly wages (including bonus) of the bagging plant labour was much more than that of similar labour (having the same basic wage) at other plants. They are not, therefore, fully convinced by the explanations advanced for the non-revision of the standard of performance of the workers of the Bagging plant. In their opinion, no proper time and work studies had apparently been conducted before fixing the standard of performance. It was pointed out to them that within four months of the introduction of the scheme, the Controller of Accounts of the Company observed that either the bonus rates were high or the initial basic rate of</p>	Note awaited.

output was unduly low and suggested that the matter be examined by an expert so as to ensure that the payments were not exorbitant. Had the matter been examined even at that stage, much of the excess payment could have been avoided by introducing remedial measures in time. As the basic output fixed by the company is unduly low compared to the actual performance, the Committee consider that the matter requires review.

HEAVY ELECTRICALS LTD.

103

31

Steel and  
Heavy In-  
dustries  
(Deptt. of  
Heavy In-  
dustries)

H.E.L.

The Committee are unhappy to note that lack of correct technical knowledge on the part of the Heavy Electricals Ltd. delayed the placing of the order which resulted in an extra expenditure of Rs. 19,360.

Note awaited.

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104

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Steel and Heavy Industries (Department of Heavy Industries).  
H.E.L.

The Committee suggest that legal opinion with regard to imposition of penalty on the first contractor should be obtained early.

Note awaited.

#### STATE TRADING CORPORATION

105

47

Steel and Heavy Industries (Department of Heavy Industries).  
S.T.C.

The Committee understand from Audit that the policy regarding distribution of cement was under consideration of the Ministry before March, 1956, whereas the revision of rates was confirmed by the Ministry to the firm on 5th March, 1956. If so, the revised rates were agreed to without careful examination of the proposals under consideration at the time, which was highly objectionable.

Note awaited.

## TWENTY-FOURTH REPORT (SECOND LOK SABHA)

106 31 (Sl. No.138 of Appendix I, Forty-second Report, Vol. II).

Deptt. of Transport.

(i) The Committee observe that the rules for the accounting of the Motor Vehicles 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.

*Comments of P.A.C. (1961-62) in their 42nd Report.*

The promised report on the working of the new system of accounting of Motor Vehicles and Taxation receipts etc. would be awaited.

A meeting was held between the representatives of the Delhi Administration and the Ministry of Transport wherein it was decided to abolish the existing system of payment in court fee and stamps and instead make collections:—

- (i) in cash in the Transport Office;
- (ii) in cash in the Treasury;
- (iii) by crossed cheques.

The Delhi Administration drafted rules for the proposed system and submitted these to A.G.C.R. in November, 1958. The A.G.C.R. has returned these rules in the third week of May, 1959.

The revised system of collection of taxes by the Transport Department of Delhi in cash and by cheque was introduced on the 1st Sept., 1960. The working of this system over the last two years has

The Committee will watch the working of the new system through future Audit Reports

shown that it is more methodical and scientific from the point of view of maintenance of accounts. The Special Reorganisation Unit of the Ministry of Finance who conducted a work study of the Transport Department, Delhi, recently, made some suggestions in May 1962 for further simplification of the procedure so as to provide greater convenience to the public. The rules for the collection of the taxes etc. are being revised by the Delhi Administration to give effect to these suggestions.

TWENTY-FIFTH REPORT (SECOND LOK SABHA)—VOL. II

- |     |   |                      |  |   |   |
|-----|---|----------------------|--|---|---|
| 107 | 81(Sl. No. 143 of 42nd Report, Vol. II) | Deptt. of Transport. | The Committee would like to be informed of the settlement regarding excess payments made to the contractor in due course. They suggest that Government should also | This relates to the construction of diversions on the Sadiya—Denningroad in N. E. F. A. during 1954-55. | The Committee would like to know the reasons for not initiating departmental action soon after the specific lapses officers were brought to |
|     |   |                      |  | 2. On the request of the con-   |   |

institute an enquiry to investigate the circumstances in which payments were made to the contractor and fix responsibility therefor.

tractor, the case was referred to arbitration on 26th June, 1958. The contractor did not accept the arbitrator and filed a suit in a court of law in Shillong. As a result, the court has recently appointed an arbitrator but the C.P.W.D. has filed a revision appeal in the Assam High Court. The case is still in process in the Assam High Court.

notice.

*Comments of P.A.C. (1961-62) on their 42nd Report.*

Further developments may be reported.

3. In case the judgment of the Assam High Court is eventually delivered in favour of the C.P.W.D. the latter will appoint an arbitrator in terms of the agreement with the contractor and necessary action to fix responsibility in the matter of alleged excess payment will be taken in the light of the decision of the arbitrator.

#### AUDIT COMMENTS

The Ministry were requested to indicate in the draft state-

ment the circumstances in which it was not possible to process the action against the officer concerned even though the Superintending Engineer (Vigilance) had brought out some specific lapses of different officers which will not be affected by the result of the arbitration.

The lapses according to the Superintending Engineer (Vigilance) were:--

- (1) Unauthorized deviation in the Notice Inviting Tender from the approved estimate which permitted possibility of payment at higher rates;
- (2) Incorrect recording of measurements leading to overpayments; and

(3) Not pre-recording of measurements as stipulated in the agreement.

It has now been stated by the Ministry in the draft "statement" that necessary action to fix responsibility in the matter of alleged excess payment will be taken in the light of the decision of the arbitrator.

FORTY-SECOND REPORT (SECOND LOK SABHA)—VOL. I ,

108	213	Deptt. of Transport.	In the Committee's opinion, the presentation of the reports of the G. & A.G. on port Trusts to Parliament should not interfere with the autonomy statutorily vested in the Port Trusts. The Committee will doubtless keep this in view while examining the Audit Reports in the question.	The Department of Transport accept the recommendation of the Public Accounts Committee. The Port Trust Acts applicable to the ports of Calcutta, Bombay and Madras will be amended accordingly at the next suitable opportunity.	Further action taken to implement the recommendation of the Committee may be reported.
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135

TWENTY-FIFTH REPORT (SECOND LOK SABHA)

109	86 (Sl. No 145 of Appx. I to 42nd Report, Vol. II).	Deptt. of Transport.	The Committee would await the information called for from the Ministry of Transport and Communications regarding loss due to taking	Note awaited.
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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.

*Comments of P.A.C. (1961-62) in their 42nd Report.*

In the light of the information given by the Ministry of Transport and Communications the earlier stand taken by the Ministry of W.H.&S. that the "loss was not due to defective or unsatisfactory storage condition" was not justified.

#### TWENTY-FIFTH REPORT (SECOND LOK SABHA)

110 89 (Sl. No. Depts. of  
146 of Appx. Commns. &  
1 to 42nd Civil Avia-  
Report, Vol. tion.  
II).

(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

The reasons for the delay in the preparation of the Survey Report have been investigated by the Additional Chief Engineer (II), C.P.W.D. The factual pos-

The Committee are not happy at the manner in which this matter was handled at the various stages. They trust such cases will not recur.

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.

(ii) The officers who took the decision to purchase the building without properly 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 & ward. ]

*Comments of P.A.C. (1961-62)  
in their 42nd Report.*

ition of the case is as under.

In his letter No. BT. 4/2(4). 7623-24, dated the 9th April, 1954, to the Superintending Engineer, the Controller of Aerodromes stated that the structures should be demolished and the area properly levelled and fenced. He also requested that a survey report should be prepared. The Executive Engineer, Bombay Aviation Division II, however, did not prepare any Survey Report. The Controller of Aerodromes has stated that he had been reminding the Executive Engineer personally about the urgency of sending the Survey Report on the Palm Grove Hotel but the latter did not prepare the Survey Report till the time of the transfer of the Juhu Aerodrome to the control of the



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.]

Bombay Aviation Division No. 1. The building was inspected by the Executive Engineer of that Division and he prepared the necessary Survey Report and submitted it to the Superintending Engineer in October, 1956. It was forwarded to the Additional Chief Engineer in November, 1956. As the Survey Report was not complete in all respects, further correspondence ensured between the Additional Chief Engineer and the Superintending Engineer on the one hand and the Superintending Engineer and the Executive Engineer on the other. The case was sent to the Ministry of Transport and Communications in July, 1957. It would be seen from the above that the delay was mainly due to a lapse on the part of the

then Executive Engineer, Bombay Aviation Division No. II. The officer has since retired on the 24th June, 1959 and it has already been decided in another case to reduce his pension by 10% as his service could not be regarded as satisfactory. In view of this, no further action is proposed to be taken against him.

No Assistant Engineer or other subordinate Officer is considered responsible for the delay in this case.

139

### TWENTY-THIRD REPORT (FIRST LOK SABHA)

- III 118 (Sl. No W.H. & S.\*  
157 of 42nd (now Eco. &  
Report, Vol D.C.).  
II).
- The Committee observe that the arbitration proceedings stand adjourned *sine die* 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

Note awaited.

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\*The work is now being dealt with by the Ministries of Works, Housing and Rehabilitation and Economic and Defence Co-ordination.

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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.

*Comments of P.A.C. (1958-59) in 18th Report, Vol. II.*

The latest position may be stated.

*Comments of P.A.C. (1961-62) in their 42nd Report.*

Further developments may be reported. Special steps should be taken to finalise the case without further delay.

SEVENTH REPORT (SECOND LOK SABHA)

112 249 (Sl. No. W.H. & S.  
158 of (now W.H.  
42nd Report & R).  
Vol. II).

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

Note awaited.

*Comments of P.A.C. (1958-59)  
in 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.

*Comments of P.A.C. (1961-62)  
in their 42nd Report.*

Further progress in the recovery of rents may be reported.

113 266 (Sl. No. Do.  
159 of  
42nd Report  
Vol. II).

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 Government money in the case commented upon in

Note awaited.

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para 127 of the 23rd Report.

*Comments on the P.A.C. in 18th Report, Vol. II.*

The latest position may be stated.

*Comments of P.A.C. (1961-62) in their 42nd Report.*

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

#### EIGHTEENTH REPORT (SECOND LOK SABHA)—VOL. I

114 98 (Sl. No. W.H. &S. 160, 42nd (now E. & Report Vol. D.C.) II).

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

Note awaited.

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.

The Committee also learn that according to 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 month's time to finalise the same. The Committee would like to be informed of the outcome of these discussions.

*Comments of P.A.C. (1961-62) in their 42nd Report.*

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

115 99, (Sl. No. 161, 42nd Report Vol. II).

Do.:

The Committee feel that failure to pursue claims is a chronic disease with the Mission. They are amazed

Note awaited.



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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 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 to 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.

*Comments of P.A.C. (1961-62)  
in their 42nd Report.*

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

116 100 (Sl. No. W.H. & S. The Committee understand  
162, 42nd (now E. & that the Ministry have called  
Report, Vol.D.C.) for the original papers for  
(II) 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

Note awaited.

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the request of the Ministry for a period of 3 months to submit a final note, duly vetted by Audit.

*Comments of P.A.C. (1961-62) in their 42nd Report.*

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

117

129  
(Sl. No. 163  
42nd  
Report  
Vol. II)

W.H.&S.  
(Now  
E.&D.C.)

The Committee consider it necessary that there should be uniformity of action and practice with regard to putting contractors on the blacklist. The trust that Government will take necessary action to carry it out.

Note awaited.

*Comments of P.A.C. (1961-62) in their 42nd Report.*

The final outcome of the case may be reported.

118

159  
(Sl. No. 164,  
42nd  
Report,  
Vol. II)

W.H.&S.  
(now  
W.H.& R.)

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 P.W.D. and the Government Rules would have to be followed by the Architect employed 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.

*Comments of P.A.C. (1961-62)  
in their 42nd Report*

Further developments may be reported.

Note awaited.

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119	160 (Sl. No. 165, 42nd Report, W.H.&R.) Vol. II)	W.H.&S. (now W.H.&R.)	<p>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 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.</p> <p><i>Comments of P.A.C. (1961-62) in their 42nd Report</i></p> <p>Further action proposed to be taken in the matter may be reported.</p>	Note awaited.	
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TWENTY-FIFTH REPORT (SECOND LOK SABHA)—VOL. I

120 80 (Sl. No. 167 of 42nd Report, Vol. II)	W.H.&S. (Now W.H.&R.)	The Committee feel that personal lapses disclosed in para 42 of Audit Report, 1958 (Unauthorised alteration in specification) deserve deterrent punishment.	Note awaited.
121 81 (Sl. No. 168 of 42nd Report, Vol. II)	Do.	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.
122 86 (Sl. No. 169 of 42nd Report, Vol. II)	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 the other hand, the enquiry revealed personal lapses, suitable disciplinary action should be taken.	A note has been submitted by the Ministry. (Appendix XIX). The Committee regret to observe that the disciplinary aspect of the case was not initiated in time before the officials concerned demitted service.

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| 123 (Sl. No. 172 of 42nd Report, Vol. II)  | W.H.&S.<br>(now<br>E.&D.C.) | 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. |
| 124 93 (Sl.No. 175, 42nd Report, Vol. II)  | W.H.&S.<br>(now<br>W.H.&R.) | 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. |
| 125 94 (Sl. No. 176, 42nd Report, Vol. II) | 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.   | Note awaited  |

THIRTY-FOURTH REPORT (SECOND LOK SABHA)

126

190

W.H.&S.  
(now  
W.H.&R).

In the opinion of the Committee imposition of a condition that the tenderers for works should keep their offers open for a specified period will be definitely advantageous. They suggest that the matter be reexamined.

A note has been submitted by the Ministry (Appendix XX)

The Committee understand from Audit that in November, 1962, the existing form of notice inviting tenders was replaced by the revised form in which one of the new conditions was that tenders for works in Delhi shall remain open for acceptance for a period of 90 days from the date of opening of tenders. It has been clarified by the Ministry that this limit of 90 days was not made applicable to contracts outside Delhi mainly because they thought that the offices outside Delhi might not be able to convey a decision within that period, specially if the contract was large-valued or complicated and required reference to the Central Works Advisory Board. The decision is stated



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to have been taken on an experimental basis and its extension to works outside Delhi would depend on how the new provision works in actual practice. The committee would like the Ministry to review the position after six months as a result of experience gained.

152

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195

Do.

As for the local purchase of cast iron pipes at a higher cost, the Committee are not convinced by the plea of urgency. With proper planning the extra expenditure could have been avoided.

Note awaited.

128

211

W.H.&S.  
(now  
W.H.&R).

(i) In the absence of any convincing data, the Committee find it difficult to accept the opinion of the C.T.E. that there had been a marked improvement on the whole in the quality of

Note awaited.

construction since the setting up of this Organisation. In their view, the number of cases is an important index in this matter and any increase therein is normally indicative of a wider spread of defects. For correct appreciation of the position it would be better if the results of inspections carried out by the C.T.E. are compiled and presented in a manner which will enable the Committee to come to some conclusions about the working of the C.P.W.D. and whether the C.T.E., which was set up at their instance, is functioning on right lines.

- 212 Do. (ii) The Committee desire that the Ministry should issue strict instructions to the C.P.W.D. enjoining expeditious disposal of the reports from the C.T.E.
- 213 Do. (iii) The Committee note that the particular paragraph (para 74) in the Audit Report gives simply a
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summary of the activities of the C.T.E.'s organisation. They are, therefore, not in favour of omitting such a paragraph from the Audit Report.

129	215	W.H.&S. (now W.H.&R.)	The Committee are concerned to see that losses are incurred by Government on Grand Hotel, Simla from year to year. Apart from reducing the overheads, the justification for continuing the concessional rates to touring officers may be examined with a view to curtailing losses to the minimum.	Note awaited.
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FORTY-SECOND REPORT (SECOND LOK SABHA)

130	216	W.H.&S. (now W.H.&R.)	In the opinion of the Committee the Executive Engineer's direction to the firm to despatch the steel to Nasik amounted to an alteration of the terms of the	Note awaited.
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agreement. Having paid for the steel before its receipt he did not bother himself about the quality thereof. The Committee feel that the officer had been let off lightly in this case.

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| 131 | 217 | Do. | The Committee would like to know why instructions issued by the Ministry of Finance that in all cases warranty clause should invariably be provided in the agreement had not been followed in the case referred to in the Report. They would also like to know the result of the court case. | Note awaited. |
| 132 | 220 | Do. | The Committee trust that the Ministry of Works, Housing and Supply would ensure strict observance of Codal rules regarding preparation of drawings and designs.  | Note awaited. |
| 133 | 224 | Do. | The Committee consider it unfortunate that in the name of economy, experiments of doubtful nature have been tried on such a large scale.   | Note awaited. |

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The Committee desired to be furnished with the copies of the reports of enquiry in the case of loss due to acceptance of sub-standard work and the final action taken by Government which are still awaited. It should be expedited.

134

226

W.H.&S.  
(now  
W.H.&R.)

The Committee would like to be apprised of the final action taken in the case relating to acceptance of sub-standard work and avoidable expenditure due to defect in a contract.

Note awaited. ]

135

227

Do.

The Committee are of the opinion that having discovered certain defects in the plaster work during test check, the CTE should have proceeded with a detailed examination of the work. Had this been done it would have been possible to get the defects rectified by the contractor.

Note awaited. ]

136	228	Do.	The cases mentioned in paragraphs 221-228 of Report indicate how lack of supervision and technical examination of works executed by contractors had led to acceptance of sub-standard works. The Committee would urge upon the Ministry to take suitable steps to tighten the machinery for supervision of the work of contracts and take deterrent steps against those responsible for sub-standard work.	Note awaited.
137	230	Do.	In the opinion of the Committee tampering with original records and preparation of a fictitious bill were serious offences which deserved deterrent punishment.	Note awaited.
138	232	Do.	The Committee defer their comments in the case of purchase of special cement for a Dairy Building pending receipt of a detailed note promised to them by the Secretary, Ministry of Works, Housing and Supply in August, 1961. Meanwhile they would urge upon	<p>A note has been submitted by the Ministry (Appendix XXI).</p> <p>Further report on action taken (i) against the delinquent officials and (ii) to dispose of the surplus cement may be made.</p>

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the Ministry to expedite the disposal of the surplus cement as it is reported to be deteriorating.

130	235	W.H.&S.now W.H.&R.	The Committee desire that the reasons for inordinate delays in handling the case of overpayment to a contractor due to non-observance of rules should be investigated and responsibility fixed.	Note awaited.
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140	238	..	The Committee are concerned to see such cases recurring year after year. Even granting that a time lag between construction of a building and the provision of other services is unavoidable the Committee feel that by carefully planning and properly phasing the work of contractors the time-lag could be effectively minimised. They desire that the Ministry of W.H.&S. should take suitable steps to avoid	Note awaited.
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the recurrence of such cases  
in future;

141 239

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The Committee regret to observe that a decision on the suggestion that a single agency should be entrusted with work of construction of buildings and provision of ancillary services is yet to be reached even though two years have passed.

Note awaited.  
See also para 99 of 8th  
Report (1962-63)

42 241

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(i) Non-maintenance of proper accounts and failure to revise the rates and recover the dues from private parties are in the opinion of the Committee serious lapses for which responsibility should be fixed.

Note awaited.

(ii) The Committee would like to know when a decision is likely to be taken in the matter of revision of rates of unfiltered water.

Note awaited

145 244

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The Committee are gravely concerned to see the inordinate delay in handling

Note awaited.



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the case mentioned in para 242 of Report. They would like to be informed of the final outcome. The Committee deplore that no action has been taken by the Ministry to fix responsibility in the matter

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WH&S now  
WH&R

The Committee desire that their suggestion made in para 211 of the 34th Report should be implemented without further delay.

Note awaited.

145

252

WH&S now  
(E.&D.C)

(i) The Committee are alarmed at this state of affairs—cases of provisional payments awaiting settlement even after 10 years had elapsed. They feel that Government had not been firm in dealing with the firms which defaulted in furnishing the requisite information. A time limit should be given to such firms within which they should furnish the

Note awaited.

requisite information to enable Government to settle their cases. Government might also consider the feasibility of suspending dealing with the firms which are recalcitrant. The Committee would like to be apprised of the progress made by the D.G.S.&D. in the settlement of old cases and the financial effects thereof.

(ii) The inflow of new cases in the Committee's view, indicates procedural defects which require immediate attention of Government.

**Note awaited.**

191

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257

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The Committee do not know what prompted the Supply organisation to enter into cost-plus contracts with the oil companies especially when (as admitted by the D.G. S.&D. in the course of evidence) the firms were not prompt in furnishing the requisite information in respect of cost of production etc. and the material being

**Note awaited.**

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a by-product it was difficult to fix its cost.

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258

W.H&S now  
E. & D.C.

The Committee would like to be apprised of the progress made in the recovery of overpayment made to the firm which went into liquidation.

Note awaited.

148

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The Committee trust that the Ministry will take care to see that such situations (Punishing officers without proper enquiry) do not recur as they will impair the confidence of the services in the impartiality of the Administration.

Note awaited.

149

266

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The Committee feel that the Executive Engineer, who failed to keep proper watch over maintenance of material-at-site accounts has not been blamed for lack of supervision. They do not see why Government

Note awaited.

are needlessly mild in this particular case. In their opinion the case calls for a review. They would like to be apprised of the results of the review.

150

269

Do.

The Committee deprecate the delay in enforcing the recovery of rent and regret to observe that adequate administrative arrangements have not been made by the Directorate to liquidate the arrears in the recovery of rent. They would like to be apprised of the recommendation of the S.R.U. of the Ministry of Finance and the action taken thereon by the Ministry of Works, Housing and Supply.

Note awaited

163

151

273

WH & S  
now E.  
& D.C.

Even granting that it was not advisable to change the consultants, pending final decision on the question of setting up a departmental laboratory, the Committee see no justification for continuing the old firm of Consultants at higher rates for two years. The Committee

Note awaited



regret that the D.G. I.S.D. continued in his own way till 1956, despite objections from audit in 1953 and 1954.

#### SEVENTH REPORT (SECOND LOK SABHA)

152 205 (Sl. No. Rehabilitation of Ap-tion. Appendix I, 42nd Report Second Lok Sabha, Vol. II)

The Committee regret to point out that in this case regarding the delay in payment of compensation to landlords 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 landlords.

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 compensa-

A note has been submitted (Appendix L., 42nd Report, Vol. II).

The Committee are not happy over the manner in which this case had been dealt with at various levels. They observe that the Superintending Engineer Rehabilitation Circle rushed through the formality of getting the notification issued and took possession of land without clearly demarcating the land and fixing the boundary pillars. The result was that possession of certain land was taken over and houses built thereon even though the relevant Khasra numbers

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

153 209 (Sl. No. 106 of Appendix I, 42nd Report Second Lok Sabha, Vol. II).

Do.

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.

As stated in the late Ministry of Rehabilitation note dated the 26th April, 1961, the sum of Rs. 69,452/- (Rs. 67,196/- plus Rs. 2,256/-) was found to be completely irrecoverable. A report since received from the Government of Rajasthan reveals that against one of the items

were not covered by the notification. The inordinate delay in regularising the irregular acquisition and payment of compensation to the landlords can also be hardly justified. The Committee trust that care will henceforth be taken to ensure that such cases do not recur.

The Committee trust that the recovery/writing off of the outstanding amount would be expedited.

