

PUBLIC ACCOUNTS COMMITTEE (1968-69)

(FOURTH LOK SABHA)

FORTY-EIGHTH REPORT

[Action taken by Government on the Recommendations of the Public Accounts Committee contained in their 71st Report (Third Lok Sabha) on the Appropriation Accounts (Defence Services), 1964-65 and Audit Report (Defence Services) 1966]



**LOK SABHA SECRETARIAT
NEW DELHI**

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PUBLIC ACCOUNTS COMMITTEE

(1968-69)

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* Declared elected on 19th August, 1968 vice Shri M. M. Dharia, who resigned from the Committee.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Forty-Eighth Report on the action taken by Government on the recommendations of the Public Accounts Committee contained in their 71st Report (Third Lok Sabha) on the Appropriation Accounts (Defence Services) 1964-65 and Audit Report (Defence Services) 1966.

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

1. Shri D. K. Kunte—*Convener*.
2. Shri C. K. Bhattacharyya.
3. Shri K. K. Nayar.
4. Shri Narendra Kumar Salve.
5. Shrimati Tarkeshwari Sinha.
6. Shri N. R. M. Swamy.

3. The draft Report was considered and adopted by the Sub-Committee at their sitting held on 8th February, 1969, and finally adopted by the Public Accounts Committee on 3rd March, 1969.

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

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

M. R. MASANI,
Chairman
Public Accounts Committee.

NEW DELHI
March 11, 1969
Phalguna 20, 1890 (Saka)

CHAPTER I

REPORT

1. This Report of the Committee deals with action taken by Government on the recommendations contained in their 71st Report (Third Lok Sabha) on the Appropriation Accounts (Defence Services), 1964-65 and Audit Report (Defence Services), 1966 which was presented to the House on 28th March, 1967.

1.1. The action taken notes/statements on the recommendations of the Committee contained in the Report have been categorised under the following heads :—

(i) *Recommendations/observations that have been accepted by Government :*

S. Nos. : 1-3, 4, 5, 6, 9, 10, 11-13, 15, 17, 19, 21, 27, 28, 30, 31, 32, 38, 39, 40, 41, 42, 44, 45, 46, 47-50, 53, 54, 55, 56, 57, 61, 62, 63, 64, 65, 66, 67, 68, 70, 71.

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

S. Nos. : 18, 24, 25, 26, 33, 35, 58-60, 74-76.

(iii) *Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration :*

S. Nos. : 6, 7, 8, 22, 23, 36, 37 and 43.

(iv) *Recommendations/observations in respect of which Government have furnished interim replies :*

S. Nos. : 14, 16, 20, 29, 34, 51, 52, 69, 72 and 73.

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

1.3. The Committee will now deal with action taken on some of the recommendations.

Non-verification of credit for stores in the consignees ledgers—

Para 1.31 (S. No. 6).

1.4. In para 1.31, the Committee had referred to a large number of outstanding vouchers (Army 2866, Navy 664, Air Force 6596, Factories 377) as on 30-9-65 in respect of which credits for stores despatched to

various consignee units could not be verified in their ledgers and made the following observations :—

Para 1.31.

“The Committee hope that vigorous efforts would be continued to speed up the clearance of the outstanding vouchers. They also desire that early decision should be taken to deal one way or the other with items which are more than six years old. Special attention is required to deal with the outstanding vouchers of Air Force, where the number of outstandings is very large.”

1.5. In the reply dated 28-3-1968, the Ministry of Defence stated :—

“The observations of the Public Accounts Committee have been noted.”

2. “The outstandings on account of unlinked vouchers do not necessarily represent any loss of stores or missing documents but arise due to a time-lag between despatch of stores at consignor’s end and its taking on charge in the consignee’s ledger. The objection on this account may also be due to certain other factors such as non-production of record of credit for stores to audit party at the time of audit, minor clerical errors and other causes. Instructions have been issued by the various authorities to minimise the time-lag and thus avoid the objections *ab-initio*.”

3. The present position of the outstandings shows a considerable improvements as can be seen from the fact that in respect of Ordnance Factories, out of 3,777 items shown only 418 items are pending as on 31-3-67.”

“In the case of Air Force where large outstandings were commented upon, two Teams were set up for linking these items for a period of six months w.e.f. 27-7-66. There was some delay in positioning the staff of the team and before orders were issued for reckoning the life of the teams from the date of formation (in January 1967), these teams had to be disbanded as their sanction expired. The teams were re-constituted in June, 1967. The life of these two teams has since been extended upto 31-7-69 in this Ministry’s letter No. Air HQ/29569/502/E. 7/4770/D(Air-III), dated 6-6-67. These teams are making continuous efforts to clear outstanding vouchers. In the meantime, an Officer was deputed by Air Headquarters on *ad hoc* basis to visit IAF Units and examine the problem of linking of outstanding vouchers. The officer has visited a number of Units and reported the causes of non-linking of vouchers.”

4. “As a result of the efforts made by Air Headquarters the number of outstanding vouchers upto 1964-65 pertaining to non-credit of stores has been reduced from 6560 as on 30-9-65 to 3172 on 31-3-67 as verified by the CGDA.

The year-wise break-down is as under :

Year	Number of outstandings as on	
	30-9-65	31-3-67
Upto		
1958-59	373	313
1959-60	111	43
1960-61	200	126
1961-62	441	263
1962-63	977	515
1963-64	1783	788
1964-65	2675	1124
	6560	3172

"The total number of vouchers for which no credit could be verified, as shown in the Appropriation Accounts (DS) 1964-65 in respect of Air Force was 6596. Air Headquarters have stated that 36 vouchers relate to non-IAF units and as such the total figure as on 30-9-65 comes to 6560 as shown above."

5. "To ensure that the existing outstandings are cleared as quickly as possible, comprehensive instructions have been issued by Air Headquarters to HQ Commands/Units *vide* their letter No. Air HQ/32077/32/E 13, dated 20-5-67 (Annexure).^{*} It has been stipulated therein that in respect of outstanding vouchers for more than 5/6 years old, which cannot be cleared in spite of all efforts, statements of case for write off action as per existing regulations should be prepared. To avoid future accumulation, time-schedules have been laid down for clearance of unlinked vouchers at Unit and Command levels so that under no circumstances a voucher remains outstanding at Unit/Command level for more than 9 to 12 months."

"Instructions have since been issued to the Army and Naval Headquarters also to deal finally with unlinked vouchers which are outstanding for more than 6 years by initiating write off action in all cases which cannot be cleared despite all efforts."

6. "It is anticipated that with the measures so far taken, the outstanding vouchers will be substantially cleared within a reasonable time and future arising will be reduced considerably."

In their further reply, dated 24-12-1968, the Ministry of Defence have stated :

"Number of outstanding unlinked vouchers is as follows :—

	As on 30-9-65	As on 30-9-68
Army	2,866	281
Navy	644	..
Air Force	6,596	1,424
Factories	3,777	19
TOTAL	13,903	1,724

*See Page 114

1.6. The Committee regret to note that there has been no improvement in the clearance of outstanding unlinked vouchers in spite of special staff having been detailed for the work. It would appear that while the backlog of old unlinked vouchers is being cleared, the current work is lapsing into arrears. Against 13,903 unlinked vouchers disclosed in the Appropriation Accounts for 1964-65, the number outstanding as shown in the Appropriation Accounts for 1966-67 is 25,213. The number of outstanding unlinked vouchers relating to Air Force is particularly large. The Committee note that instructions have been issued by the Air Headquarters in May, 1967 to initiate write-off action, where necessary, in respect of unlinked vouchers outstanding for more than 5-6 years. To avoid further accumulation, time-schedules have been prescribed for clearance of unlinked vouchers so that a voucher does not remain outstanding at unit/command level for more than 9 to 12 months. The Committee hope that, as a result of these instructions, old unlinked vouchers will be linked and their further accumulation avoided. The Committee would like to watch the progress in this respect through future Appropriation Accounts.

Outstanding dues on account of rent—Para 1.40 (S. No. 7)

1.7. In para 1.40, the Committee had referred to outstanding dues on account of rent up to 31st March, 1965 and made the following observations :—

Para 1.40 :

“The Committee regret to note that an amount of Rs. 2.50 crores on account of rent upto 31st March, 1965, remained outstanding till 30th September, 1965. In addition, another amount of Rs. 9.42 lakhs was outstanding on account of Defence department lands. It is all the more surprising to note that some of the dues related even to 1946-47. The Committee are not satisfied with the efforts so far made to effect these recoveries. Even though there may be some difficulty in handling of all these recoveries throughout the country by a special officer, the Committee feel that the Ministry of Defence should immediately evolve some procedure so that these outstanding dues are recovered as early as possible. In case where recoveries are not possible, the irrecoverable amounts should be written off with the sanction of the competent authorities. The Committee would also like to watch the progress of the efforts made in realising these outstanding dues through future Audit Reports.”

1.8. In their reply dated the 4th November, 1967, the Ministry of Defence Stated :—

“Out of the amount of Rs. 2.50 crores on account of rent and allied charges upto 31st March, 1965, remaining outstanding till 30th September, 1965, Rs. 2.47 crores pertains to MES revenue, the balance pertaining to Ordnance Factories. Rs. 9.42 lakhs stated to be outstanding

on account of defence department lands, relates to the Military Lands and Cantonments Directorate.”

“The outstanding amount on account of rent and allied charges upto 31st March, 1966, as on 30th September, 1966, is Rs. 2.16 crores. Year-wise break-down of the figures of Rs. 2.47 crores and Rs. 2.16 crores is given in Annexure*. It will be seen that there has been an appreciable clearance of the old dues.”

3. “It may be stated that the outstandings on account of rent and allied charges as brought out in the Appropriation Accounts of past four years are as under :—

- 1962-63—Rs. 2.43 crores (position as on 31-3-1963)
- 1963-64—Rs. 2.43 crores (position as on 30-6-1964)
- Rs. 2.39 crores (position as on 30-9-1964)
- 1964-65—Rs. 2.47 crores (position as on 30-9-1965)
- 1965-66—Rs. 2.16 crores (position as on 30-9-1966).”

“It will be seen from above that until 1964-65, there had been either a steady or upward trend in the accumulation of outstandings of rent and allied charges. However, during the year 1965-66, the outstanding amount has come down to Rs. 2.16 crores.

The amount pertaining to Ordnance Factories as mentioned in para 1 above is Rs. 3.11 lakhs (Rs. 2.50 crores—Rs. 2.47 crores). This amount has been brought down to Rs. 2.30 lakhs as on 31-3-67. Out of this, an amount of Rs. 1.74 lakhs relates to outstandings from displaced persons. Since there is a little prospect of recovery of this amount from the refugees, a proposal to treat this amount as irrecoverable and write it off under Government orders is under consideration.”

“As regards the amount of Rs. 9.42 lakhs outstanding on account of Defence Department lands, Rs. 4.48 lakhs pertains to Military Farms. This amount has since been adjusted through book debits. The remaining amount pertains to Military Lands and Cantonments Department (Rs. 4.35 lakhs) and Ordnance Factories (Rs. 0.59 lakhs). Out of this, an amount of Rs. 1.45 lakhs has since been recovered and further instructions have been issued on 27th July, 1967, by ML&C Directorate for making sustained efforts to liquidate the dues as expeditiously as possible.”

“In so far as the outstandings against the departmental officers released/retired or private parties/bodies etc. etc. are concerned, besides the various measures already taken towards expeditious clearance of the outstanding dues as indicated in this Ministry’s U.O. No. 15(1)/65/7090/D(W-II), dated the 8th August, 1966, in reply to PAC’s Recommendation No. 70, made in Appendix XX of their 33rd Report (1964-65)—(Third Lok Sabha), further measures have been evolved on the

basis of the experience gained to augment the existing procedures and these have been stated in the succeeding paras."

"One of the main reasons for accumulation of arrears against private parties/bodies/persons is attributed to non-conclusion of contract agreements or conclusion of legally defective contract agreements. To overcome this, instructions have been issued by the Army Headquarters on 7th July, 1966 (copy enclosed as Annexure*) to the Command authorities to amend the following clauses of the existing lease agreements :—

- (i) 3 months advance of rent in addition to one month's rent to be paid in deposit as against one month's advance as at present.
- (ii) The party should be summarily evicted after notice for persistent default in payment of Government dues.
- (iii) Exact amount of rent payable as ascertained from the Garrison Engineer should be shown at the time of execution of the agreement.
- (iv) The Government premises will on no account be permitted to be occupied by private parties without execution of a contract agreement. Where no contract exists, immediate steps will be taken to enter into formal agreements and the agreement will be signed by the authority competent to allot the accommodation. Copies of the agreement should also be sent to the Controller of Defence Accounts and the concerned Garrison Engineer."

As regards the outstanding against released/retired officers, the following further steps have been taken to recover the amounts :—

- (i) As soon as the period of authorised occupation of an officer has ended and the period of un-authorised occupation has commenced, and immediate report indicating the facts of the case with a view to taking action to suspend/withhold the payment of pension in whole or in part, will be forwarded by the local Commands to the Army Headquarters. The report will be submitted irrespective of the fact whether one-third of the pension is being appropriated by the Controller of Defence Accounts towards the public debit due from the officer.
- (ii) In cases of un-authorised occupation by the retired/released officers, electric and water connections will be disconnected wherever such supplies are made by the MES."

With regard to the outstandings against the Cantonment Boards, the matter was considered and the following decisions have been taken towards the expeditious recovery of the dues from them :—

- (a) **The outstanding ordinary grant-in-aid due to Cantonment Boards from which dues are outstanding to Government and the liability**

*See Page 126.

for which is not disputed, will be withheld to the extent required and the amounts adjusted towards the arrears. This procedure will apply even to the undisbursed amounts of the current year.

- (b) Special care should be taken to scrutinise the Budget proposals for the year 1967-68 to ensure that full provision for the arrears outstanding to Government is made in the Budget.
- (c) For subsequent years also, the ordinary grant approved for any Cantonment would not be paid unless the Garrison Engineer concerned certifies that no outstandings are due to Government from the Cantonment Board in question. If any outstandings are due, the adjustment would first be made before making payment of the ordinary grant-in-aid.
- (d) Where the deficit Cantonment Board disputes any claim made by the MES for arrears, the Cantonment Board should immediately approach Government at an early stage for a decision.
- (e) In cases where the bills are disputed by the Cantonment Boards for the reason that the prescribed period of notice as provided in the relevant Water Supply Agreement had not been given, the bills prepared by the Unit Accountant should reflect the agreement rate unless the said rate is revised in accordance with the terms of the agreement. The bills should be restricted to the amount which can legitimately be claimed in accordance with the agreement.
- (f) The relevant clauses in the Water Supply Agreement when they come up for renewal or extension should provide that the bulk supply rates during any financial year should be the all-in-costed rate of the preceding financial year and that the MES should communicate the same to the Cantonment Board as soon as possible. The liability of the Board would, however, not depend upon the service of the notice. The Cantonment Board on its part should cover the anticipated extra expenditure involved on account of any increase in the all-in-costed rate of supply, by keeping a suitable margin in the rate of recovery from the public.
- (g) The Water Supply Agreements are also to provide that the decision of Government in the matter of disputes between the Cantonment Board and the MES pertaining to claims made for rent, electricity and water charges would be final and binding."

"To implement the above decisions, necessary instructions have been issued by the Military Lands & Cantonments Directorate and Army Headquarters to the authorities concerned on 15th October, 1966 and 12th May, 1967."

"In so far as the outstandings against the Central Ministries/State Governments are concerned, the question of liquidating the rent and allied charges against them is receiving attention and the progress is periodically reviewed at high levels. While the above procedure is being followed in respect of past cases in order to ensure that outstanding dues are brought down by recovery as promptly as possible, as regards future cases, the following steps have been taken to avoid any further accumulation of arrears of rent and allied charges :—

- (a) The loan or transfer of Defence Services property to State Governments or to other Ministries of the Central Government will, except in cases of emergent necessity, be effected only after the terms and conditions of such loan or transfer (including the hire charges or transfer value payable in this respect) have been approved by the Ministry of Defence and accepted by the transferee, who will thereupon authorise its accounts officer concerned to accept the relevant debit for rentals (hire and allied charges) or transfer (sale) value when raised by the Defence Accounts Department.
- (b) In cases where a Defence Services property is required by a State Government or a Central Ministry as an emergent measure and settlement of the terms and conditions of such loan or transfer is likely to take some time, the property in question—if surplus to the Defence requirements—will be initially handed over on loan only with the approval of Defence Ministry on the basis that the transferee will accept the terms which the Ministry of Defence may thereafter determine; that is in such cases the terms and conditions of transfer will be settled and accepted, as far as possible, within a period of six months from the date of taking over possession of the property in question by the transferee failing which the latter will have to accept the relevant debit on account of rental (hire and allied charges) on the basis of the assessment made by Defence Ministry."

"It will be noticed that consequent on the adoption of the above mentioned measures, there is a downward trend in the overall outstandings against the various parties. This Ministry is also maintaining a continuous watch on the clearance of outstandings."

1.9. In their further reply dated the 23rd December, 1967, the Ministry of Defence stated :

"The statement showing the outstanding on account of rent and allied charges upto 31st March as on 30th September in respect of the years 1965 and 1966 was indicated in Annexure I of the reply given on 4th November, 1967. A similar statement in respect of the year

1967 in the same form is attached herewith. This indicates the progress of recovery. It will be seen that the total amount due as on 30th September, 1967 with reference to the arrears which accumulated upto 31st March, 1967 was Rs. 2.14 crores as compared to Rs. 2.16 crores a year earlier and Rs. 2.46 crores two years earlier.

2. The recovery of outstanding due continues to be periodically reviewed and further measures are taken as and when considered necessary. Attached herewith are two sets of further instructions which have been issued since the earlier reply of 4th November, 1967. The instructions of 6th December, 1967 consolidate the various instructions which have been issued from time to time, define the responsibility of the MES and the local administrative authorities, indicate the measures which have to be taken by each of the two authorities and summarise briefly the position regarding the conduct of enquiries, the calling of audit report and the write off."

3. "The further instructions contained in the letter of 1st September, 1968 prescribe measures calculated to implement more effectively the instructions for cutting off electricity and water connections in the event of non-payment of dues."

4. It is hoped that as a result of the measures taken, the position will continue to show improvement particularly in the categories of dues due from parties other than Central Government Department and State Government."

1.10. The Committee note that the outstanding dues on account of rent as on 30th September, 1967 has come down to Rs. 2.14 crores as compared to Rs. 2.46 crores as on 30th September, 1965. The Committee are, however, not satisfied over the progress made in the liquidation of old arrears some of which relate to the periods as far back as 1946-47. The Committee desire that Government should look into the reasons for slow progress in the liquidation of the arrears, particularly those relating to the period 1953-54 onwards and take steps for their speedy recovery or their write-off, where dues are not recoverable.

Losses awaiting regularisation—Paragraph 1.43 (S. No. 8)

1.11. The Appropriation Accounts Defence Services 1964-65 disclosed 108 cases of losses involving Rs. 89 lakhs which were awaiting regularisation for more than one year. In Para 1.43 of their 71st Report (Third Lok Sabha), the Public Accounts Committee made the following observations :

Para 1.43 :

"The Committee hope that special efforts would be made to bring down at a rapid pace the number of cases of losses which need regularisation."

1.12. In their reply dated the 12th July, 1967 the Ministry of Defence stated :

“The observations made by the Committee have been noted.”

“Similar observations were made by the Public Accounts Committee *vide* Serial No. 8 of Appendix IX to the 48th Report (Third Lok Sabha) on the Appropriation Accounts (Defence Services) 1963-64 and Audit Report (Defence Services) 1965. These observations were examined by this Ministry, in detail, in consultation with the authorities concerned and the steps already taken or proposed to be taken, for cutting down delay in the regularisation of losses, were communicated in the note dated 30th December, 1966 forwarded to the Public Accounts Committee under Ministry of Defence Office Memorandum No. 11(9)/66/D(Budget) dated the 17th March, 1967 (copy enclosed) that the cases of losses raised upto 31-3-1964 should also be referred to the present *ad hoc* Committees for expeditious settlement.”

“With the adoption of the measures already taken, the cases of losses will, it is hoped, be regularised more promptly in future.”

1.13. In their further reply dated the 24th December, 1968, the Ministry of Defence have stated :

“The number of cases of losses, awaiting regularisation for more than one year has been reduced from 84 amounting to Rs. 77 lakhs as on 30-9-66 to only 18 amounting to Rs. 13,10,294 on 30-9-1968.”

1.14. While the Committee appreciate that there has been improvement in regularisation of losses disclosed in the Appropriation Accounts, 1964-65, they find that the over-all position of losses awaiting regularisation for more than one year has deteriorated. As against 108 cases of losses amounting to Rs. 89 lakhs disclosed in Appropriation Accounts, 1964-65 the number of cases disclosed in the Appropriation Accounts, 1966-67, is 168 amounting to Rs. 2.88 crores. The Committee, therefore, desire that concerted efforts should be made to curtail the delay in regularisation of losses.

Non-utilisation of Gliders—Paras 2.71 and 2.72 (S. Nos. 22 and 23).

1.15. The Government sanctioned in March, 1962 and June 1963, the manufacture of 300 gliders in an Aircraft Manufacturing Depot at an estimated cost of Rs. 15,000 per glider. Only 57 gliders could however, be produced by December 1965. Out of the 57 gliders manufactured, 35 were issued to various N.C.C. Units but these had not been put to any use by the units for want of air-field facilities, hangar space and trained instructors. In paragraphs 2.71 and 2.72 of the 71st Report, the Committee made the following observations :—

“2.71. The Committee feel that the programme for the manufacture of gliders was drawn up in the most unimaginative manner. The question of providing hangars and pilots to the gliding clubs should have

been taken up simultaneously with the programme of the manufacture of gliders. The Committee regret to note that this was not done. Further, as the hangar facilities were to be provided by the State Governments, timely action should have been initiated in that direction also."

"2.72 : The result of this lack of coordination regarding different aspects of this case has been that an expenditure of Rs. 20.72 lakhs incurred on the manufacture of 57 gliders and in addition another expenditure of about Rs. 20 lakhs incurred on the material etc., have not served the purpose of imparting training to the cadets so far. The Committee feel that before undertaking such projects, different aspects of the same should be examined in detail and proper coordination ensured as lack of the same is bound to result in wasteful expenditure. The Committee hope that the Ministry of Defence would take suitable measures to utilise the gliders for the purpose for which they were intended and speedy measures would be taken in that direction.

1.16. In their reply dated the 17th July, 1967, the Ministry of Defence stated :

"The observations of the Committee have been noted."

"Following steps have been taken by Government to activate gliding wherever gliders are available in the N.C.C. Air Wing Squadrons and to give instruction in gliding to N.C.C. cadets :—

- (i) The Pay scale of the post of Glider Instructor has been raised from Rs. 350-25-575 to Rs. 500-40-700.
[Authority : Ministry of Defence letter No. 9289/NCC/PERS (3)(c)/3520-B/D(GS.IV), dated 21-11-1966]
- (ii) The qualification for recruitment to the post of Glider instructor has been lowered from Intermediate to Matriculation to bring it at par with the qualification prescribed for similar posts in the DGCA.
[Authority : Ministry of Defence letter No. 9289/NCC/PERS (C)/2021-B/D(GS.IV), dated 17-6-1967].
- (iii) Due to shortage of trained Glider Instructors, Air Force Pilots have been given special (conversion) Training in Gliding to be able to serve as Glider Instructors.
- (iv) 5 Gliders (2 at Raipur, 2 at Amritsar and 1 at Ahmedabad) have been loaned to Civil Gliding Clubs so that facilities available with such clubs are utilised and training in Gliding is given to N.C.C. cadets.

Two more gliders at Jullundur are similarly proposed to be transferred to the Civil Gliding Club there.

(v) State Governments have been addressed demi-officially at a high level to expedite construction of hangars. The matter is also proposed to be taken up with them at Chief Minister level.

(vi) Procedure for repairs of gliders has been streamlined."

2. As a result of the measures detailed above, Gliding has been activated at 12 places. (List attached at Annexure)*. Out of a total of 48 Rohini Gliders received from Aircraft Manufacturing Depot, Kanpur 23 Gliders are positioned at these places."

"It is expected that at 13 places Gliding will be activated in the near future. At these places, the remaining 25 gliders are positioned. (Details are given at Annexure)**.

3. The AMD Kanpur reported to D.G.N.C.C. on the 21st December, 1966 that they had a few more gliders ready for despatch to N.C.C. Units but the latter were not prepared to accept the gliders. Their number was reported by A.M.D. Kanpur as 5 in May, 1967. The N.C.C. Units could not accept the gliders as they did not have hangar space for storage of N.C.C. gliders even in crates. With some improvement in the situation, 3 more Rohini Gliders have recently been despatched by AMD Kanpur to N.C.C. Units at Trivandrum and Coimbatore but the Units have not yet confirmed their receipt."

1.17. In their reply dated 15-10-1968, the Ministry of Defence stated that production of gliders by H.A.L. was still in progress to complete the existing order of 85 Rohini and 20 ITG-3 gliders. 73 Rohini and 2 ITG-3 gliders have been produced and the balance of the order is expected to be completed by the second half of 1969. Out of these 75 gliders, (including 10 loaned to Flying Clubs) were positioned at 22 stations where gliding training of N.C.C. Air Wing Units was in progress, and 13 were located at 6 places where gliding had not been activated.

1.18. In their further reply dated 24-12-1968, the Ministry of Defence stated :

"The production programme of gliders, in order to meet the requirement of the N.C.C. was reviewed in January, 1963. The number of squadrons then existing was 34; and 15 were proposed to be raised during the Third Five Year Plan. At the rate of 4 gliders (dual seater) and 3 gliders (single seater) for each squadron, the total requirement for the 49 squadrons worked out to 196 gliders (dual seater) and 147 gliders (single seater). 25 gliders (dual seater) and 18 gliders (single seater) were already available. The balance required was, therefore, 171 glider (dual seater) and 129 gliders (single seater) making a total of 300. Taking into account the order for 91 gliders (dual seater) which had already been placed, Government sanction was

*See Page 138.
**See Page 138.

issued in June, 1963 for the manufacture at the AMD Kanpur, of the balance of 80 (dual seater) gliders and 129 (single seater) gliders to meet the then estimated requirements of the N.C.C. The position was reviewed in December, 1965. It was agreed that due to difficulties experienced in the recruitment of instructors and provisioning of hangars facilities by the State Governments, it would not be possible for the N.C.C. to accept more than 12 (dual seater) and 6 (single seater) gliders per year; and it was decided that production of gliders should be confined to 85 (dual seater) and 20 (single seater) gliders making a total of 105 in all, as against previous orders for 300 gliders."

"There are 42 Air Wing Units. Due to Air Force operations and heavy civil air traffic gliding training for the N.C.C. is not feasible at 4 of these units. This leaves 38 units. No increase in this number is envisaged at present. On the basis of the experience gained, it is proposed to restrict the scale of gliders to 3 (dual seater) and 1 (single seater) per unit."

"Out of the existing 42 Air Wing Units, a total of 22 units are carrying out gliding training———It is expected that by June, 1969 hangar and allied facilities will become available in the N.C.C. and it will be possible to allot 6 more gliders to Air Wing units. The disposals of the remaining gliders which have already been produced, including the possibility of supplying them to other countries/agencies is under consideration. 2 Rohini gliders have already been delivered to Malaysia."

"In the majority of Air Wing units of the N.C.C. hangar accommodation is provided by the Air Force, D.G.C.A. and local flying clubs. Under the N.C.C. scheme State Governments are required to provide accommodation facilities (this will include storage accommodation for gliders in Air Wing Units) to N.C.C. units. Some States have already constructed hangars and in other places hangars are under construction. Some State Governments have allotted funds and preliminary works like Sitting Boards, procurement of land etc. is in progress. Action has also been initiated by the Central Government to achieve provision of hangars at 10 more stations. We expect that at the cumulative result of all the efforts which have already been made and are being made, it should be possible to reach a stage when all the gliders which are already held and those which are still to be supplied to the N.C.C. could be put into good use for the training of sizeable number of N.C.C. cadets in gliding."

1.19. As regards gliders loaned to flying clubs, the Ministry of Defence have stated :

"N.C.C. gliders are loaned to Civil Gliding Clubs through D.G.C.A. On receipt of allotment orders from Air Headquarters gliders are collect-

ed by concerned units from H.A.L. D.G.C.A. then allots civil registration number to the glider and authorises the Club to take over the glider from the Unit. The terms and conditions of loan of N.C.C. gliders to Civil Gliding Clubs are given below :—

- (a) the gliders will be utilised primarily for training N.C.C. Air Wing cadets.
- (b) any extra capacity, after meeting the requirements of N.C.C., may be utilised for the members of the club.
- (c) the gliders should be returned any time the D.G.C.A. makes such request at the instance of the D.G.N.C.C. or Air Headquarters.
- (d) the clubs should maintain the gliders in good condition, wear and tear and depreciation excepted.
- (e) the gliders should be insured by the club against all round risks and flying risks at its cost.
- (f) the clubs receive subsidy from D.G.C.A. for gliding and charge the cadets at normal subsidised rates of Rs. 2/- per launch which is paid by the State Government. Clubs also charge at the same time rate for Rs. 2/- per launch to their other members."

1.20. The Committee are not happy about the manner in which this scheme was planned and executed. A programme was drawn up in June, 1963 for the production of 209 gliders for the requirements of N.C.C. Air Units, but, after a review, the number was reduced to 105 in December, 1965. 75 of these gliders have so far been produced, but only 46 are being utilised by N.C.C. Air Units, 2 having been delivered to Foreign Governments.