*Further Comments of P.A.C.  
(1961-62).*

The Committee may be informed of the progress made regarding the recovery of Rs. 12,655-12-9 from the delinquent officials and the decisions taken by the State Governments concerned for writing off the irrecoverable amounts.

included in the total amount of Rs. 69,452/- they have sanctioned recovery of Rs. 1,050/- by adjustment out of the arrears of pay of the officer concerned. Accordingly, this amount has also been set off from the total loss of Rs. 69,452/-. Thus the net loss now works out to Rs. 68,402/- (Rs. 69,452/ minus Rs. 1,050/-). Out of this amount, losses amounting to Rs. 21,612/- had been written off. The question of writing off the balance amount is being pursued vigorously with the State Governments concerned, by issuing reminders at appropriate levels. The latest report of the Punjab Government states that they are issuing orders for write off of a further sum of Rs. 1,147/-.

2. The sum of Rs. 12,656/- referred to in para 3 of the

late Ministry of Rehabilitation note referred to above cover three cases. In one case the State Government concerned has since written off the loss of Rs. 2,176/- as the amount was found to be recoverable. The remaining two cases relate to the Governments of Punjab and Rajasthan. The amounts involved are Rs. 2,200/- and Rs. 8,280/- respectively. The Government of Punjab have reported that necessary sanction for the write off of the amount is being issued. The Government of Rajasthan are still making efforts for the recovery of the sum of Rs. 8,280/-.

167

TWENTY-FOURTH REPORT (SECOND LOK SABHA)

154 II (iii) of Rehabilitation.  
Appendix I (S. No. 108 of Appendix I, 42nd Report Vol. II).

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 the latest position re-

A note has been submitted. (Appendix XXII).

While the Committee note that there had been some reduction in the amount outstanding on account of rent, ground rent etc., they observe that the outstandings are



garding recovery of rent, etc. (including ground rent) from displaced persons.

[*Further Comments of P.A.C. (1961-62)*].

In the opinion of the Committee, the progress of recovery of rent etc. (including ground rent) from displaced persons has not been satisfactory. They desire that the Ministry should take effective steps to recover the outstanding balance expeditiously.

155 8 (S. No. Rehabilitation  
III of tion.  
Appendix I,  
42nd Report  
Vol. II).

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

still quite heavy. They desire that the question of the recovery of outstanding amount should be pursued vigorously to reduce these arrears.

Note awaited.

of the final decision in the matter.

[Further comments of P.A.C. (1961-62)].

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.

156 II (S. No. 112 of Appendix I, 42nd Report Vol. II). Rehabilitation. Education

The Committee understand that the work regarding recovery of the outstanding urban loans has been transferred to the Delhi Administration in January, 1959, and that the Deputy Commissioner, Delhi is taking 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.

A note has been submitted (Appendix KXIII). The Committee would like to watch the progress in the recovery of the urban loans through future Audit Reports.

[Further comments of P.A.C.  
(1961-62)].

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 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.

157

19 Rehabilitation  
(S. No. 113 of Appendix I, 42nd Report, Vol. II).

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

A sum of Rs. 14.97 lakhs was paid to Local Bodies on account of water charges relating to Government built properties in respect of the period upto 31-3-58. These payments were made on an *ad-hoc* basis. Out of this amount a sum of Rs. 8.10 lakhs has been recovered upto July, 1962 from the tenants leaving a balance of Rs. 6.87 lakhs.

As regards the payment of water charges from 1-4-58 onwards to the Corporation the matter is under consideration.

The accounts of defaulter occupants of non-transferable properties have been reconstructed upto 31-3-62 and the amount due from the individual allottees has been worked out to the end of March, 1962. Vigorous

The Committee observe that the position regarding recovery of water charges from the allottees of Government built properties is still far from satisfactory. They would like to be informed of the total amount due in this regard from the occupants of non-transferable properties and steps taken to expedite their recovery.

The Committee would also like to be informed of the final decision regarding recovery of water charges by the local bodies directly from the dents of the colonies.

been asked by the Ministry to recover the water charges from 1-4-1958 onwards from the residents of the colonies. The Committee would like to know whether this instruction is being implemented by the local bodies.

[Further comments of P.A.C. (1961-62)]

The Committee would await a further report in the matter

TWENTY-FIFTH REPORT (SECOND LOK SABHA—VOL. I)

158

63 Rehabilitation  
(S. No. 114 of Appendix I,  
42nd Report, Vol. II)

As the target date (31st October, 1959) by which the claimant/non-claimant displaced occupants of allottable evacuee properties were required to file their applications for purchase has already expired the Committee would suggest that expeditious action should now

efforts are being made to recover this amount as expeditiously as possible. As regards transferable properties, sale documents are issued only after the allottees pay all the dues including water charges and there is no risk of any amount remaining un-recovered in such cases.

A note has been submitted. (Appendix XXIV) The Committee would like to watch the position through future Audit Reports.

be taken to enforce recovery of outstanding rent from those occupants who have not expressed their willingness to purchase properties. The Committee 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.

[*Further comments of P.A.C.*  
(1961-62)]

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

THIRTY-FOURTH REPORT (SECOND LOK SABHA)

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|-----|----------------|-----|--|---|--|
| 159 | Rehabilitation | 119 | (i) While the Committee appreciate the need for establishing new townships for settling the displaced persons they regret to observe that the scheme in this case was both ill-conceived and | A note has been submitted. (Appendix XXV) | The Committee regret to note that the arrears of rent etc. instead of decreasing had further increased by about Rs. 14,000/-. They desire that the cases |
|-----|----------------|-----|--|---|--|
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badly executed. It is also surprising that effective steps were not taken to develop the economy of the township at least after it became evident that the displaced families were leaving the township for want of adequate means of livelihood.

where the amount had been overdue since long should be vigorously pursued to reduce these arrears. The Committee would also like to be informed of the latest position about the occupation of vacant houses, etc.

(ii) The Committee note that a large amount (Rs. 1.09 lakhs till December, 1958) is outstanding from the occupants of quarters and shops/godowns by way of rent and water charges. They trust that effective steps will be taken to expedite recovery of these arrears.

174

160

121

Rehabilitation

The Committee feel that overpayments to the displaced persons could have been avoided if the amendment to rule 19 of the Displaced Persons (Compensation and Rehabilitation) Rules,

A note has been submitted. (Appendix XXVI)

The Committee would like to be informed about the final settlement of the cases of overpayment.

1955, had been given effect from the date of its notification as required under Codal Rules.

The Committee urge that expeditious action should be taken for the final settlement of the cases of over payments to the displaced persons. They also trust that such cases will not recur.

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

161 130

Rehabilitation

The Committee regret to note that despite specific provision in the rules made under the Administration of Evacuee Properties Act, the accounts of the rural evacuee properties had not *ab initio* been maintained in the prescribed form and it is only now, after the lapse of such a long period, that the Ministry had decided to have the village level records test-checked by audit to ascertain whether these records would serve the required purpose. The

A sample test-check of the accounts records maintained at tehsil and village level was conducted in respect of three tehsils (Dadri, Phillaur & Nawanshahr) by a joint inspection party consisting of representatives of the Director of Audit, Custodian of Evacuee Property, Punjab, and Chief Settlement Commissioner's office in June, 1962. The report of the joint inspection party duly signed by all the members has been forwarded to the Director of Audit

The Committee would like to be informed of the final comments of Audit after verification of original revenue records and the action taken by the Ministry thereon.

175



Committee would observe that the Ministry was not as vigilant as it should have been in this matter. They desire that the test-check by Audit should be expedited. They will reserve their further comments in the matter, till they are informed of the outcome of the test-check.

on 9/11th July, 1962. The findings of the joint inspection party are that basic records of agricultural lands are available only at village level and those of rural houses at tehsil level. In respect of agricultural land, the records available, at tehsil level are recovery files and Rent Demand and Collection Registers termed as "Kishtbandis". These records are not self-sufficient in as much as it cannot be ascertained whether the total area of evacuee lands has been let out on rent or lease and what area was left out, what is the kind of land not allotted etc. For an effective check on area available for leasing out and that actually leased out, it is necessary to call for the original revenue records viz. jamabandis and Khasra Girdawari, which are

maintained by the Patwaris. These records are authentic records and can be relied upon for checking the accounts of evacuee properties. The Director of Audit has accordingly been requested to review the old outstanding objections for settlement after verification of the original revenue records kept by the Patwaris and the Tehsils.

162 133

Rehabilitation

The Committee were surprised that the Government did not watch the implementation of the orders issued by them. They view with concern the non-submission of periodical returns of assets by the States Governments even after the lapse of more than 3 years since the issue of orders. They would urge that effective steps should be taken by the Ministry to ensure prompt submission of these returns to the State Govts. and a report submitted to

A note has been submitted.  
(Appendix XXVII)

The Committee would like to watch the working of the revised procedure through future Audit Reports.

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them by the time they next take up the examination of these accounts. Govt. might consider the feasibility of insisting on receipt of the returns before releasing further instalments of loans/grants to State Governments.

163 144

Rehabilitation

The Committee are inclined to agree with the views of Audit in para 143 of this Report regarding application of rule 19 of the Displaced Persons (Compensation and Rehabilitation) Rules, 1955. They, therefore, desire that the Ministry should reconsider the matter and intimate to them the final decision of Government without any further delay.

Note awaited.

178

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### APPENDIX III

#### MINISTRY OF COMMERCE & INDUSTRY

[REFERENCE S. NO. 8 OF THE STATEMENT]

*Note for Public Accounts Committee on the Points on which information was called for by the Committee at their sitting held on the 28th October, 1960.*

#### *Irregularities in Vastraswavalamban Scheme*

1. A note giving the detailed system of payment of rebate and subsidy under Vastraswavalamban Scheme and principles governing such payments?

A note giving the detailed system of payment of rebate and subsidy under Vastraswavalamban Scheme and principles governing such payments is enclosed (*vide* Annexure I).

#### *Irregularities in Running a Vidyalaya.*

2(i) A statement of the accounts of the Utkarsha Samiti relating to the cultivable lands and pasture land etc., leased out to it by the Vidyalaya, showing the advances received and payments made by the Samiti and the surplus remaining with the Samiti, if any.

2 (i) Copies of Trading and Profit and Loss Accounts, for the years ending 31-3-57, 31-3-58, 31-3-59 and 31-3-60 and the copies of the Balance Sheets as on 31-3-57, 31-3-58, 31-3-59 and 31-3-60 of the Utkarsha Samiti are enclosed. (Annexures II to V). The advances paid to the Samiti in this regard were only a loan of Rs. 25,000/- out of which a sum of Rs. 2,933.00 was repaid upto 31-3-60 and a grant of Rs. 15,000/- during 1956-57 as shown in the Balance Sheet as on 31-3-57 (Annexure II). It may be seen from these accounts that there has been a net surplus of Rs. 6,101.37 nP. remaining with the Samiti as per details given below :—

Year	Loss		Profit	
	Rs.	nP.	Rs.	nP.
1956-57	1,831.40		..	
1957-58	..		10,806.81	
1958-59	2,289.82		..	
1959-60	584.22		..	
<b>TOTAL</b>	<b>4,705.44</b>		<b>10,806.81</b>	
<b>Surplus</b>	<b>6,101.37</b>			

N. B.—The net profit of Rs. 10,806.81 nP. earned by the institution during the year 1957-58 is on account of the grant of Rs. 15,000 (made to it by the Commission) having been brought with the profit and loss account of the Samiti during the year.

2 (ii) Was any rent recovered for the *farm houses*, servants quarters etc., attached to the land? If not, what are the reasons therefor? How the rent recovered, if any, was accounted for by the Samiti?

2 (ii) No rent was recovered for the farm houses or servants' quarters attached to the land. The reasons for not recovering rent were:—

- (i) There was only one servant quarter attached to the land and only eight farms houses; the latter were in fact only Bullock Sheds.
- (ii) These Bullock sheds and the Servants' quarters were all *kachha*.
- (iii) These buildings were used for the agricultural operations of the Samiti *in addition* to accommodating the workers.
- (iv) All the individuals were working in the model farms.
- (v) The land itself was handed over for running a sort of model farm-cum-demonstration centre and to provide employment for landless labourers in the locality.

In view of the above reasons and in view of the fact that these were only a very few *kachha* buildings no rent was specified to be recovered as the intention was to establish a model farm-cum-demonstration centre in the Area.

The Accounts of the Samiti have been verified and it is seen that these do not show any rent as having been recovered on account of the above buildings from any person.

2 (iii) What is the total amount outstanding against 'Sundry Debtors' etc.? And how it is proposed to recover or regularise it?

The total amount outstanding against 'Sundry Debtors' etc., as in 12/60 relating to the period upto 31-3-56 is Rs. 6,551-4-3.

As the amount has proved irrecoverable, the Commission has come up to Government with a request for the write off of the amount. Certain further information/clarification has/have been called for by the Ministry from the Commission and these are awaited before considering the regularisation of the amount in question.

*Irregularities in the Accounts of a Karyalaya (Nasik).*

3. What was the time allowed for submitting tenders for the bulk purchase of timber worth Rs. 2.03 lakhs?

3. There was no bulk purchase of timber worth Rs. 2.03 lakhs. If, however, the reference is to the entry in the ledger on 30-11-56, it may be stated that this was only journal entry representing purchases on different occasions. As regards the question of time allowed, it may be explained that no specific time was mentioned to the merchants within which to give their quotations. In fact in these cases, an official of the Karyalaya deputed for the purpose went round and obtained the quotations on the spot.

*Loss due to Purchase of wrong type of Cotton—Page 16—Note 10.*

5(i) Why was the order for the remaining eight bales not cancelled, when it was found that the cotton was not suitable for the production of finer counts of yarn for which it was intended?

(ii) Has any responsibility been fixed for the failure to specify in the order the correct variety of cotton required?

(i) The orders for the balance of eight bales were not cancelled because doing so once the order had been placed would have violated commercial etiquette in as much as it would have been against the practices in the trade.

(ii) The question was examined by the Commission but it did not consider it necessary to pursue the question of fixing responsibility on any one on the ground that the case was not so serious as for such an investigation.

*8. Annual Accounts of the Khadi Commission—Audit Comments at Page 26-27.*

(i) *Audit Comment No. 1*

What are the reasons for the inclusion of fictitious assets to the extent of Rs. 4,01,589 in the Balance Sheet of the Production and Sales Centres in Andhra?

(ii) In the first place, it may be stated that the sum of Rs. 4,01,589 was not a "fictitious asset" as such. The amount actually represented the following two items :—

(i) Rs. 3,95,547—This amount represented the aggregate of the differences exhibited in the item-wise inventories of stock between book value and actual value on physical verifications which were then under investigation.

(ii) Rs. 6,042—This amount represented loss in transit/loss due to theft which were also then under investigation.

The reasons for showing these two amounts as assets in the Balance Sheet were :—

- (i) These amounts represented the deficit in items which were under investigation and, pending investigation, these could not entirely be treated as losses.
- (ii) The deficits may be due to errors of postings and incorrect classification or shortage due to the pilferage etc.
- (iii) Some amounts, out of these, it was thought, could be recoverable from the persons concerned.
- (iv) The losses in transit/theft were under investigation of Police and these were not finalised at the time the accounts were drawn up.

In view of the above reasons, the above amounts were shown as assets pending finalisation of these cases. The investigations are not yet complete

and as soon as the investigations are over, necessary adjustment will be carried out in the accounts.

(ii) *Audit Comment No. 2*

Has the Government sanctioned any subsidy to the Commission to cover the interest-free loans?

The Commission is not being paid/has not been paid any amount in cash as subsidy. The amount of subsidy will only be exhibited in the Government accounts by debiting to 'subsidy and crediting a corresponding amount under the head "Interest" as revenue. Such a provision for a sum of Rs. 3.22 crores has been made in the budget for 1960-61 for the first time in regard to the period 1-4-1957 onwards, and necessary orders authorising adjustment on the above lines will be issued shortly.

(iii) *Audit Comment No. 4*

Why are the full particulars of the Hundies for which credits are awaited not furnished by the Commission to Audit? Has the amount been cleared now?

In accordance with D. G. P. & T. circular No. 37 dated 3-9-54 (Annexure VI) and Audit's clarification dated 10-11-54, the postal stock Depots were required to first intimate the full particulars of hundies sold for which credits were being passed on by it. On receipt of this information only could the Commission check this with the list of Hundies and intimate to Audit the particulars of the Hundies for which credits are awaited. As a list of hundies sold for which credits have been passed on has not been received by the Commission from the postal stock Depots, the particulars of the Hundies for which credits are awaited could not be furnished to Audit. Copies of the above circulars are enclosed for ready reference.

The entire amount has not yet been cleared. Only a sum of Rs. 2.24 lakhs is still to be received by the Commission from the P. & T. Department as on 1-12-1960.

(iv) *Audit Comment No. 5*

Has the Commission reached any final decision about the uniformity in valuation of the closing balances of stock?

(iv) The question of laying down a uniform practice for valuing the closing balances of stock is still under consideration.

(v) *Audit Comment No. 9(b)*

What are the reasons for allowing this un-authorised special rebate of 1 anna per rupee (amounting to Rs. 40,751/-) by the Bhandars of the Society and the Bombay Emporium? Has this been regularised by Government?

(v) The special rebate of 1 anna per rupee was given by the Bhandars of the Society and the Bombay Emporium on coarse khadi only. This was done with a view to implement the Board's decision to have the same price for both the traditional and the amber khadi although the latter is cheaper than the former.

This special rebate was met by the Vastragar of the Commission which is being run as part of its trading operations. It was really a case of reduction in price which is within the competence of the Commission and as such the special rebate paid by the Bhandars and the Bombay Emporium does not require regularisation by Government.

*"Audit Comment*

*Serial No. 8(v)—Audit Comment No. 9(b)*

The statement that it was a case of reduction in price *which is within the competence of the Commission* is not supported by any relevant orders of Government. Moreover, it was not a case of reduction in price, as stated by the Ministry, but one of special rebate as is seen from the fact that it was given to the customers as a separate element of rebate and shown as such in the Cash memoranda issued by the Association and the Emporium. In so far as it had the effect of enhancing, for the year in question as well as for future years, the rate of rebate, as laid down by Government in 1958, without the approval of Government, the payment of the special rebate requires to be regularised by Government *ex-post-facto*."

Sd/- K. T. SATARAWALA,  
*Joint Secretary to the Government of India.*

*Dated the 4th July, 1961.*



## ANNEXURE I

(REFERRED TO AT S. No. 1)

*A note giving the detailed system of payment of rebate and subsidy under Vastraswavalamban Scheme and principles governing such payments.*

Vastraswavalamban is production of Khadi cloth out of yarn spun by self-spinners for their own clothing requirements. The khadi cloth is woven by the Khadi centres conducting commercial khadi production through the weavers who are on their rolls. For this purpose the registered self-spinner brings his yarn to the centre, and the centre receiving the yarn issues a receipt (usually in triplicate) for the yarn received. The receipts show the name and full address of the registered spinner, the count of yarn, number of hanks, weight of yarn, description of cloth to be woven, etc. A label is attached simultaneously to this bundle of yarn giving the same details and kept separately from the Centre's own yarn stocks. The issue of the yarn for weaving to the registered weaver is then made and all details are entered in weaver's pass book and also in Vastraswavalamban production register which will also be on similar lines as the commercial khadi production register. The Register shows the name of the spinner, the bill No., the receipt book No. and as usual the count and quantity of yarn issued for weaving, the weaving charges paid (against the signature of the weaver), excess yarn and other charges, if any, to be collected from the spinner for dyeing etc. Whenever the weaver brings the woven cloth it is entered in the Swavalambi register, which will show the weaving wages paid in respect of each piece of woven cloth, weaving subsidy given on behalf of the Commission, extra value of yarn consumed, if any, other charges for dyeing and printing, total amount to be collected from each spinner, etc. When the self spinner comes to receive the cloth, receipts are made out as per this Swavalambi register for the net amount of weaving etc., charges received from the spinner, and the quantity of cloth delivered to him with the signature of the spinner for the receipt of the cloth. The receipt of Swavalambi dues through this process is accounted for in the cash book as usual. The producing centres also maintain list of self spinners on their rolls for statistical purposes, and submit monthly

reports to their head offices, showing the Sq. yards, weight and value of Swavalambi production, separately.

The payment of subsidy to the registered khadi weaving institutions is regulated as under:—

- (a) A reimbursement of rebate on the weaving charges incurred on behalf of self-spinners at the rate of 75% of the actual weaving charges or five annas per square yard, whichever is less, subject to the condition that the fraction of half anna will be calculated to the nearest upper half anna, i.e. if 75% rebate comes to  $-\frac{3}{3}$  per sq. yard the upper limit of  $-\frac{3}{6}$  will be taken.
- (b) Payment of subsidy at the rate of 2 annas per square yard of khadi woven by them under the Vastraswavalamban scheme "to recoup expenditure incurred by these institutions on the promotion of the Scheme".

The payment of the above Management subsidy to recognised institutions at the rate of 2 annas per Sq. yard of khadi woven has since (10/60) been reduced and it is being paid at the following rates with retrospective effect from 1st July, 1959:—

Subsidy upto 5,000 Sq. yards of Swavalamban cloth produced;  
12 nP. per Sq. yard.

Beyond 5,000 Sq. yards: 3 nP. per Sq. yard.

Sd/- K. T. SATARAWALA,  
*Joint Secretary to the Govt. of India.*

*Dated the 4th July, 1961.*

## ANNEXURE II

[Referred to at S. No. 2(i)]

*Trading Account for the year ending 31-3-1957.*

To seed Expenses . . . . .	2,388	8	9	By Sale of Seeds . . . . .	275	7	0
To Grass Expenses . . . . .	657	0	0	By Sale of Grass . . . . .	963	5	0
To Grass Cutting Expr. . . . .	281	1	0	By Sale of Vegetable . . . . .	627	2	9
To salaries . . . . .	689	7	0				
To Cane Exprdr. . . . .	516	10	6	TOTAL . . . . .	1,865	14	9
To Oil Expenditure . . . . .	191	6	0				
To Agriculture Labour Expenditure . . . . .	2,659	1	0	By Closing Stock . . . . .	3,686	13	0
To Manures . . . . .	586	13	0	By Gross Loss . . . . .	2,417	3	6
	7,969	15	3		7,969	15	3

*Profit and Loss Account for the year ending 31-3-1957*

To Sundry Expr. . . . .	384	2	3	By Transport . . . . .	1,044	12	0
To Travelling Expr. . . . .	55	9	0	By Net Loss . . . . .	1,831	6	3
To Stationery A/c. . . . .	19	3	6				
To Net Loss . . . . .	12,417	3	6				
	2,876	2	3		2,876	2	3

*Balance Sheet as on 31-3-1957*

Liabilities	Assets
Loan from Khadi & Village Industries Commission . . . . .	Dead Stock . . . . .
[25,000 0 0]	679 10 0
Grant from Khadi & Village Industries Commission . . . . .	Shed . . . . .
[15,000 0 0]	2,008 7 0
Suspence Account . . . . .	Bullocks 2,050 3 0
4 8 9	Less Diff. 211 0 0
V. D. Patwardhan . . . . .	1,839 7 0
68 0 0	Double Wall prepaid expenditure . . . . .
	428 4 6
	Engine . . . . .
	1,990 11 9
	Other debtors . . . . .
	75 0 0
	Head Office . . . . .
	25,093 12 0
	Bullock Carts . . . . .
	2,291 0 3
	Net Loss . . . . .
	1,831 6 3
	Closing Stock . . . . .
	3,686 13 0
	Cash in Hand . . . . .
	148 1 0
40,072 8 9	40,072 8 9

Examined and found correct.

Sd/- R. T. JOSHI,  
Chartered Accountant, Nasik.

**ANNEXURE III**

[Referred to at S. No. 2(i)]

*Utkarsha Samiti Nasik Vihhag Agricultural Centre Trading Account for the year ended 31-3-1958*

To Opening Stock . . . . .	3,686·81	By Sales.		
To Seed Exps. . . . .	907·02			
To Double Wall exps. . . . .	249·28		<b>Rs.</b>	
To Grass Exps. . . . .	286·37	Vegetables	1,069·67	
To Grass Cutting exps. . . . .	77·00	Seeds . . . . .	1,074·50	
To Fodder Exps. . . . .	745·25	Fruits . . . . .	362·00	
Oil Engine exps. . . . .	460·93	Grass . . . . .	410·90	
Agricultural Labour Charges . . . . .	3,280·64	Gur . . . . .	637·00	
				<u>3,554·73</u>
		By Closing stock . . . . .		3,415·00
		By Gross Loss transferred to P & L A/c. . . . .		<u>2,723·57</u>
	<u>9,693·30</u>			<u>9,693·30</u>

*Profit and Loss Account for the year ended 31-3-58*

To Gross Loss . . . . .	2,723·57	By Grant A/c (Grants for		
Silary . . . . .	1,132·56	56-57 transferred from B/		
To Stationery . . . . .	4·12	Sheet) . . . . .		15,000·00
To Travelling Exps. . . . .	67·71	By Transport charge . . . . .		351·63
Misc. Exps. . . . .	649·45	By Grass Raksha . . . . .		32·59
To Net Profit . . . . .	10,805·81			
	<u>15,384·22</u>			<u>15,384·22</u>

*Balance Sheet as on 31-3-1958*

Liabilities	Assets	
		<b>Rs.</b>
<b>LOAN</b>	<b>SHED</b>	1,508·44
From Khadi & Village Industries Commission	Chawl . . . . .	593·50
Bal. as per last B/S. Rs. 25,000·00	Oil Engine . . . . .	1,990·73
Less repaid .. 933·00	Dead Stock . . . . .	1,592·72
	Agricultural Capital expenditure . . . . .	2,090·42
	Bullock Cart . . . . .	2,361·52
14,067·00		

Sundry Crs. . . . .			Bullocks] . . . . .	2,190.44
Shri Patwardhan . . . . .		4.55	Sundry Drs. . . . .	337.00
		68.00	Stock on hand . . . . .	3,415.00
			Head Office . . . . .	12,245.82
<i>Profit &amp; Loss A/c.</i>			<i>Advances.</i>	
Profit during the year	10,806.81		Sonu Budha . . . . .	4.00
Less loss as per last B/s.	1,831.40	8,975.41	Mahadev Budha . . . . .	48.12
			Grass Adv. . . . .	2010.00
			Other Adv. . . . .	143.00
				<u>2,205.12</u>
			Prepaid exps. for Potato . . . . .	2,000.00
			Salary prepaid . . . . .	390.00
			Cash on hand . . . . .	194.25
		<u>33,114.96</u>		<u>33,114.96</u>

Examined and found correct.

Sd/-  
Chartered Accountant  
Nasik

29-10-1958.

True Copy.

**ANNEXURE IV**

[Referred to at S. No. 2(i)]

*Utkarsha Samiti Nasik Vibhag Agricultural Centre Trading Account for the year ending 31-3-1959*

	Rs.	nP.		Rs.	nP.
To Opening Stock	3,415	00	<i>By Sales</i>		
To Seed Expenses	1,129	31			
To Grass Expenses	69	50	Vegetables		1,688
To Grass Cutting Expenses	633	87	Potatoes		3,313
To Oil Engine Expenses	248	12	Mangoes		424
To Gross Profit	4,465	79	Wheat		462
To Agricultural labour Charges	3,706	37	<i>Pulses</i>		
			„ Harbara	780	
			„ Tur	115	895
			„ Bajari		112
			„ Gur		13
			„ Grass		950
					7,858
			„ Closing Stock		5,809
					13,667
					96

*Profit and Loss Account for the year ended 31-3-1959*

	Rs.	nP.		Rs.	nP.
To Salary	1,200	00	<i>By Gross Profit</i>		4,465
To Stationery	24	04	<i>By Net Loss</i>		2,289
To Travelling Expenses	2	12			
To Sundry Expenses	136	70			
To Agricultural Ex.	1,197	35			
To Transport Charges	40	50			
To "KHURAK" Expenses	800	00			
To Babul cutting	112	50			
To prepaid expenses for Potatoes (Last Years)	2,000	00			
<i>To Depreciation</i>					
Shed @ 10%	150	80			
Chawl „	59	30			
Oil engine „	199	00			

	Rs. nP.	Rs. nP.
Dead stock ,,	159·20	
Bullock cart	236·10	
Live stock 20%	438·00	
	<u>1,242·40</u>	
	<u>6,755·61</u>	<u>6,755·61</u>

*Balance Sheet as on 31-3-1959*

<i>Liabilities</i>		<i>Assets</i>
<b>LOAN :</b>		
From Khadi and Village Industries Commission.		
Shed :	1,508·44	
Less Depreciation	150·80	1,357·64
Chawl :	593·50	
Less Depreciation	59·30	
Addition	534·20	841·70
	307·50	
Last Balance	24,067·00	
Less Repaid	2,000·00	
	<u>22,067·00</u>	
<b>Sundry Creditors :</b>		
Narayan Namdev & Co.	24·00	
Samata Bhandar	1,475·00	
Oil Engine	1,990·73	
Less Depreciation	199·00	1,791·73
Khadi Gramodyog Vidyalaya	533·87	
Apna Bhandar	2·12	
Dead Stock	1,592·72	
Less Depreciation	159·20	
Suspense A/c	502·55	
Shri Patwardhan	68·00	
	<u>2,705·54</u>	
Addition	1,433·52	
	75·14	1,508·66
Live Stock	2,190·44	
Less Depreciation	438·00	
	<u>1,752·44</u>	
Addition	250·00	2,002·44
Bullock-carts	2,361·52	
Less Depreciation	236·10	2,125·42
<b>Agricultural Capital</b>		
Expenditure	2,090·42	
Closing Stock	5,809·00	
Head Office Account	3,138·49	
Prepaid Salary	390·00	
<b>Advances :</b>		
Sonu Budha	124·00	
Mahadev Budha	198·12	

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	Rs. nP.	Rs. nP.	Rs. nP
Rs. nP.	<b>Appa Bodke</b>	525.00	
	<b>Grass Advance</b>	400.00	
	<b>Other Ad- vance</b>	153.00	[ 1,400.12
	<b>Net Loss</b>		[ 2,289.82
	<b>Cash in Hand</b>		27.10
	<hr/>		<hr/>
	[ 24,772.54		24,772.54

Examined and found correct subject to our report of even date.

R. T. JOSHI,  
Chartered Accountant, Nasik.



ANNEXURE V

[Referred to at S. No. 2(i)].

R.T. JOSHI,  
CHARTERED ACCOUNTANT,  
Barwe Building, Main Road,  
Nasik.

UTKARSHA SAMITI, NASIK VIBHAG, AGRICULTURAL SECTION

*Trading Account for the Year Ending as on 31-3-1960*

	Rs.	nP.		Rs.	nP.
To Opening stock	5,809	00	By sales	5,107	79
To Agri. labour charges	1,739	86	By Closing stock	9,308	00
To Seed Expenses	4,388	16	By Gross loss	57	35
To Oil Engines	157	54			
To Gross Expenses	1,100	00			
To Seed purchase	280	00			
To Irrigation charges	998	58			
	<u>14,473</u>	<u>14</u>		<u>14,473</u>	<u>14</u>

*Profit and Loss Account for the Year ending on 31-3-1960*

To Gross Loss transferred from Trading account	57	35	By Transport charges	101	00
To Miscellaneous Expenses	550	61	By Net Loss	584	22
To Travelling Expenses	34	65			
To Stationery	42	61			
	<u>685</u>	<u>22</u>		<u>685</u>	<u>22</u>

TRUE COPY

R. T. JOSHI,  
CHARTERED ACCOUNTANT,  
Barwe Building, Main Road,  
Nasik.

UTKARSHA SAMITI NASIK VIBHAG  
AGRICULTURE SECTION : *Balance Sheet as on 31-3-1960*

*Liabilities :*

Loan from Khadi & V.I. Commission as per last account	22,067	00
Head Office Account	11,326	81

*Assets*

Shed		1,357	64
Chall	841	70	
Addition	564	36	
		<u>1,406</u>	<u>06</u>

Suspense account	998·20	Closing Stock	9,308·00
Well digging expenses Payable	1,000·00	Engine Addition	1,791·73 5,302·18
Majuri Payable	1,445·00	Dead Stock	1,508·66
Shri Patwardhan	68·00	Additional	64·00 1,572·66
Narayan Namdeo and Company	134·37	Live Stocks	2,002·44
T.V.M. Society	3,826·00	Additional	2,149·00
		Additional	4,151·44
			338·50
		Less	4,489·94 600·00
			3,889·94
		Bullock Cart Additional	2,125·42 56·87
		Less	2,182·29 400·00
			1,782·29
		Prepaid Salary (Pottery)	390·00
		<i>Agri. Capital Expenses:—</i>	
		Land develop-ment	2,090·42
		Additional	4,037·26
			6127·68
		Well expenses (under cost)	873·52 2,318·38
		Pipe cost	173·75
		Tree cutting expenses	9,493·33
		<i>Sundry Debtors :—</i>	
			1,885·12
		Janata Bhandar	1,012·30
		Seed Prepaid expenses	500·00
		Cash in hand	91·82
		Net Loss (As per last B/Sheet)	1,289·82
		Current Yr.	584·22
			2,874·04
			<hr/>
			40,865·38
			<hr/>
			40,865·38

Examined and found correct.  
Sd./-

Chartered Accountant, Nasik

TRUE COPY

## ANNEXURE VI

### INDIAN POSTS & TELEGRAPHS DEPARTMENT

*Director-General's Post Office Circular No. 37*

*Friday, the 3rd September, 1954*

### SALE OF KHADI HUNDIES BY POST OFFICES

It has been decided by the Government to place on sale at **all** Head sub offices throughout India Khadi Hundies from 23rd September, 1954 to 31st December, 1954. Branch Offices will not hold any stock but supplies will be obtained as and when required according to the procedure laid down for Indian Postal orders. Heads of Circles will please ensure that the supply of Hundies is made by the Postal Stock Depots to the head Offices so as to reach positively by the 13th September, 1954 at the latest. Head Offices must supply the Hundies to the sub offices in their jurisdiction by the 20th September, 1954 positively.

2. These Hundies will be of the denominations of Rs. 2/-, Rs. 5/Rs. 10, Rs. 25, Rs. 50, and Rs. 100. These Hundies can be used only for purchasing Khadi from any recognised sales Depots at any place in India and not for any other purpose and are redeemable on or before the 31st March, 1955. These Hundies which are sold from post offices will bear the words "Post Office" to distinguish them from those sold through other agencies which bear the name of the State.

8. Supply: These Hundies will be printed by the Master, Security Printing, Nasik and will be supplied to the Head Offices through Postal Stock Depots. The Master, Security Printing will supply by insured post the Hundies to the Stock Depots duly invoiced on invoices prepared in triplicate, two copies of which will accompany the supply of the hundies to the Postal Stock Depot. The Post Stock Depot will check the supply with the invoice and return one copy duly receipted to the Master, Security Printing Nasik and retain the other as its office record. The Postal Stock Depot, will similarly in their turn supply by insured post the Hundies to the Head Offices duly entered on invoices (in from C.C. 13 suitably amended) prepared in accordance with the rule 334 of P. & T. Manual Vol. VIII. The quantity of each denomination of Hundies to be supplied will be according to the distribution prescribed by the Head of the Circle within the quota for the State shown in the accompanying

statement. Head Post Offices in Andhra Circle will receive the supply of Hundies from the Postal stock depot, Madras. These invoices relating to Hundies should be separate from those relating to Cash Certificates and will bear the prefix 'HUN' before the serial No. The Managers and the postmasters concerned will personally open the parcels and check the contents and any shortage will be brought to the notice of the supplying office, by wire. Supplies to the sub-office will be made by the Head Office through the sub office slips in accordance with the quantities prescribed by the Head Postmaster as laid down in rule 51 of P. & T. Manual Vol. VIII. Branch offices will not hold stocks but when Hundies are required for sale, they should be obtained on requisition from its account office entered in the Branch office slips.

4. Stock of Hundies: In the Postal Stock Depot the stock of the Hundies should be kept under lock and key any accounts of the receipts and issues in respect of each denomination maintained in form CC-12 with necessary modifications. In post offices, the stock of the Hundies will be kept in the office safe of the Treasury and the accounts of receipts, issues and balances maintained as for the Indian Postal Orders. For this purpose a separate Stock book in form M.O. 60 amended suitably should be maintained. The Head and Sub-Postmasters will be personally responsible for the safe custody and correctness of the stock as in the case of I.P.Os.

5. Sale of Hundies: These will be sold to the public at the face value noted on the Hundies. No commission will be charged on the sale of Hundies. The Postmaster will not sign the Hundies but they will impress the round M.O. stamp (or Postal Order stamp in offices supplied with this stamp) in the space provided for the signature on the face of the Hundi.

6. The procedure prescribed in respect of the sale of Indian Postal Orders in rules 402/8, 402/9, 402/10, 402/11, of P. & T. Manual Volume IV will apply *mutatis mutandis* to the sale of Hundies and the forms prescribed therein should be used with necessary amendments in manuscript with the only exception that the list and the memo prescribed in Rule 402/10 to be submitted to audit in the 1st of each month should be prepared and submitted in duplicate with the following certificate recorded on the copies of the memo:—

“Certificate that the particulars of Hundies sold mentioned above have been verified with reference to the entry in the monthly cash

account rendered to the A.O. and the closing balance by actual count or with reference to particulars furnished by the S.O.

Round M.O.

Postmaster (name & stamp).

Stamp.

The D.A.G.P. & T, concerned will after verification of the list of Hundies sold in form M.O. 63 and the corresponding figures of Hundies sold in the memo will forward one copy each of the list and the memo to the Postal Stock Depot concerned by the 12th of the month and take action to pass on the credit of the sale proceeds of the hundies to the D. A. G., I. & S., Bombay:

. The Manager Stock Depot will verify the entries in the copy of the memo in form M.O. 64 received from the Audit Office by reference to the records of his office and the certified copy of the list of Hundies sold received from the Audit Office. Thereafter the Postal Stock Depot will prepare a consolidated list showing the sale and the balances of Hundies for the entire jurisdiction of the Stock Depot in the following form in triplicate and send by the 22nd of the month following that to which it relates one copy to the D.A.G., P. & T. concerned, one to the All India Khadi & Village Industry Board Bombay and retain the remaining copy as office record.

Statement of the sale and balances of Khadi Hundies remaining unsold at the close of.....1954 in the Postal Stock Depot and the Post Offices in its jurisdiction.

Receipt sale and balances.	Demnomination of Hundies.
	Remarks Rs. 2, Rs. 5, Rs. 10, Rs. 25, Rs. 50, Rs. 100.

1. Balance of Hundies in stock as per last statement.
2. No. of Hundies received from M.S.P. Nasik during the month.
3. Total No. of receipts.
4. No. of Hundies sold by H.Os. and their subordinate offices during the month verified in the audit as per list A.
5. No. of Hundies treated as split during the month as per list B
6. Total of issues.
7. No. of Hundies in the Postal Stock Depot and in the Post Offices in its jurisdiction.

Copy to D.A.G. P. & T.

All India Khadi & V.I. Board,  
Bombay.

Manager, Stock Depot.

List A showing the sale of Hundies in the P.O. under the jurisdiction of the stock Depot..... during the month of..... as verified by the audit.'

Name of the Postal Distt.	No. of Hundies sold during the month					
	Rs. 2,	Rs. 5,	Rs. 10,	Rs. 25,	Rs. 50,	Rs. 100

Total

Amount due to be passed on DAG (I&S) Bombay by the Rs. Rs. Rs. Rs. Rs. Rs.	Total Rs.
D.A.G. P. & T.	

Dated..... Manager Postal Stock Depot.

List B showing the number or Hundies treated as spoilt in the jurisdiction of Postal Stock Depot at..... during the month of.....

Name of the PSD or Postal Distt in which treated as spoilt	No of Hundies treated as spoilt					
	Rs. 2	Rs. 5	Rs. 10	Rs. 25	Rs. 50	Rs. 100

Postal Stock Depot.

Total

The spoilt Hundies are herewith sent to the Khadi and V. I. Board, Bombay.

Date..... Manager Stock Depot.

7. Accounting and Adjustment of the accounts: The sale proceeds of the Hundies will be credited under a new Head Sale of Khadi Hundies to be opened under the Head "Receipts" for this purpose and will be shown as such in all accounts rendered by the sub-offices; head offices viz. in the daily accounts; the journals; the HO Summary and HO Cash Book and Monthly cash accounts. The amount so realised will similarly be shown in the monthly cash account submitted to the audit Offices by the Head Offices. The credit will after necessary check by the Deputy Accountant General, Posts and Telegraphs, concerned be passed on by him to the Deputy Accountant General, Industry and Supply, Bombay.

8. Loss of Hundies after sale: if any Hundi sold by the post office is reported as lost from the custody of the purchaser, the purchaser should be asked to approach the All India Khadi & V. I. Board, Nevile House, Currimboy Road, Ballard Estate Bombay-1, giving full particulars of the Hundi, *viz.* the Sl. No., Denomination, date of purchase, the office of purchase etc. The Post Office will not entertain any claim in respect of such lost Hundies. Similar action will be taken in respect of Khadi Hundies which have been sold to the public but of which purchasers desire refund at any time after it is sold by the post office.

9. Loss or theft of Hundies before sale: If any Hundi is lost from the custody of the Deptt. an immediate report should be made by the Head Office or the Postal Stock Depot concerned to the Head of the circle, containing information regarding the Sl. No., denomination etc. by wire, if necessary followed by a confirmatory report by next post. A copy of the report should be sent to the Audit Officer concerned. Sub Offices will at once report the loss to Head Offices which will in turn report them to the Head of the circle. The head of the circle will investigate the matter in consultation with the All India Khadi and V. I. Board, Bombay and report the result to the Central Office and the Deputy Account General, Post and Telegraphs concerned in due course.

10. Spoilt Hundies: If the serial No. of a Hundi is mutilated or rendered illegible or a hundi is torn or otherwise damaged it should not be sold, but should be treated as spoilt. The remark "spoilt" should be written across the Hundi in red ink over the signature of the Head of the Office. Subpostmasters will send the spoilt Hundies to the Head Office with entry on the back of the daily account along with the memo of unsold hundies submitted to the head office with the last daily account for the month. Head Offices will send the spoilt orders to the Audit office with the memo of unsold hundies for onward transmission to the Postal Stock Depot. Postal Stock Depots should send the spoilt orders to the Central Office of the Khadi & Village Industries Board, Bombay, along-with the monthly statement.

11. Supervising Officers during their visit to the post office will see that the procedure prescribed above is followed in post offices. they will verify the stock of Hundies in the same manner as for Indian Postal orders at the time of their visit to or inspections of the post offices.

12. Disposal of unsold stock on termination of period of sale of Hundies (through post office: The stock of Hundies re-

maining unsold in sub office after the close of business on the 31st December, 1954, (unless the period of sale of Hundies through post office is extended beyond 31st December, 1954, which will be duly notified) should be returned the same day to the Head Office with a memo. in form MO.65. For this purpose the words in stock in the heading of the cols. 6 and 7 should be replaced by the words 'returned to the Head Offices herewith'. In the Head Offices, the memo. will be checked in the usual way and the unsold hundies received checked with the entries thereof in the memo. Thereafter the Hundies will be entered in the stock book of the Head Office. On the 24th January, 55, Head Offices will return the entire stock of unsold hundies duly entered in invoices in duplicates in form CC 13 (in duplicate duly amended for this purpose) to the Postal Stock Depot. The Stock Depot will check the Hundies received with their entries in the invoice and return one copy of the invoice to the Head Office, concerned after signature and enter the Hundies in the stock book of the Postal Stock Depot.

In the memo, of unsold Hundies submitted on 1st February, 1955, by the H.Os to the audit offices with the cash account and list of hundies sold in form MO. 63 (during the period between the close of account of sub offices for Dec. 54 and 31st December 1954) "balance of hundies in stock" should be altered to read balance of Hundies returned to stock depot..... with invoice No.....dated ..... "on receipt of these memos, and list of hundies sold duly certified from the audit offices the postal stock depot will verify these to see that the entire stock of unsold Hundies as shown in the memo has actually been received from the Head Offices. Thereafter the Postal Stock Depot will prepare the monthly statement and submit by insured post one copy thereof to the Central office of the Khadi and Village Industries Board, Bombay together with the unsold stock of Hundies duly entered in invoices prepared in triuplicate two copies of which will be sent with the Hundies. The Central Office will return one copy of the invoice to the Postal Stock Depot duly receipted.

13. A postal notice on the subject accompanies.



## APPENDIX IV

### MINISTRY OF COMMERCE AND INDUSTRY

[Ref. S. No. 9 & 10 of the Statement]

(1) Full details of the cases which Audit considered to be those under-charging of rent are given in Annexure I alongwith detailed justification of the action taken by this Ministry, in each case.

(2) Audit seems to have come to the conclusion that there has been under-charging of rent in these cases probably for the reason that the verbal arrangements with the firms, on the basis of which rent has been finally recovered, were not recorded in writing or otherwise intimated to the billing authorities who prepared the bills on the basis of the area shown by the C.P.W.D. as occupied by the firms. The verbal arrangements were made known after the parties disputed the amounts as billed for.

(3) As explained in the Annexure I what actually happened was that rent bills were prepared for areas which had not actually been rented but were in the nature of thorough fares/passages or given to the parties under a verbal understanding for developing and decorating at their own cost in order to save Government expenditure on such development and decoration of empty space.

(4) As most of the caterers were reluctant to come to the Exhibition and put up their own structures or buildings at a considerable cost when they could use them for a period of eight weeks only, it was decided to charge suitable ground rent for open plots wherever available at a rate somewhat higher than that fixed for the participants in Exhibition (i.e., Rs. 1.50 per sq. ft.). Thus in the case of restaurants, booths and chattwallas, the original proposal was to charge ground rent at Rs. 3 per sq. ft. in case of land given to the 'A' Class and 'B' Class restaurants, Rs. 2 per sq. ft. in case of chattwallas and Rs. 1,500 to Rs. 2,000 for each constructed booth according to the importance of its location. Subsequently it was decided by a Committee consisting of a Joint Secretary, Ministry of Finance, (Financial Adviser to the Ministry of Commerce and Industry), a Joint Secretary in the Ministry of Works, Housing and Supplies, and the Director of Exhibitions in the Ministry of Commerce and Industry that there should be distinction in rates for 'A' and 'B' Class restaurants and between covered and open space, otherwise all parties would ask for allotment of 'A' Class restaurants

and covered space. It was, therefore, decided to charge rent at the following rates :—

'A' Class Restaurants : Rs. 3 per sq. ft. for space to be covered and Rs. 1.50 for space to be kept open.

'B' Class Restaurants : Rs. 2 per sq. ft. for covered space.

This decision, however, was not recorded and intimated to billing units which billed the parties sometimes at rates for covered space and sometimes on the basis indicated at 'A' above.

(5) On account of the pressure and high tempo of work and other factors it had not been possible to record in writing all the verbal arrangements with the firms and decisions. This resulted in wrong billing in the first instance. This, however, does not amount to under-charging.