1.21. The Committee notice that the production was undertaken on over-optimistic assumptions as to the number of air units that could be trained and the number of gliders that these units would need. This is evident from the fact that out of 42 Air Units, only 22 could be provided with training facilities in gliding. Even for the units that were provided with training facilities it was found that 4 gliders would suffice per unit, as against 7 originally envisaged. It would appear that lack of qualified instructors, and absence of hangar facilities made it difficult for Government to provide training on the scale contemplated.

1.22. The Committee note that Government propose to extend training facilities to units to whom they are at present not available. They hope that this would facilitate full use of the 73 gliders already available. The Committee would also like Government to examine whether, in the light of experience gained, it would at all be necessary to proceed with the production of the remaining 30 gliders.

1.23. The Committee also note that 10 out of the 75 gliders have been loaned to the flying clubs for training of N.C.C. cadet. According to the arrangement made by Government with these clubs, they are free to use the gliders for their purposes after meeting the requirements of the N.C.C. Air Units. The Committee desire that close coordination should be effected between the flying clubs and the N.C.C. gliding units to avoid duplication of facilities and effect economy.

Extra Expenditure on Purchase of Fresh Vegetables and Fruits—Paras 2.155 & 2.156 (S. Nos. 36 and 37).

1.24. On 31st March, 1964, Government sanctioned conclusion of 'a' negotiated contract with a cooperative society sponsored by the West Bengal Government for supply of fresh vegetables and fruits in the West Bengal areas for the year 1964-65. On the basis of the lowest rates obtained through open tenders invited a month and half earlier, the contract with the society was found to be costlier by Rs. 14.10 lakhs. For the year 1965-66 also a contract was concluded with the same society at the rates which were about 7 per cent higher than those at which the earlier contract was concluded. In paragraphs 2.155 and 2.156, the Committee made the following observations :

"2.155 : The Committee also feel that while entering into contract with the cooperative societies in such cases the provisions of the Financial Rules that no price preference should be given in such cases, should have been kept in view. They regret to note that this was not done while entering into this agreement."

"2.156 : The Committee also desire that the Ministry of Defence should devise some ways and means to satisfy themselves that the rates paid by them to these cooperative societies for the supply of fresh vegetables and fruits are not excessive and that they compare favourably with the prevailing market rates. Payment of excessive rate to the cooperative societies would result in taking away the initiative on the part of the societies in managing their affairs economically and would create a sense of complacency which is not healthy."

1.25. In their reply dated the 26th July, 1968 in respect of para 2.155, the Ministry have stated :—

"The recommendation of the Committee is noted. It may, however, be mentioned that at the meetings held in the Office of B.A.S.C. Eastern Command, on the 28th January and 5th February, 1964, to discuss the question of entering into agreements with the State Agriculture Department or genuine cooperative vegetable growers' Societies for the procurement of vegetables, potatoes, onions and fruit, in accordance with the instructions issued by the Army Headquarters in their letter of 6 January, 1964, the Secretary, Co-operation Department, Government of West Bengal, had stated that in terms of the Army Headquarters'

letter it would be more appropriate if contracts were entered into either with the West Bengal Apex Cooperative Agricultural Marketing Society or with the Cooperation Department, the Apex Society is the chief marketing organisation of growers in which the State Government is holding shares and as such it is eligible to supply Army's requirements of vegetables, potatoes and onions at various stations in the State and that the Army authorities should only negotiate with the West Bengal Apex Cooperative Agricultural marketing society Ltd. Subsequently, the Secretary to the Government of West Bengal, Cooperation Department confirmed in writing to the B.A.S.C. Eastern Command on the 11th February, 1964 that the West Bengal Apex Cooperative Agricultural Marketing Society Ltd., being the chief marketing organisation of growers' cooperatives in the State were eligible to supply the Army's requirements of vegetables, potatoes, onions and fruit at various stations in West Bengal. It was also clarified in this letter that the Apex Society would obtain supplies from the growers Cooperative Societies and their members but if there was a shortfall under any item or the primary societies did not handle such commodities these would have to be procured from other sources and to this extent relaxation of rules and procedures must apply and the appropriate Ministries in the Government of India were being informed. It was on the basis of the views expressed by the Government of West Bengal that negotiations were carried out with the West Bengal Apex Society for concluding contract for supply of vegetables, potatoes, onions and fruit at various stations in West Bengal during 1964-65.

2. Subsequently, while considering the question of concluding negotiated contract with this society for supply of vegetables, potatoes, onions and fruit during 1966-67, the Government of India, Ministry of Food, Agriculture, Community Development and Cooperation, the Department of Cooperation also confirmed on 5th May, 1966 that this society is a federation of all primary cooperative marketing societies of growers in West Bengal and as such it should be entitled to enter into contract with the Army authorities on behalf of its affiliated primary marketing societies which are growers organisations."

1.26. In their reply dated the 25th July, 1968, in respect of para 2.156, the Ministry have stated :—

"The recommendation of the Committee is noted. Instructions were issued by Army Headquarters to the commands on the 23rd February, 1966 (copy enclosed) to the effect that rates paid under negotiated contracts with cooperative societies sponsored by the State Governments are to be fixed in mutual consultation with the Collector, Local Formation Commander and the C.D.A. concerned. Contracts will be sanctioned in favour of the State Governments or the Cooperative Societies sponsored by the State Governments provided the competent financial

authority is satisfied that the rates offered are reasonable and competitive. If the rates are considered to be unreasonable, the offer of the State Agency is to be rejected and competitive tenders floated at the discretion of the competent financial authority when the State sponsored Cooperative Society can also compete."

2. "Rates to be paid to the Cooperative Societies are being worked out by taking into account the prevalent wholesale market rates obtaining in the area and transportation, sorting/grading charges, etc. for obtaining supplies conforming to the A.S.C. specifications."

3. "It may be mentioned here that the rates offered by the West Bengal Apex Cooperative Agricultural Marketing Society for supply of vegetables, potatoes, onions and fruit during 1967-68 and 1968-69 were not considered to be reasonable and, in accordance with the existing instructions, competitive tenders were invited for these two years and contracts were concluded with the lowest tenderers whose rates were found to be lower than the rates offered by the society."

1.27. The Committee note that instructions have been issued by Government in February, 1966 to ensure that purchases of vegetables for army ~~requirements~~ are made from Cooperative Societies only after ensuring that the rates for supply are reasonable. The Committee hope that in the light of experience since gained, Government would be able to evolve suitable working procedures to enable purchasing authorities to judge whether the rates quoted by the societies are reasonable or not.

Loss of pickles—~~paragraph~~ 2.179 (S. No. 43)

1.28. A contract was concluded on 26th November, 1962 by the Army Purchaser Organisation for the supply of 'pickle mixed' on the basis of 'tender samples' only without indicating the warranty period, though the normal warranty period for the stores is 18 months. 28.9 tonnes of these pickles, costing Rs. 56,200 were later found unfit for human consumption—14.7 tonnes in June-July, 1963 and 14.2 tonnes in Januray-February, 1964. The Committee made the following observations in paragraph 2.179 :

"2.179. The Committee are surprised to find that in spite of their recommendation made in para 49 of their Fifteenth Report (1954-55) and instruction issued by the Ministry of Finance to all the Ministries that in the case of contracts for perishable stores it must be ensured that a separate warranty clause is invariably provided. The Ministry of Defence did not include warranty clause in this contract. Nor were any efforts made to seek such a warranty clause when the decision was taken. They take a serious view of this lapse which has resulted in a loss of Rs. 56,200 to Government and desire that the responsibility for this omission should be fixed."

1.29. In their reply dated the 28th May, 1968 the Ministry of Defence have stated :

"The Army Purchase Organisation (Chief Director of Purchase), Department of Food, is the procuring agency for all the requirements of Central purchase articles of foodstuffs for the Defence Services. The Organisation enters into contracts/agreements with the suppliers for the purchase of these articles according to the indents placed by the QMG's Branch, Supplies and Transport Directorate."

"As already explained in the note forwarded to the Lok Sabha Secretariat with this Ministry's Office Memorandum No. F.11(13)/66/D(Budget), dated the 9th November, 1966, for submission to the Public Accounts Committee, all ASC specifications relating to packed food items like tinned fruit, jam, vegetables, fish, meat, pickles, etc. provide a warranty clause. In all regular contracts concluded by the Army Purchase Organisation with the suppliers of such items, a warranty clause is invariably included. In the case relating to purchase of pickles during 1962, an indent was placed on the Chief Director of purchase on 3rd November, 1962 and delivery was asked for by the 5th December, 1962. Warranty was not insisted upon, as pickles were required urgently and procurement in the normal manner according to ASC specifications would have taken a long time. Normally the Army Purchase Organisation requires 2½ to 3 months' time to arrange supplies according to the ASC specifications and the prescribed procedure."

"The reasons given by the Chief Director of Purchase for not including a warranty clause in the contract for the procurement of pickles on "tender sample" basis have been fully reproduced in the note submitted to the PAC earlier. A reference was again made on 13-4-67 to the Department of Food on the basis of the observations of the PAC asking them to indicate the reasons for not providing a warranty clause in the contract for purchase of pickles in 1962. Their attention was also drawn to the instructions issued by the Ministry of Finance on the recommendation of the Public Accounts Committee made in para 49 of the 15th Report (1954-55) that purchase of perishable items should be covered by a warranty. The Army Purchase Organisation has stated in reply on 26-4-67 that since supplies of pickles were required by the Defence Services to meet a most urgent demand, the contracts were placed on tender sample basis as decided in the meeting held on 15-10-1962 in the room of Chief Director of Purchase in which representatives of the QMG's Branch were also present. A warranty clause in the case of perishable goods is invariably provided in the contracts whenever supplies are obtained as per prescribed specifications. However, since pickles were urgently required for immediate consumption by the Army and there was no time to procure the supplies as per the normal procedure, the supplies were obtained on tender sample basis and in such cases no warranty clause was being provided."

"In view of the factual position explained at length in the note submitted to the PAC earlier, Government are of the view that this cannot be treated as a case of lapse but a deliberate decision taken in good faith to meet the special needs of the situation and none in particular can be held responsible for the loss. As already suggested earlier, this case should be considered in the context of the situation created by the sudden Chinese aggression in October, 1962 which led to large deployment of troops in the high altitude areas, the consequent increase in demand for ration items for high altitude areas which had to be procured and supplied on immediate basis and the change in the Military situation with the withdrawal of the Chinese troops necessitating redeployment of our troops. The stocks of pickles which were declared unfit for human consumption would have been consumed by our troops before they were so declared but for their redeployment at points where pickles were not authorised for issue."

"The Department of Food and DADS have seen. Audit observation is appended below :"

Audit Observations

"There is no record to indicate that a deliberate decision was taken at any stage to waive the requirement of warranty.

Also, notwithstanding the existence of a provision of warranty in the standard specifications governing purchases by the Chief Director of Purchase, the General instructions issued by the Ministry of Finance also require that warranty clause should be included in contracts for the purchase of perishable goods. Consequently, the purchase of pickles in this case, conforming to tender samples which did not match full with the standard specifications, did not *ipso facto* imply waiver of the warranty clause; and in any case, such waiver would have required prior approval of the Ministry of Finance which in this case was not obtained."

1.30. The Committee note from the information furnished by Audit that there is no indication on record that a deliberate decision was taken to exclude the warranty clause from the contract. In any case, the warranty clause could have been excluded only after prior approval of Finance had been obtained in accordance with the standing instructions on the subject. However, considering the circumstances in which the contract was placed, the Committee do not wish to pursue the matter further. The Committee trust that recurrence of lapses of this kind will be avoided.

Delay in Execution of a Project and loss of Stores—Paragraph 5.13—5.15 (S. Nos. 61-63)

1.31. With a view to augmenting the production capacity of a factory for production of an item of explosive, a contract was entered into with a foreign firm in December, 1963 for the additional plant required. Because

of delay in supplying of equipments and completion of civil work, the project could not go into production in April, 1965 as stipulated, with the result that expected savings in foreign exchange at Rs. 2.38 lakhs per month from April, 1965 did not materialise. Five packages of stores were also found missing. The Committee made the following observation in paragraph 5.13—5.15.

“5.13. The Committee regret to find that due to various delays at different levels the scheme to set up a plant for the production of explosives with the object of attaining self-sufficiency, could not be achieved in time. The following unsatisfactory features have been noticed in this case :—

- (i) There was delay in getting the scheme approved, as a result of which the Government could not avail of the first offer of the firm and as a consequence they had to pay higher prices for the same supplies from the same firm.
- (ii) The D.G.O.F. could have taken advantage of the first offer of the firm by asking them to keep it open for some time more which was, however, not done.
- (iii) Even though the civil work was scheduled to start by April, 1965, the administrative approval was given only in June, 1965 which indicates that the matter was indifferently handled.
- (iv) There was no proper co-ordination between different authorities.
- (v) The rate of supply of machinery had been far from satisfactory.

5.14. While conceding that some time is taken in drawing up and finalising the plans, the Committee do not agree with the contention of the Ministry that the bulk of the time taken in this case was necessary as they feel that much of the administrative delay at different levels could have been easily avoided. As a result of all these, the Committee regret to find that the expected saving of Rs. 2.33 lakhs per month in foreign exchange from April, 1965 could not be achieved.

5.15. The Committee hope that the Ministry would ensure that the present target of commissioning the plant by 1st July, 1967 is not impeded owing to further delay or lack of initiative. They would also like to be informed whether any action was taken to obtain liquidated damages from the firm for the delay in the delivery of the machines, and if so, with what result.”

1.32. In their reply dated 3rd September, 1967, the Ministry of Defence stated :

Paragraphs 5.13 and 5.14 (Serial Nos. 61 and 62)

"The observations made by PAC have been noted."

Paragraph No. 5.15 (Serial No. 63)

"The NCP expansion plant has since been completed and commissioned on 25th August, 1967.

The question of obtaining liquidated damages from the firm for delay in the delivery of the machines is under examination and a further reply will follow."

1.33. In their reply dated the 10th July, 1968, the Ministry of Defence stated :

"In this Ministry's Note No. 8/7/67/D (Projects), dated the 30th September, 1967 forwarded to L.S.S. under Ministry of Defence OM No. 11(2)/67/D (Budget), dated 7-10-67 regarding action taken by Government it was indicated that the question of obtaining liquidated damages from the firm for delay, in the delivery of the machines was under examination and a further reply would follow."

2. "The matter has since been examined."

"Government have been advised that liquidated damages can be claimed only if there had been any delay in the deliveries resulting in the delay in the commercial use of the equipment; and that token damages generally to the extent of 10% of the liquidated damages can be claimed, but if it is challenged by the contractor, the Ministry will have to decide whether any inconvenience has actually been caused and whether the same can be proved by adequate evidence to the extent of the damages claimed in that case."

3. "In accordance with the terms of the contract, the supply of equipment was to commence within 8 months and completed within 16 months after receipt of the 1st quota of payment (made on 12-2-64) or from the date on which all technicalities were clarified whichever was later."

4. "There is a difference of view between the supplying firm and Government on the question whether the items of plant/equipment were delivered in time. It is in any case not possible for Government to show that the delivery of the plant/equipment resulted in delay in the commercial use of the plant (which has been taken to mean commissioning and starting of production on the plant) or caused any inconvenience. This is because the commissioning of the plant was delayed due to delays in the civil works. It is therefore not possible to claim liquidated damages or token damages from the firm."

"As regards the missing consignments, the Committee have been informed by Audit that the firm were of the opinion that since the stores were delivered on f.o.b. vessel at Scandinavian or other North

European port, they were not responsible for the shortage/damages after the stores have been shipped. The matter was considered by the I.G.S. & D. in consultation with the Ministry of Law and it was decided that in terms of the contract, suppliers could not be held responsible for shortages."

1.34. The Committee note that Government have been unable to persuade the supplier to make good the loss sustained by them due to the packages found missing. The Committee would like to know whether the losses were promptly investigated and any effort made to obtain compensation from the carriers.

NEW DELHI

March 11, 1969

Phalguna 20, 1890 (Saka)

M. R. MASANI,

Chairman

Public Accounts Committee.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

From the two notes submitted by the Ministry relating to excess of expenditure in grants No. 5-Navy and No. 6-Air Force, the Committee observe that the excesses were mostly due to larger materialisation of supplies of stores, during the period and non-anticipation of expenditure for certain items.

The Committee feel that the question of having an effective control over expenditure still needs to be pursued with a greater vigour. They hope that the measures initiated in the matter, as was stated by the Defence Secretary during evidence, would improve the budgetary control in the coming period, and shall eliminate excesses over the amounts authorised by the Parliament.

Subject to the above observations the Committee recommend that excesses over Grants Nos. 5-Navy and 6-Air Force may be regularised.

[S. Nos. 1, 2 and 3 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

The observations made by the Committee have been noted for guidance. Various measures taken by this Ministry to improve budgetary control on Defence expenditure have been indicated in reply to a similar recommendation made by the Public Accounts Committee in their 48th Report (Third Lok Sabha), Serial No. 1 of Appendix IX, copy of which is enclosed.

Recommendation

The Committee desire that the question of streamlining the procedure to have an effective control over expenditure should be pursued vigorously and suitable steps taken in consultation with the Ministry of Finance to remove the defects in the present system.

Subject to the above observation the Committee recommend that excess under Grant No. 9-Defence Services—Effective may be regularised by Parliament in the manner prescribed in Article 115 of the Constitution.

[S. No. 1 of Appendix IX to 48th Report (3rd Lok Sabha)]

Action taken

The recommendation made by the Public Accounts Committee was made in the context of an excess expenditure of Rs. 4.45 crores under Grant No. 9—Defence Services—Effective for the year 1963-64. The

excesses were attributable largely to heavier payments on Customs Duty than anticipated and partly due to larger materialisation of stores, etc.

2. The expenditure on stores including customs duty during the four years ending 1963-64 fell short of the Budget provision for three years as will be seen from the details given below :—

(In crores of rupees)

	Sanctioned Budget	Actual Expenditure	Excess(+) Saving(-)
1960-61	110.14	85.93	(-)24.21
1961-62	121.44	108.65	(-)12.79
1962-63	216.20	193.62	(-)22.58
1963-64	387.47	395.49	(+) 8.02

It may be stated that the estimates prepared by the Branches in the Services Headquarters, DGOF, etc., are scrutinised by the Ministry of Defence and the Ministry of Finance periodically. After the proposals have been discussed in detail by these agencies, the estimates are finalised. For 1963-64 the estimates were finalised after such a scrutiny. With the best of efforts variations between estimates and actuals are bound to occur and the object is to keep the gap as narrow as possible.

Taking into account further experience gained during discussions more detailed instructions have been issued. A copy of the instructions (Office Order No. 36, dated 30-7-66) is enclosed.

3. As regards expenditure on Customs Duty, this is brought to account by means of book adjustments on the basis of debits raised by the Accountants General on the Controllers of Defence Accounts concerned. Under the present system, Imported Defence stores are cleared on a 'NOTE PASS' system where invoices do not accompany the stores. It has been noticed that in case of those stores cleared on the 'NOTE PASS' System, there is considerable delay in the adjustment of Customs Duty. While measures to improve the financial accounting by way of speedy adjustments of Customs Duty on Defence stores are under. In consideration of the Ministry of Finance (R & I) in consultation with the Customs Houses, steps have been taken by this Ministry to ensure that there is no avoidable delay on their part in the adjustment of Customs Duty. Suitable Control Registers in this regard are being prescribed. Liability Registers for keeping a note of invoices received for stores cleared under the 'NOTE PASS' System have been prescribed. This will facilitate preparation of the Budget Estimates on Customs Duty on a more realistic basis.

4. It is expected that with the system of scrutiny prescribed by the Ministries of Finance and Defence and the issue of instructions regarding maintenance of liability registers for Customs Duty adjustments, it will be possible to have a better control over Defence expenditure, in future.

No. F. 1(2)/66/D(Budget)
GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
New Delhi, the 30th July 1966
OFFICE ORDER No. 36

SUBJECT : *Preparation and scrutiny of the Preliminary Revised Estimates/ Budget Forecast and Revised Estimates/ Budget Estimates for the Defence Services, except Capital Works under the Defence Capital Outlay.*

It has been decided in consultation with the Ministry of Finance (Defence) that with effect from 1966-67 the following procedure should be adopted in the Services Headquarters, Ministries of Defence and Finance (Defence) in the preparation and scrutiny of the Preliminary Revised Estimates and Budget Forecast for the Defence Services :—

- (1) The present procedure according to which, these estimates are initially prepared by the Branch or Service concerned, and forwarded to the respective D.F.A. and DFA (Budget) will continue. A copy of the estimates will simultaneously be endorsed to the Joint Secretary/Deputy Secretary concerned in the Ministry of Defence and to D(Budget).
- (2) The initial scrutiny of the estimates should be conducted by the DFAs concerned and the administrative Sections of the Ministry of Defence taking into account the trend of actuals and other relevant factors. The DFAs concerned should forward their comments, if any, to the Joint Secretaries concerned, DFA(B) and JS(P&C), immediately after receipt of the estimates from Branches of Services Headquarters etc.
- (3) The estimates would then be discussed in meetings to be taken by the concerned Joint Secretaries to which accredited DFAs, DFA(Budget) and Deputy Secretary (B&P) as a representative of JS(P&C)'s should be invited. If in the meetings it is not possible to reach an agreed decision on certain aspects, such matters should be submitted to higher authorities for a decision.
- (4) On receipt of the estimates, as scrutinised by the Joint Secretaries concerned in the meetings referred to above, DFA (Budget and DS (B&P))/JS(P&C) will examine them further with reference to the major policy decisions of Government. They will also see that there is no overlapping or omissions in the estimates furnished by the various Branches.
- (5) The estimates will further be reviewed in meetings to be taken by JS(P&C) to which the concerned DFA or Addl. F.A. as also the concerned J.S. should be invited. DFA(B) and

DS(B&P) would thereafter consolidate the figures and put them up to F.A. and Defence Secretary respectively.

- (6) The procedure set out above would apply to Forecast Estimates/Preliminary Revised Estimates/Budget Estimates and Revised Estimates except for Capital Works under Defence Capital Outlay for which a separate procedure already exists.

2. The dates by which the various estimates should be sent to DFAs/Ministry of Defence are indicated in the margin so that the Branches/Services may take timely action for their submission by the due date. It has been noticed in the past that the rendition of the estimates by Branches of Services Hqrs. etc. has not conformed to the prescribed dates. Branches of Services Hqrs. are, therefore, requested to ensure that the dates prescribed for submission of the various estimates should strictly be adhered to in future.

1. Preliminary Report for the current Financial year -- -- 20th August
2. Preliminary Revised Estimates for the current financial year and Forecast Estimates for the ensuing financial year :—
 - (a) (i) Pre-partition Estimates;
 - (ii) Loans & Advances by Central Govt;
 - (iii) Public Debt Head Estimates;
 - (iv) Interest charges debitible to civil Head of account
 } 20th October.
- (b) Post-partition estimates 10th November.
3. Revised Estimates for the current financial year and Budget Estimates for the ensuing financial year :—
 - (a) (i) Pre-partition Estimates;
 - (ii) Loans & Advances by Central Govt;
 - (iii) Public Debt Head Estimates;
 - (iv) Interest charges debitible to civil Head of account ..
 } 20th December.
- (b) Post-Partition estimates
4. Modified Appropriation—
 - (a) (i) Pre-partition Estimates;
 - (ii) Loans & Advances by Central Government;
 - (iii) Public Debt. Head Estimates;
 - (iv) Interest charges debitible to civil Head of Account;
 } 1st March.
- (b) Post-partition Estimates 10th March.

3. This supersedes the instructions contained in this Ministry's Office Order No. 23 of 1951, and corrigendum No. 1(13)/56/D(Budget), dated 6-9-1956.

Sd/-

Joint Secretary to the Government of India.

Recommendation

The Committee note that the savings were due to the changes in specifications of the buildings, non-finalisation of payments for the transport hired by the Army authorities, provision for purchase of material for Ordnance

Factories without any proper estimates, delay in sanctioning of construction of accommodation; non-materialisation of store supplies; miscalculation of expenditure etc.

The Committee regret that in spite of their repeated insistence on proper budgeting the above savings occurred and a substantial amount had not been utilised for the purpose it was provided for in the Defence budget. The Committee hope that efforts would be made to remove these defects so that budget estimates and actuals give a more realistic picture.

[S. Nos. 4 and 5 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

The observations made by the Committee have been noted for guidance. Necessary instructions have been issued *vide* Ministry of Defence U.O. No. 11(10)/67/D(Budget), dated 3-7-67 (copy enclosed).

MINISTRY OF DEFENCE

D(Budget)

SUBJECT : *Public Accounts Committee's Recommendation on Control over expenditure.*

The following criticism was made in the Audit Report (Defence Services) 1966 :

"3. Control over expenditure—Provision made in the Budget for the following items proved excessive or unnecessary :—

Nature of item	Budget provision	Actual Expenditure	Unutilised provision	Percentage of (4) to (2)
1	2	3	4	5
(In crores of Rs.)				
<i>Army</i>				
(i) Hired transport	5.44	2.30	3.14	58
(ii) Purchase of material for Ordnance Factories	89.85	60.52	29.33	33
(iii) Ordnance stores	40.00	31.12	8.88	22
(iv) Mechanical transport vehicles and connected stores	56.66	49.16	7.50	13
<i>Air Force</i>				
(v) Aviation stores purchases from abroad	15.79	9.47	6.32	40
<i>Capital Outlay</i>				
(vi) Army works	57.98	42.18	15.80	27
(vii) Farms	0.50	0.16	0.34	68
(viii) Acquisition of land for Naval works	0.27	..	0.27	100
(ix) Purchase of Naval vessels	1.30	0.53	0.77	59
(x) Naval Dockyard Expansion Scheme	1.26	0.49	0.77	61

The Public Accounts Committee, after examining the Ministry of Defence, on the above mentioned irregularity, have made the following recommendation in their Seventy-first Report (3rd Lok Sabha) :

"4. The Committee note that the savings were due to the changes in specifications of the buildings, non-finalisation of payments for the transport hired by the Army authorities, provision for purchase of material for Ordnance Factories without any proper estimates, delay in sanctioning of construction of accommodation; non-materialisation of store supplies; miscalculation of expenditure etc."

"5. The Committee regret that inspite of their repeated insistence on proper budgeting the above savings occurred and a substantial amount had not been utilised for the purpose it was provided for in the Defence Budget. The Committee hope that efforts would be made to remove these defects so that budget estimates and actuals give a more realistic picture".

Attention of all concerned is invited to the above recommendation for guidance and strict compliance.

Sd/-
Deputy Secretary

Recommendation

The Committee regret to note that due to mis-interpretation of its legal authority Army Headquarters recruited instructional staff for the NCC on the terms applicable to the re-employment of such staff in the regular army. This mis-interpretation cost the exchequer more than Rs. 9 lakhs. The Committee feel that if the army authorities wanted to give more benefits as available to the re-employment of such staff in the regular army, the proper course for them should have been to obtain the sanction of Government for the revision of the terms and conditions prescribed in the 1958 order issued for the recruitment of such staff for NCC/ACC. The Committee hope that the authorities concerned would be more careful in future and avoid recurrence of such cases.

[S. No. 9 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

Re-employment of ex-servicemen into the Regular Army under the provisions of AI 11/S/62 for service with the NCC has been dis-continued. Instructions have also been issued by Army Headquarters to the Recruiting Officers that ex-servicemen desirous of re-employment as instructors for the NCC will only be re-employed under the provisions of AIs 71 and 72 of 1958, laying down specific terms and conditions for such re-employment. Copies of instructions issued in this regard are enclosed.

There is no likelihood of such irregularity occurring again.

No. A/05430/VI/Rtg 5(OR)(a)

ARMY HEADQUARTERS

Adjutant General's Branch

DHQ PO NEW DELHI-11

27 Sep. 65

To

The Area Recruiting Officer

SUBJECT : *Re-employment of ex-JCOs and NCOs on the instructional staff of NCC and ACC*

Reference para 1 of this HQ letter No. A/05430/III/Rtg. 5(OR)(a), dated 13 May, 64.

1. Ex-Ris/Sub Majors have now been made eligible for re-employment in NCC/ACC under the provisions of AI 71 of 1958 *vide* AI 169 of 1965 (corrigendum No. 82 of 1965). Re-employment of ex-Risaldar/Subedar Majors under the provisions of AI 11/S/62 for posting on ERE to NCC and A.C.C. units will, therefore be discontinued forthwith.

2. A certificate, as required *vide* para 2 of this HQ letter under reference, will also be obtained from them.

Sd/-

for Adjutant General.

No. A 05430/III/Rtg. 5(OR)(a).

ARMY HEADQUARTERS

Adjutant General's Branch

DHQ PO New Delhi

13 May 64

To

The Recruiting Officer

SUBJECT : *Re-employment of ex-JCOs and NCOs under AI 11/S/62.*

Reference this HQ letter No. 82393/Org. 5(Rtg)(a), dated 30 Nov. 62.

1. Re-employment of ex-servicemen for service with the Regular Army or with the NCC and ACC under the provisions of AI 11/S/62 will be discontinued forthwith, except in the rank of Ris Maj/Sub Maj. Ex-servicemen in the rank of Ris Maj/Sub. Maj. will continue to be re-employed under AI 11/S/62.