(6) A thorough examination of the cases was made and the explanations as given in Annexure I have been furnished to Audit.

**Reading (ii) :—**

(7) Detailed statements showing amounts outstanding against various parties are enclosed as Annexures II and III. The balances of amounts outstanding have since been reduced from Rs. 9,21,382 to Rs. 90,952 for rent and from Rs. 56,727 to Rs. 18,953 for electricity, water and telephone bills. Their break up between public and private sectors is as below :—

	Public Sector	Private Parties	Total
	Rs.	Rs.	Rs.
Rent . . . . .	84,951.99	6,000.00	90,951.99
Electricity, Water and Telephone . . . . .	14,173.05	4,780.27	18,953.32

It will be seen that the bulk of the amount outstanding now is against Central and State Governments or public Sector undertakings. They are being constantly urged to expedite settlement. From the replies received it appears that they are processing the cases on their side and would be able to settle them in the near future. Recovery of security Deposit from the private exhibitors was not provided in the prospectus of "India 1958" Exhibition as this step would have reacted unfavourably in securing the co-operation of the large

number of participants. The Government's interests were safeguarded, however, by providing for 1/3 of the space rent to be deposited with the application for allotment of space and the balance before occupation. There is no case of rent outstanding from any of the exhibitors proper from the private sector.

(8) The total amount recoverable from private parties is only Rs. 10,80.27 nP. and this includes a sum of Rs. 10,672.27 nP. (Rs. 6,000 on account of rent and Rs. 4,672.28 nP. for other charges) due from one party (suppliers of amusement part services), for which legal action has been started and the case is *sub judice*. Rent of Rs. 12,000 from this party was recoverable according to terms settled with them. They were to pay an initial deposit of Rs. 2,000 with the application for space and the balance in instalments. One instalment of Rs. 4,000 and initial deposit of Rs. 2,000 was recovered from the party. Before the balance dues, *viz.*, Rs. 6,000 could be recovered, dispute arose between the partners and, therefore, legal action for recovery is in progress *vide* entry under private parties in Annexure III.

Sd/ *Special Secretary,*  
*Ministry of Commerce and Industry,*  
*(Department of International Trade).*

## ANNEXURE I

Particulars of cases in which according to Audit there is short recovery of rent due from the parties on the basis of the prescribed rates of rent.

The cases fall under the following categories:—

- (a) Cases in which rent has been recovered for a smaller area than originally billed for;
- (b) Cases in which rent has been recovered at rates lower than those originally prescribed;
- (c) Cases of re-allotment of shops vacated during the Exhibition on an *Ad hoc* basis and of remission of rent due at the standard rates.

The detailed particulars of these cases and the reasons for the assessment of rent as made are set out in the *proforma* attached.

PROFORMA (A)

*Particulars of cases where rent has been recovered for a smaller area than originally billed for.*

Sl. No.	Name of the Party	Amount short assessed according to Audit	Reasons
1	2	3	4
	<i>Public Sector</i>	Rs.	
1.	Central Silk Board	450.00	The amount has since been recovered in full on 5-10-1959 (Challan No 5857).
2.	Praga Tools	4579.50	An area of 3053 sq. ft. surrounding the pavilion of the Praga Tools was to be developed and decorated. An arrangement was reached with the party that they would do this at their own expense and that no rent will be claimed for the area from them. However, it was not recorded in writing and was not known to the billing unit who billed the Praga Tools for the entire area on the basis of a measurement Report of the C.P.W.D.
3.	Council of Scientific and Industrial Research	16991.50	An area 1999 sq. ft. which did not have any 'pucca' covering was measured by C.P.W.D. as covered space and billed for accordingly. C.S.I.R.'s contention that this area should be charged for as open as it had no walls and roofs was accepted.

- |                                     |          |  |
|-------------------------------------|----------|--|
| 4. Ministry of Irrigation and Power | 26320.00 | The Irrigation and Power Ministry have paid for an area of 28870 sq. ft. The rent for an area of 2632 sq. ft. on first floor used for office purposes was not charged as the first floor space did not fall in the category of space for which rent was charge. able.  |
| 5. Ministry of Railways             | 68954.00 | The Railway Ministry did not accept debit for : (a) rent for the gallery in th ir pavilion comprising 6152 sq. ft. on the first floor which was used as their office as it did not fall under the cat-gory of space allotted and (b) 2478 sq. ft. of open space between the railway pavilion and the railway platform which was actually used as a public passage from the one to the other end and was not put to any use by the Railway Ministry. Ministry of Railways' contention was accepted. |

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117295.00

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*Private Parties*

- |                      |          |  |
|----------------------|----------|--|
| 6. Hamdard Dawakhana | 112.50   | The amount has since been recovered and credited to Govern-ment account on 22-7-59 (Challan No. 2091).   |
| 7. Travancore Rayons | 1500.00  | The Travancore Rayons and Times of India were allotted open space of 5,000 sq. ft. and 2250 sq. ft. respectively. Areas  |
| 8. Times of India    | 11905.00 | measuring 1000 sq. ft. and 7937 sq. ft. adjoining these plots were undeveloped and in normal course should have been developed and decorated by the C.P.W.D. whose hands were full with other urgent works. A verbal understanding was reached with the parties who were persuaded to decorate |

1	2	3	4
---	---	---	---

Rs.

these areas at their own cost on condition that they would not be charged rent for them. As the understanding was not recorded, bills were prepared on the basis of total measurement and had to be modified subsequently.

TOTAL	<u>13517.50</u>
GRAND TOTAL	<u>130812.00</u>

PROFORMA (B)

*Particulars of cases in which rent has been recovered at rates lower than those originally prescribed.*

Sl. No.	Name of the party	Amount short assessed according to Audit	Reasons
1	2	3	4
		Rs.	
1.	South India Restaurant . . . . .	5,700.00	The space allotted was an extreme corner of the Exhibition Grounds and to a low lying area. It required considerable filling up which the party did at their own cost. Rent was therefore charged at the concessional rate of 50 np. per sq. ft. This decision was however not recorded in writing and hence audit considered this as a case of under-charging.
2.	Edward Keventers . . . . .	1,035.00	They were charged at Rs. 1.50 nP. per sq. ft. revised rate for open space.
3.	Kohinoor Restaurant . . . . .	5,652.00	Due to the refilling of the area done by the party at its cost a concessional rate of Re. 1/- per sq. ft. of open space was considered reasonable. However as no written orders were recorded Audit has treated it as a case of short realisation.
4.	Anand Cafe (Naval Behari) . . . . .	885.00	The party was initially allotted a plot measuring 300 sq. ft. in the chatwalas centre and rent of Rs. 600/- @ Rs. 2/- per



1

2

3

4

		Rs.	sq. ft. was recovered from them. Subsequently due to replanning of the Chatt Centre as a whole it was found that the space in question had no frontage. An area of 885 sq. ft. lying vacant at another place was allotted to the same party. As the party incurred considerable expenditure in shifting and constructing the new stall on the area of 885 sq. ft. no further rent was charged.
5. Glamour Restaurant . . . . .		2,100.00	The area viz. 3150 sq. ft. (2100 sq. ft. covered space and 1050 sq. ft. open space) allotted to the party was a low ground and due to heavy rains it required considerable filling up and dressing. The party initially paid Rs. 1000/- as an advance of rent. Subsequently due to some dispute between the partners it was not possible for them to run it throughout the Exhibition period. In accordance with the advice of the Ministry of Law the pavilion including the party's assets has since been auctioned. After deducting the amount realised from sale of assets the balance of rent outstanding viz. Rs. 5193.13 has been written off.
6. Tea House . . . . .		3,150.00	They were charged at Rs. 1.50 nP. per sq. ft. for open space—the revised rate for open space.
7. Gaylord . . . . .		[44,767.00	The Accountant General, Central Revenues pointed out in his inspection report that as per measurements of the C.P.W.D. the area of the space allotted to M s. Gaylord for Lake restaurant was 4466 sq. ft. (covered) and 3369 sq. ft. (open).

He observed that in accepting a rent of Rs. 10,000 the Government have suffered a loss of Rs. 44,767 as detailed below :—

4466 sq. ft. (covered) @ Rs. 10 per sq. ft. (The rate of Rs. 10 - per sq. ft. was prescribed for covered space vide Rule No. 7 of the Rules and regulations of the Exhibition).	44,660
3369 sq. ft. (open) space @ Rs. 3 - per sq. ft. (The rate of Rs. 3 - for open space was proposed by the Director of Exhibitions in his note dated 11-9-58 and this rate was accepted by the Ministry originally).	10,107
TOTAL DUE . . . . .	54,767
Amount recovered . . . . .	10,000
Loss . . . . .	44,767

209

The AGCR later pointed out that even if rent has been recovered @ Rs. 3 - per sq. ft., the rate at which recoveries were effected from other restaurants, a sum of Rs. 13,398 should have been recovered for the covered space allotted for the restaurant.

The actual position is that the area of 3369 sq. ft. (open space) was not allotted to M/s. Gaylord as it was a public lawn.

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1

2

3

4

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Rs.

The C.P.W.D. have also accepted the open space as a lawn area. The contract was given on Rs. 10,000 on an ad-hoc basis after verbal negotiations with other leading caterers. The papers leading to this decision are not, however, traceable.

8. Booths

3,683.00

The Audit have apparently assessed the amount of loss on the basis of the sq. ft. area of the booths. There were five constructed booths four of which were taken by Mys. Gaylord and it was decided to charge them Rs. 1500/- per booth on a uniform ad-hoc basis. The area of the constructed booths allotted to M/s. Gaylord was on an average more than 125 sq. ft. Although, the other parties who were also charged Rs. 1500 per booth were given only 79 sq. ft. of open space, it was considered that the charging of a special higher rent from M/s. Gaylord was not warranted, as they took as many as four booths (out of five).

PROFORMA (C)

*Cases of re-allotment of shops vacated during the Exhibition and remission of rent*

S. No.	Name of the Party	Amount	Reasons
		Rs.	
1	M/s. Star Walking stick Co.	1,353	The allotment was for a short period during the extended Period of the Exhibition and rent was recovered on an <i>ad-hoc</i> basis. The period and rent charges are as under:— S. No. (1) 13-12-58 to 31-1-59 Rs. 250/- (2) 31-12-58 to 31-1-59 Rs. 175/- (3) 20-12-58 to 31-1-59 Rs. 175/-
2	M/s. Indian Toys		
3	M. s. Jolly Arts.		
<i>Cases of Remission of Rent.</i>			
1	M. s. International Caterers and confectioners	19,500	It was catering shop with a shed like structure. The C.P.W.D. had arranged with the above caterers to run the canteen in the Exhibition premises as a Welfare canteen for the benefit of Exhibition workers and staff on the understanding that they would be charged a token rent only. A token rent of Re. 1/- per month for the total space was accepted.
2	Delhi State Depressed Classes League Restaurant	257	In consideration of fact that the parties being social organizations and are working for the eradication of untouchability, the Ministry allotted space free of rent as special case.
3	Hind Sweepers Restaurant	11,970	
4	Delhi Natya Sangh	5,800	It was considered necessary to arrange cultural shows during the Exhibition and a theatre hall was rented at Rs. 200/- per day to Delhi Natya Sangh who were persuaded to stage shows. As the Sangh incurred heavy losses the recovery of rent from them had to be written off.

## ANNEXURE II

*Statement showing the name of the Parties from whom rent is outstanding on 25-4-1961*

S. No.	Name of the party	Amount outstanding	Latest Position
		Rs.	
<i>Public Sector Participants</i>			
1	Bombay Government . . . . .	42,816·99	The provincial Government have stated that they are pursuing the matter for obtaining the requisite sanction to honour the bill.
2	Ministry of Works, Housing and Supply. . . . .	20,250·00	They are taking action for obtaining the sanction.
3	Ministry of Railways . . . . .	14,373·00	They have disputed the correctness of the area. They have been informed that the bill sent to them was correctly prepared. The matter is being pursued to realise the outstanding.
4	Govt. of West Bengal . . . . .	7,512·00	Same as for (1) above.
		84,951·99(A)	
<i>Private Parties</i>			
1	Amusement Park (Joyland) . . . . .	6,000·00	This is a subjudice case and the last hearing was on 20-4-1961.
		6,000·00(B)	
GRAND TOTAL (A & B) . . . . .		90,951·99	

## ANNEXURE III

Statement showing names of the Parties from whom demands on account of Electricity, Water, Telephone charges are outstanding as on 25-4-1961

Sl No.	Name of the party	Electricity	Water	Telephone	Total amount outstanding.	Latest Position
1	2	3	4	5	6	7
		Rs.	Rs.	Rs.	Rs.	
<i>Public Sector Participants</i>						
1	U.P. Government	534.24	..	..	534.24	A reminder has been issued on 25-4-61.
2	Central Water and Power Commission.	1,550.70	386.13	426.67	2,363.50	Certain clarifications were sought by the party which have since been replied. Last reminder to them is dated 10-4-1961.
3	Government of West Bengal	5,146.78	..	..	5,146.78	They are obtaining necessary sanction.
4	Ministry of Information & Broadcasting.	..	..	0.50	0.50	
5	Mysore Government	47.60	..	..	47.60	They have stated that sanction is being sought for.

	2	3	4	5	6	7
		Rs.	Rs.	Rs.	Rs.	
6 Ministry of Works, Housing & Supply.		1,231·20	..	..	1,231·20	} Last reference from the Ministry of Commerce & Industry is dated 18-4-1961.
7 C.P.W.D. . . . .		1,150·08	..	1,556·90	2,706·98	
8 Kashmir Government . . . . .		..	111·29	38·27	149·56	Last reminder sent to them on 7-4-1961.
9 Ministry of Labour & Employment.		..	..	75	75	
10 Ministry of Defence . . . . .		..	1,991·94	..	1,991·94	The bill was sent to them in the end of 1960 on getting data from the C.P.W.D. Last reminder sent to them on 7-4-1961.
TOTAL		<u>9,660·60</u>	<u>2,489·36</u>	<u>2,023·09</u>	<u>14,173·05</u>	(A)

PRIVATE PARTIES

1 Amusement Park . . . . .		4,050·21	..	622·06	4,672·27	This is a subjudice case as shown in Annexure III.
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2	Glory Restaurant	45·00	..	..	45·00	} The whereabouts are not trace- able. Efforts are being made to locate the parties.
3	Delhi Depressed Class League	42·40	..	..	42·40	
4	M's. Sirah Mal	20·60	..	..	20·60	

TOTAL	4,158·21	..	622·06	4,780·27(B)
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GRAND TOTAL :—

A & B      Rs. 18,953·52

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## APPENDIX V

### MINISTRY OF COMMERCE AND INDUSTRY

[Ref. S. No. 13 of the Statement]

The suggestion has been examined. The Certification Committee is Committee appointed by the Commission for specified objects in the regulations No. 24(i) & (ii) of Khadi and Village Industries Regulations 1958. The Certification Rules are framed for the Institution taking into account their capacity for production, volume of trade etc. which are matters of detail capable of being looked after by the Commission itself. Hence any rules framed by the Certification Committee for the proper working, not repugnant to the General provisions of the K & V I Commission Act, and the Rules and Regulations, would not require the approval of the Government, inasmuch as they mainly deal with administrative instructions, etc. Further, all the rules framed by the Certification Committee are approved by the Commission. It is, therefore, felt that no approval of Government would be necessary.

**APPENDIX VI**  
**MINISTRY OF EDUCATION**  
[Ref. S. No. 20 of the Statement]

In so far as the recommendation pertains to the initial opening of the current account by the Director, Women's Section (now Social Welfare & Rehabilitation Directorate) with the Imperial (now State) Bank of India, the Ministry of Rehabilitation who are concerned have already taken necessary action *vide* their Office Memo. No. 4/10/59-Bud dated the 24th July, 1961 addressed to the Lok Sabha Secretariat.

As regards the second point, *viz.* the delay in closing the account, a Committee consisting of the representatives of the Ministries of Education and Rehabilitation and Delhi Administration was set up on 23-2-1961 to conduct an investigation in the matter with reference to the following points:

- (i) To fix the responsibility for the inordinate delay in closing the current account opened by the Director, Women's Section with the Imperial (now State) Bank of India, despite Rehabilitation Ministry's clear instructions in the matter *vide* their letter No. RHC/17/15 52-III, dated the 22nd June, 1953.
- (ii) To suggest whether Public Accounts Committee's displeasure may be communicated to the officers responsible for the delay.

The Committee submitted its Report on 28-6-61 a copy of which is enclosed (Annexure A). This Ministry agrees that the long time taken in the closure of the account was occasioned by the very circumstances. In fact, there was on the whole a discernible concern at anybody. In fact, there was on the whole a discernible concern at all stages to settle the issue quickly. It is possible that with a somewhat more imaginative approach the matter could, perhaps, have been settled more expeditiously yet, it cannot be held that any of the officers dealing with the case, at various stages, was specifically responsible for any culpable negligence leading to the delay in the closure of the account. In view of this, Government regret that they are not in a position to convey the displeasure of the Public Accounts Committee to any officer.

The above reply of the Government had been referred to Accountant General, Central Revenues for vetting and a copy of their 'Audit comment' in the matter is also enclosed (Annexure 'B').

25th July, 1962.

Sd/- *Secretary to the Government of India.*

## ANNEXURE 'A'

### MINISTRY OF EDUCATION

(SW. 4 Section)

To probe the irregular continuance of current Bank Account [with the Imperial (now State) Bank of India] of the Social Welfare & Rehabilitation Directorate for over five years from June, 1953 to October, 1958, which was commented upon by the Public Accounts Committee in para 19 of its 13th Report on the Appropriation Accounts of Government of India for the years 1954-55 and 1955-56 and Finance Accounts for the year 1954-55 and Audit Report thereon, the Ministry of Education in consultation with Ministry of Rehabilitation and Delhi Administration set up, *vide* their No. 2(33)/60-SW. 4 dated 23-2-1961, the Inter-Departmental Investigation Committee comprising the following:—

1. Shri D. N. Saksena, Assistant Educational Adviser, Ministry of Education (*Convener*).
2. Shri R. P. Nijhawan, Accounts Officer, Ministry of Rehabilitation.
3. Shri Ishar Singh, Under Secretary (Finance), Delhi Administration.

The Committee was called upon to make specific recommendation on the following:—

1. Responsibility for the inordinate delay in closing the current Account opened by the Director Women Section with the Imperial (now State) Bank of India despite Rehabilitation Ministry's clear instructions in the matter *vide* their letter No. RHC/17(13)/52-III dated 22-6-1953; and
2. whether Public Accounts Committee's displeasure may be communicated to the officers responsible for the delay.

To carry out the task assigned to it, the Committee held in all six meetings, examined in detail all the available records of Social Welfare & Rehabilitation Directorate and Delhi Administration (detailed in annexure—not printed) and also interviewed the Honorary Director and the Administrative-cum-Accounts Officer of Social Welfare and Rehabilitation Directorate. Due to

non-availability of some records, particularly of Delhi Administration and also on account of late receipt of certain information called for from them, the Committee could not complete its assignment within the originally stipulated duration of two months and had perforce to seek extension twice, first for one month and then for another 5 weeks. In the succeeding paras are given the observations/conclusions of the Committee in regard to the issue involved.

2. The Ministry of Rehabilitation passed instructions to Delhi Administration for the closure of the Account on 22-6-1953. The question whether it was right on the part of Delhi Administration to have kept in abeyance action on the instructions even if they did not agree with them, was considered at length. The Committee feel that whatever the general principles for such situations might be, it would have been pointless for Delhi Administration to have urged reconsideration of the orders after closing the Account first. The Committee are, therefore, satisfied that since Delhi Administration had its own doubt regarding the practicability of the orders, it was natural for them to have held up compliance till they had straightened the matter with the Ministry of Rehabilitation after putting up its point of view to the latter. After doing some preliminary thinking on the issue, Delhi Administration forwarded the instructions of the Ministry of Rehabilitation to Social Welfare and Rehabilitation Directorate for comments on 29th July, 1953. Considering the fact that the latter had to examine the matter in all its details and also consult its subordinate Organisation, the period of about four months taken by it in sending comments is considered to be not unduly long. On the basis of views expressed by the Directorate, Delhi Administration wrote to Ministry of Rehabilitation on 1-8-1954, urging the latter to reconsider its earlier decisions and allow the retention of *status-quo*. The Committee could not get hold of the complete records of Delhi Administration containing progress of the case from this stage to February, 1956. From the only file made available to the Committee it appeared that the Ministry of Rehabilitation had declined to modify their earlier decisions *vide* their letter dated 28-5-1954 but that letter was not received in Delhi Administration and the latter came to know of it only after 27-7-1956, when in response to a reminder the Ministry of Rehabilitation sent a copy of that reference to them. This evidently gives only a partial picture of the whole thing as the fact that Delhi Administration had agreed to the closure of the accounts in the meeting of 2-2-1956, i.e., prior to 27-7-1956 indicates that by then they must have known the views of Ministry of Rehabilitation. However, in the absence of all files which could give complete picture of the position, the committee feel that it cannot be possible to

determine whether action on the case was unduly held up at any stage during this period or to fix responsibility therefor.

3. The decision to close the Bank Account was finally taken in the meeting with the Deputy Accountant General on 2-2-1956 when the representatives both of Delhi Administration and the Social Welfare and Rehabilitation Directorate were present. It was decided that the balance amount in the Bank Account would be analysed and thereafter while items in respect of which it had been so decided could be taken on the Personal Ledger Accounts to be opened for the purpose, the remaining amounts would be disposed of in an appropriate manner. The Honorary Director on the very next day of the meeting wrote to Delhi Administration requesting them to sanction necessary Personal Ledger Accounts for six Men's Centres and the Maintenance Allowance Scheme and also make arrangements for the safe custody of cash in the Directorate to enable it to implement the decisions. The long time (about ten months) taken by Delhi Administration in sanctioning Personal Ledger Account for six Men's Centres is attributable to the fact that so many Departments had to be consulted in the matter and is not considered to be unusual. The technical defect in the sanction which further delayed the actual opening of the Personal Ledger Account for this item could not be set right soon enough first due to the fact that at this stage the Administrative control of the Directorate, changed hands and secondly on account of the non-receipt of the relevant reference of Accountant General, Central Revenues in the Ministry of Rehabilitation. In the meantime it transpired that the six Men's Centres could be transferred to Delhi Administration and the Maintenance Allowance Scheme would be liquidated so that the need of opening personal Ledger Account for this item disappeared. The actual disposal of these schemes, however, took longer than had been expected and consequently the continuance of Bank Account was prolonged. As regards the other items, though no Personal Ledger Accounts were to be opened in respect of them, their liquidation was held up for want of provision of arrangements for safe custody of the cash in the Directorate. The Honorary Director had, indeed, emphasised at the very outset that she could not take the risk of keeping huge amounts with her unless such arrangements were provided. The Committee are inclined to concede the force of the argument that as the Bank Account had to be continued in any case for the items for which personal Ledger Accounts were to be opened, it was as well that the other smaller amounts were also continued to be retained there in view of the inadequacy of the requisite arrangements for custody of cash in the Directorate. That also applies to the initial adding up to the Bank Account a further sum of Rs. 70,000 (which was sanctioned

by the Ministry of Rehabilitation in March, 1957 immediately after taking over the control of the Directorate and thus before getting acquainted with the problematic aspect of the matter) and its subsequent continuance. After transfer to Delhi Administration/liquidation of the schemes regarding Six Men's Centres and Maintenance Allowance and communication of necessary instructions by the Ministry of Rehabilitation regarding the manner of disposal of the item of Rs. 70,000/- in February 1958, the Directorate closed the Bank Account for the Headquarters without any delay. This was followed by the closure of the Account in respect of Kasturba Niketan Home also, where some further delay was also caused due to the non-collection by the payees of the cheques issued in their favour earlier.

4. In the light of its findings summarised above, the Committee feel that the long time taken in the closure of the Account was occasioned by the very circumstances of the case and no blame for it could be apportioned to anybody. In fact, if anything, there was on the whole, a discernible concern at all stages to settle the issue quickly. It is possible that with a somewhat more imaginative approach the matter could, perhaps, have been settled more expeditiously; yet it cannot be held that any of the officers dealing with the case at various stages was responsible for any cognizable negligence leading to the delay in the closure of the Account nor there appears to be any justification for passing strictures on any of the officers concerned for having preferred caution.

Sd/- D. N. Saksena  
27-6-61

*Assistant Educational Adviser,  
Ministry of Education (Convener).*

1. Sd/- R. P. Nijhawan,  
*Accounts Officer, Ministry of Rehabilitation.*

2. Sd/- Ishar Singh,  
27-6-61.

*Under Secretary, Delhi Administration.*

## ANNEXURE 'B'

### *Audit Comment*

According to the report of the Enquiry Committee, the Ministry of Rehabilitation passed orders for the closure of the private banking accounts on the 22nd June, 1953. This was forwarded by the Delhi Administration to the Social Welfare and Rehabilitation Directorate for comments on the 29th July, 1953. The Directorate are stated to have taken about four months to examine the matter and the Delhi Administration wrote to the Ministry of Rehabilitation on the 18th January, 1954 to reconsider their decision. The Enquiry Committee have contended that from this stage upto February 1956 when the final decision was taken, complete records were not available to them and it was not possible for them to determine whether action on the case was unduly held up at any stage during the period to fix responsibility therefor. These facts do not support the conclusion reached by the Committee that the long time taken in the closure of the Accounts was occasioned by the very circumstances of the case and no blame for it could be apportioned to anybody.



**APPENDIX VII**  
**MINISTRY OF EDUCATION**

[*Ref. S. No. 21 of the Statement*]

The progress of settlement of accounting arrears in respect of ACC camps is as under :—

Year	Total amounts drawn on letters of credit	Amount for which accounts have been settled	Balance amount for which accounts are still to be settled
	Rs.	Rs.	Rs.
1955-56 . . .	19,00,000	19,00,000	Nil
1956-57 . . .	9,10,000	9,10,000	Nil
1957-58 . . .	12,54,900*	12,49,755	5,145
1958-59 . . .	12,50,000	10,93,693	1,56,307
1959-60 . . .	10,50,000	6,57,765	3,92,235
1960-61 . . .	10,50,000	93,971	9,56,029
1961-62 . . .	5,32,000	26,387	5,05,613

## APPENDIX VIII

### PLANNING COMMISSION

[*Ref. S. No. 23 of the Statement*]

The recommendation has been examined in consultation with the Finance Ministry and the Central Ministries of Education, Irrigation and Power and Information and Broadcasting which are giving grants to the Bharat Sewak Samaj.

2. The agreed conclusion is that under the existing administrative arrangements, it is not feasible either for any single administrative Ministry or the Finance Ministry or the Planning Commission to assume responsibility for sanctioning grants to the Bharat Sewak Samaj for all the Plan programmes. The considerations which lead to this conclusion are:—

- (a) It is not possible for any single Ministry to take responsibility for the Plan programmes administered by other Ministries. Thus, the Ministry of Education, which gives grants for the Labour and Social Service Camps, cannot assume responsibility for grants given to the Samaj for publicity schemes (I & B Ministry) or Slum Improvements schemes and Lok Karya Kshetras (Planning Commission).
- (b) It is also not possible that while a programme as a whole may continue to be administered by the Ministry concerned, only that part of the grant which relates to the Bharat Sewak Samaj may be transferred to any single Ministry. The progress will suffer since any single Ministry will not be competent to guide, supervise and assess the progress concerning different kinds of programmes of other Ministries.
- (c) The proposal to entrust this responsibility to the Finance Ministry will not be in keeping with the present policy of delegation of power and devolution of administrative functions. Besides, the considerations mentioned at (a) and (b) above will apply in their case also.
- (d) The P. A. C. recommendation will necessitate centralisation of the budgetary provision for different Plan programmes under one Ministry which may entail difficulties and be not feasible under the existing pattern of the budget.
- (e) The P. A. C. recommendation, if it is to be given effect to, will have to be applied to all voluntary organisations receiving Government grants. This opens up a wide general issue.

3. The Ministry of Finance and the Planning Commission have, however given further consideration as to how the objectives underlying the recommendations of the P.A.C. could be achieved. In their view, the following

arrangements will ensure proper coordination in the grants given by the various Ministries and avoid overlapping and duplication :

- (a) A sub-committee with representatives of the Finance Ministry, Planning Commission and the Central Ministries concerned may be appointed to review periodically the grants given to the Bharat Sewak Samaj ; and
  - (b) a serving finance officer may be deputed and attached with the Secretary, National Advisory Committee on Public Cooperation, who is also at present, Secretary of the Bharat Sevak Samaj, to assist in coordinating the various grants given to the Bharat Sewak Samaj and exercise general financial control over the utilisation of the grants. He will function like an Internal Financial Adviser in the day-to-day administration of the grants. This officer will be responsible to the sub-committee of the Coordination Committee for Public Cooperation.
4. The Ministry of Finance and Audit agree with the above course of action.
5. Action is being taken to give effect to the above decisions.

Sd - TARLOK SINGH,  
Additional Secretary

## APPENDIX IX

### MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

[Ref. See Para 3 of the Report]

After considering the Memorandum of this Ministry, No. F.2(4)-PC/59 dated 8th September, 1959, the Public Accounts Committee have reiterated their view that "it is desirable in the interest of both the Government and the Government Directors that formal instructions should be issued enjoining upon Government Directors that they should apprise Government of matters over which they do not agree with the views or decisions of the Board of Directors".

2. At the outset it might be explained that since the submission of the Memorandum referred to in para 1 above, Government have taken certain decisions (statements already placed on the Table of the Lok Sabha on the 24th November, 1961 and on the Table of the Rajya Sabha on 30th November, 1961) on the control of public sector undertakings, following the recommendations of the Krishna Menon Committee. According to these decisions, a large measure of autonomy has been given to these undertakings and only a few important questions of policy have been reserved for decision by Government. Government have recognised that the appointment of two representatives of the Government (one from the Administrative Ministry and one from the Finance Ministry) on these undertakings would, in the present circumstances, be not only advantageous but also necessary. It has, however, been decided to withdraw the power previously available, in some cases, to any Director to withhold action on any proposal or decision taken by the Board until the approval of Central Government is obtained. It has now been stipulated that only the Chairman of the Company may, at his discretion, reserve any matters of importance for Government's decision.

3. From the above it follows that the Government representatives, like other Directors on the Company, are expected to make their contributions in the decisions of the Board, and do not enjoy any special position. Thus, within the delegated field the Board of

Directors enjoy full powers and any "interference" by Government Directors would impinge on the "autonomy" sought to be given. In the subjects reserved for Government's decision, Government representatives can, of course, have their full say before final decisions are taken. In exceptional cases Government Directors are, however, not precluded from bringing the matter to Government's notice for issue of a directive, if necessary.

4. In the light of the above explanation, it is hoped that the Committee would be pleased to agree that no formal directive need be issued to Government representatives on public undertakings.

**APPENDIX X**  
**MINISTRY OF FOOD AND AGRICULTURE**

(DEPTT. OF AGRICULTURE)

[Ref. S. No. 34 of the Statement.]

Initially the Chief Conservator of Forests had billed for the timber in question at rates as applicable for plywood. The firm had not paid the bills preferred on them and had represented for revision of the bills. The firm's representation was considered by the Inspector General of Forests. He recommended that there was some substance in the firm's representation and made certain recommendations which formed the basis for the two supplemental agreements 1955-56 and 1956-57.

The re-classification of timber during 1955-56 and 1956-57, leading to a reduced recovery of Rs. 74,929 from M/s. P. C. Ray & Co., was not therefore done by the Chief Conservator of Forests, Andamans, as a result of any wrong interpretation of the provisions of the Agreement but as a result of Government decisions and supplemental agreements entered into with the lessees on representations received from them. Accordingly, there was no occasion for the Chief Conservator of Forests to seek clarification from the Ministry regarding classification of timber. As regards the recovery of Rs. 74,929/- foregone by Government, a reference was made to the Ministry of Law, whether the Andamans Administration could take any legal steps for recovering this amount from the lessees. The advice of the Ministry of Law was to the effect that in case there was no correspondence between the lessee and the Government which had the effect of Government waiving royalty that would have been payable on the basis of the original classification, it would be permissible to make a claim on the lessees. But in this particular case there was not only correspondence between the Government and the lessees but there were also two legal supplemental agreements executed by the two parties which provided for recovering of royalty by Government on the re-classified basis. Having been bound by legal agreements to recover royalty on the re-classified basis, the question of claiming the sum of Rs. 74,929/- from the lessees does not arise. No re-classification has taken place from the year 1957-58 onwards.

The circumstances in which Government accepted the firm's representations regarding the fixation of royalty for those two years are briefly stated below:—

(i) 1955-56

It is true that under Clause 14-iii(a), the clause 15 of the agreement, the average price fetched at the lessees' depot and the Government's depot forms the basis for determining the f.o.b. price for calculating 50% royalty. In 1955-56, the Chief Conservator of Forests, Andamans, billed for royalty on the above basis for Rs. 8,64,799/-. The firm, however, represented that owing to lack of demand for their timber in the Calcutta market, no auctions could be held by them during the year and that charging of royalty on the basis of the price fetched at the Government's depot would not be reasonable because the timber auctioned at the Government's depot were selected lots which invariably fetched higher prices than the timber in the lessees' depot. This contention was examined by the Inspector General of Forests during his visit to the Islands in March 1957. The Inspector General of Forests felt that there was substance in the contention of the firm regarding the superior quality of the logs sold at the Government depot. The Inspector General of Forests recommendation was that the rates for 1954-55 should be adopted for 1955-56 as there was no appreciable change in the market trends during 1955-56. This was endorsed by the Chief Conservator of Forests and the contractors and examined by Government in consultation with the Ministries of Law and Finance.

The Ministry of Law was of the opinion that this arrangement was not covered by the terms of the agreement and that it could be effected only by mutual consent by executing a formal agreement. With the concurrence of the Ministry of Finance, a formal agreement was executed in July, 1957 and recovery at the revised rate was effected. The billed amount under this agreement was Rs. 6,21,174/-.

(ii) 1956-57

This was discussed at a meeting held at Calcutta on 15th November, 1957 which was attended by the officers of this Ministry including the Inspector General of Forests and the representatives of the firm. The fact that the firm was not conducting the auctions as required under the contract and was disposing of good quality timber through negotiations and putting up for auction only old stuff, was mentioned at the discussions. For this reason it was not considered possible to accept their auction prices as the basis for

determination of the f.o.b. price for purposes of the royalty. At the same time it was considered that the rates adopted for 1955-56 would be a suitable basis for 1956-57 also. Simultaneously, it was decided that the basis of charging royalty as laid down in the contract should be changed so that such disputes would not arise in the future. As the Company did not agree to this method, this was dropped. The above proposal regarding the rates for 1956-57 was concurred in by the Finance Ministry and orders were issued accordingly on 7th April, 1958. The Chief Commissioner, Andamans, was also instructed to execute a supplemental agreement on the same lines as was done in respect of the previous years.

It will be seen from the above that the Government decision regarding charging of royalty on a basis different from that provided for in clauses 14 and 15 of the agreement was taken after careful consideration of representation received from the firm and keeping in view the prevalent market trends for timber. The new basis adopted was also formally given legal status by the execution of supplemental agreements.

In granting this concession to the firm, Government had satisfied itself that enforcing the terms of the Agreement for the purpose would not have been equitable. At the same time Government's interests have been safeguarded in the sense that the royalty charged was on the basis of 1954-55 prices which were considered to be representative for both the succeeding years.

From 1957-58 onwards, the Chief Conservator of Forests has been asked to fix the rates of royalty on hardwood and ornamental wood as provided in clauses 14(iii) and 15 of the Agreement of Licence.

On the question of the sale of timber by the lessees by private negotiations without obtaining the approval of the Chief Conservator of Forests and their refusal to disclose the prices, no legal opinion was taken at that time as to whether these actions of the firm constituted a breach of the terms of the agreement. This was because, as stated in para 3 above, Government had satisfied itself that enforcing the terms of the agreement for these two years would not have been equitable. Subsequently, in 1960 this question was, however, referred to the Ministry of Law in connection with certain shipments of timber made by the firm to Bombay to their financiers. The Ministry of Law's ruling was to the effect that once the shipments were permitted by the Administration, it should be assumed that Government had acquiesced in these actions. However, according to that Ministry there was no clear condition in the agreement that the disposal of hardwood and ornamental wood would be effected only in the Calcutta market. Government could not therefore, consider this as a breach of the agreement.



**APPENDIX XI**  
**MINISTRY OF HEALTH**

(Ref. S. No. 44 of the Statement)

The progress made in this respect is as follows:—

The Accounts of the Central Research Institute, Kasauli are being prepared on commercial lines from the year 1959-60. The Cost Sheet, Profit & Loss Account and the Balance Sheet have been prepared from the Accounts for the year 1959-60. It was decided in the year 1960-61 to prepare a manufacturing account besides other forms of the Proforma Accounts. The necessary form of the Manufacturing Account was got tentatively approved by the Accountant General, Punjab, Simla, before its adoption while preparing the Accounts for the year 1960-61.

Due to changes in the form of Central (Civil) and State Audit Report & Appropriation Accounts from the year 1960-61, as intimated by the Director of Commercial Audit, New Delhi *vide* his No. LA.II/37-1/61-62/476 dated 7th June 1962, the Accountant General, Punjab, Simla, sent to the Director, the Draft-Forms of the Proforma Accounts, including the revised form of Manufacturing Account, with his No. OAD|CW|8—12|2428, dated 5th July 1962 for adoption while compiling the accounts for the year 1961-62. Certain modifications have been suggested by the Director, Central Research Institute, Kasauli to the Accountant General, Punjab, Simla, in the Draft-forms sent by him. The Proforma Accounts for the year 1961-62 have been provisionally compiled pending final confirmation of the Accountant General, Punjab, Simla, in respect of the modifications suggested.

Accounts Rules to be adopted by the Institute, after these have been scrutinized by the Accountant General, Punjab, Simla, and Comptroller and Auditor General of India, have been approved by the Government of India. The new forms of the registers etc., connected with the commercialisation of Accounts have been sent to the Controller of Printing & Stationery for getting them printed on priority basis. The revised forms of the Proforma Accounts (*i.e.*, Manufacturing Account, Trading and Profit and Loss Account, Cost Sheet and Balance Sheet) when finally approved will also be got printed.

2. For the purpose of these accounts, the activities of the Institute are broadly divided into manufacturing and non-manufacturing activities. The Manufacturing Activities comprise production of major biological products (*viz.*, T.A.B., Cholera and Anti-rabic Vaccine, Anti-venom Serum, Anti-diphtheritic Serum, Anti-rabic Serum and Dead Emulsions. The non-manufacturing activities include (i) Manufacture of minor products termed as "Non-commercial Products" (ii) Research and (iii) other diagnostic work etc. The Manufacturing Account, Profit & Loss Account and Cost Sheets etc., which are now annually prepared indicate the cost of production of major biological products of the Institute referred to above. These are audited locally by the Accountant General, Punjab, Simla and the Director of Commercial Audit, New Delhi.

3. Out of the seven major Biological Products, the selling price of Anti-venom Serum has been revised according to its cost of production with effect from the 24th September, 1960.

The cost of production of the Anti-diphtheritic Serum, worked out to Rs. 15.66 nP. tube of 10,000 units during the year 1959-60. As the quality of the production was being improved according to the accepted International Standards and its production was not on a large scale in the initial stages, the overhead charges were higher than normal. The sale-price was not fixed according to the cost of production but it was fixed at Rs. 9 per tube of 10,000 units by the Government of India, keeping in view the prevalent market rates. The Serum is mostly used for children and its price is to be kept within the reach of the consumer.

The question regarding revision of the existing selling price of Anti-rabic Serum has also been taken in hand. An officer of the Cost Accounts Branch of the Ministry of Finance visited the Institute in connection with the local Examination of the cost of production of Anti-rabic Serum. The Cost Report which was received on 29th November 1961 is under the consideration of the Government of India.

4. The cost of production of T.A.B., Cholera, Anti-rabic Vaccine and Dead Emulsions has been worked out and indicated in the Cost Sheets for the year 1959-60 and 1960-61, but the revision of their existing selling prices is not considered necessary for the present. Thus the objection that the selling prices of the products do not have any correlation to actual cost has been removed so far as major products are concerned.

5. As regards the minor products viz., (i) Curative Vaccines, (ii) High Titre Sera (iii) Stains (iv) Reagents (v) Normal Horse Serum (vi) Tetanus Toxoid etc., it may be stated that these have been excluded from the scope of cost and commercial accounts due to the fact that the figures of their production and sale are very small and the clerical labour involved in preparing their accounts on commercial lines will not be commensurate with the results to be achieved. Their existing selling prices will, however, be revised applying the system of costing to the extent possible. Revision is to be made on the figures of at least one complete financial year and is to be based on the technical estimates of the cost of labour, material etc., and other indirect charges.

Sd/- B. R. TANDAN,

*Secretary.*

## APPENDIX XII

### MINISTRY OF HOME AFFAIRS

(Ref. S. No. 51 of the Statement)

This Note contains the results of a study made in the Home Ministry of disposed of disciplinary cases relating to gazetted officers. The object of the study was to ascertain the time taken at different stages of a disciplinary proceeding.

#### *Basis of Study:*

- (i) A study of all the cases disposed of by all the Ministries during the years 1955—59.
- (ii) Cases selected by random-sampling method. Every sixth case disposed of during the years 1949—59 was selected. However, as this was followed by a study of all cases disposed of during the years 1955—59, mention is made in this Note only of the average time taken at various stages during the period 1949—54. These averages are useful in bringing out the improvement that has occurred from 1955.
- (iii) Detailed study of 30 cases selected from different Ministries by random-sampling method to find out the causes of delay.

2. The general results of the complete study of cases in 1955—59 are shown in Annexure I\* to this Note. The figures in this Annexure represent the averages for all the Ministries taken together. The figures for individual Ministries/Departments are shown in Annexure II.\*

3. The time taken at different stages of a disciplinary proceeding, the causes of delay and recommendations for reducing delay at each stage, are dealt with in the following paragraph.

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\*Not printed.

## 1. ORDERING A PRELIMINARY INQUIRY

Period	Average time taken in number of days
1949—54	145
1955	31
1956	28
1957	26
1958	23
1959	10
1955—59	27

It would appear that there has been progressive expedition at this stage.

## 2. COMPLETING THE PRELIMINARY INQUIRY

Period	Average time taken in number of days
1949—54	364
1955	145
1956	152
1957	115
1958	113
1959	81
1955—59	135

The above figures relate only to preliminary inquiries made through departmental agencies and not to cases entrusted to the Special Police Establishment for investigation. The average time taken to complete the preliminary inquiry during the period 1955—1959 compares favourably with the time taken during 1949—54. The figures also show improvement (with the exception of 1956) from year to year. Preliminary inquiries are usually made by an officer of the department who has other official duties. Even so, the average time taken to complete the preliminary inquiry is long and it should be possible to reduce it.

*Recommendation :*

As far as possible Vigilance Officers should make the preliminary inquiries. But one or more other officers should be earmarked for making such preliminary inquiries as for any reason cannot be entrusted to the Vigilance Officer.

### 3. TAKING A DECISION ON THE REPORT SUBMITTED BY THE OFFICER APPOINTED TO HOLD THE PRELIMINARY INQUIRY

Period	Average time taken in number of days
1949—54	83
1955	47
1956	47
1957	37
1958	63
1959	26
1955—59	44

Compared to 1949—55 there has been considerable improvement. But except in the year 1959 when there was a remarkable decrease in the time taken at this stage there has been no significant change recently. It is possible that so much time is taken at this stage because there are elaborate notings at lower levels before the case is submitted, through various rungs of the hierarchy, to the competent authority.

#### *Recommendation :*

There should be no notings at lower levels; the Vigilance Officer should himself deal with the case, and put it up to the disciplinary authority for orders.

### 4. FRAMING OF CHARGES

Period	Average time taken in number of days
1949—54	211
1955	61
1956	49
1957	60
1958	97
1959	29
1955—59	60

The average—62 days—for the period 1955—59 compares favourably with the time taken during 1949—54—211 days. But the time taken at this stage is still far too long, and ought to be reduced to a fortnight or so.

The possible reasons for delay at this stage are—

- (i) The competent authority undertakes fresh, detailed, verification of the facts ascertained in a departmental preliminary inquiry or an investigation by the Special Police Establishment;
- (ii) much time is taken in studying the material; and
- (iii) draft charges and statement of allegations are referred to the Administrative Vigilance Division for vetting.

**Recommendations:**

1. While it is necessary that the disciplinary authority should apply its mind to the facts ascertained during the departmental preliminary inquiry or the investigations by the Special Police Establishment, it is unnecessary and wasteful to undertake a detailed verification of facts already ascertained, which disclose a *prima facie* case for initiating a disciplinary proceedings.

2. The study of the available material should be completed by the Vigilance Officer within two weeks.

3. While the assistance of the Administrative Vigilance Division is always available to any Ministry/Department at any stage of a disciplinary proceeding, it should not be necessary to seek such assistance at the stage of framing charges except in very complicated or difficult cases. The Vigilance Officer should acquaint himself fully with the technique of framing charges and drawing up the statement of allegations: if, in any case, there is any doubt or difficulty, the Vigilance Officer may personally discuss the case with the concerned Deputy Inspector General of Police, Special Police Establishment, and/or the Joint Director, Administrative Vigilance Division, who will, if need be, also consult the Director.

**5. TIME TAKEN BY THE DELINQUENT OFFICIAL TO SUBMIT THE WRITTEN STATEMENT**

Period	Average time taken in number of days
1949—54	67
1955	64
1956	66
1957	67
1958	76
1959	54
1955—59	67

The delay at this stage occurs mainly due to—

- (i) delay in collecting the documents and making them available for inspection by the delinquent official;
- (ii) protracted inspection of documents;
- (iii) piece-meal demands for access to documents; or
- (iv) demand for any supply of copies of statements of witnesses recorded during the preliminary inquiry, or investigation by the police.

*Recommendations:*

1. The written statement should be required to be submitted normally within 4 weeks of the service of the charge-sheet, or within 5 weeks where numerous documents have to be inspected. Extension of time by 7 to 10 days for submitting the written statement may be granted once only for good reasons. In order that delay at this stage may be avoided the Vigilance Officer, before framing charges, should have with him—

- (i) all documents relevant for proving the charges or the facts stated in the statement of allegations;
- (ii) all documents referred to or relied upon by the delinquent official in his explanation, if any, furnished during the preliminary inquiry or the police investigation;
- (iii) a complete set of statements of witnesses recorded during investigation by the police or in a preliminary inquiry.