2. EX-JCOs (Sub/Jem) and ex-NCOs desirous of re-employment as instructors for NCC and ACC will be re-employed/re-enrolled under AIs

71 and 72 of 1958. A certificate to the effect that they are fully aware of the terms and conditions of service laid down in AI 71 or 72 of 58 as applicable and are willing to be re-employed under its provisions will be obtained from them.

3. Please acknowledge.

Sd/-

for Adjutant General.

Recommendation

The Committee regret to note that in his anxiety to complete the work, the Commander Works Engineer exceeded his powers of local purchase by splitting the supply orders to bring the items within his purchase powers. Higher prices were also paid for the different items of decontrolled sections of steel. The Committee feel that the Commander Works Engineer should have ascertained the rate of steel from the Joint Plant Committee and the Regional Officer of the Director General Supply & Disposals in order to verify whether the rates quoted by local dealers were justified. The unfortunate aspect of the case is that the officer did not care to obtain prior sanction of the Government before the orders for the supply of steel were placed.

[S. No. 10 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

1. The observations of the Public Accounts Committee have been noted.
2. Necessary instructions to avoid such irregularities have been issued to Chief Engineers *vide* EinC's Branch letter No. 50956/Policy/E3B 4, dated the 10th May, 1967 (copy enclosed).
3. 'Non-recordable' warning was issued to S/Shri M. V. Yogi, Superintending Engineer and S. Guruswami, Assistant Executive Engineer by Chief Engineer, Southern Command on 16th June, 1967.

COPY

No. 50956/Policy/E3B 4
ARMY HEADQUARTERS
Engineer-in-Chief's Branch
 DHQ PO, NEW DELHI-11
 10 May 67

To
 Chief Engineer

SUBJECT : *Direct Purchase of Steel.*

A case has come to light where a Commander Works Engineer, MES Project purchased in March, 1965, 110 tonnes of different items of

decontrolled sections of steel from local dealers at a total cost of Rs. 1.71 lakhs—39 Supply Orders, covering 44 items were placed. The total value of each Supply Orders, did not exceed Rs. 5,000 the amount up to which a CWE is competent to make local purchase.

2. The rates allowed by the CWE were excessive, in comparison to the rates fixed by Joint Plant Committee of Steel producers for these decontrolled sections and those at which similar purchases were made by the DGS&D during the same period. Thus an extra expenditure of approx Rs. 82,000 was caused to the state.

3. The above led to a audit paragraph and PAC has commented as under :—

- (i) The CWE exceeded his powers of local purchase by splitting the Supply Orders to bring the items within his purchase powers, in his anxiety to complete the work.
- (ii) Higher prices were paid for the different items of decontrolled sections of steel. In their opinion, the CWE could have ascertained the rate of steel from the JPC and the Regional Officer of the DGS&D to verify reasonableness of the rates quoted by the local dealers.
- (iii) Government sanction was not obtained by the CWE before placing the supply orders.

4. In order to eliminate the repetition of the cases of the nature mentioned above, would you please ensure that :—

- (a) Under no circumstances will a supply order be split with a view to bringing them within the financial powers of the officer concerned.
- (b) The procedure laid down in letter No. 1/3/64-PI of 5th May, 1965 from the Ministry of Industry & Supply, copy forwarded to you under this office No. 56956/Policy/E3B/4, dated 30 June 65 for procurement of Iron & Steel should be strictly followed. In accordance with the letter, demands for decontrolled items of steel should be placed as under :—
 - (i) Indents for wagon loads which are to be placed on the Main Producers for supply should be placed on JPC.
 - (ii) In cases, where indents are ordinarily to be placed on JPC for planning on the Main Producers but the indentors are not in a position to wait for the supply from the Main Producers due to urgency and require the stores to be procured urgently from the re-rollers, the indents should be placed on DGS&D with requisite certificates and in consultation with the associated finance.

(iii) Indents for less than a wagon load should be placed on the nearest Regional Suppliers of the DGS&D.

- (c) MES officers, when making local purchase up to their direct purchase powers or even for larger quantities with Government sanction, must keep in view the prices fixed by JPC and those allowed by DGS&D.

Please acknowledge receipt.

Sd/-

for *Engineer-in-Chief*

Recommendation

The Committee are unhappy to note the manner in which the contract was entered into with a firm in connection with the modernisation scheme in an Ordnance Factory.

The Department did not finalise the designs before inviting tenders but indicated only the approximate quantities of work involved. The tenderers were asked to quote on the basis of their own design, but the department did not ascertain the approximate quantities of the work and the quantum of steel involved in the design adopted by the tenderers. The lowest quotation was decided upon with reference to the rates quoted and the approximate quantities of work mentioned earlier in the tender documents. In the absence of the assessment of correct quantities in respect of the designs given by the different tenderers, the Committee are unable to understand as to how the Department came to the conclusion that the accepted tender was the most economical.

Another aspect of the contract was the high rate of Rs. 2102 paid for each pile. The Committee are disappointed to learn that the same firm entrusted this work to a sub-contractor at Rs. 985 per pile for the first 300 numbers and Rs. 910 for each additional pile. The Committee feel that the department should have ascertained these rates from other sources also, which would have helped the department to come to more reasonable terms with the contractor.

The most unsatisfactory feature of this case is that running payments have been made to the firm at the old rates though it had been found by the Department itself that the rates were high.

[S Nos. 11 to 13 & 15 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

Sl. No. 11

Noted.

Sl. No. 12

In the absence of assessment of correct quantities in respect of designs given by different tenderers, the accepting officer came to the conclusion that the accepted tender was the most economical on the basis of item rates quoted and on the assumption that quantities of different tenderers would not vary widely, as the designs were based on the accepted standard practice. However, instructions have been issued to Chief Engineers *vide* E-in-C's Branch letter No. 33416/9/E8, dated 15th October 1966 (copy enclosed) to avoid recurrence of such irregularities.

Sl. No. 13

At the time of acceptance of the tenders as a whole, it was not necessary for the accepting officer to have ascertained the rates for piles from other sources also, since the tender of the main contractor as a whole was still the lowest. But it is agreed that at the time when extra work was ordered, the accepting officer should have ascertained these rates from other sources also.

Sl. No. 15

Once the rates have been accepted in the contract, running payments have to be made at those rates even though they may have been subsequently found to be higher.

COPY OF ARMY HEADQUARTERS, E-IN-C'S BRANCH LETTER NO. 33416/9/E8, DATED 15TH OCTOBER, 1966, ADDRESSED TO ALL CHIEF ENGINEERS
SUBJECT : *Conclusion and Administration of Contracts*

In a work for "Fabrication and Erection of a large steel workshop", where the Accepting Officer issued an Item Rate Contract and the successful contractor was subsequently expected to submit his own design, a few unsatisfactory features have come to notice, at the stage of arranging & scrutiny of tender and during administration of the contract. To avoid recurrence of such lapses, the following points are brought to your notice to enable you to ensure that proper thought is given to these aspects in similar cases :—

(a) Selection of contractors

While inviting tenders for complicated steel structures and similar works of a specialist nature, proper thought must be given to selection of contractors. Since most of the defence works are of an urgent nature, it is necessary that, while selecting contractors for specialist works, only such contractors are considered who have adequate experience of handling similar jobs. Merely because a contractor has resources to procure steel sections or materials, it would not be correct to issue him the tender unless he has adequate experience of fabrication and erection of structures of a similar nature.

(b) *Quantities in Schedule A*

While framing item rate contracts, even though detailed drawings may not be available, care must be taken to ensure that the quantities inserted in the tender against each item are not under-estimated. Unless the quantities inserted for most of the items are within 10 to 15% of the anticipated requirements, there is a danger of the lowest tenderer not proving to be the lowest, when on completion of work it transpires that the quantities for some of the items were grossly under-estimated.

(c) *Contract Provisions*

- (i) In case of steel structures, Tender documents should not give an option to contractors to provide either welded or riveted structures. The tender should specifically state for what members welded joints are to be provided and for what members riveted joints may be permitted. Should the contractor, while submitting his tender, choose to provide riveted structures, it should be made clear to him that the extra cost involved on account of the additional weight of riveted structure would not be payable to him.
- (ii) The date for design and codes to be followed for designing (whether Indian Standard Code, British Standard Code, etc.) should be clearly mentioned giving the correct name of the Code and the year of its publication. Vague provisions such as "Contractor's design shall be based on the latest IS Codes and where IS Codes are not available, BS Codes shall apply" shall not be included.

(d) *Pile Foundations*

The economics and feasibility of concluding a separate contract for piling should be examined.

(e) *Period for completion*

While fixing time for completion, the undermentioned aspects must be kept in view :—

- (i) Time required for demolition and removal of existing structures and services including underground ducts, cables pipes and the like.
- (ii) Work involved in machine foundations.
- (iii) Ducts for air conditioning, cables, pipes and the like.
- (iv) Where piling is involved, the Tools & Plant likely to be available with the piling contractor. If more than one

building is involved, it is unlikely that the piling contractor will be able to start work on all buildings simultaneously. In such cases, it will, therefore, be necessary to provide a phased programme for completion of piling work and building work must necessarily be phased to agree with that programme.

(v) Non-availability of unrestricted use of the entire sites.

(f) *User's written agreement*

In case of technical buildings in an existing factory area, the restricted use of sites creates difficulties and it is essential that a carefully thought out programme of availability of the sites is drawn out in consultation with the users and their written agreement obtained.

(g) *Rates payable for work*

As soon as it is apparent that the original quantities of items of work mentioned in the contract are likely to be exceeded beyond the deviation limit and it is expedient to get the additional work executed by the same contractor, it is essential that the GE brings this to the notice of the Accepting Officer. The CWE/CE must give proper thought to the rate payable to the contractor for the additional work and must ensure that the rate for payment is settled before the additional work is taken in hand.

(h) *Standard of Workmanship*

To ensure proper workmanship in respect of structural steelwork, it is necessary to ensure that the points mentioned in Appendix A hereto are carefully watched. Since welded joints are at present commonly adopted, it is necessary that the supervisory staff is conversant with the handling and use of equipment used for testing the quality of welds.

2. A copy of this letter is being sent direct to CsWE Encl; Appendix A.

Sd/-
for *Engineer-in-Chief*

APPENDIX 'A' TO E-IN-C'S BRANCH LETTER NO. 33416/9/E8,
DATED 15TH OCTOBER 1966

Points to be watched in structural steel works

1. Length of members should be correct within permissible end clearances as per ISI 800-1962.
2. Members should be cut by approved methods.
3. Holes should be drilled as specified. Holes for rivets and bolts should not be formed by gas cutting.

4. The component parts should be assembled in such a manner that they are neither twisted nor otherwise damaged.

5. Rivets should when driven, completely fill the holes and have a head of standard dimensions.

6. Welding should be carried out in accordance with ISI Standards.

7. Butt joints of struts and compression members should be close-butted over the whole section, except when entire load is transmitted through gussets and rivets.

8. Field connections should be made with the same care as for shop fabrication.

9. Columns should be in plumb.

10. Beams should come in the predetermined positions on columns.

11. Crane rails should be placed centrally on the gantry girders.

12. Distance between crane rails should be checked before making permanent connections.

Recommendation

The Committee regret to note that although higher quotation had been accepted as a result of spot tendering, there was delay in handing over the sites and the non-availability of stores required to be issued to contractors, by the engineering authorities, which resulted in delay in the execution of the work connected with the provision of monsoon shelters for the troops. If the provision of monsoon shelters was really urgent, the authorities should have taken steps to hand over the sites in time and supply the required material for the construction of those shelters. The Committee hope that suitable steps would be taken by the Ministry to avoid recurrence of such instances in future.

[S. No. 17 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

The observations of the PAC have been noted. Necessary Instruction have been issued to all Chief Engineers Vide Army Headquarters, E-in-C's Branch letter No. 33416/E8, dated 12th August, 1966 (Copy enclosed) to ensure that a reasonable time for submission of tenders is given after taking into account the availability of stores etc. to be supplied by Government. It is hoped that with the issue of the above instructions, such instances will not recur in future.

COPY OF ARMY HEADQUARTERS, E-IN-C'S BRANCH LETTER NO. 33416/E8, DATED, 12TH AUGUST, 1966, ADDRESSED TO CHIEF ENGINEER, ALL COMMANDS ON THE SUBJECT REGARDING TIME FOR SUBMISSION OF TENDERS

It has come to our notice that in case of certain urgent works, tenderers were asked to submit their tenders on the same day or on the following day

although land and Government stores to be issued under Schedule 'B' were not available.

2. As, in the circumstances, the work could not proceed, there was no justification for resorting to such short time tendering.

3. Please ensure that cases of this nature do not recur.

4. Copies of this letter have been sent direct to all Cs.W.E.

Sd/ V. S. DEVDHAR
For *Engineer-in-Chief*

Recommendation

The Committee understand from Audit that the Chief Engineer was informed on 9th October, 1963 that the proposal for advance provisioning of stores would be considered only after the scrutiny of the estimates for the main project was complete. But it was only after 14th February, 1964 when he was advised that the financial authorities had not concurred in the advance collection of stores that he approached the DGS&D for cancellation of indents etc. At that stage, cancellation could be effected in respect of stores worth Rs. 1.75 lakhs only. The Committee regret to note that no action was taken to stop provisioning of stores at least immediately after 9th October, 1963.

[S. No. 19 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

Observations of the PAC have been noted.

2. Remedial instructions (vide E-in-C's Branch letter No. 45135/63-64/DP/26/E2A dated 13 Dec. 65, copy enclosed) have been issued to Chief Engineers stressing that under no circumstances advance collection of stores be resorted to without obtaining prior approval of CFA.

[Min. of D. u.o. No. 2(9)/65/S-D(W. II) dated 31-7-67]

ANNEXURE V

DELHI TELE : 31286

No. 45135/63-65/DP/26/E2

ARMY HEADQUARTERS,
Engineer-in-Chief's Branch
KASHMIR HOUSE
DHQ PO NEW DELHI-11.

13 Dec. 65.

To

Chief Engineer :
Southern Command
Eastern Command
Western Command
Central Command

SUBJECT :—*Appropriation Accounts Section V review of MES expenditure amounts placed under objection on account of non compliance of basic rules governing works procedure.*

A review of the cases of amounts held under objection for want of administrative approval in respect of the year 1963-64 has revealed that there were a number of cases where action to procure stores in advance of admin approval was taken and expenditure incurred thereon without obtaining the prior approval of CFA as required by MES Regs Para 646. It is stressed that whatever may be the necessity for such action, such as time lag in procurement of certain items of stores after receipt of admin approval and consequent delay in expeditious completion of works, collection in advance of stores without getting the prior approval of the CFA is an explicit contravention of the orders contained in this regard in the MES Regs. for which engineers will become solely responsible which may call for disciplinary action.

2. Chief Engineers may therefore warn all the MES formations under their command that under no circumstances advance collection of stores for projects without complying with the provisions of Para 646 Regs is resorted to.

Sd/-

for Engineer-in-Chief

Recommendation

The Committee regret to note that the award in this case has gone against the Government and the financial implication of the award is Rs. 1,16,000 as against Rs. 99,400 which was the value of the contract. They suggest that

the Ministry should go into the various aspects of the construction and collapse of the hangar and take suitable action against the officers found responsible.

[S. No. 21 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

A Staff Court of Inquiry to investigate the irregularity and fix responsibility thereof has been convened on 7th April 1967. Finalised proceedings of the Court of Inquiry are awaited. Further necessary action in the matter will be taken on receipt of the finalised Court of Inquiry's findings and the Committee will be informed of the final decision of the Government in due course.

[M. of D. u.o. No. 2(9)/65/885-S/D (W. II), dated 11-7-1967]

Further Information

In continuation of this Ministry's U.O. No. 2(9)/65/885-S/D(W-II), dated the 11th July, 1967, forwarded under our O.M. No. 11(2)/67/D (Budget), dated the 17th July, 1967.

2. The finalised proceedings of the Court of Inquiry were examined by the Army Headquarters. It was found that the first collapse of the hangar occurred due to lack of stiffness as a result of all the purlins and bracings not being completely fitted into the structure at the time of the incident. The second collapse occurred due to fatigue of members which were repaired, straightened-up and re-used in re-erection of the hangar.

3. The under-mentioned officers were found responsible for allowing the re-use of repaired and straightened-up old material in re-erection of the hangar :—

- (a) Lt. Col. Harish Chandra, then Commander Works Engineer; and
- (b) Major V. D. Sharma, the then Garrison Engineer.

4. The case was placed before the Chief of the Army Staff who directed that both the above officers be awarded his 'Severe Displeasure' for failure to exercise proper care.

Necessary instructions have accordingly been issued by the Army Headquarters to the Headquarters Southern Command, on 27th July, 1968, for conveying 'Censure' to the officers concerned.

[M. of D. u.o. No. 2(9)/65/1261-S/D(W-II), dated 18-9-1968.]

Recommendation

The Committee regret to note that extensive Users' tests were not carried out in this case and it was apparently due to this that defects in track links could not be detected earlier.

[S. No. 27 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

The observations made by the Public Accounts Committee have been noted. As already explained to the Public Accounts Committee, vide para 2.92 of their 71st Report (Third Lok Sabha), extensive Users' tests on the Track Links obtained ex-USA were not considered necessary in view of the certificate obtained from the country of origin. In this connection the Public Accounts Committee had been informed, *inter alia*, as under in regard to their recommendations made at Sl. No. 28 in Appendix IX to their 71st Report (Third Lok Sabha) :—

“The question whether the inspection provision in respect of purchases from foreign manufacturers involving large financial commitment and operation value needs to be revised in order to provide for inspection by Indian experts before the goods are finally accepted is being reviewed and the results of the review will be intimated to the PAC in due course.

[M. of D. u.o. No. F.14(5)/67/D(O.I) dated 19-12-67]

Recommendation

The Committee do not like to comment upon the system of purchasing defence equipment under the certificate of military authorities of a foreign country from which the equipment or stores etc., are purchased. They, however, feel that as the present case has revealed certain defects in the system, there are strong reasons for its review. The Committee are of the opinion that taking into account the economics of the case some arrangement should necessarily be made for inspection by the Indian experts of the important items of equipment etc., purchased from a foreign manufacturer, involving large financial commitment and operational value, before the goods are finally accepted. Decision in this regard, the Committee feel, should be taken at an early date.

[S. No. 28 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

In accordance with the existing instructions, Defence stores (Lethal stores such as weapons, ammunition, etc.) purchased from foreign countries are inspected by the Government of the country in which the stores are purchased or by private agencies approved by the Government concerned. Accordingly, the inspection of the Track Links purchased from U.S.A. was entrusted to the U.S. Army and according to them a full time Inspector and another roving Inspector was posted at the works of the sub-contractor to carry out day-to-day inspection on work.

2. In view of the observations made by the Public Accounts Committee, the question whether the inspection provision in respect of purchases from foreign manufacturers involving large financial commitment and operation value needs to be revised in order to provide for inspection by Indian expert

before the goods are finally accepted is being reviewed and the results of the review will be intimated to PAC in due course.

[M. of D. No. 14(6)/67/D(O. I) dated 23-8-67]

Further Information

This is in continuation of the note, on the subject, forwarded with this Ministry's No. 14(6)/67/D(O.I), dated 23rd August, 1967. Government is in general agreement with the views expressed by the Public Accounts Committee. There are, however, certain limitations as regards the extent to which this can be applied. For example, in the case of purchase of new equipment, Indian authorities would not, naturally be sufficiently acquainted with the technical details to be able to conduct effective inspection. It is, therefore, considered that while the present practice of obtaining imported goods on the certification and responsibility of the foreign Government should continue, this could be supplemented in respect of all major purchases abroad, by associating, wherever practicable, a team of Indian observers with the foreign inspectors, at the various stages of manufacture and supply, to bring to notice cases of defects coming to light and also bring them to the notice of indentors. To implement this proposal, it has been decided to insert an appropriate clause for the appointment of such observers in future.

The supplies will, however, be subject to detailed inspection in India within the prescribed period so that claims where necessary are preferred in time.

Recommendation

The Committee feel that while inviting tenders, full description of the mosquito nets required, should have been given to enable the tenders to quote for the correct type of the material. They regret to note that this was not done in this case. They hope that with the issue of these instructions such cases would not recur.

[S. No. 30 (para 2.106) of Appendix IX to 71st Report (3rd Lok Sabha) 1966-67]

Action taken

The observations made by the Public Accounts Committee have been noted. Similar instructions as issued by MGO Branch in July 1966, (copy attached as Appendix 'A') in which the necessity of incorporating all essential details in the tender enquiries was emphasised on Ordnance Officer's have now been issued to all Services/Branches for compliance. A copy of these instructions is attached as Appendix 'B'.

[M. of D. u.o. F. No. 14(3)/67/D(O.I) dated 13-6-67]

APPENDIX 'A'

No. 83055/OS-10B

ARMY HEADQUARTERS

Master General of the Ordnance Branch

DHQ PO New Delhi-11

7th July 66.

To

Brigadiers Army Ordnance Corps
Headquarters Southern Command
Headquarters Eastern Command
Headquarters Western Command
Headquarters Central Command

SUBJECT :—*Purchase of stores—floating of tender enquiries*

It has come to the notice of this HQ where a Depot had effected local purchase of a costlier variety of Nets Mosquito in preference to its cheaper variety. This was because full details of the exact requirements and specification were not indicated during the stage of tender enquiry and resulted in different quotations being received from different firms for different qualities of the item, culminating in the depot accepting the tender for the costlier variety, since that happened to be made of the material actually desired. This process did not give a fair opportunity to all tenders, since the quotations received from others were not of the desired material thus leaving no scope for the depot to obtain their requirements at competitive rates. This has been adversely commented upon by the audit authorities.

2. The above practice is highly objectionable and is liable to bring discredit to the Service. You are therefore requested to instruct all depots under your Command that in future while floating enquiries full details and specific particulars of the items intended to be purchased are incorporated in the tender enquiry so that all tenders know exactly what is our requirement and can tender for accordingly.

3. Please acknowledge receipt.

Sd/-

for Director of Ordnance Services.

APPENDIX 'B'

MINISTRY OF DEFENCE

D(O. 1)

SUBJECT :—*Necessity of incorporating all essential details in the tender enquiries issued by the services authorities.*

A case has been adversely commented upon by Audit in which an Ordnance Depot had effected local purchase of a costlier variety of nets mosquito in preference to its cheaper variety. This was because full details of the exact requirements and specifications were not indicated during the stage of tender enquiry and thus resulted in different quotations being received from different firms for different qualities of the item, culminating in the Depot accepting the tender for the costlier variety, since that happened to be made of the material actually desired. This did not give a fair opportunity to all tenderers since the quotations received from others were not for the desired material, thus leaving no scope for the Depot to obtain their requirements at competitive rates.

2. Services/Branches are, therefore, requested to ensure that while floating enquiries full details and specific particulars of the items intended to be purchased are incorporated in the tender enquiry so that all tenderers know exactly what is the actual requirement and can tender for accordingly.

Recommendation

The Committee regret to note that the engines (costing Rs. 4.65 lakhs) received during June, 1963 and September, 1964, remained unutilised for a period of 2-3 years, due to non-receipt of two items, one out of them costing only Rs. 0.41. It is all the more regrettable that the authorities concerned did not view the matter in a proper perspective and made no alternative arrangement for the procurement or fabrication of items but kept on waiting till they were received from the supplier.

[S. No. 31 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

The observations of the Committee are noted. Recurrence of such cases in future is not likely as financial powers have been delegated to the Commandants, Central Ordnance Depots for the local purchase of Ordnance stores up to Rs. 50,000 in those cases where the supply agencies are unable to arrange delivery of stores within the stipulated time limit *vide* this Ministry's letter No. 82055/OPS/OS-10B/S02/D(O. 1) dated 16th April 1966 as extended *vide* letter No. 82055/OPS/OS-10B/225/S02/D(O. 1) dated 30th January 1967, copies enclosed.

No. 82055/OPS/OS-10B/S02/D(O. I)

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

New Delhi, the 16th April 1966

To

The Chief of the Army Staff

SUBJECT :—*Local purchase of Ordnance stores by the Central Ordnance Depots—Delegation of financial powers.*

Sir,

In supersession of this Ministry's letter No. 82055/GEN/OPS/OS-10B/S02/D(O. I) dated the 17-9-65 on the above subject, I am directed to convey the sanction of the President to the delegation of financial powers to the Commandants, Central Ordnance Depots/Chief Ordnance Officer, CAFVD, Kirkee, Chief, Ordnance Officer, Ordnance Depot, Bombay and Officer Commanding, COD MALAD (Bombay), during the present emergency for the local purchase of Ordnance stores up to Rs. 50,000 in those cases, where the Central Purchase/Supplying Agencies have not been able to arrange delivery of stores within the stipulated period indicated in the indents/contracts and the bulk supplies are not likely to materialise within one month.

In cases where the expenditure in the procurement of stores is over Rs. 50,000 sanction of the competent authority as indicated below will be obtained by the Central Ordnance Depots/CAFVD, Kirkee/Ordnance Depot, Bombay before resorting to local purchase :—

- (i) Over Rs. 50,000 but under Rs. 2,50,000 DOS
- (ii) Over Rs. 2,50,000 Govt. of India.

2. Before effecting local purchase, the CODs/CAFVD, Kirkee/Ordnance Depot, Bombay will screen the 'dues-in' position from the Central Purchase/Supplying Agencies as per their provision Records and will be authorised to make local purchase to cover the dues-out plus one month's requirements.

3. In exercising local purchase of Ordnance stores under the above delegated financial powers :—

- (a) prior concurrence of the associated Finance will not be necessary;
- (b) normal limited tender system of purchase will be adopted;
- (c) when only one quotation is received against the limited tender inquiry, purchases will be made and when considered expedient efforts will be made to obtain more quotations; and

- (d) when no registered dealers are known to exist for the supply of an item or when registered dealers would not be able to supply the quantities urgently required at competitive rates, tenders can be invited from non-registered dealers also provided the purchasing officer is satisfied that such non-registered dealers would be competent to undertake the order.

4. The financial powers delegated above will be exercised for a period of one year with effect from the *1st April 1966* subject to a review of the system after six months.

5. The provisions of the delegation of financial powers for the local purchase of ordnance stores by the Central Ordnance Depots etc. as laid down in this Ministry's letter No. 82055/GEN/OPS/OS-10B/SO2/D(O. I), dated the 17th September 1965 will, however, be applicable in those cases, where tenders have already been invited on the basis of tender enquiries issued prior to *31st March 1966*.

6. This issues with the concurrence of the Ministry of Finance (Def.) *vide* their U.O. No. 1560/02 of 1966.

Yours faithfully,

Sd/- L. GOMEZ,

Under Secretary to the Govt. of India.

No. 82055/OPS/OS-10B/225/SO2/D(O. I)

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

New Delhi, the 30th January 1967.

To

The Chief of the Army Staff

SUBJECT :— *Local purchase of Ordnance stores by the Central Ordnance Depots—Delegation of financial powers*

Sir,

I am directed to convey the sanction of the President to the extension of the provisions of this Ministry's letter No. 82055/OPS/OS-10B/SO2/D(O.I) dated 16th April, 1966 for a further period of one year with effect from 1st April, 1967.

2. This issues with the concurrence of the Ministry of Finance (Defence) *vide* their u.o. No. 70/S/02 of 1967.

Yours faithfully,

Sd/-

Under Secretary to the Government of India.

Recommendation

The Committee regret to note that 43 vehicles were moved to Panagarh after a decision to repair the vehicles at Delhi had been taken in November, 1961 when order for back-loading of some of the vehicles from Panagarh to Delhi was issued. The Committee feel that the movement of these 43 vehicles was unjustified and could have been avoided. The Committee also feel that before ordering movement of the vehicles in large numbers for the purpose of storage, their repair programmes etc. should be kept in view. Unnecessary movement of vehicles, even for a smaller number as in this case not only results in infructuous expenditure of transport but also causes inconvenience and undesired burden on the Railways.

[S. No. 32 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

The recommendation of the Committee has been noted. Suitable instructions have already been issued to BSAOC, HQ Commands *vide* Army HQ letter No. 93844 PC-69 OS-10B, dated 11-8-66 that in future all existing as well as anticipated liabilities of the store/equipment, proposed to be transferred for utilisation of surplus covered accommodation, are thoroughly scrutinised before effecting actual movement and that any lapse on this account will in future be viewed seriously. A copy of these instructions is enclosed.

[M. of D. U.O. No. 2(3)/67 5692 D(O-11) dated 21-8-67]

No. 93844/PC 69/OS-10B

ARMY HEADQUARTERS

Master General of the Ordnance Branch

DHQ PO NEW DELHI-II

11 Aug. 1966

To

Brigadiers Army Ordnance Corps
Headquarters Southern Command
Headquarters Eastern Command
Headquarters Western Command
Headquarters Central Command

SUBJECT:—*Transfer of stocks for utilisation of surplus covered accommodation*

1. A case has been brought to the notice of this HQ, where certain repairable vehicles stored in a depot in the open were stock-transferred with a view to utilising covered accommodation available in another depot but had soon to be back-loaded to meet the repair liability. Thus this movement not only involved an avoidable expenditure and wastage of man-

power but also no real benefit accrued because of short stay of the vehicles under covered accommodation.

2. You are, therefore, requested to instruct all Depot Commanders to ensure that in future all existing as well as anticipated liabilities of the store/equipment, proposed to be transferred for such a purpose, are thoroughly scrutinised by them before effecting actual movement. Any lapse on this account will in future be viewed seriously.

Please acknowledge.

Sd./-

Director of Ordnance Services

Recommendation

In view of the difference of opinion between the Ministry of Defence and the Financial Adviser, Defence Services, regarding "works of vital importance to the effective functioning of the armed forces", the Committee desire that the Ministry of Defence should examine the question and issue necessary clarificatory orders after consulting the Financial Adviser. They also desire that the Ministry of Defence may conduct a review whether in the light of the present conditions the scope of the exercise of the enhanced delegations of powers under the Emergency Works Procedure could be restricted to operational areas and to certain specified nature of works in other areas.

[S. No. 38 of Appendix IX to 71st Report (3rd Lok Sabha)]

Action taken

A Committee to review the Working of the Emergency Works Procedure was formed during October 1966. The Committee included the representatives of the Ministry of Defence, the Ministry of Finance (Defence), Army Headquarters and CGDA.

The Committee met several times and has made its recommendations. The recommendations of the Committee are under examination in the Ministry of Defence and decision of the Government on the different issues involved would be communicated to the P.A.C. as early as possible.

[Min. of Defence U.O. No. 8(8) 67/SO-III/D(W-1), dated 19th June, 1967.]

Further Information

Please intimate whether the Emergency works procedure need continue in view of the fact that emergency has been called off. A copy of the Review and decision taken by Government thereon may also be supplied.

The position is as under :

It is proposed to adopt a Revised Works Procedure in lieu of the Normal Works Procedure and Emergency Works Procedure. The Revised

Works Procedure has been drafted, and a few points arising therefrom are still to be settled. As soon as the Revised Works Procedure is adopted, the same will supersede both the Normal Works Procedure and Emergency Works Procedure. Meanwhile, the operation of the Emergency Works Procedure has been extended up to end of December, 1968. This is considered necessary.

[Min. of Def. U.O. No. 8(8)/67/SO-III/D(Works-I) dated 28th October 1968.]

1. In continuation of this Ministry's U.O. No. 8(8)/67/SO-III/D(W-I) dated 19th June 1967 forwarded to the Lok Sabha Secretariat under Ministry of Defence Office Memorandum No. 11(2)/67/D(Budget) dated 4th July 1967 and further to this Ministry's U.O. No. 8(8)/67/SO-III/D(Works-I) dated 28th October 1968 forwarded to Lok Sabha Secretariat under Ministry of Defence Office Memorandum No. 11(2)/67/D(Budget) dated 11th November 1968.

2. The revised Works Procedure in lieu of the Normal Works Procedure and Emergency Works Procedure has since been finalised *vide* this Ministry's letter No. B/01247/Q3W(Policy)/2119/SO-III/D(Works-I) dated 18th November 1968 (copy enclosed) and will be followed in regard to Defence Works from 1st April 1969.

[M. of D. U.O. No. 8(8)/67/SO-III/D(Works-I) dated 3rd Jan, 1969.]

No. B/01247/Q3W(Policy)/2119/SO-III/D(W-I)

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE,

New Delhi, the 18th November, 1968.

To

The Chief of the Army Staff,
The Chief of the Naval Staff,
The Chief of the Air Staff.

SUBJECT:—*Revised Works Procedure in lieu of Normal Works Procedure & Emergency Works Procedure.*

Sir,

I am directed to say that the President has decided that in supersession of the Normal Works Procedure and the Emergency Works Procedure, the procedure to be followed in regard to Defence Works will from 1st April 1969 be as shown in the attached memorandum. Works sanctioned prior to 1st April 1969 will be executed under the Normal Works Procedure or the Emergency Works Procedure as the case may be under which the same are sanctioned.

2. The following letters of this Ministry as amended from time to time would stand cancelled from 1st April 1969 :—

- (a) No. 9623/21/03/A(W-III) dated the 9th June 1947.
- (b) No. WK/4703/NHQ/6739/D(N-II) dated the 29th November 1958.
- (c) No. Air HQ/20851/57/ORG/AF/6980/D(Air-Stores) dated the 14th August 1956.
- (d) No. 22874/E2A/5967/D(Works-1) dated the 11th Nov. 1962.

3. The Operational Works Procedure as amended from time to time will however continue to operate to the extent it is applicable.

4. This issues with the concurrence of the Ministry of Finance (Defence) *vide* their U.O. No. 4101/W-I of 18th Nov. 1968.

Yours faithfully,
Sd/-

Under Secretary to the Government of India.

*Enclosure to Ministry of Defence letter No. B/01247/Q3W (Policy)/
2119/SOIII/D(W-I) dated the 18th November, 1968.*

**MEMORANDUM ON THE PROCEDURE FOR THE EXECUTION OF WORKS
SERVICES TO HAVE EFFECT FROM 1ST APRIL 1969**

Object

1. The object is to ensure completion of works with the minimum of delay, but with due regard to observance of the maximum obtainable economy compatible with the object and requisite budgetary control. No work will be sanctioned unless it is considered essential to the effective functioning of the Defence Services.

2. Under the system of budgetary control, so far as it applies to works, expenditure during a financial year is generally restricted to the amount provided in the budget estimate for the purpose. Money is made available for expenditure by appropriation or reappropriation, which represents the allotment of a particular sum of money to meet expenditure on a specified object; it is operative only for the year for which it is made. Further details will be found in Appendix 'A'.

3. It is essential that the broad spirit of the system of control of expenditure should be thoroughly appreciated and strictly conformed to by all officers entrusted with the administration of funds and execution of works services.

Classification of Works Services

4. For the purposes of control (Administrative and Technical) the operations of the MES are divided primarily into two categories, namely :—

- (i) Original works
- (ii) Repairs.

5. Original works comprise the construction of buildings and Defence works and their internal fixtures together with the necessary services such as roads, E/M services, water supply, furniture, drainage ranges etc. as well as purchase and additions. Reconstruction of buildings and roads, widening of roads, alterations necessitated by administrative reasons, works necessary to bring into use buildings and services newly purchased or previously abandoned or rendered unusable by extraordinary causes such as storm, fire or earthquake, also fall in the category of original works.

Exception : Petty works costing up to Rs. 400/- may, at the discretion of the CWE, be treated as 'Repairs'. The CWE may delegate all or a portion of his powers under this paragraph to GEs or outstation AEEs by name.

(Para 146 MES Regulations)

The purchase and installation of static plant and machinery (Para 170 MES Regulations) and the provision of furniture (Para 183 MES Regulations), are treated as original works for the purpose of these orders.

Provision of furniture which does not form part of any project will be treated as major or minor work, depending on the cost involved *vide* para 13 below.

6. Repairs comprise all maintenance and periodical services, renewals and replacements as well as alterations necessitated by technical or engineering reasons.

Works required to make good damages to buildings, roads, installations and services due to extraordinary causes, but which are still usable, are also classified as 'Repairs'.

NOTE: Whether or not a building etc. is still 'usable' will be decided by the Court of Enquiry convened to investigate the loss.

Original works

7. There are four main stages in the project for an original work, *viz.*—

- (i) Acceptance of necessity.
- (ii) Administrative approval.
- (iii) Appropriation of funds.
- (iv) Technical sanction.

Acceptance of necessity means the concurrence of competent financial authority to the expenditure proposed.

Administrative approval means sanction by competent financial authority to the execution of an original work at a stated cost.

Appropriation of funds means the allotment of a particular sum of money to meet expenditure on a specified work *vide* Appendix 'A'.

Technical sanction, which is issued by competent engineer authority, amounts to no more than a guarantee that the proposals are structurally sound and that the estimates are accurately calculated and based on adequate data *vide* para 26 below.

8. Repairs are classified in two categories :—

- (a) *Ordinary Repairs* : These comprise—
 - (i) Petty repairs,
 - (ii) Periodical services, *vide* MES Regulations, Table 'F'.
 - (iii) Replacements and renewals costing up to Rs. 20,000/-.
- (b) *Special repairs* : These consists of replacements and renewals costing more than Rs. 20,000/- each.

Repairs in category (a) will be carried out in accordance with MES Standing Orders. para 220 *et seq.*

Repairs in category (b) will be carried out in accordance with MES Regulations. para 148(b) so far as buildings are concerned and paras 757 and 759 so far as E/M installations are concerned.

NOTE : (i) The GE will be competent authority for grouping of buildings for the purpose of special repairs.

- (ii) Replacements of furniture rendered unserviceable by fair wear and tear will be treated as ordinary repairs, irrespective of cost, for the purpose of this rule.

No administrative approval is necessary for repairs falling in category (a), allotment of funds for the purpose implies administrative approval to that extent. No work will be carried out without the technical sanction of the competent engineer authority and no expenditure will be incurred in excess of allotment under the relevant head except in so far as such excess can be met by reappropriation from another head within the competence of the authority concerned.

Repairs to buildings falling in category (b) will be treated as 'Original Works' except for budgetary purposes for which see Appendix 'A'.

In cases where special repairs and additions and alterations to a building or buildings become necessary at the same time, the work will be sanctioned as one project and treated as an original work for all purposes.

Amdement to capital values will be made in accordance with MES Regulations, para 148(c) but see exceptions below. In calculating the addition to be made to the capital value, credit will be taken for the value at current rates of any portion of the original structure which has been demolished or replaced.

Exceptions

- (a) Capital value will not be amended in the case of replacements and renewals costing Rs. 20,000/- or less to temporary buildings.
- (b) Changes in capital value amounting to Rs. 400/- will be disregarded.

Amendments to capital values on account of E/M renewals will be carried out in accordance with MES Regulations paras 757 and 759.

Fundamental Principles

9. The fundamental principles are :—

- (a) No works services will be executed without administrative approval and technical sanction having first been obtained from the authority appropriate in each case and without funds being available to meet expenditure on it (but see paras 10, 11 and 12 below).
- (b) No officer will, in the course of the financial year, exceed the aggregate budget allotment made to him on any work or under any sub-head of maintenance.
- (c) No officer will exceed any specific budget allotments made to him under any minor or detailed head, except in so far as he may within his powers of transfer of funds, be able to meet excess expenditure on one item by equivalent savings on another.
- (d) The final cost of any service may exceed the amount of Administrative Approval by not more than 10 per cent. An officer will take no action which will commit Government to expenditure beyond this limit, without obtaining prior sanction of CFA.
- (e) A property is deemed to be abandoned when taken off a care and maintenance basis.
- (f) No project will be split up merely to bring it within the powers of an approving authority.

(Para 15 MES Regulations)

Exceptions

10. If for urgent military reasons delay in the issue of administrative approval based on approximate estimate cannot be accepted, the competent financial authority is empowered to order commencement of work on essential items of accommodation prior to the issue of administrative approval.

In doing so, however, the CFA must ensure that no accommodation is constructed in excess of requirements. The 'go-ahead' sanctions accorded under this para by CFAs lower than the Government of India, will be subject to the following conditions :—

- (a) The 'go-ahead' sanction will be ordinarily restricted to items comprising collection of stores, site clearance, external services, construction of essential temporary non-residential accommodation for the staff and stores of the MES accommodation for the MES constructional staff and preliminary works necessary for the execution of the project.
- (b) The 'go-ahead' sanction will not exceed 20 per cent of the rough cost. This percentage will not include the cost of requisition of land required for the project.

11. Notwithstanding anything laid down in this memorandum unexpected circumstances may arise which make it imperative to short circuit normal procedure. Such circumstances may arise from operational military necessity or on urgent medical grounds when reference to the appropriate CFA would entail dangerous delay. If such circumstances arise, any commander may order the commencement of work by furnishing an order in writing to the engineer officer concerned. In such circumstances the following principles will guide the commander concerned in deciding on his action :—

- (a) Can the appropriate CFA be referred to and a reply be received without causing dangerous delay in commencement of the work.
- (b) If the conditions in (a) cannot be fulfilled a departure from either the spirit or letter of the laid down procedure is justified, if he bases his decision on some fact or facts which could not be known to the appropriate CFA and if he is satisfied that he is acting as his superior would order him to if he were present.
- (c) If he neglects to depart from the letter of laid down procedure when the procedure in the circumstances set out above is clearly demanded, he will be held responsible for any failure or disaster that may ensue.
- (d) Should he decide that it is necessary to depart from the laid down procedure he will immediately report the fact at the earliest possible moment to the appropriate CFA informing any intermediate commander concerned at the same time; with copies to CDA.

(Para 16 MES Regulations)

12. Again in the case of imminent danger to buildings, etc., or of a breakdown of a supply from an installation, when delay would be seriously detrimental to the public service, the local MES or PWD officer will take steps to protect Government property or the inhabitants, etc., but he must at once report the facts of the case and the reasons for his action to superior engineer authority, the local military commander, and to the CDA concerned stating the liability he is incurring.

(Para 16 MES Regulations)

The procedure outlined in paras 10, 11 and 12 above does not dispense with the necessity for the issue of Adm. Approval based on subsequently prepared Approximate Estimate at the earliest opportunity. However, such works can be started without waiting for specific allotment of funds for the project.

Administrative control

13. For administrative purposes original works are divided into the following categories :—

Major Original Works *i.e.* those costing more than Rs. 20,000/-.

Minor Original Works *i.e.* those costing up to Rs. 20,000/- inclusive.

(Para 21 MES Regulations)

14. New or original works are further sub-divided as follows :—

(a) *Authorised items of work*—Services authorised by Government in regulations or by separate orders of a general or specific nature and services which it is customary to provide for troops, etc., as laid down in Barrack Synopsis, Huttet Pamphlet or other authority issued by the Government of India. These are referred to broadly as authorised works.

(b) *Special items of work*—Services not falling within (a) above are referred to as 'special works'. These may only be approved when exceptional local conditions justify the necessity, or as an important experimental measure. Special works should not be approved if the effect would be to introduce a new practice or change of scales. Where no scales have so far been laid down and there are no orders prohibiting the undertaking of those works, Competent Administrative Authorities may within their competence sanction works up to the financial powers delegated to them for special works if it is customary or technically essential to provide the same.

Powers of acceptance of necessity and administrative approval

15. Powers of competent financial authority for acceptance of necessity and adm. approval for works are same and are stated below :—

	Authorised works	Special works
(a) Govt. of India	Full powers	Full powers
(b) COAS/CNS/CAS	25 lakhs	5 lakhs
(c) GOsC-in-C/Equivalent Navy Comdrs/AOsC-in-C	20 lakhs	2½ lakhs
(d) Corps Comdr	15 lakhs	2½ lakhs
(e) Comdr. of an Area/Indep Sub Area/Indep Bde Group/Equivalent Navy Air Force Comdrs	7½ lakhs	50,000
(f) Comdr of a Sub Area/Bde Group/Equivalent Navy Air Force Comdrs	2½ lakhs	10,000
(g) Station Comdrs of rank of Col & above Equivalent Navy Air Force Comdrs	1 lakh	5,000
(h) Station Comdrs below rank of Col. Equivalent Navy Air Force Comdrs	10,000	5,000

- NOTES : 1. The authorities mentioned at (b) to (h) above will exercise their powers without financial concurrence.
2. The financial powers vested in the officers mentioned at (b) to (h) above can also be exercised by their *locum tenens* when the incumbants are on leave.
3. In determining the CFA in a case where the project includes both the authorised and special items of work the criterion shall not be the financial powers for the normal items of work alone. In such a case, therefore, if the estimated cost of the total of the special items of work exceeds the financial powers of the CFA for those items, the administrative approval shall be issued by the CFA under whose powers the special items fall.

Demolition of Buildings

15-A. (a) The demolition or sale of any building, etc., for demolition may be approved on a demolition statement (IAFW 1819) by the following authorities provided the book value of the building does not exceed the limit shown against each :—

- | | |
|---------------------------------------------------|--------------|
| (i) Government of India | Full powers |
| (ii) COAS/CNS/CAS | Rs. 5,00,000 |
| (iii) GOsC-in-C/Equivalent Navy Comdrs/AOsC-in-C. | Rs. 2,00,000 |
| (iv) Corps Comdr | Rs. 2,00,000 |

(v) Comdr of an Area/Indep Sub Area/ Indep Bde Group/Equivalent Navy/ Air Force Comdrs	Rs. 50,000
(vi) Comdr of a Sub Area/Bde Group/Equi- valent Navy/Air Force Comdrs	Rs. 10,000
(vii) Station Comdr of and above the rank of Lt. Col./Equivalent Navy/Air Force Comdrs	Rs. 2,000
(viii) Station Comdr below the rank of Lt Col/ Equivalent Navy/Air Force Comdrs	Rs. 1,000

NOTES (a) The demolition or sale of any building etc., for demolition will be approved by the authorities mentioned at (ii) to (viii) above without financial concurrence.

(b) The book value of each building (including ancillary buildings) will be taken separately and not the total book value of all the buildings in a demolition statement in order to determine the authority competent to sanction its demolition.

(c) The cost of demolition will be dealt with as a work, any proceeds from the sale or demolition being dealt with as laid down in para 693 MES Regulations.

(d) In an estimate for reconstruction, administrative approval to the execution of the service is authority for any demolition involved irrespective of the value of the buildings to be demolished.

(e) A demolition certificate on IAFW 2201 will be submitted in support of bills in which charges for demolition appear.

(Para 41 MES Regulations)

Reappropriation of buildings

15-B. Reappropriation means the use of a group of buildings, a building or a portion thereof, for any purpose other than that for which it was constructed. Reappropriation may be temporary or permanent and may be intended either for an authorised or for a special purpose. They will be dealt with as under :—

- (a) A reappropriation entailing no alteration and no cost. This can never be a permanent reappropriation as the room or building must, of necessity, be available for its original purpose. This is initiated by the unit and sent to the local Commander. Such appropriations may be approved in writing by any of the authorities mentioned in para 15 irrespective of the capital value of the building involved. All sanctions accorded by

an authority lower than the Commander of an Area/Corps will be reported to him. Each sanction will specify the period for which the approval will remain in force and will be communicated to the Controller of Defence Accounts and Garrison Engineer concerned. It will be renewed as required. No IAFW 1813 is necessary nor will the particulars be recorded in the Register of Buildings.

- (b) A reappropriation entailing alterations and expense. This will be initiated by the unit concerned on IAFW 1813, who may obtain the assistance of the local MES authorities to advise on the best method of adaptation and sent to the local Commander who, if he accepts the proposal in principle, will ask the local MES authorities for the approximate cost. The powers of sanction in respect of reappropriation involving expenditure will be the same as laid down in para 15 but no expenditure will be incurred unless funds are available. All sanctions accorded by an authority lower than the Commander of an Area/Corps will be reported to him. Each sanction will state whether the reappropriation is permanent or temporary and the period for which it remains in force and will be communicated to the Controller of Defence Accounts and Garrison Engineer concerned. It must be renewed as required and the particulars including expenditure will be recorded in the Register of Buildings.
- (c) Reappropriation involving increase in scales or introducing a new practice requires the sanction of the Government of India. Minor increases in scales up to 5% of the authorised area, which are inevitable due to constructional reasons will not, however, require Government sanction.
- (d) Reappropriation included in an administrative approval will not be approved separately on IAFW 1831. The particulars including expenditure will, however, be recorded in the Register of Buildings.

(Para 42 MES Regulations)

Scales and specifications

16-A. *Specifications*

- (a) All works catering for short-term requirements, *i.e.* accommodation not expected to be required for a period of over five years from the anticipated date of completion of the work, will be in temporary construction and to specifications of the lowest possible type having regard to availability of material and the purpose of work. In case of additions to existing

permanent structures and or armouries, detention cells, harbours and Air Field facilities and such other buildings it may be essential to build to permanent specifications. Competent financial authority will use their judgment in these type of cases and will detail which buildings shall be in permanent or near-permanent construction and which shall be in temporary construction.

- (b) All works catering for long term requirements, *i.e.*, accommodation expected to be required for a period of more than five years from the anticipated date of completion of the works, will be to near-permanent or permanent specifications as the case may be.
- (c) The above mentioned "period of five years", will be taken as a guide and be normally adhered to, there being no absolute ban on the adoption of temporary specifications in works falling under (b) above, when warranted by the urgency of the requirement, but in such exceptional cases it will be ensured that the relaxation does not result in the construction of very sub-standard accommodation as may fail to serve the purpose for which it is intended.

16-B. Scales of accommodation

- (a) *Works falling under (a) of para 16-A.*—The scales of accommodation are laid down in Barrack Synopsis, Scales of Accommodation (War), E-in-C's Pamphlet (No. 1) on Air Fields and other orders of the Government of India issued from time to time. These scales are intended as a close but not meticulous guide and petty variation from them in individual cases, not of general application, can be made at the discretion of the competent financial authority, for reasons to be recorded. Wherever different scales of accommodation are specified in the different orders/instructions, lowest scales shall be adopted. The scales to be adopted for electrical and mechanical services will be as laid down in this Ministry's letter No. 27597/E4/221/SOIII/D(Works-1), dated the 4th February, 1964.
- (b) *All other works.*—The scales applicable to near-permanent or permanent constructions will be adopted.

Initiation of demand

17. Demands for new services will be submitted to CFA for consideration, to enable the scope and merits of each proposal to be judged. At the same time, the demanding authority will state the target date by which he wishes the project completed, with reasons in support of this date. A rough cost will also be given to CFA, supported by a short note explaining

the scope of the project. The approximate period of time required by the engineers for carrying out the work will also invariably be stated and in the case of projects costing over Rs. 1,00,000/-, this information will be given in the form of an Engineer Appreciation on the form attached (Appendix 'D'). If the target date implies that special measures will be necessary to achieve it, these will also be stated and the extra cost, if any, involved in completing the work by the date given.

(Para 24 of MES Regulations)

Acceptance of necessity

18. If it is decided that a service is to be carried out and that funds can be made available, formal orders will be issued by the competent financial authority accepting necessity and indicating the accepted target date for the completion of the project and also accepting the special measures, if any, necessitated in consequence. An approximate estimate will also be obtained in the form of Appendix 'B' to this memorandum. No approximate estimate will be required for works costing Rs. 5,000/- or less.

Special items of work will be specified and their necessity explained.

The competent financial authority when issuing the acceptance of necessity letter will normally include the following points :—

- (a) Scope of the work
- (b) Type of construction
- (c) Whether the work should be commenced prior to formal issue of administrative approval.

The competent financial authority will send a copy of the acceptance letter to the CDA concerned. The decision as to the scope of the work rests entirely with competent financial authority subject to any special or general orders of the Government of India or COAS/CNS/CAS.

Approximate estimates

19. On receipt of acceptance of necessity, Engineer authorities will prepare the AE in the manner indicated by the competent financial authority, in the prescribed proforma (Appendix 'B'). The MES have no authority to include in the Approximate Estimate any accommodation other than that laid down in the acceptance of necessity, except where it is considered essential for office and domestic accommodation for the MES constructional staff employed on the project. They will, however, make necessary additions for all external services and for additional establishment required to be employed on the project which may be necessary. No provision will be made in the estimates for special tools and plants since a central provision is made under Sub Head E(a) Main Head 7 Major Head 79 to cater for special tools and plants for all projects.

Contingencies will be provided at 3 per cent of the estimates. Approximate Estimates (as also rough cost at the acceptance of necessity stage) will be prepared by Engineer Officers competent to do so, as laid down by the Director General of Works. Checks will be exercised by the next higher Engineer Authority only. Further instructions on the preparation of estimates will be issued by the Director General of Works.

Simultaneously, application will be made, in the case of major works, for allotment of funds, required for the current and ensuing financial years, respectively.

Where the approximate estimate exceeds by more than 15 per cent of the amount for which the necessity was accepted, revised acceptance of necessity by CFA will be necessary. This tolerance is, however, not intended to cover any additional requirements of users, or to enrich the specifications already sanctioned.

Administrative approval

20. Administrative approval will be accorded by CFA to the execution of the work, including special items, if any, at the cost shown in the approximate estimate.

(Para 25 MES Regulations)

21. Administrative approval will be conveyed by a letter specifying the source from which funds will be provided. It will also state whether the work is authorised or special; if authorised, the authority will be quoted. Special items of work will be specified. Reasons for approving special works by authorities lower than the Government of India will be stated.

(Para 26 MES Regulations)

A copy of the letter according to administrative approval, together with a copy of the approximate estimate will be sent to the CDA concerned and to the engineer adviser concerned who will issue such technical instructions as may be required.

22. In cases in which it becomes necessary to obtain revised administrative approval *vide* para 9(d) above, the revised estimate will be prepared in the form of Appendix 'B' attached to this memorandum, the original and revised figures being shown in parallel columns. The causes of the excess should be set out clearly and concisely in the remarks column of the form.

There is no limit as to the number of times that an estimate may be revised. Immediate action in fact should be taken to revise estimates as occasion demands, the procedure described above being followed in each case.

23. If additions become necessary through the revisions of scales or establishments or for other administrative reasons, a supplementary estimate will be prepared and administrative approval obtained from CFA competent to accord administrative approval to the entire work, including both original and supplementary estimates.

24. If he has no funds available and the service is of such an urgent nature that, in his opinion, it cannot be delayed till he obtains funds in the ordinary course, CFA will forward the demand to higher authority with a request for a special allotment.

25. In the case of repairs (as defined in paras 6 and 8), estimates for the purchase and maintenance of ordinary tools and plant (Paras 168 and 175 MES Regulations) an allotment of funds under the appropriate minor head implies administrative approval to the execution of services to that extent and no further administrative approval is required.

Technical Control over Original Works

26. Schedule of work will be prepared and technically sanctioned by the competent engineer authority before tender documents are issued. The technical sanction will include the anticipated contractor's percentage based on the Engineer Officer's appreciation of market trends.

In the case of works carried out by specialist firms on their own designs, Technical Sanction will be accorded on the basis of the accepted design on receipt of tender but before acceptance of the contract.

Schedules of works may be sanctioned for the project as a whole or for sub-projects. Large projects may, for convenience of planning, sitting and execution be broken into sub projects. The term "sub projects" is applied to a distinct self-contained unit of the project if that unit is sufficiently large or important to be kept distinct for purposes of planning, sitting and execution. The plan approved by a sitting board may thus be treated as a single sub-project. Further any self-contained external service may be treated as a sub-project.

The engineer authority before according technical sanction to a sub-project must be satisfied that the amount of technical sanction for the whole project is not likely to exceed the amount of administrative approval including the permissible excess of 10 per cent. He must also verify that the amount of technical sanction he is giving does not exceed his powers under MES Regulations, Table B. See also para 28 below.

In order to ensure that sub-projects are kept within the scope of the whole project as defined in the administrative approval, technical sanction to all sub-projects of a project must be accorded within as short a time as possible of the issue of administrative approval.

The schedule of works will be in strict accordance with the administrative approval so far as scope of work and scales are concerned. The scales will be based on Barrack Synopsis, Huttet Pamphlet or other authority issued by the Government of India. No departure whatever from authorised scales and authorised general specifications will be made by any authority other than Services HQ. It is the responsibility of the engineer authorities to ensure that the schedules of works conform to the administrative approval, authorised scales and specifications of work.

The engineer officer competent to accord technical sanction to a project may, wherever necessary, deviate from the specifications shown in the approximate estimate, at the time the schedules of works are finalised, provided that :

- (a) the deviations are necessitated by engineer reasons and not such as to alter the scope of the work,
- (b) there is no departure from authorised general specifications, and
- (c) the total cost of the project as administratively approved is not exceeded.

In the case of works estimated to cost less than Rs. 5,000, the preparation of schedules of works may be dispensed with.

Copies of technical sanctions accompanied by costed schedules of projects or sub-projects will be forwarded in all cases to the CDA concerned. In the case of works estimated to cost over Rs. 20 lakhs, copies will be forwarded to Army HQ (E-in-C).

In the case of purchase of buildings the valuation statement will be taken as technical sanction. The valuation statement will be prepared/approved by the competent engineer authority as in the case of technical sanction for construction work. A copy of the statement will also be endorsed to the CDA concerned.

NOTE : In cases where there is a time lag of one year or more between the preparation of the valuation statement and final purchase, a certificate that the property has not deteriorated/depreciated during the interval will be taken by the Engineers before the purchase is made. A fresh valuation statement will be prepared in case of deterioration.

Technical Control of repairs and purchase and maintenance of tools and plant

27. Estimates or requisitions will be prepared, costed and technical sanction accorded by the competent engineer authority before work is commenced.

The engineer authority before according technical sanction must be satisfied that the amount of technical sanction for the repair estimate is not likely to exceed the funds placed at his disposal for this purpose.

The engineer executives are responsible for the constructional fitness, accuracy and economy for repair estimates and requisitions.

Power of Technical Sanction

28. Powers of technical sanction are laid down in MES Regulations, Table 'B'.

The engineer officer competent to sanction the project as a whole is technically responsible for the project and for ensuring that the amount of the project as a whole is not exceeded. He may delegate authority at his discretion to local engineer officers to accord technical sanction to sub-projects, as defined in para 26, which he orders them to plan locally within the limits of their powers under MES Regulations, Table 'B'. When delegating such authority he will lay down in each case the total sum up to which technical sanction may be accorded and this sum will not be exceeded without the prior concurrence of the delegating authority. Copies of such delegation of powers will be forwarded in all cases to the CDA concerned.

CEs are authorised in exceptional circumstances to increase the powers of any officer subordinate to them by name to the extent they consider necessary within their own limits for technical sanction of design and acceptance of contracts. It will be ensured that in delegating powers, the following requirements are complied with :—

- (a) Enhanced powers are in respect of individual projects and in exceptional circumstances.
- (b) The period for which the power is to be exercised is specified.
- (c) Sanctions are given by name to officers.

In the case of works carried out by agencies other than the MES, the normal procedure in force in the agency concerned for according technical sanction will be followed. In the case of projects costing more than Rs. 1 lakh, however, detailed plans and specifications will be shown to the MES for scrutiny from the users' point of view and with regard to scales, before technical sanction is accorded.