2. The instructions contained in the Ministry of Home Affairs, Administrative Vigilance Division O.M. No. F.30/5/61-AVD, dated the 25th August, 1961 regarding giving of access to official records should be strictly complied with.

3. The delinquent official should be informed in writing that, if he so desires, he may take the assistance of another Government servant even for inspecting the documents and that he should furnish a list of documents which he wishes to inspect at the earliest stage of the inquiry and that a request for inspection made after the completion of the inquiry will not be entertained unless the circumstances show clearly that the request could not have been made at an earlier stage. The officer should further be told that he should—

- (i) avoid making piece-meal demands for access to documents;
- (ii) complete within seven working days inspection of the documents mentioned in the list that is to be supplied



to him as required by para 4 of M.H.A. O.M. No. 30/5/61-AVD dated the 25th August, 1961;

- (iii) specify within five days of completing the inspection of the documents mentioned in the list referred to above all the additional documents, if any, that he desires to have access to. Such requests should be complied with within five days of the requisition;
- (iv) complete the inspection of the additional documents within five days of their being made available;
- (v) submit the written statement within ten days of completion of the inspection of the documents.

#### 6. APPOINTMENT OF INQUIRY OFFICER

Period	Average time taken in number of days
1949—54	184
1955	109
1956	120
1957	171
1958	244
1959	82
1955—59	149

The average time taken at this stage has been computed with reference to the date of the decision to hold a departmental inquiry. But in the detailed study of 30 cases, the time taken at this stage was computed with reference to the date of the receipt of the written statement and the study revealed that the average time taken is 41 days. In either case, the time taken is far too long.

While it may be that some time is taken in selecting a suitable Inquiry Officer, delay at this stage is mostly due to the fact that, after the receipt of the written statement, the case is not put up to the disciplinary authority quickly for appointing an Inquiry Officer.

#### *Recommendations:*

1. The discretion given by sub-rule 2(a) of Rule 15 of the Central Civil Services (Classification, Control and Appeal) Rules, to appoint an Inquiry Officer even at the time of serving the charge-sheet should be used more freely.

2. The Inquiry Officer should be provisionally selected even at the time of framing charges though the name of the Inquiry Officer may not be communicated till after the receipt of the written statement.

3. As many cases as possible should be entrusted to the Commissioners for Departmental Enquiries attached to the Ministry of Home Affairs. In departments having a large number of pending departmental inquiries special Inquiry Officers may be appointed to complete the pending inquiries.

#### 7. COMPLETION OF THE INQUIRY BY THE INQUIRY OFFICER.

Period	Average time taken in number of days
1949—54	194
1955	171
1956	133
1957	148
1958	83
1959	225
1955—59	140

The causes contributing to delay at this stage, and the recommendation regarding the steps to minimise such delays are indicated below:—

#### I. Appointment of an Officer to present the case on behalf of the Department (sub-rule 5 of Rule 15 of the C.C.S. (C.C.&A.) Rules):

From a study of the statements furnished by the Commissioners for Departmental Enquiries, it has been found that the time taken for appointing the officer to present the case on behalf of the Department is—

- (a) 1959      24 days (40 observations).
- (b) 1960      32 days (34 observations).
- (c) 1961      18 days (16 observations).

*Recommendation:*

1. In cases where it is reasonably certain that it will be necessary to hold an oral inquiry the disciplinary authority should select at the time of framing charges the officer to be appointed for presenting the case on behalf of the Department; such officer should be asked to study the records of the case, and may usefully be associated with the drawing up of charges in complicated or difficult cases.

2. The formal order of appointment should be issued simultaneously with the order of appointment of the Inquiry Officer.

*II. Appointment of Officer to assist the Government servant in presenting his case.*

It has not been possible to compute the time taken but there is reason to think that delays occur in this process. Quite often the delinquent official makes a request for approval of the name of a particular Government servant to assist him in his defence, long after the appointment of the Inquiry Officer, and in many cases just a few days before the date fixed for the commencement of the inquiry.

*Recommendations:*

At the time of serving the charge sheet, the delinquent official should be told that if he wants the assistance of a Government servant in presenting his case, he should nominate the official, and seek approval, while submitting his written statement.

*III. Delay on the part of the officer appointed to present the case on behalf of the Department in intimating his readiness to the Inquiry Officer to proceed with the case.*

From the information furnished by the Commissioners for Departmental Enquiries, it has been found that on an average the time taken in this is—

1959	53 days (21 observations)
1960	59 days (15 observations)
1961	13 days (9 observations)

It was noticed that in the year 1959 in two cases the officer appointed to present the case on behalf of the Department took more than 200 days, in two other cases more than 100 days, and in six cases more than one month to intimate to the Commissioner for Departmental Enquiries his readiness to proceed with the case.

**Recommendations:**

1. The inquiring authority should be furnished, along with the records of the case, copies of the order appointing a Government servant to present the case on behalf of the Department, and approving the name of the Government servant whose assistance the delinquent official proposes to take in presenting his case.

2. The officer appointed to present the case on behalf of the Department, should, within a week of receipt of the order of such appointment, inform the Inquiry Officer of his readiness to proceed with the case. In any case, the Inquiry Officer should not wait for such intimation for fixing a date for the commencement of the inquiry.

*IV. All documents are not made available to the Inquiry Officer*  
**Recommendations:**

The Vigilance Officer should ensure that the following are furnished to the inquiring authority along with the order of appointment:—

- (a) charge-sheet and statement of allegations;
- (b) written statement;
- (c) the documents proposed to be relied upon in proof of the charges and those to which the delinquent official was given access, together with a list of both sets of documents;
- (d) a list of witnesses proposed to be examined together with their statements, if any had been recorded during a preliminary inquiry or a police investigation;
- (e) a list of witnesses whom the delinquent official proposes to examine on his behalf, if such a list had been furnished by him before the case is forwarded to the inquiring authority.

*V. Completion of the inquiry gets prolonged for the reasons that—*

- (a) a large number of witnesses are required to be examined to formally prove official documents;
- (b) the attendance of witnesses cannot be secured within a reasonable time.

*Recommendation:*

1. Soon after the receipt of the records, the Inquiry Officer should issue a notice both to the delinquent official and to the officer nominated to present the case on behalf of Government communicating an early date on which the case will be taken up to settle—

- (a) which of the allegations are admitted;
- (b) which of the documents relied upon by the Department and the delinquent official may be marked without any further proof, subject to their value being judged during the course of the inquiry;
- (c) witnesses to be examined on behalf of the Department and on behalf of the delinquent official.

The proceedings of this hearing should be reduced to writing and the delinquent official should be required to sign this record.

2. Examination of witnesses merely for formal proof of an official document should be avoided—the exception being cases where the officer who is to prove a document is to be cross-examined regarding the contents of the document or its authenticity.

Officers holding departmental inquiries do not have the power to summon witnesses except in cases where the inquiry is held under the Public Servants (Inquiry) Act, 1850. The inquiring authority should secure the presence of witnesses who are serving Government servants by writing to the Government servant cited as a witness, as well as to his immediate superior. Such requests should be complied with, and no attempt should be made to postpone appearance before the inquiring authority without the previous approval of the immediate superior who should not accord such approval except for particularly good reasons.

#### 8. DECISION ON THE INQUIRY OFFICER'S REPORT AND THE ISSUE OF THE SHOW-CAUSE NOTICE.

Period	Average time taken in number of days
1949—54	202
1955	83
1956	94
1957	54
1958	49
1959	81
1955—59	74

Notwithstanding that this is a very important stage, the time taken is clearly excessive. It should be possible to take a decision within 3-4 weeks.

*Recommendation:*

The Vigilance Officer should himself deal with the case and submit it to the competent authority with a summary within 10 to 15 days of the receipt of the Inquiry Officer's Report.

9. SUBMISSION OF REPRESENTATION IN REPLY TO THE SHOW-CAUSE NOTICE.

Period	Average time taken in number of days
1949—54	38
1955	36
1956	31
1957	46
1958	50
1959	9
1955—59	39

The average time taken at this stage is to some extent misleading. In quite a number of cases the time taken is far in the excess of the average. Fifteen days should be reasonable time for submitting the representation. However, in deserving cases, an extension of 7 to 10 days might be given.

The main causes of delay at this stage are that the delinquent official (i) seeks to repeat in elaborate manner the process of inspection of documents and (ii) asks for documents which he had not asked for at the earlier stages/or during the inquiry.

*Recommendations:*

Requests for access to additional documents should not be entertained, except in cases where it is clear that the additional documents could not have been asked for at an earlier stage, for instance when the relevance or utility of a document could be recognized by the officer only after he saw the inquiry report. Where the officer is permitted to inspect any documents at this stage, he should not normally be allowed more than a week to do so.

## 10. IN REFERRING THE CASE TO THE U. P. S. C.

Period	Average time taken in number of days
1949—54	115
1955	83
1956	92
1957	70
1958	109
1959	35
1955—59	87

There is no reason why any delay should occur at this stage. Under the instructions contained in the Home Ministry's O.M. No. 8/18/48-Establishments, dated 20th August, 1949, it has been laid down that no opinion on merits should be expressed while forwarding the case to the U.P.S.C. (The expression of the provisional conclusion in the show-cause notice where it is a statutory requirement, is, of course, not prohibited by the O.M.).

*Recommendation:*

The case should be forwarded to the U.P.S.C. within 10 days of the receipt of the representation in reply to the show-cause notice.

## 11. U. P. S. C. COMMUNICATING THEIR ADVICE.

Period	Average time taken in number of days
1949—54	163
1955	163
1956	145
1957	147
1958	163
1959	73
1955—59	150

Some delay occurs in the U.P.S.C. giving their advice on account of the facts that the U.P.S.C. need—

- (i) some additional documents; and
- (ii) ask for comments on some points usually relating to procedure raised in the representation in reply to the show-cause notice.

*Recommendation:*

Care should be taken when forwarding the case to the U.P.S.C. that all the documents exhibited during the course of inquiry are sent.

When a representation is received in reply to the show-cause notice, the Disciplinary Authority should examine it to find out whether there is any complaint of failure to follow the proper procedure, and if there is any such complaint, the Disciplinary Authority should forward its comments to the U.P.S.C. along with the records.



**APPENDIX XIII**  
**MINISTRY OF HOME AFFAIRS**

*Ref. Para 4 of the Report*

In para 64 of their 25th Report (2nd Lok Sabha) Vol. II the Public Accounts Committee observed that they would await the findings of the Board of Enquiry appointed in connection with the case mentioned in note 8 included below the Appropriation Account of Grant No. 61—Tripura for 1957-58 and action taken by the Government thereon.

2. A Board of enquiry was set up by the Tripura Administration *vide* their notification dated the 11th February, 1959 with Senior Deputy Magistrate and Collector as Chairman and Director of Rehabilitation and Assistant Secretary, Tripura Administration as two other members. The Board submitted their report on 20th April, 1960. The salient points of the observations of the Board are:—

- (i) The money value of the loss sustained by the Administration comes to Rs. 93,503/15/-.
- (ii) Shri Lakshmanjoy Reang was appointed as storing agent without verifying the value of his landed property. It was not fair on the part of the Departmental authorities to allow Shri Reang to keep 10,000 mds. of food-grains when the capacity of the godowns was only 2,000 mds. No security was taken from Shri Reang at the time of his appointment. The officer concerned also did not insist on an agreement being executed between the Administration and this storing agent, as required under the rules. In accordance with the rules, the Director of Procurement and the S.D.O. were to undertake separately periodical physical verification of stocks at godowns, but this was flagrantly violated, as no such verification was made. Verification by Special staff deputed from Agartala in April, 1954 revealed that there was heavy shortage of stocks. The shortage reported by the officers was, however, challenged by the storing agent on technical grounds as the stocks were measured by tape and this method was considered by him as faulty. Another verification undertaken in March, 1955 also revealed heavy shortages. The verifying officer reported that several hundred maunds of food-grains were lying in the golas of the relations of the storing agent. No action on this report was taken. Subsequent verification established that there was

shortage of 6941 mds. 27 seers, 4 chs. of paddy and 1,250 mds. 23 seers of rice.

- (iii) Stock books were not maintained by the agent properly.
- (iv) A list of the officers connected with the transactions from the date of commencement of the storing agency is appended to the note. The Board of Enquiry has pointed out that the Director of Procurement was responsible to verify the stocks occasionally which he did not do. The Board, however, felt that it was not possible for the Director of Procurement to verify the Stocks of each centre and hence they did not hold him responsible for non-compliance of the instructions in this regard. He should have, however, initiated action on the verification reports long time back which he did not do. On this count also the Board did not hold him responsible because there were a number of changes in the incumbency of the post. At the Sub-divisional level the Board did not hold Shri F. responsible for any lapse because they did not get any concrete proof to show that an agreement with the agent was not executed. Shri F. (SDO) has since (16th October 1956) retired from Government service and hence no action has been suggested against him. Regarding inspectors the Board has held that they did not perform even a segment of the work for which they were being paid by the Government. They were a set of highly irresponsible persons and share a square responsibility in this unfortunate loss to the public exchequer.

The disciplinary authority for all the officers concerned is the Chief Commissioner. He, therefore, ordered on 17th June, 1960 for drawing up the proceedings against the officers who had been found negligent by the Enquiry Board. The proceedings were drawn up against two delinquent Inspectors (S.N. 10 & 13) on 7th February, 1961 and 20th July, 1961 respectively. One (S. No. 10) in the list of the Inspectors is now Sub-Treasury Officer and his case is, therefore, pending with the Enquiry Officer (Adm.), since 8-8-1961.

The other Inspector (S. No. 13) is employed with the C.W. & P.C.

The Deputy Director of the Commission is processing the case since 20-7-1961. This Inspector asked for copies of certain letters on 24-7-1961, 25-8-1961 and 2-1-1962 which have since been supplied.

With a view to institute a civil suit against the storing agent, the S.D.O. Belonia Sub-Division, assessed the value of his properties in February, 1959 at Rs. 15,000 only. He has no other assets except these landed properties. The Legal Remembrancer of the Tripura Administration held that in the circumstances, a civil suit will be perfectly maintainable but, observed, that it was to be considered whether a huge expenditure (Rs. 3,425) in court fee and other legal expenses of the suit, would at all be worthwhile. The Ministry of Law have advised that if by spending Rs. 3,425 the Administration can realise Rs. 15,000, it would be worthwhile to file a suit against the storage agent. The Tripura Administration have been requested to take action accordingly.

3. The Administration have stated that a good number of godowns have since been constructed. Further detailed instructions to guide the officials for receipts and issues of the foodgrains have been issued on 6-10-1956. For internal procurement, Co-operative Societies are engaged to do the job. In the opinion of the Administration, the chances for recurrence of the losses of this kind are, therefore, very remote.

4. The note has been vetted by Audit.

Sd/-

Jt. Secy. to the Govt. of India.

Serial No.	Name of the Officer	Post held	Period for which post held
1	(A)	Director of Food and Procurement.	19-6-51 to 7-4-53 and 1-4-55 onwards
2	(B)	Do.	7-4-53 to 9-8-54
3	(C)	Do.	13-8-54 to 31-1-55
4	(D)	Do.	1-2-55 to 31-3-55
5	(E)	S.D.O.	12-50 to 21-9-53
6	(F)	Do.	22-9-53 to 26-4-55
7	(G)	Do.	27-4-55 to 31-10-55 & 1-1-56 to 31-3-57
8	(H)	Do.	1-11-55 to 31-12-55
9	(I)	Inspector	2/52
10	(J)	Do.	3-52 and from Jan., 1953 to Sept. 1953 and from December, 1953 to July, 1954
11	(K)	Do.	From 4-52 to 1-53
12	(L)	Do.	From 9-53 to 12-53
13	(M)	Do.	From 7-54 onwards.
14	(N)	Do.	February-March, 1954 (10 days).

**APPENDIX XIV**  
**MINISTRY OF HOME AFFAIRS**  
 Ref. S. No. 62 of the Statement

The amount of Rs. 8 lakhs advanced to M/s. P. C. Ray & Co., has since been adjusted in Government books against the amount of Rs. 8,33,670/- due to the Company for clearance of Diglipur area, as detailed below:—

	Rs.
(a) 100 acres at Rs. 460/- per acre . . . . .	46,000
(b) 2423.6 acres at Rs. 325/- per acre . . . . .	7,87,670
TOTAL . . . . .	8,33,670
Deduct advance payment granted for purchase of machinery . . . . .	8,00,000
Net amount payable to the Company . . . . .	33,670

After adjustment of the amount of the advance of Rs. 8 lakhs as indicated above, the balance of Rs. 33,670/- due to the Company has been credited to the account of royalty payable by the Company on timber extracted &/or sawn in the Company's North Andaman Mill during 1961-62. The above adjustments were intimated to the Company by the Andaman Admn. in December, 1961.

*Audit Comments*

The acreage and the rate on the basis of which the above payment of Rs. 7.87 lakhs has been worked out by the Government has not been accepted by the firm. The Ministry of Law held however that under Clause 5 of the Agreement the measurement work done by the Chief Conservator of his nominee is binding and is conclusive against the contracting party. The Ministry further held that even if the firm does not accept the reduced rate of Rs. 325 per acre, the claim is time-barred under Article 115 of the First Schedule of the Limitation Act.

A sum of Rs. 3.30 lakhs is also recoverable under this Agreement on account of royalty on timber extracted but destroyed. The Company has not paid this amount as yet; and Government is considering the question of going to arbitration separately in this case.

Sd/-  
 Joint Secretary to the Govt. of India.

**APPENDIX XV**  
**MINISTRY OF MINES AND FUEL.**

*Ref. S. No. 73 of the Report*

Further to the Ministry's Note contained in Appendix LIX of the 42nd Report Vol. II (2nd Lok Sabha), there had been no sitting of the Umpire after the 30th January, 1959. The time for making the Umpire's award had been extended periodically by the High Court at Calcutta, and now stands extended upto 28th February, 1962. Application for further extension is being made.

It has now been reported that the present Umpire is unable to perform his duties on account of his ill health. The appointment of a successor to this Umpire is under consideration in consultation with the Ministry of Law and the Central Government Solicitor at Calcutta.

Sd/-

NEW DELHI; Joint Secretary to the Govt. of India.  
*Dated the 14th September, 1962.*

## APPENDIX XVI

### MINISTRY OF STEEL & HEAVY INDUSTRIES

(DEPARTMENT OF IRON & STEEL)

Ref. paras 5-6 of the Report

Claim bills have since been prepared on the basis of tabulated statements compiled by the International Computers and Tabulators and have been forwarded to TISCO & IISCO in December, 1961. No payment has yet been received from either of the companies. Tatas wanted to examine the statements with a view to verifying whether there was any error. Accordingly, two officers from Tata were deputed to Iron and Steel Controller's office. As a result of their scrutiny a large number of errors of tabulation were detected which were due, essentially, to absence of control totals for place extras and Railway freight.

In order that this long outstanding issue may be settled early, the following procedure has been evolved in January, 1963, in consultation with Finance and Audit. One month's statement for each quarter of the period in question will be selected for joint checking by the Iron & Steel Controller and the producers. Alternate quarters will be considered by the Iron and Steel Controller, and the producers so that 50 per cent. roughly of the months will be selected by each party. In this respect, the possibility of covering all the calendar months of the period in question will be kept in view. The average rate worked out in this way will be applied for the entire period. The producers are yet to convey their acceptance of the revised proposal.

In this connection reference is invited to the replies furnished by this Department in respect of para (8) of the 26th Report of the Public Accounts Committee. It was stated therein, *inter alia*, that for the bulk of the tonnage, no dispute with the producers was expected in settling the freight adjustment issue. From the data that has now become available, it appears that there are a large number of discrepancies which would require reconciliation. This may take a longer time than originally anticipated. Attention is also invited to Steel Controller's statement regarding availability of

all the records referred to in para 9 of the Public Accounts Committee—26th Report. It has been stated therein that all the records except for a few months are available in his office. From the data now available, it appears that records for more than a few months are not likely to be available.

Sd/-

*Secy. to the Govt. of India.*

# MINISTRY OF STEEL & HEAVY INDUSTRIES

(DEPARTMENT OF IRON & STEEL)

*Ref. para 9 of the Report*

The following quantities of cast iron cement were consumed during the period:—

	25-7-1959				31-7-1960			
	T.	Cwt.	Q.	Lb.	T.	Cwt.	Q.	Lb.
Blast Furnace No. 1	12	7	1	18	12	7	1	18
Blast Furnace No. 2	5	12	2	10	14	0	3	6
Blast Furnace No. 3	Construction of Blast Furnace not started till this date.				11	2	3	12
<b>TOTAL</b>	18	0	0	0	37	11	0	8

The Blast Furnace No. 3 has also been completed. A balance of approximately 35 tons will be left in the stock unutilised. The entire material was received by the Bhilai Steel Project by November 1958. The Project has stated that the balance quantity will be used in the furnaces coming under the expansion scheme. As it is supplied in sealed steel containers well packed with water proof materials cast iron cement will not deteriorate over a period of 4 to 5 years under normal conditions.

It is a fact that an overestimation of the requirements of Hawco Cement of Messrs Hard Castle Waud & Company had occurred which was due to the following reasons:—

- (a) The Chief Engineers increased the quantity of the Cast Iron Cement to be purchased from 19½ tons given by the Soviet experts to 25 tons, as extra provision required for variation in the gaps between cooling plates.



- (b) When ordering for 2nd and 3rd blast furnaces no cross check could be made from actual uses.
- (c) The actual use finally turned out to be less than the experts' advice and hence much less than the order.

By the time the second purchase order was issued in June 1958, the actual consumption of the cement in Blast Furnace I could not be ascertained as the work was still in progress in the first furnace. Order was, however, placed on the same estimated requirements as for furnace No. 1 for the blast furnace No. 2 and 3 also. According to the commissioning schedule then in vogue, the construction work in these furnaces were also to go on simultaneously, and it was necessary to plan and procure the materials in advance. It was, however, found later on that the original estimate was excessive and the actual consumption was only about half of the quantity purchased.

The Director of Commercial Audit has observed that besides the loss of Rs. 1,68,000 on account of the difference in the purchase rate as stated in the audit para, the locking up of funds amounting approximately to Rs. 2.5 lakhs in the unutilised stocks of cement has correspondingly increased the Company's borrowings from the State Bank of India at rates of interest ranging between 4 and 5 per cent. It is true that the locking up of the capital would involve correspondingly calculated loss of interest; but it is likely that a portion thereof may be offset by the increased cost of procurement due to upward trend in general price level.

## APPENDIX XVIII

### MINISTRY OF STEEL & HEAVY INDUSTRIES

(DEPARTMENT OF IRON & STEEL)

*Ref. S. No. 95 of the Statement*

There are two aspects of price in so far as iron and steel materials are concerned, viz., selling price and the retention price. The Iron and Steel Controller, to whom the powers to fix selling prices have been delegated under the Iron and Steel (Control) Order, 1956, fixes the selling prices and notifies such prices in the Gazette of India. The prices become effective only from the date of their publication in the Gazette. As such they are not fixed with retrospective effect.

As regards retention prices, (which are based largely on the cost of production, depreciation, other overheads plus normal profits) these are fixed on the recommendations of the Tariff Commission or the Cost Accounts Branch of the Ministry of Finance. Retention prices for future periods are fixed on the basis of estimated costs at the time of enquiry. These costs have very often to be adjusted due to statutory increases in prices of raw materials or changes in transport costs. If the price of the commodity had not been controlled, in normal conditions, the additional costs of raw materials, transport charges, etc. resulting from Governmental action would have been recouped by price increases. Where this is not possible due to price control on end products, as in the case of steel, enquiry has to be instituted as to the incidence of these increases on costs of finished material, and the same allowed. Thus price fixation on retrospective basis is to some extent unavoidable.