Acceptance of Contracts

29. Powers of acceptance of contracts laid down in MES Regulations, Table 'B', paras 395 and 398 continue in force.

It is stressed that no officer is empowered to accept contract which is likely to cause excess over the amount of administrative approval after taking into account the tolerance allowed *vide* para 9(d).

30. It is not permissible for engineering officers to incur expenditure in excess of the tolerance allowed over administrative approval *vide* para 9(d). When an excess over this limit, which cannot be met by savings on other items, occurs or appears likely to occur on account of technical reasons, a report will be made at once to the engineer officer of the authority who approved the work. If there is still time to curtail the work or modify it, his orders should be obtained. If no modification is ordered, a revised estimate will be prepared and revised administrative approval of CFA obtained, *vide* para 22.

In the case of projects estimated to cost Rs. 1 lakh or more, when the amount of accepted contracts reduces the cost of the project below the administratively approved amount by more than 15 per cent, the approved amount for that project will be reduced by the amount exceeding 15 per cent by the CE/CWE within whose powers of technical sanction the work falls. The details of reduction will be sent to the CDA and all others concerned. The amount of 15 per cent retained will be used to cover variations in cost for technical reasons.

31. The technical sanction accorded to costed schedules—*vide* para 26 above will be revised only if it is altered—

- (a) because of engineering/technical reasons such as changes in designs, specifications, drawings, etc. Revision will not, however, be necessary if such variations are sanctioned by the authority competent to revise the technical sanction, before deviation orders or amendments to contracts are issued under provisions of the contract. However, such competent authority may, on his own responsibility, delegate the powers of revision of technical sanction to the authority issuing deviation orders for the specific purpose.
- (b) on account of revision of administrative approval if the variations are not already covered by sanction to deviation orders or amendments to the contract *vide* clause (a) above. Revision will not, however, be necessary where the variation is due to non-technical reasons, such as, difference in cost of stores or where the percentage in the accepted contract differs from the anticipated percentage provided in the costed schedules.
- (c) for the reasons that the original technical sanction is found to have been based on inaccurate estimates initially. In cases, however, where scope of work is changed due to administrative reasons, the technical sanction will be issued before such items are actually executed.

32. After the schedule of work for a project or sub-project has been technically sanctioned by the competent engineer authority, arrangements to put the work in hand may be made as expeditiously as possible. While

the normal method of contracting will be by competitive tendering, CsWE and CEs are authorised to conclude contracts on a single tender basis up to Rs. 2 lakhs and Rs. 5 lakhs respectively in consultation with the CDA except where, for reasons of urgency (to be recorded), it is not considered possible to do so. The E-in-C/DGW are authorised to conclude contracts on a single tender basis up to Rs. 25 lakhs in consultation with the Financial Adviser. The reasons for dispensing with competition and the method of determining the rates will be placed on record in writing at the time.

Special tenders, such as those of the "cost plus" type require the prior sanction of the E-in-C.

33. Scrutiny of tender documents by Audit prior to acceptance of tender is not necessary. CEs are empowered to alter standard contract documents at pre-tender stage to suit urgent requirements, particularly with reference to security deposits, percentage payments, speed of payments, issue of stores, deviation limits and similar matters. They will, however, consult their Controllers of Defence Accounts wherever possible. Where the opinion of CE on alteration involves a major departure from an existing procedure, he shall send a copy thereof to the E-in-C/Director General of Works for information.

Reduction in scope of a project

34. When the scope of a work service is reduced for administrative or other reasons, the administrative approval need not be revised but the approved amounts for the abandoned items of the service and the total approved amount will be reduced accordingly by the CWE (or GE in the case of items not exceeding his powers of technical sanction). Details of the reductions will be sent by the GE to the CDA and all concerned.

(Para 65 MES Regulations)

Completion reports

35. On completion of a work, completion reports will be rendered in accordance with the following procedure in the form set out in Appendix 'C'.

Part 'A' of the form will be completed as soon as the project is physically completed, and will be forwarded through engineer channels to the E-in-C in the case of works costing over Rs. 1,00,000 and to CWE in the case of works costing Rs. 1,00,000 or less. After being noted they will be returned direct to the GE concerned for the completion of Part 'B' and resubmission of the form in accordance with the existing procedure in para 348 MES Regulations.

For the purpose of rendition of part 'A' of the completion report, each administrative approval, whether it relates to a phase of a project or to an item of supplementary work, will be treated separately. These reports will be replaced by a consolidated completion report 'A' at the final stage.

However, the phases and supplementary of a project will be treated as one project for purposes of savings and excesses.

Once Part 'A' of the final completion report has been completed, the work will be regarded as completed for all purposes of the Regulations although the accounts may not have been settled; no further new works will be authorised against the sanctioned project and no further supplementary estimates may be accepted.

(Para 348 MES Regulations)

Imprest and assignments

36. The procedure for making payments to contractors, labour, etc. prescribed in the MES Regulations will continue in force but instead of the system of placing engineer officers in funds through imprest advances, assignments will be placed by CsDA at the disposal of CsWE, GEs and SDO if an AE. In the case of each CWE the amount of the assignment will be fixed by the Chief Engineer in consultation with the CDA. Within the amount so fixed the assignment will be recouped on application to the CDA as need arises. Generally each CWE, GE and SDO if an AE, will be placed in account with one Treasury but where necessary the assignment may be apportioned between two or more Treasuries.

However, to enable petty payments being made CsWE, GEs and AEEs holding cash assignments, may be allowed an imprest up to a limit of Rs. 250. The imprest will be authorised in consultation with CsDA concerned by CsWE in the case of GEs and AEEs and by CEs for CsWE. The amount of imprest will be drawn from cash assignment and accounted for initially under the Suspense Head "Departmental Account—Military Cash Balances" which should be cleared at the end of the financial year, balances being deposited into Treasury. The amounts drawn from the imprest for payments will, however, be recouped as and when necessary and charged to the Service Head till the end of the Financial Year.

Out-station Supdts B/R or E/M may continue to be allowed imprest by CsWE/GEs/SDOs if AE, within the limits specified in para 530 of the MES Regulations. These imprests will be advanced and recouped by CsWE/GEs or SDOs if AEs, as the case may be.

(Paras 530—532 MES Regulations)

Works entrusted to other agencies

37. The orders contained in the above procedure are designed principally for use in MES but it is intended that they should apply up to the Adm Approval stage, also to works carried out on behalf of the Ministry of Defence by outside agencies like State Governments, Central PWD, P and T, Railways, State PWD, Port Trust and such other Departments as may be

notified from time to time. In the case of projects costing more than Rs. 1 lakh however, detailed plans and specifications will be shown to the MES for scrutiny from the users' point of view and with regard to scales, before technical sanction is accorded.

General

38. Paras of MES Regulations which are superseded by these orders are cited at the foot of each of the paras concerned.

APPENDIX 'A'

ENCLOSURE TO MINISTRY OF DEFENCE LETTER No. B/01247/OW-(POLICY)/2119/SO III/D(W-I) DATED 18TH NOVEMBER, 1968

Note describing the budgetary system to be followed (see para 2 of the Memorandum of Works Procedure)

1. All Works expenditure will be budgetted and accounted for as under :—

(a) **MAJOR HEAD 130—DEFENCE CAPITAL OUTLAY**

- (i) Sub Head A— Army (Including Factories and Farms) Minor Head (a) Army, Detailed Head 1—Works;
- (ii) Sub Head B—Indian Navy, detailed Head 1—Works other than Naval Dockyard Expansion and detailed Head 5— Naval Dockyard Expansion Scheme, and
- (iii) Sub Head C—Indian Air Force, detailed Head 1—Works. This major Head provides for expenditure on Major *original* works of a Capital nature (including cost of land for the works), the estimated cost of which exceeds Rupees one lakh.

(b) **MAJOR HEAD 79—DEFENCE SERVICES EFFECTIVE ARMY, MAIN HEAD 7—Expenditure on Works (other than Capital Outlay) maintenance etc.**

(c) **MAJOR HEAD 80—DEFENCE SERVICES, EFFECTIVE—INDIAN NAVY—SUB HEAD F—Expenditure on Naval Works (other than Capital Outlay) maintenance etc.**

(d) **MAJOR HEAD 81—DEFENCE SERVICES EFFECTIVE INDIAN AIR FORCE, SUB HEAD F—Expenditure on Air Force Works (other than Capital Outlay) maintenance etc.**

The above Heads of Account provide for expenditure on major original works of a capital nature costing above Rs. 20,000 but not exceeding Rupees one lakh, Operational Works, Minor Works, Maintenance of Defence Buildings/Roads, Maintenance of Air-fields, Runways, Taxi-tracks, Hardstanding Aprons, Maintenance and Operation of E/M Installations/Workshops, Special repairs to Buildings/Roads/Installations, Other Standing Charges Cost and Maintenance of Tools and Plants and Stores procured for works and maintenance etc.

2. The term "Original Works" is defined in para 5 of the Works Procedure. Expenditure on Original Works may be classified into :—

**MAJOR WORKS IN PROGRESS
NEW MAJOR WORKS &
MINOR WORKS**

The procedure to be adopted in each case will be as explained in the following paragraphs :

MAJOR WORKS IN PROGRESS—UNDER REVENUE AND CAPITAL HEADS

3. Falling in this category are works which were commenced (including those in respect of which liabilities are incurred) during the previous year(s) and the accounts of which are not finally closed. Specific provision will be made in budget estimates for such Major Works under Revenue and Capital Heads according to the classification of Major Works defined in para 1 (a), (b), (c) & (d) above, on the basis of demands made by Commands in framing their budget estimates and other known factors. The provision accepted in the budget for such works will be placed in lump sum at the disposal of Commands. Allotment of funds for individual works will be made by Commands in the normal manner. Any funds not required should be surrendered by Commands to Service Headquarters concerned through first and subsequent changes-in-grants.

4. If for any reasons, funds placed at the disposal of a Command are found inadequate, application supported by full details should be made to the Service Headquarters concerned for additional funds in the various changes-in-grants.

NEW MAJOR WORKS—UNDER REVENUE AND CAPITAL HEADS

5. Within this category fall all original works which are sanctioned or released for execution during a particular year. For Major Works under Revenue Head, provision will be made in the budget on lump sum basis without the lists of such works being prepared. For Major Works under Capital Head, provision will be made in the budget for such works as are included in the year's programme and approved by Government.

After the demands for grants are approved, the accepted provision under Revenue Head will be placed at the disposal of the Commands for subsequent allotment for individual works. Accepted provision for New Major Works under Capital Head will be indicated project-wise and placed at the disposal of Commands/Services HQ for subsequent allotment as and when they are sanctioned by CFAs. Supplementary work to a main project [released during previous year(s)] will be treated as new major work for the purpose of allotment of funds.

WORKS NOT INCLUDED IN THE YEAR'S PROGRAMME

6. Apart from the circumstances mentioned in paras 10, 11 and 12 of the Works Procedure, necessity may arise for the execution of unforeseen emergency works for which no provision has been specifically made in the Budget. To meet the expenditure on such works a reserve of funds will be placed at the disposal of the Service Headquarters who may, if necessary, sub-allot it to Commands.

7. Although administrative approval to new works may be accorded after 15th January, no allotment of funds will normally be made for expenditure during the financial year except in the case of urgent or unforeseen projects.

MINOR WORKS

8. In this category fall all works costing Rs. 20,000 or less, both new and those in progress on 31st March. Lump sum provision will be placed at the disposal of Commands for such works. It will be incumbent on Commands to restrict expenditure on minor works to the provisions placed at their disposal irrespective of the number of works sanctioned by them.

MAINTENANCE OF BUILDINGS, COMMUNICATIONS ETC. AND MAINTENANCE OF INSTALLATIONS/WORKSHOPS

9. The provision under these heads is to meet the expenditure on repairs to permanent and temporary buildings, furniture, roads, Air-fields, Runways, Taxi-tracks, Hardstanding Aprons and E. & M. Installations/Workshops.

10. The term "repairs" is defined in paras 6 and 8 of the Works Procedure. Expenditure on repairs for budget purposes may be broadly classified as follows :—

- (a) *All ordinary repairs*—As defined in para 8(a) of the works Procedure.

NOTE : Expenditure on maintenance of roads within the prescribed rate of maintenance and expenditure on renewal of furniture (as defined in para 184 MES Regs) will be treated as "ordinary repairs" irrespective of the amount involved. Repairs to badly deteriorated roads which cannot be repaired from the maintenance allotment will be treated as "Special Repairs".

- (b) *Special Repairs*—As defined in para 8(b) of the Works Procedure.

11. Lump sum provision will be placed at the disposal of Commands separately for expenditure under each category. It is not permissible to exceed the amount placed at the disposal of a Command under each category.

GENERAL CHARGES

12. These charges include the payment of rent for buildings and lands hired, leased or requisitioned for the use of the Defence Services, terminal compensation payable to owners on derequisitioning of buildings, land etc., payment of rates and taxes to Municipalities, Cantonments, Railways for sidings and platforms in Depots etc., maintained for the Defence Services and certain miscellaneous charges such as payment to chowkidars, compensation to workmen etc. This head of account will be operated on partly by the MES and partly by the Military Lands and Cantonment Service.

The ML & C Service will be responsible for budgetting only in respect of properties which have been transferred to that Service under Government of India letter No. 6(2)/2282/LH/D(QTG & LHD), dated 7th June, 1957 and No. 6(2)/56/LH/1651-Q/D(QTG), dated 17th March, 1962.

TOOLS, PLANTS AND MACHINERY

13. Expenditure under this category is incurred on tools and plants (including special tools and plants) required for the construction and maintenance of buildings, roads, Air-fields, Runways, Taxi-tracks, Hardstanding Aprons, installations and workshops. It also includes provision for purchase and Maintenance of vehicles for the Military Engineer Service. Provisions for maintenance of vehicles and other Tools and Plants will be based on the maintenance rates where so prescribed/EME charges. Expenditure on procurement of equipment and stores and payment of labour charges for research and experimental works in MEX Wing, College of Military Engineering, is also charged to this head of account.

STORES

14. The cost of stores specifically purchased for a project is charged direct to the work. The cost of all other stores procured for Works (other than those chargeable to Capital Heads), Maintenance etc., is charged in the first instance to the detailed head "Procurement of Stores". As stores are issued to works, repairs etc. their value is adjusted under "Deduct head" by per contra debit to the "works" (maintenance etc. heads). The cost of stores procured for Major Works chargeable to Capital Heads will be charged direct to the work concerned.

INITIAL ALLOTMENT OF FUNDS

15. The initial allotment of funds upto the total sanctioned Budget grant both under Capital & Revenue Heads and also allotments from the balance in the sanctioned Capital and Revenue Budget grants held by Service HQ/EinC's Branch will be made with the concurrence of Ministry of Finance (Defence). Copies of all allotment letters will be endorsed to the CGDA, CsDA and DADS who are responsible for conducting the audit of Appropriations.

RE-APPROPRIATION OF FUNDS

16. Re-appropriation of funds is permissible as under :—

Major Works

- (a) By the QMG/equivalent appointments in Air Force/Navy and by the GOC-in-C/AOC-in-C/equivalent appointment in the Navy.

From one sanctioned major work whether new or in progress to another sanctioned major work whether new or in progress.

NOTE : Re-appropriation of funds for the major works is permissible only in respect of the works of the same category (i.e. from Capital to Capital and from Revenue to Revenue).

MAINTENANCE SERVICES

- (b) By HQ Commands/Air HQ Commands/Chief Engineers between the Heads of Accounts relating to Buildings and Installations but not between the two categories—Normal to special and *vice versa*.
- (c) By Chief Engineers and CsWE within the funds placed at their disposal between the Minor Heads under Sub Head B (Normal Repairs), C (Normal Maintenance), D—General Charges and between the detailed heads 1, 3 & 4 of Sub Head E(a) Tools and Plants under Main Head 7. Similarly, the Chief Engineers and the CsWE will also have full powers of re-appropriation between the Detailed Heads under the relevant Minor Heads for normal repairs, normal maintenance and general charges in respect of Air Force and Naval Works. All the above re-appropriations are subject to the proviso that :—
 - (i) authorised percentages for maintenance etc. where laid down are in no case exceeded, and
 - (ii) all re-appropriations made by Chief Engineers and CsWE are reported to Service HQ concerned before 1st March at the latest. No re-appropriation will be permissible after this date.
- (d) No other re-appropriation of funds is permissible. (Para 61 of MES Regulations held in abeyance).

GENERAL

17. It is of great importance that expenditure is spread evenly over the periods during which work is possible and every effort must be made to avoid a rush of expenditure at the end of the year.

ACQUISITION OF LAND

- 18. (a) Funds on this account will be provided for respective Service HQ under Major Head 130—Defence Capital outlay, Sub Head A—Army, Minor Head (a) Army, detailed Head 2; Sub Head B— Indian Navy—detailed head 2; and Sub Head C—Indian Air Force—detailed head 2—Acquisition of land.
- (b) Budgetting and accounting of funds under this Head will be done by ML & C Service as per instruction of the concerned Service HQ.

APPENDIX 'B'

Approximate Estimate

Part 1—Abstract of Cost

Station.....
Name of project.....
Brief particulars of work to be done.....

Sr. No.	Items of work	Cost Rs.
1.	Site clearance and cost of land.	
2.	(a) Buildings (including internal water supply and electrical work when provided). (Cost to be calculated on WES plus minor percentage for contract cost see Part II). (b) Internal waterborne sanitation. (c) Air conditioning.	
3.	Furniture.	
4.	Special items of work (to be detailed in Part II).	
5.	External Services— (a) Roads (i) Internal. (ii) Access. (b) Water supply (c) Electrical supply (d) Sewage disposal (e) Area drainage.	
	Total 1 to 5.	
6.	Contingencies (3% on items 1 to 5)	
7.	Establishment charges (2% on items 1 to 5 above).	
8.	Railway works.	
9.	Time required for physical completion of works under normal circumstances from date of orders to commence work.	
	GRAND TOTAL	

N.B. The items of work in this form are appropriate for a building project. The items may be varied as necessary for other projects.

PART II—MEMORANDUM EXPLAINING BASIS OF COST OF ITEMS IN THE ABSTRACT OF COST (PART I).

N.B. Instructions for preparing this Memorandum will be issued by Engineer-in-Chief.

N.B. In Part I of the approximate estimate a note will be given against the provision for each item of work indicating the percentage added in Part II for variation of rates.

APPENDIX 'C'

Completion report for original works

Head of Accounts
Name of Area..... Division.....

Part A

- 1 Name of work.....
 - 2 Authority according administrative approval and amount.....
 - 3 Total amount of Technical Sanction.....
 - 4 Date physically completed.....
 - 5 Recorded expenditure upto 4.....
 - 6 Estimated amount of liabilities outstanding on 4.....(Brief particulars to be given).....
 - 7 Certified that the necessary entries have been made in the Register of Buildings/ Plant Record Book (In the case of furniture, certified that the articles have been brought on ledger).
-

Station.....
No..... Date..... SDO

Forwarded to CWE through UA.	GE
Forwarded to CF	CWE
Forwarded to E-in-	CE

Noted and return to GE

E-in-C
CE
CWE

Part B

- 8 Completion cost Rs.....
 - 9 Percentage of excess over administrative approval.....
 - 10 Authority passing the excess.....
 - 11 Certified that the following have been completed in respect of this project :
 - (a) Record Drawings of buildings.
 - (b) Periodical Services Measurements.
 - (c) Alteration to Cantt Plan where necessary.
 - (d) Completion cost recorded in the Register of Buildings.
-

Station.....	Date.....	SDO
No.....	Date.....	GE.....
	Date.....	UA.....
	Date.....	CWE.....

APPENDIX 'D'

Proforma for Engineer Appreciation

- | | | |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| 1 | Total number to be accommodated. | To be given rankwise separately for single and married. |
| 2 | Number to be accommodated in new construction or in tent plinths or a combination of both (give each separately) with brief description <i>i.e.</i> permanent, semi-permanent or prefabricated/Temporary. | Do. |
| 3 | Numbers to be accommodated by additions and alterations with purpose for which originally constructed. | Do. |
| 4 | (a) Type of construction to which A/A are to be done.
(b) Very brief description of original accommodation.
(c) Approximate area of buildings involved.
(d) Brief description of A/A involved. | Permanent/Semi-permanent/Temporary |
| 5 | Are any special items of work involved including those which depart from approved scales of accommodation ? If so, give reasons for deviation, approximate quantities such as square footage of floors etc. and costs separately. | |
| 6 | Approximate storage, garage, etc. area to be provided (with brief description). | |
| 7 | Approximate workshop area to be provided (with brief description). | |
| 8 | Are any repairs included ? If so give areas of buildings to be repaired and describe repairs required. | |
| 9. | What services are to be provided ? | |
| 10 | Do services exist ? | Yes/all/No-none/Partly. |
| 11 | What percentage of various services is to be provided. | |
| 12 | What repairs and/or additions and alterations are required to existing services. | |
| 13 | Is any assistance likely to be needed from E-in-C (give details). | |
| 14 | Does the site involve any unduly high expenditure on any service ? | |
| 15 | Target date. | |

- 16 Time required for completion (by phases if necessary) in normal circumstances.
- 17 Special measures, if any, including increase in cost required for completing project by the target date.
- 18 Is existing staff sufficient ? If not, what increase will be required to complete the project
 - (a) In normal times
 - (b) By target date.
- 19 Other information, assumption made and any remarks to assist in considering pros and cons.

Recommendation

The Committee further suggest that with regard to draft audit paras, complete and correct information should be given to Audit in time so as to avoid controversies in regard to the factual position at a later stage.

[S. No. 39 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

The observations made by the Public Accounts Committee have been noted.

Suitable instructions have been issued to all concerned *vide* Ministry of Defence u.o. No. 11(5)/67/D(Budget) dated the 1st May, 1967 (Copy enclosed).

MINISTRY OF DEFENCE

D(Budget)

SUBJECT : *Public Accounts Committee—Seventy-First Report (Third Lok Sabha)—Appropriation Accounts (DS), 1964-65 and Audit Report (DS) 1966.*

Attention of all concerned is invited to the observations/recommendations of the Public Accounts Committee at Serial Nos. 39 and 68 of Appendix IX to their Seventy-first Report (Third Lok Sabha) which are reproduced below :—

Serial No. 39

The Committee further suggest that with regard to draft Audit paras, complete and correct information should be given to Audit in time so as to avoid controversies in regard to the factual position at a later stage.

Serial No. 68

The Committee would like to stress that the Ministry should try to resolve all inaccuracies factual or otherwise when the draft audit para is sent to them and leave no ambiguity in regard to facts when the final Audit para is taken up for consideration by the Committee.

2. Sections etc. of this Ministry are requested to note the above observations for strict compliance.

Sd/-

Deputy Secretary (B&P)

Recommendation

From the note, the Committee find that the Cantonment Planning Team which was given the task for drawing up a Master Plan for Delhi Cantonment did not favour the site selected by the EME. The Committee regret that EME failed to visualise the reasons for unsuitability of the site as pointed out by the Cantonment Planning Team later on, namely, the site "would come in the middle of domestic neighbourhood for officers and as such would prove a source of danger particularly to children that there were no roads nearby where testing could be done and that the site was situated on the sky-line of the Delhi Ridge, and being in close proximity to the Delhi University Campus, the workshop area consisting of tin-roof sheds and single storey construction would stand as an ugly anachronism for all time to come.

They are sorry to note that due to bad planning the Government had to incur an expenditure of Rs. 2.56 lakhs on the site clearance and building work.

The Committee would like also to stress in this connection that suitable instructions should be issued to all concerned to keep written records of all important discussions, decisions and meetings in a proper manner so that the progress of the entire case can be properly charted out if and when required.

[S. Nos. 40, 41 and 42 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

In so far as Sl. Nos. 40 and 41 are concerned, the observations of the PAC have been noted.

As regards Sl. No. 42, instructions have been issued on 16th May, 1967 impressing upon all concerned to keep written records for all important discussions, decisions and meetings in a proper manner so that the progress of the entire case can be properly charted out if and when required. A copy of the instructions is enclosed.

No. F. 24(1)/67/O&M

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE

New Delhi, the 16th May, 1967

O & M CIRCULAR NO. 5

SUBJECT : Maintenance of written records of important discussions, decisions and meetings in a proper manner.

The Public Accounts Committee in their recommendations at Serial No. 42 of their 71st Report (Third Lok Sabha) have observed as under :—

"The Committee would also like to stress in this connection that suitable instructions should be issued to all concerned to keep written

records for all important discussions, decisions and meetings in a proper manner so that the progress of the entire case can be properly charted out, if and when required."

2. It is therefore impressed upon all concerned to ensure that written records of all important discussions, decisions and meetings are kept in a proper manner.

Sd/-

Joint Secretary

Recommendation

The Committee are surprised to learn from the Ministry that "this is a case where probably because of Government rules and regulations the pickles went bad although they could have been consumed." They hope that suitable procedural changes, including delegation of powers to local authorities, will be made to ensure that such contingencies do not recur.

[S. No. 44, Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

The Recommendation of the Public Accounts Committee has been considered by Government and it has been decided that the normal procedure prescribed for disposal of short life stocks of foodstuffs would continue subject to the following modifications :—

- (a) The approval of Government was being taken before disposal by sale or auction or issue in lieu of other items. This authority has now been vested in the QMG.
- (b) In cases, however, where the residual shelf life of items of foodstuff is so short that the GOC-in-C considers that the item cannot be consumed by transfer to Units within the Command in accordance with the normal authorisation and that a reference to the QMG is likely to result in the item becoming unfit for human consumption, the GOC-in-C would exercise the powers of QMG referred to in (a) above and report the facts to the QMG.
- (c) In exercising the aforesaid powers the QMG and the GOC-in-C would *inter alia* take into account the medical advice, causes resulting in accumulation of stocks and financial interest of the State.
- (d) In cases where authority is exercised by the GOC-in-C or by the QMG in pursuance of the above decision and short life items of foodstuffs are disposed of by sale or auction or by issue in lieu of other items, a report would be submitted to Government. The report would *inter alia* indicate causes for accumulation of stocks and if any disciplinary aspect is involved.

2. Necessary instructions in this regard have been issued by the Army Headquarters to the Command Headquarters *vide* letter No. A/97408/Q/ST6A/Q1(B), dated 19th October, 1967 (copy enclosed).

No. A/97408/Q/ST6A/Q1(B)

ARMY HEADQUARTERS
Quartermaster General's Branch

DHQ PO, New Delhi-11, the 19th October 1967

To

Headquarters	} 50 Copies each
Southern Command	
Eastern Command	
Western Command	
Central Command	

SUBJECT : *Disposal of surplus Foodstuffs*

1. In accordance with the existing procedure outlined *vide* para 13 of this Headquarters letter No. 53114/Q/ST6A/S, dated 26 Jul/6 Aug. 58, as amended from time to time, all surpluses of foodstuffs, which cannot be consumed within the Command, are required to be reported to this Headquarters for disposal instructions. In certain cases, on resampling the estimated storage life given may be so short as to allow very little time for a proper and planned disposal of such stocks. In order to avoid any possible loss to the State from such stocks becoming unfit for human consumption the procedure contained in the above quoted letter will be followed subject to the following modifications :—

- (a) In cases, where the residual shelf life of an item of foodstuff is so short that GOC-in-C considers that the item cannot be consumed by inter-area or inter-depot transfers against normal authorisations and that a reference to this Headquarters is likely to result in the item(s) becoming unfit for human consumption, GOC-in-C can issue disposal instructions in respect of such stocks authorising disposal by sale or auction or issue of such stocks in lieu of other items. Full facts of the case will, however, be submitted to this Headquarters.
- (b) In exercising the aforesaid powers, the authorities concerned will—
 - (i) take into account the recommendations of the local medical authorities, the causes leading to the accumulation of stocks and the financial interests of the State;
 - (ii) submit a detailed report to this Headquarters for the information of the Government. The report will *inter-alia* indicate reasons for accumulation of such stocks and disciplinary aspect involved, if any.

2. This letter issues with the concurrence of the Ministry of Finance (Defence)/Q *vide* their u.o. No. 5253/QB of 1967.

3. Please acknowledge.

Sd/-

Quartermaster General

Recommendation

The Committee are unhappy to note the way in which this case of renewal of the lease had been pending for years together. They are surprised to find that the lease which expired on 31st March 1951, could not be renewed till recently in 1966, on various grounds and no agreement could be reached between the Government and the party. Failure on the part of the Government to enforce effectively their conditions, not only brought loss to the Exchequer as the lease has now been renewed on the old terms and not on the payment of the market rent but also allowed the party to occupy the premises without signing any lease for 15 years. They feel that had the Ministry of Defence been alert such a situation would not have arisen.

[Sl. No. 45 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

In accordance with the old lease which expired on 31st March 1951, the lease is renewable at the discretion of the Officer Commanding of the Division but the period of further extension is not specifically mentioned therein. After considering all aspects of the case, it was decided to renew the lease for a period of 16 years from 1st April, 1951 except for the renewal clause. The observations of the Public Accounts Committee have been noted for future guidance.

Recommendation

The Committee further learn in evidence that the question whether to renew the lease after March, 1967 is yet to be decided. They regret that even with the past experience, the Ministry have so far failed to take a final decision in the matter which has already been delayed. This is again, likely, to complicate the matter further. It is unfortunate that enough care is also not taken in the Ministry to ensure that the lease deeds are free from lacunae and that their provisions are enforceable. The Committee would like to be informed of the final decision taken in regard to the renewal of the lease.

[Sl. No. 46 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

A final decision has been taken for the grant of lease of the land in question with effect from 1st April, 1967, for the purpose of a cinema.

restaurant, shops and residence. The lease will be executed in Schedule VIII of the Cantonment Land Administration Rules 1937, which is for a term of 30 years renewable at the option of the lessee upto 90 years, with the addition of a clause that in case at any time hereafter a larger area is desired to be utilised for shops, residence or cinema or if it is desired to build upon the vacant land, the rental may be enhanced at the discretion of the Government. A copy of Government sanction letter No. 15(1)/67/D(Lands), dated the 7th November, 1967 issued in this connection, is enclosed.

D.A.D.S. has seen.

[M of D u.o. No. F. 15(1)/67/D(Lands), dated 20-1-1968]

No. 15(1)/67/D(Lands)

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

New Delhi, the 7th November 1967

To

The Director,
Military Lands and Cantonments,
New Delhi. (10 copies).

SUBJECT : *Kirkee Cantonment : Renewal of lease in respect of Sy. No. 105—Royal Cinema.*

Sir,

With reference to HQrs. Southern Command letter No. 602/IV/108/MLC, dated the 1st November 1966 and their signal No. Q 4787 of 7th October 1967, addressed to you, on the above subject, I am directed to convey the sanction of the President to the grant of lease of land measuring 2.40 acres comprising Sy. No. 105, Kirkee Cantonment to the Executors of the Estate of late Mr. Ardeshir Cowsji Patel for the purpose of a cinema, restaurant, shops and residence, with effect from 1st April 1967 on payment of an annual rent of Rs. 4407.50 (Rupees four thousand four hundred and seven and fifty paise) and an initial premium of Rs. 72125 (Rupees seventy two thousand one hundred and twenty five). The premium will be recoverable in four annual instalments. The first three instalments will be of Rs. 20,000 (Rupees twenty thousand) each and the fourth will be for the remaining amount of Rs. 12125 (Rupees twelve thousand one hundred and twenty five) plus entire amount of interest calculated at 6% on the amount remaining in balance after payment of each instalment. The first instalment should be paid within one month of the date of demand.

2. The lease will be executed in Sch. VIII of the CLAR 1937 with the addition of a clause that in case at any time hereafter a larger area is

desired to be utilised for shops, restaurant, residence or cinema or it is desired to be built upon the vacant land, the rent and premium may be enhanced at the discretion of the Government.

3. This issues with the concurrence of the Ministry of Finance Defence *vide* their u.o. No. 1108-S/QB of 1967.

Sd/-

Under Secretary to the Government of India.

Recommendation

The Committee feel that it is most unfortunate that such a mistake (wrong number of the part) occurred which cost the exchequer Rs. 91,630. They are also constrained to note that the Air Adviser, London failed to detect the mistake when the cost quoted by the manufacturer was out of proportion to the cost indicated by the indentors in India, and he exceeded his financial powers without justification.

[S. No. 47 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

The observations of the P.A.C. have been noted. While it is correct that the mistake which occurred in transcribing the wrong number of the item cost the exchequer Rs. 91,630, the expenditure did not prove to be infructuous, as the items indented proved useful in building up a reserve stock of the items thus purchased within the IAF's authorised holdings, and have since been utilised. One of them was issued on 11-1-1965 to meet an A.O.G. demand and the other was issued on 15-2-1965 to meet the requirements of the Repair Agency. Had these items not been readily available in stock, the delay in resorting to fresh procurement action would have adversely affected the operational efficiency of Radar Units and might have cost more.

Detailed and comprehensive instructions, *vide* D.E.F.B. No. 18/66 (copy enclosed) have since been issued for implementation by the Provisioning Branches and Air Advisers/Air Attaches concerned to ensure that such cases do not recur.

[M. of D. u.o. No. F.4(4)/67/7001D(Air-I), dated 18 July, 1967.]

AIR HEADQUARTERS, NEW DELHI

DIRECTOR OF EQUIPMENT'S INSTRUCTION TO BRANCHES NO. 18/66.

DIRECTOR OF EQUIPMENT'S INSTRUCTION TO BRANCHES NO. 18/66.

Points to be observed in the Local Purchase of AOG stores by the Air Adviser/Air attaches

Information

There has been an instance where local purchase of an item was made in excess of the financial powers delegated to the Air Adviser/Air Attaches.

which was severely criticised by the Government. In order to avoid recurrence of similar instances paragraphs are to be strictly complied with.

Details to be given in AOG demands

2. When placing AOG demands on the Air Adviser/Air Attaches, the Provisioning Sections are to furnish in the demand full details of the item, as already instructed in DEIB No. 25/63. In addition to the Section, Reference/Part Number and description of the item required, details of the major assembly of which it is component, manufacturer's name and previous source of supply should also be given. Where these details are not available, sufficient technical details, including reference to the related publication, must be furnished.

3. When a part number of an item on AOG is not traceable in the relevant catalogue/publication, the Provisioning Section is to obtain from the demanding unit complete description of the item, and if possible get the part also, refer it to the Specialist Directorate and then place demand on the Air Adviser/Air Attache with full details.

4. The estimated cost of the items is also to be given in the AOG demand. This will be the purchase price shown in the latest ISM contract or L.P.O. Where this is not available, the estimated price will be based on assessment made by the concerned DDE, as per DEIB No. 16/66.

Scrutiny of LPOs by Prov. Sections.

5. On receipt of copies of the Local Purchase Orders placed by the Air Adviser/Air Attaches, the Provisioning Sections are to scrutinise them in detail to ensure that :—

- (a) The description and qty. of the items ordered confirm to such particulars of the items demanded;
- (b) That the value of the purchase order is well within the financial powers of the AAs or proper sanction for the purchase has been accorded.

6. If any discrepancy is noticed, the same is to be immediately taken up with the concerned A.A. by signal/telegram.

7. DDsE/ADsE will ensure that the staff dealing with the placing of AOG demands are fully conversant with the latest orders on the subject.

Placing of Purchase Orders by AAs.

8. Air Adviser/Air Attaches will ensure that purchase orders placed by them are within the financial powers delegated to them and are for the items demanded. However, if in the circumstances of a particular case, it becomes essential to act beyond these powers, immediate reference should be made to this Headquarters for the requisite sanction.

9. A.As. will also ensure that whenever quotations are received from Continental firms in local currency, careful scrutiny is made of the quotations to see that cost is correctly computed in rupees or sterling for purposes of deciding whether purchase orders will be within their financial powers.

10. Copies of all Purchase Orders placed by AAs. are to be forwarded to the concerned Provisioning Sections at this Headquarters for their information and scrutiny (*vide* Para 5 above).

11. Air Adviser/Air Attaches will ensure that their staff dealing with procurement of stores are fully conversant with the latest orders on the subject.

[No. Air HQ/C. 32375/20/E14A, dated 14th June, 1966.]

Recommendation

The Committee also desire that greater care should be taken in appointing the Court of Enquiries so that they function without any inhibitions and fear or favour and cases of failure to follow the existing instructions in the matter of constitution of Courts of Enquiry should be viewed seriously.

[S. No. 48 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

The observations of the Committee have been noted for future guidance.

[*M of D u.o. No. F.4(4)/67/D(Air I), dated 29th August, 1967.*]

Recommendation

The Committee hope that suitable instructions would be issued to all concerned to take up the construction of the external services (like sewage etc.) simultaneously with the construction of the buildings; so that by the time the buildings are ready for occupation, external services are also provided. The Committee would also like to be apprised of the instructions issued in this regard.

[S. No. 49 of Appendix IX to 71st Report, (Third Lok Sabha)]

Action Taken

Suitable instructions have been issued to all concerned—*vide* Air Headquarters letter No. Air HQ/37554/48/W(Coord), dated the 29th April, 1967 (copy enclosed).

[*M of D u.o. No. 22(1)/67/D(Air-II), dated 1st September, 1967.*]

From Air Headquarters, New Delhi-11

To : Headquarters Western Air Command IAF.
 Headquarters Eastern Air Command IAF.
 Headquarters Central Air Command IAF

Headquarters Maintenance Command IAF
 Headquarters Training Command IAF

Date : 29th April, 1967.

Ref. : Air HQ/37554/48/W(Coord)

*Recommendations of the Public Accounts Committee 71st Report
 (Third Lok Sabha)—Appropriation Accounts (Defence Services)
 1964-65 and Audit Report (Defence Services) 1966.*

A certain number of domestic and technical accommodation was constructed at certain airfields/Air Force Stations, but on completion, these accommodation/buildings could not be taken over by the Users as external services, like sewage facilities, pumps and the like were not completed by the time the accommodation/buildings were completed. This resulted in infructuous expenditure to the State by way of payment of compensation in lieu of quarters and conveyance charges to service personnel and payment on watch and ward of vacant buildings which were completed without the requisite external services.

2. The above was the subject of an Audit Para in the Report for 1966. The Public Accounts Committee have expressed that the construction of external services should be taken up simultaneously with the construction of buildings; so that by the time the buildings are ready for occupation, external services are also provided.

3. The contents of the foregoing paragraphs are to be brought to the notice of all concerned in your Command for guidance and compliance. Further, suitable instructions should also be issued by you to ensure that planning of the project is done in such a way in the initial stage that the external services are catered for along with the buildings so that no buildings on completion are kept vacant for want of external services etc.

*Sd/- Air Vice Marshal
 Air Officer i/c Administration*

Recommendation

The Committee would like to draw attention to para 3.21 of this Report and hope that such cases would not recur.

3.21 The Committee hope that suitable instructions would be issued to all concerned to take up the construction of the external services (like sewage, etc.) simultaneously with the construction of the buildings so that by the time the buildings are ready for occupation, external services are also provided. The Committee would also like to be apprised of the instruction issued in this regard.

[S. No. 50 of Appendix IX to 71st Report, (Third Lok Sabha)]

Action Taken

Noted. Suitable instructions have been issued to all concerned in order to avoid recurrence of such cases—*vide* Air Headquarters letter No. Air HQ/37554/48/W(Coord), dated the 29th April, 1967 (copy enclosed).

[*M of D u.o. No. 22(2)/67/D(Air-II), dated 29th July, 1967.*]

From Air Headquarters, New Delhi-11

To : Headquarters Western Air Command IAF
 Headquarters Eastern Air Command IAF
 Headquarters Central Air Command IAF
 Headquarters Maintenance Command IAF
 Headquarters Training Command IAF

Date : 29th April, 1967.

Ref. : Air HQ/37554/48/W(Coord)

Recommendations of the Public Accounts Committee 71st Report (Third Lok Sabha)—Appropriation Accounts (Defence Services) 1964-65 and Audit Report (Defence Services) 1966

A certain number of domestic and technical accommodation was constructed at certain airfields/Air Force Stations, but on completion, these accommodation buildings could not be taken over by the Users as external services, like sewage facilities, pumps and the like were not completed by the time the accommodation buildings were completed. This resulted in infructuous expenditure to the State by way of payment of compensation in lieu of quarters and conveyance charges to service personnel and payment on watch and ward of vacant buildings which were completed without the requisite external services.

2. The above was the subject of an Audit Para in the Report for 1966. The Public Accounts Committee have expressed that the construction of external services should be taken up simultaneously with the construction of buildings; so that by the time the buildings are ready for occupation, external services are also provided.

3. The contents of the foregoing paragraphs are to be brought to the notice of all concerned in your Command for guidance and compliance. Further, suitable instructions should also be issued by you to ensure that planning of the project is done in such way in the initial stage that the external services are catered for along with the buildings so that no buildings on completion are kept vacant for want of external services etc.

*Sd/- Air Vice Marshal
 Air Officer i/c Administration*

Recommendation

The Committee regret to note that the development of light aircraft was taken up in an Air Force Repair Depot in February, 1959 when

Government owned company was also developing the prototype of a similar aircraft. This resulted in an avoidable expenditure of Rs. 78,357. The Committee feel that the main function of an Air Force Repair Depot should have been to attend to the repair, as the manufacture of this light aircraft, was bound to aggravate the existing arrears in the repair work of aircrafts and equipment in the Repair Depot which is not desirable.

[S. No. 53 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

The observations made by PAC are noted for guidance.

2. The Director of Audit, Defence Services has seen.

[M. of D u.o. No. F. 4(5)/67/7492/D(Air. I), dated 3rd August, 1967.]

Recommendation

The Committee also find that the project was taken up in hand without any sanction and an *ex-post-facto* sanction was accorded only in August, 1960. The Committee feel that a project like development of a light aircraft should have been sanctioned in advance. The Committee desire that suitable instructions should be issued regarding issuing of sanction in advance for such projects so that the cases of this type do not recur. The Committee hope that the very healthy rule that no Government representative including a Minister should authorise any expenditure from the Public funds without the concurrence of the Ministry of Finance will be invariably followed.

[S. No. 54 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

The observations of the Public Accounts Committee have been noted.

As desired by the Committee, suitable instructions have been issued to all concerned *vide* Ministry of Defence u.o. No. 11(7)/67/D(Budget), dated the 17th May, 1967. (copy enclosed).

MINISTRY OF DEFENCE

D(Budget)

SUBJECT : *Public Accounts Committee—Seventy-First Report (Third Lok Sabha)—Appropriation Accounts (DS) 1964-65 and Audit Report (DS) 1966—Recommendation at Serial No. 54 of Appendix IX thereto.*

In Para 42(I) of the Audit Report (Defence Services) 1966, the following irregularity was brought to notice :—

A light aircraft was developed and produced in an Air Force Repair Depot in February, 1959 at a cost of Rs. 48,245. In August, 1960 Government accorded *ex-post-facto* sanction for its manufacture and also sanctioned the manufacture of a second aircraft of this type which

was completed in February, 1963. The actual expenditure incurred on the manufacture of the two aircraft was Rs. 90,675. The aircraft were not put to any use. In October, 1965, Government declared them surplus to Air Force requirements and ordered their disposal.

After examination of the above Audit para, the Public Accounts Committee have made the following observations *vide* Serial No. 54 of Appendix IX to their Seventy-First Report (Third Lok Sabha):—

“54 The Committee also find that the project was taken in hand without any sanction and an *ex-post-facto* sanction was accorded only in August, 1960. The Committee feel that a project like development of a light aircraft should have been sanctioned in advance. The Committee desire that suitable instructions should be issued regarding issuing of sanction in advance for such projects so that the cases of this type do not recur. The Committee hope that the very healthy rule that no Government representative including a Minister should authorise any expenditure from the Public funds without the concurrence of the Ministry of Finance will be invariably followed”.

Attention of all concerned is invited to the recommendation made above by the Public Accounts Committee for guidance and strict compliance. It may henceforth be ensured that prior concurrence of the Ministry of Finance (Defence) is invariably obtained wherever necessary before authorising any expenditure out of Public Funds.

Deputy Secretary

All Deputy Secretaries

All Sections of the Ministry of Defence (including Department of Defence Production and Defence Supplies)

[M. of D. u.o. No. 11(7)/67/D(Budget), dated 17th May, 1967]

Copy to :—

Army Headquarters—All Branches

Naval Headquarters—NS Coord

Air Headquarters—(B & C)

D.G.O.F.

All Inter Services Organisations.

Recommendation

The Committee regret to note that due attention was not paid to their recommendation made in 1953 (Para 63 of their 9th Report—1st Lok Sabha) and reiterated again in March, 1962 in para 63 of their 43rd Report—Second Lok Sabha. Even though the system of pre-estimation of alterations and additions items of jobs and preparation of estimates of payment works was introduced in 1953, the same system was not introduced for works involving repair and refits. It is all the more disquieting to note

that it was only after the Public Accounts Committee had reiterated their earlier observation *vide* para 63 of their 43rd Report in March, 1962, that a proposal for the Estimating Section in the Naval Dockyard was sanctioned in July, 1963. The Committee feel that a period of 10 years was too long for taking action on their recommendation made in 1953.

The Committee feel that if the beginning in this direction had been made in 1953 as a result of their recommendation, all the above advantages which have accrued since 1963, could have been achieved much earlier. The Committee feel that with the setting up of this planning and estimating section, there will be better financial control over the various jobs of additions, alterations, repairs and refits, carried out in the dockyard.

Since the Ministry have furnished information in regard to the number of ships handled and the expenditure incurred for the year 1964 *i.e.* for one year only after the control over production costs system was introduced, it is not possible to assess the improvement, if any, effected with the introduction of the system. The Committee would therefore, like the Government to watch the performance and achievement of the new system and see how far it had reached the expected goal. In case of any deficiency being noticed the committee hope that necessary remedial steps would be initiated soon. They also hope that the full complement of staff required for the working of new system would be in position soon.

[S. Nos. 55 & 56 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

The observations of the Committee have been noted. A further note on the action taken by Government would be submitted in due course.

[*M. of D. u.o. No. F. 5(7)/67/D(N.I)*, dated the 23rd September, 1967.]

Supplementary Note.

Reference Ministry of Defence u.o. No. 5(7)/67/D(N-1), dated 23-9-1967, forwarded *vide* O.M. No. 11(2)67/D(Budget), dated 27-9-1967.

With the setting up of the Planning and Estimating Section, there is not only better financial control over the Alteration and Addition, repair and refits carried out in the Dockyard but considerable savings have also been effected and the results achieved with the personnel so far available are as follows :—

- (a) reduction in overtime wages;
- (b) increased utilisation of the dry docks of the Naval Dockyard and decrease in the utilisation of Commercial docks;
- (c) better control on the opening and closing of work order;
- (d) constant review of progress of work;

- (e) feed back of information to management for taking corrective action.
- (f) better utilisation of centre loading.
- (g) beginning of compilation of statistics of actual man-hours estimated man-hours, prepared at shop-level, ship-wise/by centre;
- (h) scheduling in respect of requisition of work for spare parts and 'difficult to get' stores.

2. The trend of improvement with reference to the available data in regard to the number of ships handled and expenditure incurred during the years subsequent to 1964 is indicated below :—

Year	No of Ships handled	Expenditure incurred (in lakhs)
1965	178	Rs 215
1966	294	Rs 261

The above figures do not include docking and berthing charges.

3. The system as introduced is a complete system and is operated to control the economies of output. The only way to ascertain the benefits of its application is to observe production costs, overtime wages *vis-a-vis* workload, the out-turn of work in terms of time etc. The various sections provide all information on material, jolting, booking etc. in order to achieve maximum utility of resources. This analysis has already shown the benefits that have accrued and are listed in paragraph 1 above. Further working of the system will indicate whether steady progress is being made towards control over cost. For the present, Naval Headquarters/Ministry of Defence are satisfied that the results are encouraging.

4. The full complement of staff is not yet in position due to the following reasons :—

- (1) All the vacant posts except one are required to be filled up through the UPSC, who have either not been able to select and nominate any suitable candidate, or the candidates selected by UPSC have not accepted the offer or have joined the appointment and then resigned.
- (2) One post has been included in the Cost Accountants' Pool and Ministry of Finance has not yet nominated a suitable candidate for this post.
- (3) The Director General of Employment Exchange, New Delhi was requested to sponsor suitable candidates, but none was available from the Employment Exchange. The vacancies were advertised twice in Papers in January/February, 1966 and again in July/August, 1966. Out of 850 candidates, 160 candidates were called for interview and 22 candidates were selected. For the remaining vacancies an advertisement was

published in the papers in December, 1967. 1200 applications have been received. These are being screened and the final selection is expected to be completed shortly.

The sanctioned strength of P.P. & C. Organisation as shown in Government of India letter No. DY/1262/NHQ/2300/D(N-II), dated the 11th March, 1965 amended by corrigendum, dated the 6th August, 1965 and letter No. DY/1262/NHQ/6032/D(N-II), dated 29th June, 1965, has since been reduced by 28 *vide* Government of India letter No. CS/1162/11/NHQ/10682/D(N-II), dated the 8th December, 1967. As such, the sanctioned figure may be amended to read (213-28) 185 including Service Officers.

5. It will be seen from above that all efforts are being made to fill up the vacant posts in the Production Planning and Control Organisation, but it has not been possible so far to make up the deficiencies for the main reason that suitable technicians have not been found and some of the candidates who were appointed earlier have resigned from service and have taken up appointments elsewhere.

[M of D u.o. No. F.5(7)/67/D(N-1), dated the 9th January, 1969.]

Recommendation

The Committee regret to note that provisioning for this chemical was made on the basis of a formula applied by the Army and this resulted in excessive provisioning. Even though the chemical in question has been utilised by delivering the same to Army and Air Force authorities, the Committee feel that the provisioning of such articles should be on the basis of estimates of the service concerned.

[S. No. 57 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

The observations of the Public Accounts Committee have been noted.

Suitable instructions have been issued to all concerned *vide* Ministry of Defence u.o. No. 11(12)/67/D(Budget), dated the 4th August, 1967. (Copy enclosed).

MINISTRY OF DEFENCE

D(Budget)

SUBJECT : *Serial No. 57 in Appendix 9 to the 71st Report of the PAC (Third Lok Sabha)*

A copy of the recommendation of the Public Accounts Committee referred to above is enclosed. Although the issue has arisen out of a case

of excess provisioning in respect of chemicals in the Navy, the PAC's observations have a general relevance to all the three Services, in that provisioning of stores should have relation to the estimated requirements of the Service concerned rather than be based on the formulae applicable to another Service.

2. Instructions may, therefore, kindly be issued to all concerned to ensure that in future provisioning of stores is done taking all relevant factors into consideration including the actual requirements of the Service concerned.

Sd/-

Under Secretary

APPENDIX IX

*Summary of main conclusion/recommendations of the 71st Report of the
PUBLIC ACCOUNTS COMMITTEE on Appropriation Accounts
(Defence Services) 1964-65 and Audit Report (Defence Services)
1966.*

Sl. No.	Para No.	Ministry concerned	Conclusions Recommendations
1	2	3	4
57	4-32	Defence	The Committee regret to note that provisioning for this chemical was made on the basis of a formula applied by the Army and this resulted in excessive provisioning. Even though the chemical in question has been utilised by delivering the same to Army and Air Force authorities, the Committee feel that the provisioning of such articles should be on the basis of estimates of the Service concerned.

Recommendation

The Committee regret to find that due to various delays at different levels the scheme to set up a plant for the production of explosives with the object of attaining self-sufficiency, could not be achieved in time. The following unsatisfactory features have been noticed in this case : —

- (i) There was a delay in getting the scheme approved, as a result of which the Government could not avail of the first offer of the firm and as a consequence they had to pay higher prices for the same supplies from the same firm.
- (ii) The DGOF could have taken advantage of the first offer of the firm by asking them to keep it open for some time more which was, however, not done.
- (iii) Even though the civil work was scheduled to start by April 1965, the administrative approval was given only in June 1965, which only indicates that the matter was indifferently handled.
- (iv) There was no proper coordination between different authorities.
- (v) The rate of supply of machinery had been far from satisfactory.

While conceding that some time is taken in drawing up and finalising the plans, the Committee do not agree with the contention of the Ministry that the bulk of the time taken in this case was necessary as they feel that much of the administrative delay at different levels could have been easily

avoided. As a result of all these, the Committee regret to find that the expected saving of Rs. 2.33 lakhs per month in foreign exchange from April 1965 could not be achieved.

The Committee hope that the Ministry would ensure that the present target of commissioning the plant by 1st July 1967 is not impeded owing to further delay or lack of initiative. They would also like to be informed whether any action was taken to obtain liquidated damages from the firm for the delay in the delivery of the machines, and if so, with what result.

[Sl. Nos. 61 to 63 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

Serial Nos. 61 and 62.

The observations made by PAC have been noted.

Serial No. 63

The NCP expansion plant has since been completed and commissioned on 25th August 1967.

The question of obtaining liquidated damages from the firm for delay in the delivery of the machines is under examination and a further reply will follow.

[M. of D. u.o. File No. 8 7 67]D(Projects) of 30-9-67]

Further Information

In this Ministry's Note No. 8 7 67/D(Projects), dated the 30th September 1967 forwarded to L.S.S. under Ministry of Defence OM No. 11 (2)/67/D(Budget), dated 7-10-67 regarding action taken by Government it was indicated that the question of obtaining liquidated damages from the firm for delay in the delivery of the machines was under examination and a further reply would follow.

2. The matter has since been examined.

Government have been advised that liquidated damages can be claimed only if there had been any delay in the deliveries resulting in the delay in the commercial use of the equipment; and that token damages generally to the extent of 10% of the liquidated damages can be claimed, but if it is challenged by the contractor, the Ministry will have to decide whether any inconvenience has actually been caused and whether the same can be proved by adequate evidence to the extent of the damages claimed in that case.

3. In accordance with the terms of the contract, the supply of equipment was to commence within 8 months and completed within 16 months after receipt of the 1st quota of payment (made on 12-2-64) or from the date on which all technicalities were clarified whichever was later.

4. There is a difference of view between the supplying firm and Government on the question whether the items of plant/equipment were delivered in time. It is in any case not possible for Government to show that the delivery of the plant/equipment resulted in delay in the commercial use of the plant (which has been taken to mean commissioning and starting of production on the plant) or caused any inconvenience. This is because the commissioning of the plant was delayed due to delays in the civil works. It is, therefore, not possible to claim liquidated damages or token damages from the firm.

[M. of D. u.o. No. 8/7/67D(Projects), dated 10-7-68]

Recommendations

The Committee regret to find that due to lack of proper planning the plant for the manufacture of the chemical which was expected to be completed in August, 1960 could be completed only in May, 1964 after the lapse of 4 years. Thus the original expectation of effecting a saving of foreign exchange to the tune of Rs. 13 lakhs per year was frustrated.

[S. No. 64 of Appendix IX to 71st Report]

The Committee find from evidence that even when the chemical was produced, the needs of the market were not kept fully in view as some civil firms did not like to purchase it because of its colour. They are also disappointed to find that when the chemical was being imported to meet the requirements of the civilian population, the General Manager did not take any initiative for the early production of the chemical in the Government factory.

[S. No. 65 of Appendix IX to 71st Report]

The Committee hardly need emphasising that the Ministry should try to tone up the administrative machinery and satisfy themselves, that there is no organisational lacuna which might adversely affect the functioning of the plant. They further hope that the Ministry would maintain close liaison with the Ministry of Commerce and effect saving of the much needed foreign exchange by restricting the import of this chemical to the extent the demand can be met by this factory.

[S. No. 66 of Appendix IX to 71st Report]

Action Taken

S. No. 64 and 66.—Observations of the Committee are noted.

S. No. 65.—Further communication will follow.

D.A.D.S. has seen.

[M. of D. u.o. No. 13/1/67/D(Projects).]

Further Information (S. No. 65)

The matter has been further examined in consultation with the Director General, Ordnance Factories. The Factory has made persistent efforts to improve the colour of the chemical, but appreciable success could not be achieved, as the facilities such as filtered water supply, adequate stainless steel equipment etc. required to eliminate ferrous contamination, are not available in the factory. The existing service plant which is old is also in need of renovation/replacement and the matter is being pursued as a long term objective; the plant for manufacture of Gun Cotton used for part processing of Nitro-cellulose was set up as early as 1910, to which a balancing plant for the production of NC ½ Second Viscosity was added in 1964.

2. It may, however, be added that as a result of further efforts made, trade firms have agreed to procure the tinted chemical from the Factory, for all paint formulations other than pure or ice-berg white shades. Action has also been taken to authorise the General Manager of the Factory to manufacture sufficient quantities of the chemicals, as ex-shelf stock, for ready issue. He has also been advised to follow more convenient payment procedures in respect of reliable customers.

3. The Director General, Technical Development has also agreed to refuse permission for imports to the extent Cordite Factory, Aruvankadu can meet the demands of the trade for the tinted chemical.

4. The result of the various measures adopted would be evident from the following figures of production/issue for the last six months :

	NC—1/2 second		NC 15-20 Second		Tonnes
	Prodn.	Issue	Prodn.	Issue	
March '68	11.10	14.44	2.58	1.95	..
April '68	11.02	10.31	0.90	2.55	..
May '68	7.67	4.97	0.675	0.23	..
June '68	11.40	9.72	4.00	0.45	..
July '68	16.20	10.33	5.10	6.90	..
August '68	3.56	7.32	3.115	4.05	..
	60.95	57.09	16.370	16.13	..

5. It may also be mentioned that due to ageing of the plant and increased requirements of the Services of certain items requiring the use of more Nitro-cellulose (a common requirement) production for civil market has had to be restricted.

[M. of D. u.o. No. 13 1 67 (Projects), dated 18-12-68]

Recommendations

The Committee hope that the Ministry will endeavour to make the best use of the machines which are still lying idle.

[S. No. 67 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

Observations made by PAC have been noted and all efforts are being made to make the best use of the idle machines. DGOF has also been able to obtain additional orders from the Services and other Central/State Government Departments for various items (details in annexure 'A'). These orders will help the DGOF in his endeavour to utilise the spare machines.

[M. of D. u.o. No. 31/3/66/D(Projects), dated 10-10-67]

ANNEXURE 'A'

Additional orders received by DGOF from the services and other Central/State Government Departments for various items

Sl. No.	Date of order	Nomenclature	Qty. on order	Order received from
1.	26-12-1966	Parachute T-10/Parachute PTR-M.	1,875 Nos.	Aeronautical Research Centre.
2.	26-12-1966	Parachute T-7 (Indigenous PTR-M 28" Dia.)	1,875 Nos.	Do.
3.	26-12-1966	Parachute Bags.	2,000 Nos.	Do.
4.	26-12-1966	Static Line, Extension complete with hook, D. Rings and cover for snap hook and D Rings.	2,000 Nos.	Do.
5.	26-12-1966	Parachute Back type.	30 Nos.	Do.
6.	13-4-1967	18" Parachute—supply dropping.	30,000 Nos.	Home Ministry for NEFA
7.	17-6-1967	Parachute PTR-R	2,000 Nos.	Air Hqrs on behalf of Army.