This issue of retrospective price fixation was also referred to the Ministries of Commerce and Industry, Finance, Food and Agriculture and Department of Heavy Industries (Ministry of Steel and Heavy Industries). The Commerce and Industry Ministry is already following the practice of not allowing the benefits of price revisions with retrospective effect to sellers. The Finance Ministry do not fix any selling price. The Tariff value of some exciseable commodities are, however, fixed for the purpose of assessment of Central Excise duty only. In some cases, the notification prescribing such Tariff values is given retrospective effect, i.e., the assessee are required to pay Central Excise duty on the basis of the Tariff value from a date so specified in the notification.

The Ministry of Food and Agriculture (Department of Food) is concerned with the fixation of prices of food grains, sugar and sugarcane. Food-grain prices, as a general rule, are not given retrospective effect. The same is true of minimum prices fixed for sugarcane purchased by sugar factories. As regards "deferred price" to which the sugar cane growers have been entitled since 1958-59, no prices could be fixed for the period 1958-59 to 1961-62. Hence, deferred price is being given retrospective effect for which powers have been obtained from Parliament. Such payments are, however, likely to be discontinued from 1962-63. There is no control on sugar price at present. Therefore, the question of retrospective price fixation does not arise here.

The Department of Heavy Industries fixes the price of cement. The Cement Control Order provides for two prices—(a) the ex-works price payable by the S.T.C. to cement producers, and (b) the sale price which the S.T.C. may charge to the consumer. The first is based on the estimated actual cost of production and the second includes the cost of distribution. Both are fixed on the basis of the Tariff Commission's recommendations. The fixation or revision of the ex-works prices payable to producers is also made in cases not covered by the Tariff Commission's recommendations on the basis of recommendations of the Cost Accounts Branch of the Ministry of Finance till a fresh review is made by the Tariff Commission. The price charged by the S.T.C. to the consumer is a free on rail destination price and becomes effective only from the date of its notification in the Gazette of India. In some instances, the ex-works price has been fixed with retrospective effect.

Sd/- Secretary to the Govt. of India.

NEW DELHI;

Dated the 16th March, 1963.

## APPENDIX XIX

### MINISTRY OF WORKS, HOUSING & REHABILITATION

*Ref. S. No. 122 of the Statement*

The cooly camp at Lodi Road was maintained by Government (Public Health Division, Defunct) to provide labour to Central Public Works Department Divisions and also to contractors for the construction of buildings at Lodi Road. In this camp, water supply and sanitary services were provided by Government to prevent the outbreak of an epidemic among the labour, which could have seriously hampered the construction programme of Government.

The cooly camp was closed in April, 1948, leaving unserviceable stores with a book value of Rs. 19,827. [The survey report for these materials was sanctioned by the Additional Chief Engineer (WZ) on 1-9-1954]. The materials were disposed of through the Directorate-General of Supplies and Disposals in January, 1955 for Rs. 260. The delay of about six years in the disposal of stores was due to the following reasons:—

The Camp was first of all maintained by the Public Health Division and subsequently transferred to the Defunct Construction Division No. II. On the closure of the camp the defunct Construction Division No. II prepared a survey report in 1949 and submitted it to the Superintending Engineer concerned who returned it to the Executive Engineer in January, 1950 with certain objections but no reply was sent to Superintending Engineer, Central Circle and papers were not traceable thereafter. When Division No. II was closed in May, 1950 and the record was transferred to Construction Division No. III, a fresh survey report was prepared in May, 1952 and was sanctioned by the competent authority on 1-9-1954. On receipt of sanction, the matter was taken up with Directorate-General of Supplies and Disposals, for disposal and the stores were auctioned on 24-1-1955.

Thus, the delay in disposal of stores was caused by transfer of record from one Division to the other and by not handling the survey report by defunct Construction Division No. II properly on return from the Superintending

Engineer in January, 1950. However, there does not appear to be any defect in the procedure which may require rectification. The disciplinary aspect of the case was examined by the Superintending Engineer (Vigilance) with regard to the following two points:—

- (i) Loss of survey report prepared towards the end of 1949; and
- (ii) Delay of  $2\frac{1}{2}$  years from February, 1952 to September, 1954 in sanctioning the second survey report.

It was concluded with regard to the first point that no action was possible as the Executive Engineer, in charge of the Division at that time had already retired on 19th September, 1957 (F.N.). As regards the second point, it was observed that the main delay from September, 1952 to January, 1954 was in the Central Office (C. & A. Section) and was caused by the fact that the case of survey report had got mixed up with the Audit Objection file on the same subject. The Assistant dealing with the case had, however, expired and the Section Officer in charge of the Section had retired. The inquiry did not reveal any serious lapses on the part of any other officials who were still in service which could warrant disciplinary action.

## APPENDIX XX

### MINISTRY OF WORKS, HOUSING & REHABILITATION

*Ref. S. No. 126 of the Statement*

The question of imposing a condition that tenderers should keep their offers open for specified period was considered by the Central Works Advisory Board in their meeting held on 10-1-1957 after making enquiries from the M.E.S., D.G.S. & D. and Northern Railways as to the practice followed in those Departments and it was understood that a provision to the effect that 'tenders shall remain open for acceptance for a period of 30 days from the date they are due to be submitted' was provided in M.E.S. contracts and that similar provision existed in the contract form of Northern Railways, though in the case of latter the whole question was stated to be under review. The representative of the Ministry of Law who was also present in the meeting explained that at the common Law, an undertaking to keep an offer open for a certain time was unenforceable since it was a promise without consideration and any stipulation in a tender that it shall remain open for acceptance for a specified period to be enforceable must be distinct contract made for a distinct consideration. It was also suggested by him that a separate clause may be provided stipulating a separate security deposit of a smaller sum distinct from the earnest money or security required for the purpose of the main contract if the tender is accepted. According to the representative of the Ministry of Law, the provision for forfeiture in the event of resiling from the tender should be restricted to the smaller sum which should be fixed in such a way as to be reasonable having regard to the nature of the subsidiary contract.

According to this advice of the Ministry of Law, Government could in the event of a breach of the terms to keep the offer open for the specified period, recover only the damages suffered by it by reason of the tenderers fault. Further it was pointed out by him that in the case of contracts of D.G.S. & D. for disposal of surplus stores there was no doubt a clause providing for the forfeiture of the earnest money if a tenderer, after submitting his tender, resiles from his offer or modifies the terms and conditions thereof in a manner not acceptable to the D.G.S. & D. but on that side such a provision seems to be necessary due to the fluctuations in the prices of goods for which the rates are tendered. In the case of building works

such a contingency does not generally arise. It was further explained by him that in the case of D.G.S. & D. the position was quite different as in that Department the tenders are open to every individual and the credentials of such persons are not verified, by Government, before tenders are issued to them. It is, therefore, necessary in that case that a person who makes an offer should be bound by some condition to keep his offer open for some time as no other action could be taken against him. Further the prices of commodities with which the D.G.S. & D. deals were liable to fluctuations rapidly according to the conditions of the market whereas the prices of building materials remain more stable comparatively.

The representative of the Ministry of Law suggested that the new proposed clause would not serve any useful purpose in case of building works unless a fairly heavy penalty is provided for breaches on the part of contractors. According to him, it would not be advisable to provide penalty for an amount greater than 1 per cent. of the estimated cost of the work as the rate of earnest money was only 2½ per cent. According to the Ministry of Law, the damages sustained by one party on account of breach of a contract are generally taken into account while fixing the amount of the compensation payable.

As tenders in the C.P.W.D. are only issued to registered contractors of the Department or registered contractors of the M.E.S. or State P.W.Ds. etc. and in the event of any breach on the part of the contractors, it was open to the Department to take Departmental action against him it was considered that departmental action was more deterrent than the penalty of 1 per cent. of the estimated cost. It was, therefore, decided by the C.W.A. Board that it was not necessary to insert such a clause in the contract form and the existing procedure should continue and individual cases be decided on their own merits.

The case has been re-examined and it is felt that there is no change in the circumstances.

## APPENDIX XXI

### MINISTRY OF WORKS, HOUSING AND REHABILITATION

*Ref. S. No. 138 of the Statement*

A note stating the findings of the enquiry conducted by the Chief Technical Examiner into the circumstances leading to the purchase of acid and alkali resisting cement and the action taken by the Ministry of Works, Housing and Supply thereon.

A copy of the Report, dated 18-8-1961 of the Chief Technical Examiner on the purchase and use of acid resisting and acid alkali resisting cement for the Central Dairy Building at Patel Nagar is enclosed\*. The question of taking disciplinary action against the officials concerned is under examination.

When was it decided not to use this cement? Was it not then possible to cancel the order?

It was estimated that the quantity of cement required would be 10.27 tons of acid alkali resisting cement and 67.54 tons of acid resisting cement. Accordingly, under instructions from the Executive Engineer, C.P.W.D., the Directorate General of Supplies and Disposals placed orders on 30-12-1958 on two firms for the supply of 10 tons of acid alkali resisting cement and 65 tons of acid resisting cement with delivery period of one month and the supply was received in Delhi on 26-3-1959.

Subsequently in a meeting held on the 4th April, 1959, revised specifications were decided upon according to which the quantities required of acid alkali resisting and acid resisting cement were far less than those originally estimated but by then the material had already been received and so the question of reducing the indent did not arise.

NEW DELHI;

Jt. Secretary to the Govt. of India.

*Dated the 25th March, 1963.*

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\*Not printed.



## APPENDIX XXII

### MINISTRY OF WORKS, HOUSING & REHABILITATION

(DEPARTMENT OF REHABILITATION)

*Ref. S. No. 154 of the Statement*

A statement showing the amount outstanding as on the 1st July, 1962, on account of rent, ground rent etc. of Government Built Properties in Delhi is enclosed. It will be seen that the arrears as on the 1st March, 1960 were to the tune of Rs. 110.12 lakhs with an average monthly demand of Rs. 1.15 lakhs. The total demand for the period from 1st March, 1960 to the 30th June, 1962 amounted to Rs. 36.37 lakhs making the total amount to be collected as Rs. 146.40 lakhs. Out of this a sum of Rs. 68.42 lakhs was collected during that period leaving a balance of Rs. 78.07 lakhs only. This shows that besides the collection of monthly demand, the amount in arrears has been reduced by Rs. 32.05 lakhs. During the last seven months special efforts were made and a concentrated drive was launched to reduce the arrears. The average monthly collection during those months has been Rs. 3 lakhs as against the monthly demand of Rs. 1.15 lakhs.

Sd/- DHARMA VIRA,

*Secretary,*

*Ministry of Works, Housing and Rehabilitation.*

ANNEXURE

Statement showing the outstanding balance under rent, ground rent etc. of Govt. silt properties in Delhi as on 1st July, 1962.

(In lakhs of rupees)

Sl. No.	Nature of Demand	Arrears as on 1-3-60	Demand for the period 1-3-60 to 30-6-62	Total (Column 3&4)	Realization during the period 1-3-60 to 30-6-62	Balance	Remarks
1	2	3	4	5	6	7	8
1.	Rent . . . . .	51.32	8.25	59.57	32.30	27.27	
2.	Ground Rent . . . . .	21.99	17.92	39.91	19.07	20.84	
3.	Instalment . . . . .	36.81	10.20	47.01	17.05	29.96	
	<b>TOTAL</b> . . . . .	<b>110.12</b>	<b>*36.37</b>	<b>146.49</b>	<b>68.42</b>	<b>78.07</b>	

\*The average monthly demand during this period has not been uniform. It was 1.15 lakhs for the last seven months only preceding the month of June, 1962.

## APPENDIX XXIII

### MINISTRY OF EDUCATION

Ref. S. No. 156 of the Statement and para 28 of 13th Report  
(Second Lok Sabha)

1. The observations of the Public Accounts Committee reproduced above relate to *Para 17* of the Audit Report 1956 on the accounts of the Government of Delhi which *inter-alia* stated that the personal ledgers were not properly maintained to watch the repayments and that notices for repayment were not issued regularly.

2. The position, regarding grant of loans to displaced persons in Delhi is that both urban and educational loan were disbursed to the displaced persons by the Delhi Administration out of the amounts placed at their disposal by the Central Government through the agency of the Social Welfare & Rehabilitation Directorate. In the sanctions issued by the then Ministry of Rehabilitation from time to time placing funds at the disposal of the Delhi Administration, it was specifically mentioned that separate accounts for each loan sanctioned to them should be kept by them (a specimen copy of such sanction is placed as an annexure 'A'). It will thus be observed that the responsibility for the maintenance of accounts, recovery of loans etc. rested entirely with the Delhi Administration.

3. The Social Welfare & Rehabilitation Directorate was transferred under the control of the then Ministry of Rehabilitation as a result of the re-organisation of the Delhi State Government as a Union territory with effect from 1st November, 1956. The Directorate continued to function under that Ministry until 16th May, 1958, when its administrative control was transferred to the Ministry of Home Affairs. Later, it was felt that with a view to expediting the recovery of loans, the entire work pertaining to the urban loans might be transferred to the Delhi Administration. This change was actually effected in January, 1959 and only the work relating to educational loans continued to be dealt with by the Social Welfare and Rehabilitation Directorate. The Administrative control of the Directorate was, however, transferred to the Ministry of Education in January, 1960 and the work relating to educational loans to displaced students settled in erstwhile Delhi State was transferred to this Ministry with effect from the 1st December, 1960.

4. The present position regarding the maintenance of personal ledger accounts in respect of the grantees of urban loans is that there

accounts were opened by the Social Welfare and Rehabilitation Directorate, but these were, however, not posted by them regularly after 1954. The accounts of all the \*3600 cases transferred by them to the Deputy Commissioner Delhi, have been brought up-to-date. The total amount of Rs. 25,89,130 has been disbursed according to the agreement bonds and the said amount has been debited in the personal ledger accounts of the loanees. Necessary action to recover the outstanding dues has been taken by the District Collection Officer and the recovery to the extent of Rs. \*8,80,784 has already been effected upto \*7/62 as follows:—

- (a) Cash Recovery—Rs. \*4,76,256/-;
- (b) Adjustment from claims—Rs. \*3,85,933/-;
- (c) Written off or remitted—Rs. \*18,595/-;

Fourteen hundred cases have finally been closed; action on the rest is already being taken (Annexure B).

5. The balances outstanding on the last day of the financial year 1948-49 and onwards have not been got accepted by the loanees in most of the cases. This point was raised earlier by the Comptroller and Auditor General in para 4 of his U.O. No. †2478/Admn/54-56 dated 22-10-56. In reply, the then Ministry of Rehabilitation, *vide* their letter No. 10(3)(9)/56 SIII, dated 22-1-1957, (Annexure C) pointed out that since the displaced persons are scattered throughout the country, some even in remote places, and the agency for the issue and the recovery of the loans in their cases is the District Officer of the State Governments upon whom the Central Government have no direct control, it was very difficult for them to obtain the confirmation of the outstanding balances. Since no further reference on this point was received from the Comptroller and Auditor General, it was presumed that he had accepted the stand taken by that Ministry. It is now understood from him that, in view of the difficulties involved in obtaining acknowledgements and the fact that there was no legal necessity under the statute of limitations for obtaining such acknowledgements, the matter was not pursued. The office of the Deputy Commissioner, Delhi, is issuing notices to the loanees showing the total amount due from them.

6. As regards educational loans it has been intimated by the Hony. Director, Social Welfare and Rehabilitation Directorate (*vide* their letters at Annexure D) that the total disbursement as per accounts

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\*Audited figure intimated by the A.G.C.R.

and the total amount of principal in respect of educational loans posted on the debit side of the personal ledger accounts agree. Of 1401 cases, \*706 cases have already been closed. Of the total amount of Rs. 7,26,736 advanced to these loanees, recovery to the extent of Rs. \*4,68,321 has been effected upto June, 1962 as follows:—

- (a) Cash Recovery—Rs. \*1,43,696/-;
- (b) Adjusted against compensation—Rs. 2,51,600/-;
- (c) Amount remitted—Rs. 73,025/-.

29-11-1962.

Sd/- P. N. KIRPAL,  
Secretary,

**ANNEXURE 'A'**  
**No. 2(1)/56-SIII/A**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF REHABILITATION**  
*New Delhi, the 28th February, 1957*

From

Shri H. S. Nair,  
Under Secretary to the  
Government of India.

To

The Secretary to the  
Government of Madhya Pradesh,  
Rehabilitation Department,  
BHOPAL.

**SUBJECT:**—*Grant of Rural Loans to the Government of Madhya Pradesh (Late Government of Bhopal)*

Sir,

With reference to the correspondence resting with the late Government of Bhopal letter No. 63330, dated the 4th October, 1956 on the above subject, I am directed to convey the sanction of the President to the payment of a loan of Rs. 1.60 lakh (Rupees One lakh and sixty thousand only) to the Government of Madhya Pradesh for their rural rehabilitation scheme.

2. The loan will be paid to the Government of Madhya Pradesh in 1956-57. The entire loan may be drawn by the State Government in one instalment immediately. It will be paid by the Accountant General, Central Revenues, New Delhi on demand by the State Government who should also signify their acceptance of the terms of the loan. This loan will be repayable to the Government of India in 5 Annual equated instalments of principal and interest at 3½% (three and three quarters percent) per annum in a period of 6 years. The

first instalment of repayments will fall due on the 2nd anniversary date of the drawal of the loan, no interest being chargeable for the first year. The recoveries of the loan instalments by the Government of India will be governed by Ministry of Finance's letter (Rehabilitation Division) No. D. 236/F.17(1)/Reh-1/53 dated the 12th January, 1954.

3. The expenditure is debitable to the Section 'O-Loans and Advances by the Central Government Advances to State Governments—Loans for Rehabilitation purposes.'

4. It is requested that separate accounts may please be kept of the expenditure met out of the loan and recoveries made from the displaced persons towards the loans granted to them. The accounts will be open to audit by the Accountant General, Madhya Pradesh.

5. Monthly statements of actual expenditure incurred may please be sent to this Ministry regularly. A reference in this connection is also invited to the Ministry of Finance (Rehabilitation) letter No. D. 4461, FR 48 dated the 14th December, 1948.

6. Please acknowledge receipt of this letter.

Yours faithfully,

Sd/- H. S. Nair.

Under Secy., to the Govt. of India.

#### ANNEXURE 'B'

Copy of D. O. letter No. F. DCO/ULR/PAC/101, dated the 4th July 1961 from Sh. H. S. Mumtaz, District Collection Officer, Delhi, to Shri D. N. Saksena, Ministry of Education, New Delhi.

Dear Shri Saksena,

Kindly refer to your D. O. letter No. E. 31-15/60-SW. 5, dated the 17th June 1961 regarding the recovery of Small Urban Loans and preparation of a note for the Public Accounts Committee.

2. In this connection, I am to inform you that out of the 3200 incomplete Accounts, we have completed the accounts of 2300 loanes so far and action to bring upto date the remaining accounts is also being taken.

3. In addition to the amount recovered upto 4/60 sent to the Ministry of Rehabilitation vide this office D. O. letter No. D.C. O/ULR/AC/770 dated 3-6-1960, we have recovered an amount of Rs. 1,75,078 in cash and Rs. 21,844/- by adjustment from compensation of the displaced persons from 5/60 to 5/61.

4. As regards the amount disbursed and entered in the ledgers, it is submitted, that the verification from the Social Welfare and Rehabilitation Directorate has been received. Total amount of Rs. 25,89,130 has been disbursed according to the agreement bonds and the said amount has been debited into the personal ledger accounts of the loanee as per details below:—

Period	Amount
1-4-48 to 31-3-49 . . . . .	3,35,700/-
1-4-49 to 31-3-50 . . . . .	2,82,730/-
1-4-50 to 31-3-51 . . . . .	1,53,745/-
1-4-51 to 31-3-52 . . . . .	2,70,805/-
1-4-52 to 31-3-53 . . . . .	3,90,900/-
1-4-53 to 31-3-54 . . . . .	101,850/-
1-4-54 to 31-3-55 . . . . .	5,26,315/-
1-4-55 to 31-3-56 . . . . .	62,100/-
1-4-56 to 31-3-57 . . . . .	2,03,185/-
1-4-57 to 31-3-58 . . . . .	2,61,800/-
Total Rs.	25,89,130/-



**IMMEDIATE**

**OFFICE OF THE DEPUTY COMMISSIONER: DELHI**

Shri M. W. K. Yusufzai,  
Additional District Magistrate,  
DELHI.

*D. O. No. DCO/ULR/PAC/770,  
dated the 3rd June, 1960.*

My dear Shri Channa,

Kindly refer to your D. O. letter No. 20 (20)/59-SA/Bud, dated the 24th May, 1960, addressed to Shri Pande regarding the recovery of the small urban loans.

I am to inform you that there were 3200 pending cases with incomplete accounts transferred to this office by the Social Welfare and Rehabilitation Directorate in the month of January, 1959. My office has taken action to recover the dues in 1575 cases and an amount of Rs. 1,11,286.21nP. in cash and Rs. 1,49,379.58 nP. from the compensation of the displaced persons has been recovered upto April, 1960. Full dues have been recovered in 415 cases. Action to recover the dues in the remaining 1625 cases is being taken.

Yours sincerely,

Sd/- M. W. K. Yusufzai.

Shri K. N. Channa,  
Deputy Secretary to the  
Government of India,  
Ministry of Rehabilitation,  
NEW DELHI.

**OFFICE OF THE DISTRICT COLLECTION OFFICER: DELHI**

*D.O. No. DCO/ULR/PAC/Accounts-8/dated.*

My dear Ishar Singh,

Kindly refer to your D. O. letter No. F. 9(2)-Fin. (B) dated 28th July, 1962 regarding submission of report in respect of small Urban Loans Recovery.

2. As already pointed out in my D.O. letter No. DCO/ULR/PAC/Accounts-8/519 dated 20-6-62 the work of Small Urban Loans was

transferred to this office in January 1959. At that time 3200 cases were received for recovery.

3. The progress of recovery made during the period from January, 59 to July 1962 is given below:—

Period	Cash Recovery	Adjustment from claims	Written off or remission
I-1-59 to 31-3-59 . . .	8,460·11	..	..
I-4-59 to 31-3-60 . . .	90,774·62	1,45,416·65	2,538·19
I-4-60 to 31-3-61 . . .	1,27,864·71	19,032·93	..
I-4-61 to 31-3-62 . . .	1,91,059·50	1,86,541·93	673·75
I-4-62 to 31-7-62 . . .	46,664·12	29,657·02	15,383·33
Total Rs. . . . .	4,64,823·06	3,80,648·53	18,595·27

4. Besides this the interest in all the cases was calculated upto 31.3.61 according to the existing formula in practices but it was not actually shown in the ledgers accounts as no final decision has yet been taken by the Delhi Administration in this respect.

5. Now over the position of the all the cases is given below:—

- (a) 1400 cases have been closed finally.
- (b) 74 cases pertain to the displaced persons belonging to the Jammu & Kashmir State and the recovery has been stayed by the Ministry of Rehabilitation.
- (c) 829 cases were forwarded to the respective Regional Settlement Commissioners for adjustment of the loan dues, out of these in 169 cases adjustment have been made. Reminders are being issued for early adjustments in the remaining.
- (d) 686 cases pertain to the displaced persons wherein the loan advanced is Rs. 300 or below. Under the recent instructions from the Government of India, the loans in cases of all such non-claimants of displaced persons have to be written off. Out of these 686 cases, only 191 displaced persons have applied for remission. Their cases are being scrutinised for remission. It may take about 2 months to dispose off such cases. A reference has also been made to the Ministry of Works Housing and Supply for extension of time of receiving the applications upto December 1962. Remaining 495 cases are lying with us.