Recommendation

The Committee would like to stress that the Ministry should try to resolve all inaccuracies factual or otherwise when the draft audit para is sent to them and leave no ambiguity in regard to facts when the final Audit para is taken up for consideration by the Committee.

[S. No. 68 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

The observations made by the Public Accounts Committee have been noted.

Suitable instructions have been issued to all concerned *vide* Ministry of Defence u.o. No. 11(5)/67/D(Budget), dated the 1st May 1967. (Copy enclosed).

MINISTRY OF DEFENCE

D(BUDGET)

SUBJECT : *Public Accounts Committee—Seventy-First Report (Third Lok Sabha)—Appropriation Accounts (DS), 1964-65 and Audit Report (DS) 1966.*

Attention of all concerned is invited to the observations/recommendations of the Public Accounts Committee at Serial Nos. 39 and 68 of Appendix IX to their seventy-first Report (Third Lok Sabha) which are reproduced below :—

Serial No. 39

The Committee further suggest that with regard to draft Audit paras, complete and correct information should be given to Audit in time so as to avoid controversies in regard to the factual position at a later stage.

Serial No. 68

The Committee would like to stress that the Ministry should try to resolve all inaccuracies factual or otherwise when the draft audit para is sent to them and leave no ambiguity in regard to facts when the final Audit para is taken up for consideration by the Committee.

2. Sections etc. of this Ministry are requested to note the above observations for strict compliance.

Sd/-
Deputy Secretary

Recommendation

The Committee cannot resist the feeling that with a little initiative on the part of the DGOF, much of the infructuous expenditure involved in this case could have been avoided. They do not find any justification for the plea put forward by the Ministry that there was no need for the DGOF to find out from the indenter as to whether he needed the supply even though the tender price was Rs. 162 as against Rs. 30 which was the estimated cost and merely because the ordnance factory had not cancelled the order. Moreover, in this case while the indenter wanted the supplies to be made by July, 1963, the contract was concluded in April, 1964 with a private firm and even at that stage, the DGOF did not ascertain the position from the indenter. The Committee are also not happy to find that the estimated cost of the two was calculated without any proper assessment of the production cost or the prevailing price of the item.

[S. No. 70 of Appendix IX to 71st Report (3rd Lok Sabha)]

Action Taken

Observations of the Committee have been noted.

[M. of D. u.o. No. 2/18/67/D(Projects), dated 21-10-67]

Recommendation

The Committee are however, glad to note that the Ministry have issued instructions in December, 1965 whereby the DGOF should make a reference to the indenter where the price variation was substantial.

[S. No. 71 of Appendix IX to 71st Report (3rd Lok Sabha)]

Action Taken

Noted.

[M. of D. u.o. No. 2/18/67/D(Projects), dated 29-1-68]

CHAPTER III

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

Recommendation

The Committee understand that even the earlier report of the Geological Survey of India made in January, 1964 was sceptical of a high water table and had only recommended that the trial bore hole might be drilled to a depth of 400 feet at any convenient location and if sufficient granular material is met within this depth the bore-hole may be converted into a tube-well. The Committee are therefore, unable to understand as to how the Commander Works Engineer concluded a contract on the 16th June, 1964 on the basis of earlier report of the Geological Survey of India made in January, 1964 and continued the work till November, 1964. Another disturbing factor in this case is that the local Commander Works Engineer was not aware of the existence of the first report and had sought the advice of the Geological Survey of India in April, 1964 but even before the advance copy of that report was received by him on 2nd July, 1964, he concluded a contract on the 16th June, 1964 and commenced the work on the 26th June, 1964. The Committee feel that if the Commander Works Engineer who sought the advice of the Geological Survey of India had waited till 2nd July, 1964, the expenditure of Rs. 65,000 which had proved infructuous would have been avoided.

[S. No. 18 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

The requirement of water was very urgent and the contract had been concluded by the Commander Works Engineer based on the first Geological report which favoured the proposal. The second report also gave the impression that the yield may not be very high but considering the fact that even a small yield could immediately relieve the acute shortage of water in the locality, the Commander Works Engineer, (with the approval of the Chief Engineer) did not cancel the contract already concluded by him.

2. However, the observations of the Public Accounts Committee are noted. Necessary instructions have also been issued to all Chief Engineer's *vide* Army Headquarters, E-in-C's Branch letter No. 85807/E2A, dated 2nd May, 1967 (copy enclosed) to ensure coordination among officers under the Chief Engineer and to seek formal confirmation of preliminary reports of Geological Survey of India before taking such action on the reports as may commit the Government to expenditure.

[M. of D.u.o. No. 15(4)/67/5226/D (Works-II), dated 18-7-1967]

COPY OF E-IN-C'S BRANCH LETTER NO. 85807/E2A, DATED 2ND MAY, 1967
ADDRESSED TO CHIEF ENGINEER ALL COMMANDS

SUBJECT :—PAC Recommendations Seventy First Report

A case has come to light wherein a CWE sought the advice of Geological Survey of India about the possible site of a tubewell to be sunk at a station. A similar advice was sought by the Garrison Engineer earlier and Geological report was received by him. The CWE was not aware of the advice already received by Garrison Engineer while he referred the matter to Geological Survey.

2. Before the Commander Works Engineer could receive the reply from the Geological Survey he came to know about the advice already received by the Garrison Engineer. On the basis of this advice the Commander Works Engineer concluded the contract for the provision of a tubewell.

3. Subsequently after about 3 weeks the Commander Works Engineer received a report from Geological Survey department with reference to his letter. This report of Geological Survey stated that the construction of tubewell in the area did not appear to be feasible as the area did not hold ground water potentialities for large scale development.

4. Since the Commander Works Engineer had already concluded the contract and the work had commenced, the work was continued and ultimately had to be abandoned as no water was found. The Public Accounts Committee had adversely commented on this case and remarked that if the Commander Works Engineer who sought the advice of the Geological Survey of India had waited for some more time the expenditure of Rs. 65,000 which had proved infructuous would have been avoided.

5. It is impressed upon the Chief Engineers that whenever advice is sought by various intermediate authorities from the Geological Survey of India or any other department they should keep one another fully informed and action should be coordinated to avoid recurrence of similar cases in future.

6. Further, in some cases preliminary reports are submitted on site by the officers of the Geological Survey of India, carrying out the investigation. A formal confirmation of the preliminary report of competent authority should be obtained before taking such action on the report as may commit the Government to expenditure.

7. Suitable instructions should be issued to Zonal CE/CsWE/GEs and copy of the same endorsed to this Headquarters.

Sd/-
for Engineer in Chief

Recommendation

Another disquieting feature of this case is that against the quotation of Rs. 20,000 to Rs. 23,000 per glider received from Private sources at the time of placing orders, the average cost of these gliders purchased from the AMD was Rs. 51,970 in respect of the first 5; Rs. 32,360 in respect of the second batch of 20 and Rs. 36,430 in respect of the third batch of 32. The Committee feel that difference in the price at which the gliders have been supplied by AMD and at which the quotations were received from the private suppliers is too much. The Committee are left with the impression that the original estimate of the AMD of supplying the gliders at the rate of Rs. 15,000 per glider was unrealistic.

[Sl. No. 24 of Appendix IX to 71st Report (3rd Lok Sabha)]

Action Taken

The observation of the Public Accounts Committee is noted. The high cost of the Glider manufactured at HAL (Kanpur Division) is being examined by the two-Man Committee constituted in March, 1967 comprising the Production Engineer from HAL (Bangalore Division) and a representative of the Chief Cost Accounts Officer, Ministry of Finance. Further action as appropriate would be taken on receipt of the recommendations of this Committee. A further report to the PAC will be submitted in this regard.

[M. of D.u.o. No. 13(10)/67, A(HAL), dated 4-9-67]

Further Information

The Public Accounts Committee was informed earlier in a note forwarded to Lok Sabha Secretariat under Ministry of Defence Office Memorandum No. 13109 67 A(HAL), dated 4th September, 1967 that the high cost of the glider manufactured at HAL (Kanpur Division) was being examined by a Committee constituted in March, 1967 comprising the Production Engineer from HAL (Bangalore Division) and a representative of the Chief Cost Accounts Officer, Ministry of Finance. Further action as appropriate was to be taken on receipt of the recommendations of this Committee.

The recommendations of the Committee of Officers have been examined. The finding of the Committee confirm that the original estimate of Rs. 15,000 per glider given by AMD in 1962 was too optimistic. The estimate of the average cost worked out by this Committee is Rs. 200 for Rohini (Dual Seater) glider. The main reasons for the high cost of gliders.

- (i) Lack of experienced personnel engaged in the manufacture of gliders;
- (ii) production interruptions due to lack of materials; and
- (iii) booking of cost of labour rendered surplus to requirements to the expenditure on gliders.

Hindustan Aeronautics Limited have since tightened control on the expenditure relating to all phases of production and it is hoped that such a situation will not recur.

Recommendation

The Committee regret to note that due to non-carrying out fully of the user's trials in this case, the defects in the equipment could not be detected during the duration of the warranty. This resulted in an expenditure of Rs. 2 to 3 lakhs on rectification of the defects. This expenditure could have been avoided if the user's trials had been carried out fully during the warranty period and under the conditions in which the equipment was required for use.

The Committee would like the Defence authorities to look into the matter carefully and devise means by which recurrence of such cases would be obviated. They feel that there should be a system under which proper inspection and trial of costly Defence equipment purchased from abroad could be made before they were put on active use.

[S. No. 25, para 2.80 and S. No. 26 2.81 of Appendix IX to 71st report (Third Lok Sabha)]

Action Taken

1. The recommendation of the PAC has been noted. It is, however, pointed out that the air filter fitted on the engine of this equipment was the standard air filter provided on the engines in the country of origin also. Much after the expiry of the warranty period an improved type of filter was designed by the manufactures and this was procured by the Indian Government in December, 1962—October, 1963 for fitment on the engines of this equipment. The expenditure involved thereon, in the circumstances could not be avoided as it was incurred in the interest of improving the efficiency of the equipment by fitment of improved filters which in actual performance have given satisfactory results.

2. With regard to Recommendation No. 26, instructions already exist laying down various types of trials to be held before introduction of new equipment into service. (Army Hq. letter No. O3553/MG/WE 1, dated 7/15 Feb., 1962, copy* enclosed). It is, however, not possible to subject certain weapons and equipments to this type of trials before purchase since their purchase is governed by a number of considerations such as lack of alternative sources from which to purchase them, cooperational urgency political factors etc. etc. Instructions have now been issued to Army HQ that even in such cases, the purchased equipment should be subjected to trials so that the defects noticed should be brought to the notice of the supplier within the warranty period. A copy of the instructions issued is also enclosed.

[M. of Def. u.o. No. 5(1)67/D(GS-IV), dated 26-7-1967]

*Not Printed.

Recommendation

The Committee are surprised to note that the certificate obtained by the Officer concerned from the Market Superintendent and produced before the Court of Enquiry in September, 1965 was not taken on record of the Proceedings of the Court of Enquiry. In view of the fact that this was a material document, the omission is inexplicable especially when the question was of paying higher prices.

[S. No. 33 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

As already stated in para 2 of the Note submitted to the Committee, *vide* Appendix III to the 71st Report, a Court of Enquiry is held to investigate whether there is a *prima facie* case against the individual complained of. In this case, the Presiding Officer of the Court of Enquiry held on the 13th September, 1965 has stated in his explanation with reference to the observations of the Public Accounts Committee that the Officer Commanding, Supply Depot, Calcutta showed during his evidence before the Court some certificates of market rates ranging from October, 1964 to April, 1965. As the Officer Commanding has not complied with the Eastern Command Order No. 83 of 1956 in which the procedure for obtaining local market rates and authentication thereof through Station Orders is laid down, and no other Officer who gave evidence before the Court of Enquiry produced these certificates as having been obtained by them, these were not taken as exhibits. The Presiding Officer has stated further that in reply to a question by the Court to the OC whether he had noticed that most of the certificates for market rates as produced by him were not signed by the Superintendent, he had replied as follows :—

“No. As I see it now these are different signatures, signed ‘for Superintendent’.”

The Presiding Officer has concluded by stating that according to the terms of reference to the Court, there was enough evidence to bring out that the OC had failed to comply with the instructions regarding local purchase and the Court, therefore, did not consider the certificates as material documents.

Recommendation

The Committee feel that while entering into agreement for the supply of fresh vegetables and fruits with this cooperative society in March, 1964, the Ministry of Defence should have satisfied themselves that it was a society of genuine vegetable and fruit growers. The fact that this “society was a growers’ society by and large” which came to the notice of the authorities in 1964 should have cautioned the Defence authorities and immediate action should have been taken to ensure that a contract was entered into with a genuine growers’ cooperative society only.

[S No. 35 of Appendix IX, (para 2.154) to 71st Report]

Action Taken

The recommendation of the Committee is noted. It may, however, be mentioned that the meetings held in the Office of BASC, Eastern Command, on the 28th January and 5th February, 1964, to discuss the question of entering into agreements with the State Agriculture Department or genuine cooperative vegetable growers' societies for the procurement of vegetable, potatoes, onions and fruit, in accordance with the instructions issued by the Army Headquarters in their letter of 6th January, 1964, the Secretary, Cooperation Department, Government of West Bengal, had stated that in terms of the Army Headquarters' letter it would be more appropriate if contracts were entered into either with the West Bengal Apex Cooperative Agricultural Marketing Society or with the Cooperation Department, the Apex Society is the chief marketing organisation of growers in which the State Government is holding shares and as such it is eligible to supply Army's requirements of vegetables, potatoes and onions at various stations in the State and that the Army authorities should only negotiate with the West Bengal Apex Cooperative Agricultural marketing society Ltd. Subsequently, the Secretary to the Government of West Bengal, Cooperation Department confirmed in writing to the BASC Eastern Command on the 11th February, 1964 at the West Bengal Apex Cooperative Agricultural Marketing Society Ltd., being the chief marketing organisation of growers' cooperatives in the State were eligible to supply the Army's requirements of vegetables, potatoes, onions and fruit at various stations in West Bengal. It was also clarified in this letter that the Apex Society would obtain supplies from the growers Cooperative Societies and their members but if there was a shortfall under any item or the primary societies did not handle such commodities these would have to be procured from other sources and to this extent relaxation of rules and procedures must apply and the appropriate Ministries in the Government of India were being informed. It was on the basis of the views expressed by the Government of West Bengal that negotiations were carried out with the West Bengal Apex Society for concluding contract for supply of vegetables, potatoes, onions and fruits at various stations in West Bengal during 1964-65.

2. Subsequently, while considering the question of concluding negotiated contract with this Society for supply of vegetables, potatoes, onions and fruit during 1966-67, the Govt. of India, Ministry of Food, Agriculture, Community Development and Cooperation the Department of Cooperation also confirmed on 5th May, 1966 that this Society is a federation of all primary cooperative marketing societies of growers in West Bengal and as such it should be entitled to enter into contract with the Army authorities on behalf of its affiliated primary marketing societies which are growers organisations.

Recommendation

Judging from the above cases, the Committee are of the view that there are serious defects in the store provisioning system. In respect of the stores for which indents were raised in 1952-53 the supplies were complete by 1957. By the time the supplies materialised some of the stores had lost the utility either for the reason that the equipment for which they were needed had become obsolete or their requirement had disappeared. In another case, the need of the equipment indented in 1950 did not exist by the time it was received in 1955 because in the meantime a more modern equipment had been found. The Committee regret to note the abnormal delay which takes place in provisioning of stores in Navy.

The Committee desire that to eliminate this regrettable feature, a thorough review of the procedure should be taken up at once. They feel that it is not impossible to know about the life of an equipment before the stores required for its repairs etc. are indented. The Committee would also like the Government to see that the supplies indented mature early. The existing procedure of indenting the Naval stores from UK through the Admiralty which is a legacy from the past also needs a careful review.

[S. Nos. 58 and 59 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

The delay in receiving supply of items indented in 1952-53 was owing to the fact that items such as Naval Pumps, Table Plotting Recorder Range etc. require special manufacture and lead-time for their supply is naturally protracted. The abnormal delay referred to by the PAC in fact refers to the materialisation of supplies against indents raised and not in the provisioning of stores. The annual review of items, including those imported, is completed within the specified period of one year and indents are raised soon afterwards after getting the import clearance of Directorate of Development & Inspection (Marine Stores) and after the foreign exchange is released and noted. Although the indents are raised in time, materialisation of supplies, both of indigenous and imported items is sometimes delayed owing to :—

- (a) items being of manufacturing nature which are not available ex-stock and have to be manufactured;
- (b) time required for the manufacture of the item. This would naturally be more in the case of orders for items which are not within the current range of manufacture and which constitute uneconomic quantities for special manufacture;
- (c) time required for shipment of stores;

2. It may be stated that although considerable delays used to take place in the materialisation of indents placed on the Admiralty during the period mentioned by the Public Accounts Committee, when there was, in fact, an accumulation of indents on the Admiralty, such delays do not take place

now and that the delivery period now is between 3 to 18 months instead of 3 years (Maximum lead time) since 1960-61.

3. The dependence on the Admiralty is being reduced not only by establishment of other sources of procurement for Naval equipment but also by progressive indigenous manufacture as will be seen from the attached statement showing the position of the indents raised since 1963-64.

4. In case where the Admiralty were unlikely to supply our requirements within a reasonable time and where the trade was likely to be in a position to supply the items, efforts were always made to cancel the order and divert it to Director General, India Supply Mission, London.

5. It may be stated that there are certain circumstances under which procurement through the Admiralty could not be totally avoided. These circumstances are stated below :—

- (a) where the requirements are small and it will be cheaper to obtain through Min. of Def. (Navy), UK than through trade;
- (b) where the Admiralty has surplus stock and which they offer to other Commonwealth Governments at reduced prices;
- (c) where the specification details of items concerned are not known;
- (d) where the items are of scanty nature and the trade in UK will not sell them without the permission of the MOD (Navy);
- (e) where the Min. of Def. (Navy) U.K. has effected some improvement in the equipment components and sub-assemblies since last supply to Indian Navy, the latest is made available.

6. The reasons for the delay in the materialisation of the stores in question have been explained in the preceding paragraphs. It is confirmed that there are no defects in the provisioning system as such. The requirements are reviewed every year and if it is revealed that any stores are no longer required action is taken to cancel such items without financial repercussions. As such no special remedial measures are called for.

Statement showing the Nos. and value of the indents for Naval Stores placed on INA London

	1963-64		1964-65		1965-66		1966-67	
	No. of Indents	Value Rs.	No. of Indents	Value Rs.	No. of Indents	Value Rs.	No. of Indents	Value Rs.
(a) Indents raised on INA London	1049	₹56,25,288	798	₹32,95,832	629	₹29,84,624	454	₹38,14,273
Air Stores	215	₹7,15,000	150	₹5,00,000	200	₹4,50,000	163	₹7,40,500
DQ Indents	16	₹11,59,700	28	₹35,32,450	11	₹6,68,100	6	₹1,74,600
TOTAL	1280	₹74,99,988	976	₹73,28,282	840	₹41,02,724	623	₹47,29,373

Recommendation

The Committee feel that an expenditure of Rs. 3.49 lakhs on the conversion of a vessel into a water boat for a use of 2-3 years was injudicious. They also feel that it is not proper to show in accounts the expenditure on a crew of a vessel which is no more in use. The day the crew was withdrawn from the vessel, expenditure on its pay and allowances etc. should have been shown under the head to which their services had been transferred.

[S. No. 60 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

Noted.

2. The expenditure on the pay and allowances of the crew of ships and craft is not exhibited shipwise/craftwise in the accounts.

3. Instructions (copy enclosed) have been issued on 26-2-1966 that in future when a craft is declared beyond economical repair, its normal crew should immediately be declared surplus to requirements and discharged if vacancies do not exist in which they can be absorbed.

[Ministry of Defence u.o. No. 6351/D(Navy. II), dated 25-7-1967]

NAVAL HEADQUARTERS,
New Delhi,

26th February, 1966

The Commodore Superintendent,
Naval Dockyard, Bombay.

Draft Audit Para Defence Services—Delay in Disposal of a Vessel

I am directed to state that the Director of Audit Defence Services has raised a draft audit para (copy attached) regarding delay in the disposal of LCT 4294. Naval Headquarters have informed the Ministries of Defence and Finance (Defence/Navy) that the facts stated therein are correct. It may be observed from the concluding sentence of the draft audit para that during the period of March, 1960 to April, 1965 when the vessel was not practically put to any use, an expenditure of Rs. 1.09 lakh was incurred towards its crew's pay and allowance and maintenance of the craft. In this connection it has also been pointed out by the Government that since the LCT was practically idle from March, 1960 onwards and declared B.E.R. in August, 1960 *vide* para 1 (iii) of your letter No. DYC/1624, dated 27th August, 1960, the civilian crew of 24 sanctioned *vide* Ministry of Defence letter No. CS/1355/NHQ/438/D(N.II), dated 22nd January, 1958 and CS/1355/NHQ/8146/D(N.II), dated 27th December, 1958 should not have been retained from August, 1960 to 3rd January, 1962.

2. I am, therefore, to request that in future when a craft is declared B.E.R. its normal crew should immediately be declared surplus to require-

ments and absorbed if vacancies exist, otherwise it should be discharged, under advice to Naval Headquarters.

3. I am to add that, receipt of this letter be acknowledged.

By Order of
The Chief of the Naval Staff,
Sd/- P. K. SHARMA

Recommendation

The Committee find from the note and the evidence tendered before them that the Ministry were guided merely by the following considerations to reject the offer of the firm 'A' though their tender was the lowest :—

- (i) it was a new firm coming in the line and not borne on the books of the Director General of Technical Development;
- (ii) it belonged to small scale Industries group and so would not be able to obtain easily import quota for raw materials from the Iron and Steel Controller; and
- (iii) it was the assessment of the DGOF that the firm had not the ability to supply the material in time and also to the required technical specifications.

The Committee feel that merely on these assumptions, the DGOF should not have placed the order on firm 'B' whose rates were 25 per cent higher. As the rates quoted by the firm 'A' were the lowest, they should have been given the order to enable them to execute it in time and thereby help the growth of Small Scale Industries also.

The Committee are also disappointed to learn that against the first order of 500 sets placed with firm 'B' to be delivered by 30th November, 1963, only 230 sets were delivered upto November, 1963, and against the second order of 500 sets to be delivered by 31st January, 1964, extension of the delivery period was granted upto the 31st October, 1964 and that the full supply of 1000 sets was completed by October, 1964 only. They are of view that if such concessions were granted to the firm 'A' perhaps they could have supplied the sets by October, 1964 which would have saved much of the extra expenditure incurred by the Government on these sets.

[S. Nos. 74, 75 and 76 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

Serial Nos. 74 and 75

While placing the orders for the Springs/Spring Leaves, the DGOF had to take into consideration the capability of the firms for making early deliveries in view of the emergency and the pressing demands of the DOS for the supply of the items.

2. As has already been explained in the note submitted to PAC *vide* M of D U.O. No. 4(3)/66/D(Prod-Admin.), dated the 14th December, 1966, the DGOF did place an educational order on 25-7-1963 for 300 sets on firm A, *i.e.*, M/s. India Leaf Springs Manufacturing Company which belonged to the small scale industries group. It was expected that according to the delivery schedule, the firm would supply at the rate of 150 sets p.m. commencing from four months after receipt of the order and therefore all the sets would be supplied within six months, *i.e.*, by January, 1964. As against this, the actual time taken by the firm was very long, about 28 months, and the deliveries were completed only by November, 1965. This delay on the part of the firm in supplying a comparatively small quantity shows that the DGOF's earlier decision to place order on firm 'B' in preference to this firm was justified.

Serial No. 76

3. In the case of firm 'B' *i.e.* M/s. Racmann Koshatkinn, originally an order for 500 sets had been placed on 16-1-63 according to an old specification. Later, this was increased on 28-11-63 to 1000 sets with the revised specifications. The firm, however, commenced supplies to the revised specifications in October, 1963 itself without waiting for the formal corrigendum to the earlier supply order. This corrigendum was issued on 28th November, 1963 enhancing the quantity from 500 to 1000 and stipulating the revised specifications. By the end of November, 1963, the firm had supplied 230 sets of Springs and the full supply of 1000 sets was completed by October, 1964.

4. It will be noticed that whereas firm 'B' took about months (which includes a period of about 8 months when the specifications were undergoing a change), the other firm in the small scale industries group, *viz.*, M/s. India Leaf Springs Manufacturing Co. took about 28 months to supply only 300 sets of these Springs.

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

The Committee hope that vigorous efforts would be continued to speed up the clearance of the outstanding vouchers. They also desire that early decision should be taken to deal one way or the other with items which are more than six years old. Special attention is required to deal with the outstanding vouchers of Air Force where the number of outstanding is very large.

[S. No. 6 of Appendix IX to 71st Report (Third Lok Sabha)]

Action Taken

1. The observations of the Public Accounts Committee have been noted.

2. The outstandings on account of unlinked vouchers do not necessarily represent any loss of stores or missing documents but arise due to a time-lag between despatch of stores at consignor's end and its taking on charge in the consignee's ledger. The objection on this account may also be due to certain other factors such as non-production of record of credit for stores to audit party at the time of audit, minor clerical errors and other causes. Instructions have been issued by the various authorities to minimise the time-lag and thus avoid the objections *ab initio*.

3. The present position of the outstandings shows a considerable improvement as can be seen from the fact that in respect of Ordnance Factories, out of 3,777 items shown only 418 items are pending as on 31-3-67.

In the case of Air Force where large outstandings were commented upon, two teams were set up for linking these items for a period of six months w.e.f. 27-7-66. There was some delay in positioning the staff of the team and before orders were issued for reckoning the life of the teams from the date of formation (in January 1967), these teams had to be disbanded as their sanction expired. The teams were reconstituted in June 1967. The life of these two teams has since been extended upto 31-7-69 in this Ministry's letter No. Air HQ/29569/502/E.7/4770/D(Air-III) dated 6-6-67. These teams are making continuous efforts to clear outstanding vouchers. In the meantime, an Officer was deputed by Air Headquarters on *ad hoc* basis to visit IAF Units and examine the problem

of linking of outstanding vouchers. The officer has visited a number of Units and reported the causes of non-linking of vouchers.

3. As a result of the efforts made by Air Headquarters the number of outstanding vouchers upto 1964-65 pertaining to non-credit of stores has been reduced from 6,560 as on 30-9-65 to 3,172 on 31-3-67 as verified by the CGDA. The year-wise break-down is as under :—

Year	Number of outstandings as on	
	30-9-65	31-3-1967
Up to		
1958-59	373	313
1959-60	111	43
1960-61	200	126
1961-62	441	263
1962-63	977	515
1963-64	1783	788
1964-65	2675	1124
	6560	3172

The total number of vouchers for which no credit could be verified, as shown in the Appropriation Accounts (DS) 1964-65 in respect of Air Force was 6,596. Air Headquarters have stated that 36 vouchers relate to non-IAF units and as such, the total figure as on 30-9-65 comes to 6,560 as shown above.

5. To ensure that the existing outstanding are cleared as quickly as possible, comprehensive instructions have been issued by Air Headquarters to HQ Commands/Units *vide* their letter No. Air HQ/32077/32/E.13 dated 20-5-67 (Copy enclosed). It has been stipulated therein that in respect of outstanding vouchers for more than 5/6 years old, which cannot be cleared in spite of all efforts, statements of case for write off action as per existing regulations should be prepared. To avoid future accumulation, time-schedules have been laid down for clearance of unlinked vouchers at Unit and Command levels so that under no circumstances a voucher remains outstanding at Unit/Command level for more than 9 to 12 months.

Instructions have since been issued to the Army and Naval Headquarters also to deal finally with unlinked vouchers which are outstanding for more than 6 years by initiating write off action in all cases which cannot be cleared despite all efforts.

6. It is anticipated that with the measures so far taken, the outstanding vouchers will be substantially cleared within a reasonable time and future arising will be reduced considerably.

[M. of D. u.o. No. F.11(8)/67/D(Budget), dated 28-3-1968.]

IMMEDIATE
A.V.M.

From : Air Headquarters, R. K. Puram, New Delhi-22.

To

Headquarters, Western Air Command, IAF. (Attn : AOC-in-C)
 Headquarters, Training Command, IAF (Attn : AOC-in-C)
 Headquarters, Maintenance Command, IAF (Attn : AOC-in-C)
 Headquarters, Central Air Command, IAF (Attn : AOC-in-C)
 Headquarters, Eastern Air Command, IAF (Attn : AOC-in-C)
 Air Force Station, New Delhi (Attn : Station Commander)
 No. 26 E.D. Air Force (Attn : Commanding Officer)
 A. F. L/S A.I.I. Santacruz (Attn : Commanding Officer)
 No. 1 A.F. Selection Board (Attn : Commanding Officer)

Date :—20th May, 1967

Ref :—Air HQ/32077/32/E. 13

ANNUAL AUDIT CERTIFICATES FOR 1965-66 : LINKING OF OUT-
 STANDING VOUCHERS/PACKING ACCOUNTS/INSPECTION
 NOTES

Reference this Headquarters letter No. Air HQ/32077/28/E.13 dated 26th November, 1965.