- (e) 780 cases including 495 mentioned above are under recovery. In many cases part payments have been received.

The remaining 495 cases will be taken up for recovery during the next financial year as the work already taken up is too much to finish during this financial year.

This will go to show that the progress of recovery of Small Urban Loans is highly satisfactory.

Yours sincerely,

Sd/- Hari Singh Mumtaz.

DCO/ULR/PAC/Accounts-8 5082 dated 7.8.62.

*Copy forwarded to Shri H. C. Gupta, Asstt. Educational Adviser, Ministry of Education, Government of India, New Delhi, with reference to his D. O. letter No. F. 31-15/60-SW. 5, dated 31-7-1962 for information.*

Sd/- Hari Singh Mumtaz.

#### ANNEXURE C

#### (OFFICE OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA) NEW DELHI.

In connection with the review of schemes for the grant of loans to displaced persons, refugee students, trainees, etc., an enquiry was made from the Accountants General, to ascertain whether in the course of local audit, it is seen that acknowledgments of outstanding balances are obtained by the departmental authorities from the grantees of loans each year. From the replies received, it is noticed that the position obtaining in the various states is not uniform. In some cases, it has been stated that there are no arrangements for the departmental authorities to obtain each year from the loanees acknowledgements for the outstanding balances and no such provision has been made in the loan bonds which the displaced persons, etc. are required to execute. It has also been reported that the loanees have, in some cases, refused to give such acknowledgements. The view has also expressed that no acknowledgement is necessary as under Article 149 of the first schedule to the Indian Limitation Act, each instalment of loan would be time-barred only after 60 years from the due date. In this connection, copies of Accountants General, Bombay and Bihar's letters No. OA/1333, dated 11.5.56 and Try. II Loan/1177 dated 2.8.56, together with the enclosures, are enclosed. The question

has, therefore, arisen whether arrangements should not be made for the departmental authorities to obtain acknowledgements of outstanding balances from the grantees of loans each year.

2. In respect of these loans, the responsibility of the Audit Officers is the same as in the case of revenues advances. Loan Broad-sheets are required to be obtained in lump sum figures in the Accounts Offices, the responsibility for watching actual recovery from individuals devolving on the Departmental Officers. In terms of para 310 and Note 1 below para 313 of the Audit Manual, copies enclosed, in the case of advances, the detailed accounts of which are kept by the Departmental Officers, the balances are proved by obtaining from each Departmental Officer, who has authority to make such advances, an acknowledgement that the amount outstanding against him on the books of the Accountant General is the same as that shown as recoverable upon the Registers and Accounts kept by him. For the purpose of Audit, it will suffice if the requisite acknowledgements are obtained from Departmental Officers and kept on record.

3. Under Note 2 below para 313 of the Audit Manual, copy enclosed, in the case of interest bearing advances to Government servants, annual acknowledgments are required to be obtained from each Government servant to the effect that he accepts as due from him, the balance of the advance worked out in the Audit Office. Similar procedure is followed by the Director, Postal Life Insurance, in case of loans granted by him against the Life Insurance Policy.-  
vide sample from attached.

4. The idea behind obtaining these annual acknowledgments is to prove correctness of figures in the books. In the circumstances it seems desirable that acknowledgments of outstanding balances should be obtained by the Departmental Officers from the individual loanees each year. The Ministry of Rehabilitation may kindly consider the desirability of issuing necessary instructions in the matter.

Sd/- D. C. ANAND,

Asstt. Compt. & Auditor General (Admn),

Tele No. 45747.

Ministry of Rehabilitation

C & Ar. Gl's U.O. No. 2478-Admn I/84-56 dated the 22nd October, 1956.

No. F. 10/3/9/56/S.III.

Government of India,

Ministry of Rehabilitation.

New Delhi, the 22nd January, 1957.

**From**

Shri H. S. Nair,  
Under Secretary to the  
Government of India.

**To**

The Comptroller & Auditor General of India,  
NEW DELHI.

**SUBJECT**—*Review of the schemes for the grant of loans to displaced persons refugee students and trainees.*

Sir,

With reference to your U.O. No. 2478-Admn.1/84-56, dated the 22nd October, 1956, I am directed to say that the analogy of the outstanding balances being confirmed by the officers of Government does not hold good in the case of displaced persons who have been granted rehabilitation loans. The officers are under the administrative and disciplinary control of Government, and as such it is easy to get the loan balances confirmed from them. The displaced persons are scattered throughout the country even in remote places, and the agency for the issue and the recovery of the loans in their case is the District Officers of the State Governments upon whom the Central Government have no direct control. It is, therefore, very difficult to obtain the confirmations of the outstanding balances. It is also felt that the results to be achieved will not be commensurate with the labour involved.

Yours faithfully,

Sd/- H. S. Nair,

*Under Secretary to the Government of India.*

**ANNEXURE D**

Copy of letter D.O. No. SWRD/L/DAC dated the 4th July, 1962, from Mrs. Shiela Puri, Hony. Director, Government of India, Ministry of Education, Social Welfare & Rehabilitation Directorate, 'P' Block, New Delhi to Dr. H. C. Gupta, Asstt. Educational Adviser, Government of India, Ministry of Education, SW. 5 Section, New Delhi.

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Dear Shri Gupta,

Please refer to D.O. letter No. F.31-15/60-SW.5, dated April, 1962, from Shri D. N. Saksena, Asstt. Educational Adviser to the Government of India, Ministry of Education, New Delhi, regarding the preparation of a note on paragraph 28 of the 13th report of the public Accounts Committee 1958-59. In this connection I am to certify that the total disbursements, as per accounts and the total amount of principal in respect of educational loan posted on the debit side of the personal ledger accounts agree. It is further certified that the correctness of opening of all ledgers accounts has been checked in the above manner.

\* \* \* \* \*

Copy of D.O. No. SWRD L.I.P.a.c dated the 4th August 1962, from Mrs. Shiela Puri, Hony., Director, Government of India, Ministry of Education, Social Welfare & Rehabilitation Directorate, New Delhi to Dr. H. C. Gupta, Asstt. Educational Adviser Government of India, Ministry of Education, New Delhi.

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Dear Shri Gupta,

Kindly refer to your D.O. letter No. F.31-15/60-SW.5, dated July 1962, regarding preparation of a note on paragraph 28 of the 13th Report of the Public Accounts Committee 1958-59.

As desired, a statement showing the position of recoveries as on 30th June, 1962 which is self-explanatory is enclosed. In this connection I may add that persuasive methods, including threats for taking legal action are being adopted to recover the outstandings of the education loan from the defaulter loanees.

\* \* \* \* \*

POSITION OF EDUCATIONAL LOAN RECOVERY AS ON 30-6-62

No. of loanees to whom loan is advanced.		No. of cases closed.	Pending cases in hand				Claimants.			
No.	Amount advanced.		Clai- mants.	Non-clai- mants.	Abscon- ders.	No. of cases referred to R.S.C.	No. of cases in which amount recovered & intimated by R.S.C.	Amount re- covered (Principal)	Percentage of recovery by regional Settlement Commission out of the loan amount shown in Col. 2.	
1	2	3	4	5	6	7	8	9	10	
1401	726736	753	608	29	11	612	342	2,51,600		

Amount remitted		Amount recovered	Total of col. 9, 12 & 13	Balance amount unrecovered			Total Col. 15, 16 & 17	Balance No. of Non-claimants loanees who have applied for remissions up to 30-6-60	Remarks
No. of loanees.	Amount	in cash.		Claimants	Non-Clai- mants.	Abscon- ders.			
11	12	13	14	15	16	17	18	19	20
106	73,025	1,43,206	4,67,831	2,41,118	15,767	2,020	2,58,905	29	Recovery, remis- sion & balance amount relates to Principal only

## APPENDIX XXIV

### MINISTRY OF WORKS, HOUSING & SUPPLY

(DEPARTMENT OF REHABILITATION)

*Ref. S. No. 158 of the Statement*

A statement showing the position, as on the 1st August, 1962, regarding the outstanding arrears of rent in respect of evacuee properties is enclosed for information. (Annexure ).

2. In the case of displaced persons with verified claims the arrears of rent were to be adjusted against the compensation due to them and where an allottable property was transferred to a claimant the liability for payment of rent ceased with retrospective effect from the date of transfer of the property as prescribed in rule 34 of the Displaced Persons (Compensation & Rehabilitation) Rules, 1955. This date was ordinarily the 1st of the month following the date prescribed for filing of compensation applications by claimants of a particular category. For instance, where a claimant, belonging to a priority category, had filed a compensation application on or before the 31st October, 1953, the allottable property was transferred to him with retrospective effect from the 1st November, 1953, when his compensation application was finalised. In the case of persons of general category from whom applications were invited by the 27th September, 1955, the allottable property was transferred to them with retrospective effect from the 1st October, 1955, although their compensation applications were processed in later years. In the case of non-claimants no rent was to be charged with effect from the 1st October, 1955, provided the initial deposit towards the cost of the property was made before the prescribed date. Similarly in the case of saleable property the recovery of rent ceased from the date of transfer of the property to the purchaser. In cases where the property was transferred on instalment basis the arrears of rent are recoverable along with instalments for the cost of the property extending over a period up to seven years.

3. In these circumstances the position regarding the arrears of rent, which could be regarded as really outstanding, was hitherto not very clear. For instance, in certain cases the monthly demand for rent continued to be shown in the property account of the occupant but now it has to be deleted with retrospective effect from the date of transfer of the property to the occupant or purchaser as a result of finalization of his compensation application and those of



his associates. As most of the compensation applications have now been processed and most of the evacuee properties have been permanently allotted or sold by auction, the figures given in the enclosed statement represent, broadly speaking, the results of the first attempt to determine the arrears of rent actually outstanding. The process of determining the real arrears, however, still continues. It is hoped that during the next few months the work of sorting out the real arrears and bringing the Rent Demand and Collection Registers up-to-date will be completed and the exact amount of arrears to be recovered, in each case, will be known.

4. Nevertheless, steps have already been taken to recover or liquidate the arrears that may ultimately be determined as actually outstanding against the defaulters and instructions on the following lines, were issued in April, 1962, to all the Regional Settlement Commissioners/Custodians:

- (a) A special squad should be set up in each town or ward, consisting of a sub-inspector or an Upper Division Clerk and the Rent Collector of the area concerned, and it should:
  - (i) visit the properties which have not yet been disposed of and verify whether the occupants of those properties are not different from those shown in the Demand and Collection Registers;
  - (ii) make enquiries regarding the rent defaulters whose whereabouts are not known;
  - (iii) enquire and report on the financial condition of defaulters, particularly of those who claim to be destitutes and infirm;
  - (iv) collect rent where it can be recovered on demand;
  - (v) prepare a list of those defaulters who are in a position to pay the rent due from them but who refuse to do so on demand so that necessary action to enforce recovery may be taken against them;
  - (vi) execute orders of attachment for the recovery of arrears of rent.
- (b) In the case of those falling under (v) above, the Managing Officers have been asked to take action for the recovery of rent arrears as arrears of land revenue and by other coercive means such as cancellation of allot-

ment and eviction under Section 19 of the Displaced Persons (Compensation & Rehabilitation) Act, 1954. It has been emphasized that attachment proceedings should be freely undertaken in the case of Government servants, lessees of industrial concerns and others who possess attachable articles. As cancellation of allotment and eviction will be fruitful only in the case of persons who are in occupation of properties which have not yet been disposed of, the instructions provide that, in the case of occupants of properties which have already been auctioned or otherwise disposed of and of the defaulters who have since vacated the properties without payment of arrears of rent but whose whereabouts are known, the arrears of rent should be recovered as arrears of land revenue and failing that the advisability of taking action under the provisions of section 30(2) of the Displaced Persons (Compensation and Rehabilitation) Act, 1954, particularly where large amounts are due, should be considered.

5. The Regional Settlement Commissioners/Custodians have further been instructed that, in the case of unattached widows, old and infirm persons, without any means of livelihood, as well as persons whose whereabouts are not known, they should write off the arrears where they can do so under the powers delegated to them and refer other cases to the Chief Settlement Commissioner for orders.

6. In the case of Government offices and institutions who owe arrears of rent in respect of evacuee properties occupied by them, or which have since been vacated by them, the Regional Settlement Commissioners/Custodians have been asked that the arrears of rent should be recovered without any further delay and, if the demand is questioned, the discrepancy should be reconciled by personal discussion with the officer concerned. They have further been told that in case they fail to recover the amount, the full particulars of the case which be referred to the Chief Settlement Commissioner so that the matter be taken up with the State Government concerned.

7. The Regional Settlement Commissioners/Custodians have been asked to submit a monthly report indicating the action taken by them to implement the instructions and the results achieved by them.

Sd/- (Dharma Vira),

Sd/-

NEW DELHI;  
The 5th November, 1962.

Secretary to the Govt. of India.  
Ministry of Works, Housing & Supply.

## ANNEXURE

*Statement showing the position, as on the 1st August, 1962, regarding outstanding arrears of rent in respect of Evacuee Properties*

Nature of Properties.	Total outstanding demand	Demand likely to be corrected or withdrawn consequent on finalisation of compensation applications of allottees or purchasers.	Irrecoverable demand against widows, destitutes, old and infirm persons, and those whose whereabouts are not known, likely to be written off.	Demand the recovery of which is stayed under orders of various Courts.	Recoverable demand	Remarks.
1	2	3	4	5	6	7
1. Acquired evacuee properties . . . . .	4,03,01,204	26,96,575	71,19,369	1,22,467	3,03,62,993	
2. Unacquired evacuee properties . . . . .	1,10,74,559	98,293	12,76,216	2,94,614	94,05,336	
<b>TOTAL . . . . .</b>	<b>5,13,75,763</b>	<b>27,94,668</b>	<b>83,95,585</b>	<b>4,17,181</b>	<b>3,97,68,329</b>	

## APPENDIX XXV

### MINISTRY OF WORKS, HOUSING & REHABILITATION

(DEPARTMENT OF REHABILITATION)

*Ref. S. No. 150 of the Statement.*

(i) In the year 1947, the U.P. Government launched a scheme for the colonisation of Ganga Khadar area for providing agricultural land to ex-servicemen, political sufferers and later on to displaced agriculturist families. Side by side, the State Government also started developing an urban centre at Hastinapur for catering to the needs of the rural area of Ganga Khadar. They set up a hospital, power station, dairy and a police post there. It was, therefore, decided to resettle some non-agriculturist displaced persons from West Pakistan in the town. Unfortunately the Ganga Khadar scheme of the U.P. Government did not make the expected progress because the low level areas are liable to floods. This has also adversely affected the economy of Hastinapur township.

Government has been making efforts to set up new industries in the township to strengthen its economy and provide gainful employment to the displaced persons. One of the major drawbacks in setting up industries there has been the absence of a rail link. After a great deal of difficulty this Ministry persuaded an industrial company to extend its tram line to Hastinapur, but this scheme has also not yet been implemented for various reasons. A scheme for a sugar factory was sanctioned after approaching several parties, but its implementation has also been delayed on account of certain unforeseen circumstances.

Government is now trying to set up small industries there. About a dozen of them have already been established and some more schemes are under consideration of the State Government. In fact, the U.P. Government have now decided to accord priority in the allotment of power, quotas of steel and import licences for raw material for the industries at Hastinapur. This has already attracted a number of small industrialists to the township and some

of them have started construction of their factory buildings. 148 houses, 61 shops and 14 godowns are still lying vacant.

(ii) The State Government have been asked on 18th May, 1961, to take effective steps for the recovery of arrears of rents. A statutory body was set up on 7th March, 1959 in the township and it has also been given the task of realising the arrears of rent etc. there. Amount of rent outstanding on 28th February, 1961, is Rs. 1,23,169·66 nP.

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## APPENDIX XXVI

### MINISTRY OF WORKS, HOUSING AND SUPPLY

(DEPARTMENT OF REHABILITATION)

*Ref. S. No. 160 of the Statement.*

The amendment of rule 19 was made in a notification issued on 4th September, 1956. The Regional Settlement Commissioners received this amendment on different dates between 7th September, 1956, and 12th January, 1957. They consequently gave effect to the amendment only from the date of receipt resulting in overpayments in 27 cases decided between 4th September, 1956, and the date of receipt by the Regional Settlement Commissioner of the order.

There have been overpayments in 3 regions *viz.* Indore, Jaipur and Bombay. The total estimated over-payment in these regions so far reported, however, comes to Rs. 23,766 out of which a sum of Rs. 1,845 has been recovered. In addition certain claimants in Jaipur region have associated with other claimants for the adjustment from their claims to the extent of Rs. 2,864 overpaid to them. This amount will, therefore, be recovered as soon as adjustments have been made. In 5 cases involving an overpayment of Rs. 3,914 it is not clear from the records whether amended rule 19 is applicable and the claimants concerned have been asked to supply necessary information regarding the date of death of their lineal ascendants. On receipt of this information, it would be confirmed whether an overpayment has been made in these cases. In all other cases, steps for recovery of the amount overpaid are being taken. The Regional Settlement Commissioners have been instructed to pursue these cases vigorously with a view to recover as much money as possible. It is quite possible that in a few cases it may not be possible to make recoveries from the Displaced Persons after such a long time and the amounts in those cases may have to be written off ultimately.

NEW DELHI;

19th July, 1962.

Sd/-Secretary.

## APPENDIX XXVII

### MINISTRY OF WORKS, HOUSING & REHABILITATION

(DEPARTMENT OF REHABILITATION)

*Ref. S. No. 162 of the Statement.*

The Government of India are the owners of (a) movable and immovable assets created out of grants sanctioned to the State Governments in certain specific cases where it was stipulated that the assets created out of the grant would remain the property of the Government of India and (b) immovable assets created out of funds sanctioned under "81/103—Capital Outlay on Public Works".

2. For implementing the orders issued to the State Governments in regard to maintenance of Block accounts of assets which are the property of the Government of India, reminders were sent in November & December, 1957 and March, 1958 to the State Governments. While some of the State Governments furnished information in part, some other State Governments did not furnish any return. Some of the State Governments also maintained that it was not worthwhile to prepare elaborate periodical lists of innumerable petty items of movable assets, which had accumulated in the course of past years, in the manner prescribed by the Government of India and that a stock register of such articles was invariably maintained which was produced before Audit. It was found from the list of movable assets received from the Government of Assam at one time that there were as many as about 1,800 items of movable assets mostly in the form of tools, plants, equipment and furniture etc. and that about half of these items were for amounts not exceeding Rs. 50 each. Apart from the considerable work that will devolve on the State Governments in the preparation of such periodical returns, the time and labour that would have to be spent by the Central Government in checking these returns and watching the disposal of the different items would not be commensurate with the results to be achieved.

3. The question was accordingly considered, in August, 1962 in consultation with, the Ministry of Finance and it was felt that it was not necessary, in view of the difficulties mentioned in para 2 above, to prepare inventories of movable assets worth less than

Rs. 1,000, as the time and labour involved in keeping a record of such assets in the Ministry would be out of all proportion to the advantage to be derived from such a record.

4. Steps have been taken to ensure prompt submission of returns of all immovable assets (irrespective of their value) and movable assets worth Rs. 1,000 and above by the State Governments. The need for submission of periodical returns has been emphasized and the State Governments have been asked to take immediate action on the following lines:—

- (i) Returns of all immovable assets (irrespective of their value) and movable assets worth Rs. 1,000 and above created out of grants sanctioned to the State Governments should be submitted for the period ending March, 1962 by the middle of September, 1962. The Government of M.P. have since furnished the return for the period ending March, 1962 and this is under examination. The other State Governments have been reminded demi-officially for expediting the returns.
- (ii) Movable assets created out of grants which are worth less than Rs. 1,000 should also be properly accounted for. Record of such assets should be maintained by the State Governments and the stock balance verified with ground balance periodically. The record should also be made available to Audit for inspection. The State Governments should also ensure that such assets are disposed of to the best advantage of the Government and the sale proceeds credited to the Government of India.
- (iii) A list of sanctions issued by this Ministry containing a stipulation that the assets created out of the expenditure sanctioned therein would be the property of the Government of India has been forwarded to the State Governments, and they have been requested to indicate immediately (i) which of the sanctions have not been operated upon and (ii) which of the sanctions have been fully implemented or are still being implemented.
- (iv) Instead of furnishing quarterly returns of both movable and immovable assets as decided earlier, the State Governments may furnish them annually by the middle of June every year.



5. It is expected that the revised instructions will facilitate preparation of inventories of assets by the State Governments and the returns as required would be received periodically. In case the returns for the period ending March, 1962 are not received within a reasonable time the feasibility of insisting on receipt of the returns before releasing further instalments of loans/grants to State Governments as recommended by the Public Accounts Committee will be considered.

6. As regards the immovable assets referred to in para 1(b) above, the total sanctioned value of capital works, as stated in para 131 of the 42nd Report of the P.A.C. (2nd Lok Sabha), is Rs. 2.25 crores. Sanctions issued for two items totalling Rs. 2.94 lakhs were not operated upon by the Government of West Bengal and have lapsed. Excluding these two items, the total sanctioned value of capital works amounts to Rs. 2.22 crores. Of these, works to the extent of Rs. 2.10 crores are still in progress. The value of the completed works (two in Assam and one in West Bengal) is Rs. 11.69 lakhs only. The executing agencies (*viz.* C.P.W.D. Assam for one work worth Rs. 8.85 lakhs, the Assam Government for another work worth Rs. 0.29 lakhs in Assam and the Technical Adviser of the Deptt. of Rehabilitation at Calcutta for the work worth Rs. 2.55 lakhs in West Bengal) have already been asked to indicate details of the assets created in the proforma prescribed for the purpose. As soon as complete particulars of the assets are received, they will be entered in a Register.

NEW DELHI;

**Sd/- Secretary.**

Dated the 19th February, 1963.

## DELHI

34. Jain Book Agency, Connaught Place, New Delhi.
35. M/s. Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.
36. Atma Ram & Sons, Kashmere Gate, Delhi-6.
37. J.M. Jaina & Brothers, Mori Gate, Delhi-6.
38. The Central News Agency, 23/90, Connaught Circus, New Delhi.
39. The English Book Stall, 7-1, Connaught Circus, New Delhi.
40. Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.
41. Lakshmi Book Stores, 42, M.M. Janpath, New Delhi.
42. Kitab Mahal (W.D.) (Private) Ltd., 28, Faiz Bazar, Delhi.
43. Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.
44. Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.
45. Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.
46. People's Publishing House, Rani Jhansi Road, New Delhi-1.
47. Mehra Brothers, 50-G, Kalkaji, New Delhi-19.
48. Dhanwantra Medical & Law Book House, 1522, Lajpat Rai Market, Delhi-6.
49. The United Book Agency, 48, Amrit Kaur Market, Paharganj, New Delhi.
50. Hind Book House, 82, Jan Path, New Delhi.
51. Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9.

## MANIPUR

52. Shri N. Chooba Singh, Newspaper Agent, Ramala Paul High School, Annexe Imphal, Manipur.

## AGENTS IN FOREIGN COUNTRIES

### U.K.

53. The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.-2.



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