Introduction

2. It has been observed from statements Nos. 4, 5 and 6 of the C.D.A. (AF) Annual Audit Certificate for 1965-66 [copy forwarded to Command HQ only by CDA(AF)] that a large number of vouchers/packing accounts/inspection notes are outstanding at various Air Force units. A statement, showing Command-wise/Unit-wise and year-wise outstanding vouchers is attached herewith.

3. A comparative statement of similar outstandings for the years 1961-62, 1962-63, 1963-64, 1964-65 and 1965-66 is given below :—

Statement No.	61-62	62-63	63-64	64-65	65-66
4	9675	11575	14969	15441	15832
5	4774	5553	7905	7432	9125
6	1431	1817	2663	2012	4027

4. It has been repeatedly emphasised on previous occasions that the Government and the P.A.C. take a serious view of such outstandings which are progressively increasing. With a view to accelerate the process of linking, you were requested, vide this Headquarters letter No. Air HQ/32077/28/E.13, dated 27th April, 1966 to constitute linking teams at various stations where the arrears of linking are heavy. In spite of this, it is seen that the position instead of improving, has further deteriorated.

5. The need for speeding up the process of linking is imperative. With this object in view, the question of non-verification of credit for stores in the consignee's ledgers (Statement No. 5) was recently discussed in a meeting held in the office of the Defence Secretary. During the course of discussion, it was brought out that one of the causes for vouchers remaining unlinked is that the stores actually brought on charge vary from the quantity vouched. Such a situation should not, however, arise, if the requirements prescribed in Chapter 10 of AP. 830 Vol. I, regarding accounting of stores in cases where a discrepancy (in quantity or condition), is found to exist on receipt of stores, are strictly complied with. It will be noted that, in such cases, the quantity voucher is to be brought on charge in full and a Discrepancy Report/provisional Loss Statement prepared for the discrepancy noticed. If this is done, the L.A.O. will be in a position to link the credit in the ledgers and the objection raised would relate only to the finalisation of the DR/LS. It is, therefore, essential that the instructions contained in Chapter 10, AP.830, Vol. I, are scrupulously complied with, in all such cases.

Clearance of Outstanding Vouchers

6. The Defence Secretary had directed that vouchers which have remained unlinked for over three years as on 30th September 1966 should be cleared within a period of six months, i.e., by 31st May, 1967. Accordingly, you were requested, *vide* this Headquarters Signal No. OA/226, dated 9th December, 1966 to make special efforts to clear the outstanding referred to by the target date.

7. In this connection, it is stated that C.D.A.(AF) has forwarded to Command Headquarters, details in respect of more important cases relating to non-credit of stores in two parts. Part I shows outstanding cases where monetary value is known and Part II cases where monetary value is not known. However, in the latter cases also, the monetary value is stated to be in excess of Rs. 500/-. The total number of such cases comes to No. 975. On an analysis, these 975 cases fall into the following three categories :—

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| (a) Cases relating to aviation fuel where fuel might have been uplifted by visiting aircrafts. | 644 cases. |
| (b) cases relating to aviation fuel where the aviation fuel was collected by the consignee at the Station itself or where it is supplied in bulk | 49 cases |
| (c) Other stores like aero engines/airframes/aircraft spares / transformers / technical items / armament stores etc. | 282 cases |

Government have emphasised that these cases should be cleared without further delay.

8. Some of the outstanding vouchers are more than 5-6 years old. Special attention should be given to such vouchers with a view to finalising them without further delay. Command HQ should examine and satisfy themselves as to the action taken at Unit and Command level to trace the stores, reasons for not tracing them, fixing responsibility and whether it is worthwhile making further efforts to trace credit. In case further efforts are not likely to yield any fruitful results, they should consider the possibility of writing off the loss under the financial powers of the AOC-in-C as per A.F.O. 224/66. While writing off the loss, reasons for write-off will be recorded in writing, in detail. In respect of vouchers beyond their financial powers, HQ Commands will forward statements of cases as per A.F.O. 310/59, giving complete and specific information regarding action taken at Unit and Command level. Details of cases which have already been submitted to this Headquarters for consideration by the Central *Ad Hoc* Committee may please be intimated.

9. The cases mentioned in Para 7(a) above all relate to aviation fuel uplifted by visiting aircrafts, credits for which is not traceable at the consignee's end. It was decided in the meeting held in Defence Secretary's room (*vide* para 5 above) that the relevant log books (Form 700) must be cleared before 1st January 1967. This Headquarters Signal QA/228 dated 12th December 1966 and QA/236 dated 8th February 1967 refer. The underlying idea was that the outstanding cases should be cleared with reference to the entries which must have already been made in the log books (Form 700) for P.O.I. uplifted. The Accountant Officer/Equipment Officer at the consignee's end will accordingly take immediate steps to locate the relevant entries in the log books (Form 700) in all these outstanding cases. The log books (Form 700) will be collected, and kept ready for verification by the L.A.O., which will be done at the earliest possible opportunity. Special steps will be taken to ensure that the log books (Form 700) required are readily made available to the local audit staff to facilitate verification and expedite clearance of the outstanding items.

Time-Schedule for future clearance

10. To avoid accumulation of vouchers in future, it has been decided to lay down the maximum time-limits for completion of action at various levels as under :—

(a) At Unit level

- (i) Vouchers of the value of Rs. 500.00 and 3 months from the date of receipt of the Blue copy by the Eqpt. Officer from the Accountant Officer.

- (ii) Vouchers up to the value of Rs. 500·00. 6 months from the date of receipt of the Blue copy by the Eqpt. Officer from the Accountant Officer.

(b) *At Command level*

- (i) Vouchers of the value of Rs. 500·00 and above. 6 months (*i.e.* 9 months from the date of receipt of the Blue copy by the Eqpt. Officer at unit level from the Accountant Officer).
- (ii) Vouchers upto the value of Rs. 500·00. 6 months (*i.e.* 12 months from the date of receipt of the Blue copy by the Eqpt. Officer at unit level from the Accountant Officer).

In this connection, please also see 'K' Broadcast No. QA/252, dated 13th December, 1966.

11. Cases which cannot be finalised at Unit and Command levels within the above mentioned time-limits are to be reported to Air Headquarters for appropriate action in consultation with the Government as necessary so that such cases are also finalised without undue delay. The intention in laying down the above mentioned time-limits is that in no circumstances will a voucher be allowed to remain outstanding at unit and Command level for more than 9 to 12 months from the date of receipt of the Blue copy by the Equipment Officer at the unit level.

Action at Unit level

12. On receipt of the Blue copy, all subsequent action to trace the consignment and link the credit to be completed within the above time-limits. In case of vouchers which have not been linked during this period, a detailed statement of case as per AFO 310/59 will be prepared and forwarded to Command HQ concerned stating specifically action taken with the consignor, carrier, LAO (AF) and other concerned, to trace the credit and the reasons why the same could not be traced. The following information, as per para 18 of AFO 275/59, will be embodied therein:—

- (a) Details of items and financial effect involved.
- (b) Whether claim preferred against the carrier.
- (c) Whether DR has been raised.
- (d) Whether loss statement has been raised.

In addition to the above, action taken to hold Court of Inquiry and fix responsibility as well as remedial measures adopted, will be invariably incorporated in the statement of case.

Action at Command level

13. On receipt of the report from the Unit, Command HQ will take further appropriate action to investigate the reasons for non-linking of the vouchers. They will satisfy themselves that all necessary action to trace the particular credit from every possible source has been taken at the unit level within the prescribed time-limits and that there has been no delay or hold-up on their part. Further probe in the matter, as considered necessary, will be made and the question of holding a Court of Inquiry, if not already held, fixing responsibility and taking suitable remedial measures examined. If after thoroughly satisfying themselves, it is found that the credit in respect of the voucher in question cannot be traced, they will consider whether write off action within the financial powers of the AOC-in-C as laid down in AFO 224/66 should be taken. If it is decided to write off the loss, detailed reasons for write off will be specifically recorded in writing. Write off action is to be resorted to only when all efforts to trace the credit have failed and any further effort is not likely to yield any fruitful results and not as a matter of routine.

14. Such cases as cannot be finalised within the financial powers of Command HQ will, thereafter, be forwarded to Air HQ for finalisation action, together within:—

- (a) a statement of case as per AFO 310.59, giving detailed information as per para 12 above.
- (b) a certificate that Command HQ have satisfied themselves as to the action taken at the Unit and Command level and that any further probe in the case will be of no avail; and
- (c) recommendations of Command HQ regarding finalisation of the voucher. In case write off action is suggested, a loss statement will also be forwarded along with the report.

15. During the periodical visits of the L.A.O., the O.C. Unit will, in addition to discussing with him the draft objection statements, also review outstanding objections relating to vouchers for which credit is not traceable. These cases will be discussed by the OC with the L.A.O. in the presence of the Equipment Officer and the Accountant Officer. The OC unit will assure himself that the action taken in regard to the processing of these cases has been adequate and effective.

Watching of Progress

16. The progress on the linking of vouchers should be continuously watched at Unit and Command level. For this purpose, Equip. and Accountant Officers visiting units should be invariably asked to check the position of clearance at the unit and bring out in their report reasons for hold-up or delay in their finalisation, particularly of old vouchers.

17. It is also necessary that all units maintain upto-dated monthly statistics of all vouchers which have been linked and which are still to be linked by them separately for (a) vouchers of value of Rs. 500/- and above, and (b) vouchers of value below Rs. 500/-.

18. Since this Headquarters has to submit a detailed report to the Ministry of Defence, it is requested that the following information be forwarded to his Headquarters by 16th June, 1967:

- (a) Comprehensive brief as to how this job is being attended to the work done by the linking teams at units/Command HQ should be explained in detail.
- (b) Main difficulties being experienced and how the same are being overcome.

It is requested that the brief embodying the above information may be seen at your level before the same is forwarded to this Headquarters.

19. Ministry of Defence have also called for a monthly progress report from this Headquarters. The same should be forwarded to this Headquarters as under :—

- (a) Consolidated monthly progress report in respect of statements 4, 5 and 6 showing year-wise and unit-wise position of outstanding upto 1965-66 as verified by L.A.O. (AF) concerned.
- (b) Progress in respect of vouchers of the value of Rs. 500/- and above referred to in para 7 above giving serial numbers of vouchers cleared as under :—
 - (i) Vouchers between Rs. 500/- to Rs. 2,500/-.
 - (ii) Vouchers over Rs. 2,500/-.

Note : Such vouchers as have been linked by the Unit but are awaiting verification by the LAO (AF) are to be shown separately. Also see para 21 below.

20. The progress report as above will be forwarded by Units to Command HQ concerned who will send a consolidated report to Air Headquarters marked attention JDE(A), so as to reach this Headquarters by the 16th of every month. Direct returns from units except those under direct control of Air Headquarters will not be accepted.

21. A copy of the report rendered by units to Command HQ will be endorsed to the LAO (AF) concerned. The outstandings reported may include some items in respect of which credit had been traced by the unit subsequent to the last visit of the local audit staff. In such cases, intimation should be sent to the LAO(AF), specifying the vouchers in respect of which credits had been traced. In the report rendered to the

Command HQ, the number of such cases will be annotated suitably with cross reference to the number and date of the communications under which the availability of credit was intimated to the LAO(AF).

22. The monthly progress report called for *vide* this Headquarters letter under reference may be discontinued from the 16th June, 1967 by which date the new monthly progress report should reach this Headquarters.

Air Vice Marshal
Air Officer-in-Charge
MAINTENANCE

Copy to :—

Min. of Defence (Air-I)

Min. of Finance (Defence)

CGDA—It is requested that suitable instructions be issued to LAO(AF).

C.D.A.(AF)

D. Accounts—For necessary instructions to Accountant Officers.

D.M.T.

D.G.W.

Further Information

Action Taken Sub-Committee of the Public Accounts Committee have called for the latest position in respect of recommendations Nos. 6 and 8 of 71st Report (Third Lok Sabha) relating to number of unlinked vouchers and number of cases of losses requiring regularisation by Government respectively.

2. Number of outstanding unlinked vouchers is as follows :—

	As on 30-9-65	As on 30-9-68
Army	2,866	281
Navy	664	..
Air Force	6,596	1,424
Factories	3,777	19
TOTAL	13,903	1,724

3. The number of cases of losses, awaiting regularisation for more than one year has been reduced from 84 amounting to Rs. 77 lakhs as on 30-6-1966 to only 18 amounting to Rs. 13,10,294.63 on 30-9-1968.

Recommendation

The Committee regret to note that the amount of Rs. 2.50 crores on account of rent upto 31st March, 1965, remained outstanding till 30th September, 1965. In addition, another amount of Rs. 9.42 lakhs was outstanding on account of Defence Department lands. It is all the more surprising to note that some of the dues related even to 1946-47. The Committee are not satisfied with the efforts so far made to effect these recoveries. Even though there may be some difficulty in handling of all these recoveries throughout the country by a special officer, the Committee feel that the Ministry of Defence should immediately evolve some procedure so that these outstanding due are recovered as early as possible. In case where recoveries are not possible, the irrecoverable amounts should be written off with the sanction of the competent authorities. The Committee would also like to watch the progress of the efforts made in realising these outstanding dues through future Audit Reports.

[S. No. 7 of Appendix IX to 71st Report (3rd Lok Sabha)].

Action Taken

Out of the amount of Rs. 2.50 crores on account of rent and allied charges upto 31st March, 1965, remaining outstanding till 30th September, 1965, Rs. 2.47 crores pertains to MES revenue, the balance pertaining to Ordnance Factories. Rs. 9.42 lakhs stated to be outstanding on account of defence department lands, relates to the Military Lands and Cantonments Directorate.

2. The outstanding amount on account of rent and allied charges upto 31st March, 1966, as on 30th September, 1966, is Rs. 2.16 crores. Yearwise breakdown of the figures of Rs. 2.47 crores and Rs. 2.16 crores is given in Annexure I attached. It will be seen that there has been an appreciable clearance of the old dues.

3. It may be stated that the outstandings on account of rent and allied charges as brought out in the Appropriation Accounts of past four years are as under :—

1962-63—	Rs. 2.43 crores (position as on 31-3-1963)
1963-64—	Rs. 2.43 crores (position as on 30-6-1964)
	—Rs. 2.39 crores (position as on 30-9-1964)
1964-65—	Rs. 2.47 crores (position as on 30-9-1965)
1965-66—	Rs. 2.16 crores (position as on 30-9-1966)

4. It will be seen from above that until 1964-65, there had been either a steady or upward trend in the accumulation of outstandings of rent and allied charges. However, during the year 1965-66, the outstanding amount has come down to Rs. 2.16 crores.

5. The amount pertaining to Ordnance Factories as mentioned in para 1 above is Rs. 3.11 lakhs (Rs. 2.50 crores—Rs. 2.47 crores). This amount

has been brought down to Rs. 2.30 lakhs as on 31-3-67. Out of this, an amount of Rs 1.74 lakhs relates to outstandings from displaced persons. Since there is a little prospect of recovery of this amount from the refugees, a proposal to treat this amount as irrecoverable and write it off under Government order is under consideration.

As regards the amount of Rs. 9.42 lakhs outstanding on account of Defence Department Lands, Rs. 4.48 lakhs pertains to Military Farms. This amount has since been adjusted through book debits. The remaining amount pertains to Military Lands and Cantonments Department (Rs. 4.35 lakhs) and Ordnance Factories (Rs. 0.59 lakhs). Out of this, an amount of Rs. 1.45 lakhs has since been recovered and further instructions have been issued on 27th July, 1967, by ML&C Directorate for making sustained efforts to liquidate the dues as expeditiously as possible.

6. In so far as the outstandings against the departmental officers released/retired or private parties/bodies etc. etc. are concerned, besides the various measures already taken towards expeditious clearance of the outstanding dues as indicated in this Ministry's U.O. No. 15(1)/65/7090/D(W-II), dated the 8th August, 1966, in reply to PAC's Recommendation No. 70, made in Appendix XX of their 33rd Report (1964-65)—(Third Lok Sabha), further measures have been evolved on the basis of the experience gained to augment the existing procedures and these have been stated in the succeeding paras.

7. One of the main reasons for accumulation of arrears against private parties/bodies/persons is attributed to non-conclusion of contract agreements or conclusion of legally defective contract agreements. To overcome this, instructions have been issued by the Army Headquarters on 7th July, 1966 (copy enclosed as Annexure II) to the Command authorities to amend the following clauses of the existing lease agreements :—

- (i) 3 months advance of rent in addition to one month's rent to be paid in deposit as against one month's advance as at present.
- (ii) The party should be summarily evicted after notice for persistent default in payment of Government dues.
- (iii) Exact amount of rent payable as ascertained from the Garrison Engineer should be shown at the time of execution of the agreement.
- (iv) The Government premises will on no account be permitted to be occupied by private parties without execution of contract agreement. Where no contract exists, immediate steps will be taken to enter into formal agreements and the agreement will be signed by the authority competent to allot the accommodation. Copies of the agreement should also be sent to the Controller of Defence Accounts and the concerned Garrison Engineer.

8. As regards the outstandings against released/retired officers, the following further steps have been taken to recover the amounts :—

- (i) As soon as the period of authorised occupation of an officer has ended and the period of un-authorised occupation has commenced, an immediate report indicating the facts of the case with a view to taking action to suspend/withhold the payment of pension in whole or in part, will be forwarded by the local Commands to the Army Headquarters. The report will be submitted irrespective of the fact whether one-third of the pension is being appropriated by the Controller of Defence Accounts towards the public debit due from the officer.
- (ii) In cases of un-authorised occupation by the retired/released officers, electric and water connections will be disconnected wherever such supplies are made by the MES.

9. With regard to the outstandings against the Cantonment Boards, the matter was considered and the following decisions have been taken towards the expeditious recovery of the dues from them :—

- (a) The outstanding ordinary grant-in-aid due to Cantonment Boards from which dues are outstanding to Government and the liability for which is not disputed, will be withheld to the extent required and the amounts adjusted towards the arrears. This procedure will apply even to the undisbursed amounts of the current year.
- (b) Special care should be taken to scrutinise the Budget proposals for the year 1967-68 to ensure that full provision for the arrears outstanding to Government is made in the Budget.
- (c) For subsequent years also, the ordinary grant approved for any Cantonment would not be paid unless the Garrison Engineer concerned certifies that no outstandings are due to Government from the Cantonment Board in question. If any outstandings are due, the adjustment would first be made before making payment of the ordinary grant-in-aid.
- (d) Where the deficit Cantonment Board disputes any claim made by the MES for arrears, the Cantonment Board should immediately approach Government at an early stage for decision.
- (e) In cases where the bills are disputed by the Cantonment Boards for the reason that the prescribed period of notice as provided in the relevant Water Supply Agreement had not been given, the bills prepared by the Unit Accountant should reflect the agreement rate unless the said rate is revised in accordance with the terms of the agreement. The bills should be restricted to the amount which can legitimately be claimed in accordance with the agreement.

- (f) The relevant clauses in the Water Supply Agreement when they come up for renewal or extension should provide that the bulk supply rates during any financial year should be the all-in-costed rate of the preceding financial year and that the MES should communicate the same to the Cantonment Board as soon as possible. The liability of the Board would, however, not depend upon the service of the notice. The Cantonment Board on its part should cover the anticipated extra expenditure involved on account of any increase in the all-in-cost rate of supply, by keeping a suitable margin in the rate of recovery from the public.
- (g) The Water Supply Agreements are also provide that the decision of Government in the matter of disputes between the Cantonment Board and the MES pertaining to claims made for rent, electricity and water charges would be final and binding.

To implement the above decisions, necessary instructions have been issued by the Military Lands & Cantonments Directorate and Army Headquarters to the authorities concerned on 15th October, 1966 and 12th May, 1967.

10. In so far as the outstandings against the Central Ministries/State Governments are concerned, the question of liquidating and rent and allied charges against them is receiving attention and the progress is periodically reviewed at high levels. While the above procedure is being followed in respect of past cases in order to ensure that outstanding dues are brought down by recovery as promptly as possible, as regards future cases, the following steps have been taken to avoid any further accumulation of arrears of rent and allied charges :—

- (a) The loan or transfer of Defence Services property to State Governments or to other Ministries of the Central Government will, except in cases of emergent necessity, be effected only after the terms and conditions of such loan or transfer (including the hire charges or transfer value payable in this respect) have been approved by the Ministry of Defence and accepted by the transferee, who will thereupon authorise its accounts officer concerned to accept the relevant debit for rentals (hire and allied charges) or transfer (sale) value when raised by the Defence Accounts Department.
- (b) In cases where a Defence Services property is required by a State Government or a Central Ministry as an emergent measure and settlement of the terms and conditions of such loan or transfer is likely to take some time, the property in question— if surplus to the Defence requirements—will be initially handed over on loan only when the approval of Defence Ministry on the basis that the transferee will accept the terms which the

Ministry of Defence may thereafter determine; that is, in such cases the terms and conditions of transfer will be settled and accepted, as far as possible, within a period of six months from the date of taking over possession of the property in question by the transferee, failing which the latter will have to accept the relevant debit on account of rental (hire and allied charges) on the basis of the assessment made by Defence Ministry.

11. It will be noticed that consequent on the adoption of the above mentioned measures, there is a downward trend in the overall outstandings against the various parties. This Ministry is also maintaining a continuous watch on the clearance of outstandings.

[M. of D. U.O. No. 15(5)/67/8130/D(W-II), dt. 4-11-1967.]

ANNEXURE I

Outstanding dues on Account of rent and Allied Charges— Breakdown by Years

Year	Outstanding on A/o rent and allied charges upto 31st March 1965 as on 30th September 1965	Outstanding on A/o rent and allied charges upto 31st March 1966 as on 30th September 1966
	Rs.	Rs.
1946-47	15,991	7,886
1947-48	1,37,656	55,007
1948-49	99,317	47,239
1949-50	69,147	52,052
1950-51	1,18,386	93,119
1951-52	12,47,806	5,43,195
1952-53	4,12,702	1,97,401
1953-54	12,30,456	10,39,357
1954-55	14,48,932	10,06,912
1955-56	7,57,351	4,53,234
1956-57	13,16,167	10,24,101
1957-58	36,26,587	30,84,638
1958-59	12,66,546	9,30,028
1959-60	18,34,259	14,36,113
1960-61	14,83,007	8,81,647
1961-62	11,66,919	8,67,428
1962-63	24,04,101	19,27,663
1963-64	19,82,748	16,32,992
1964-65	40,42,284	31,31,882
1965-66	..	31,90,718
TOTAL	2,46,60,362	2,16,02,612

ANNEXURE II

Copy of Army Headquarters, Quartermaster General's Branch letter No. 64443/MD/M/Q3(Coord) dated 7th July 1966 addressed to Headquarters all Commands.

SUBJECT :—Liquidation of Outstanding arrears of Rent and Allied charges.

From the half yearly returns of outstanding arrears of rent and allied charges received from HQ Commands, it is noticed that arrears pertaining to private parties which term also includes "unit and canteen contractors" are on the increase. This has been adversely commented upon by Government who have instructed that strict measures be enforced to remedy this state of affairs.

2. Your attention is drawn to Army HQ letter Nos. 64443/Q3(B) dated 20, 21 June 1955, 19th April 1955, 27th June 1963 and No. 64585/Q3(H) dated 22 February 1965, wherein the case of defaulters, certain remedial measures were suggested i.e. removal of electric and water connections and in the case of amounts up to Rs. 5,000/- and pertaining to the period prior to.

In regard to settlement of irrecoverable amounts please refer to our letter No. 64585/Q3(H) dated 22nd February 1965 read in conjunction with our letter No. 64443 MD, M, Q3(Coord) dated 28th February 1966, in the case of amounts up to Rs. 5,000/- and pertaining to the period prior to 1st April 1961 separate loss statement will be prepared and put up to the appropriate CFA for write off. In case of amounts considered to be irrecoverable, the question of write off or alternatively institution of a civil suit should be considered by the competent authority after taking into account the assets of the party concerned. These orders will also apply to private parties.

3. One of the main reasons for accumulation of arrears is attributed to non conclusion or legally defective contract agreements. To overcome this a "model form" of agreement is being evolved. Untill such time and the model form is introduced the following clauses will be added in the existing agreements :—

- (i) 3 months advance of rent in addition to one month's rent to be paid in deposit as against one month's advance as at present.
- (ii) Party be summarily evicted after notice for persistent default in payment of Government dues.
- (iii) Exact amount of rent payable as ascertained from the GE should be shown at the time of execution of the agreement.

It is requested that specimen copies of existing contract agreements concluded with the private parties be forwarded to this HQ for reference.

Government premises will on no account be permitted to be occupied by private parties without execution of a contract agreement. Where no contracts exist, immediate steps will be taken to enter into formal agreements. Agreements will be signed by the authority competent to allot the accommodation. Copies of the agreement will be endorsed to CDA and GE.

4. The responsibility for liquidation of existing arrears and prevention of accumulation of "New Arrears" is that of the Station Commanders. In their periodical administrative check, they should ensure that bills are regularly issued and payments promptly affected. Where this is NOT being done, administrative remedial actions as indicated in para 2 above will be resorted to.

Sd/-

for Quartermaster General

Further Information

Sl. No. 7—Please furnish a statement showing the progress made in effecting recoveries of outstanding dues on account of rent and allied charges.

Reply

The statement showing the outstandings on account of rent and allied charges upto 31st March as on 30th September in respect of the years 1965 and 1966 was indicated in Annexure I of the reply given on 4th November 1967. A similar statement in respect of the year 1967 in the same form is attached herewith. This indicates the progress of recovery. It will be seen that the total amount due as on 30th September 1967 with reference of the arrears which accumulated up to 31st March 1967 was Rs. 2.14 crores as compared to Rs. 2.16 crores a year earlier and Rs. 2.46 crores two years earlier.

2. The recovery of outstanding due continues to be periodically reviewed and further measures are taken as and when considered necessary. Attached herewith are two sets of further instructions which have been issued since the earlier reply of 4th November 1967. The instructions of 6th December 1967 consolidate the various instructions which have been issued from time to time, define the responsibility of the MES and the local administrative authorities, indicate the measures which have to be taken by each of the two authorities and summarise briefly the position regarding the conduct of enquiries, the calling of audit report and the write off.

3. The further instructions contained in the letter of 1st September 1968 prescribe measures calculated to implement more effectively the instructions for cutting off electricity and water connections in the event of non-payment of dues.

4. It is hoped that as a result of the measures taken, the position will continue to show improvement particularly in the categories of dues due from parties other than Central Government Department and State Governments.

[M. of D. U.O. No. 15(8)/68/9919/D(W-II), dt. 23-12-1968.]

Outstanding dues or Account of rent and allied charges—Breakdown by years

Year	Outstandings on Account of rent and allied charges up to 31st March 1965 as on 30th Sept. 1965	Outstandings on Account of rent and allied charges up to 31st March 1966 as on 30th Sept. 1966	Outstandings on Account of rent and allied charges up to 31st March 1967 as on 30th Sept. 1967
	Rs.	Rs.	Rs.
1946-47	15,991	7,886	7,785
1947-48	1,37,656	55,007	41,310
1948-49	99,317	47,239	43,010
1949-50	69,147	52,052	48,628
1950-51	1,18,386	93,119	82,747
1951-52	12,47,806	5,43,195	5,37,387
1952-53	4,12,702	1,97,401	1,94,568
1953-54	12,30,456	10,39,357	10,25,439
1954-55	14,48,932	10,06,912	9,85,692
1955-56	7,57,351	4,53,234	4,51,454
1956-57	13,16,167	10,24,101	8,40,510
1957-58	36,26,587	30,84,638	30,88,980
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1959-60	18,34,259	14,36,113	9,43,722
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1961-62	11,66,919	8,67,428	7,96,970
1962-63	24,04,101	19,27,663	8,65,971
1963-64	19,82,748	16,32,992	13,87,870
1964-65	40,42,284	31,31,882	28,50,501
1965-66	..	31,90,718	23,31,730
1966-67	..	..	31,97,869
TOTAL	2,46,60,362	2,16,02,612	2,14,17,690

DELHI TELEPHONE 31438

No. 64443/MD/M/Q3(Coord)
 ARMY HEADQUARTERS
 Quartermaster General's Branch
 DHQ P.O. New Delhi-11.
 6 Dec. 67

To

Headquarters
 Southern Command—50 copies.
 Eastern Command—50 copies.
 Western Command—50 copies.
 Central Command—50 copies.

SUBJECT :—*Effective implementation of Instruction for cutting off electricity and Water connections in the event of non-payment of the dues on Account of Rent and allied charges.*

1. The progress on the liquidation of outstandings has been examined. It is found that the progress is not satisfactory in spite of various instructions issued, largely because the following action has not been taken, fully, by the authorities concerned :—

- (a) Disconnection of Water and Electricity for non-payment of bills within the stipulated time.
- (b) Filing of civil suits against defaulters whose whereabouts are known and who have the means to satisfy the decree if passed against them.
- (c) Initiation of loss statements by the MES, where the whereabouts of the defaulter cannot be ascertained, or the amounts are irrecoverable or chances of recovery are remote.
- (d) Eviction of individuals from Government premises under the "Public Premises (Eviction of Unauthorised Occupants) Act 1958".
- (e) Effecting recoveries on account of outstanding arrears from security deposits and Bills for supplies and works executed, in respect of MES or ASC Contractors.

2. It is emphasised that both the MES and local administrative authorities (Station Commanders) have responsibilities in this regard. The action to be taken by each is given in the succeeding paragraphs.

2. M.E.S.

- (a) Disconnection of water and electricity, without seeking any further instructions, when the bills for rent and allied charges are not paid within the stipulated time by private parties which

include Unit Contractors, Clubs, Private Persons, retired/released officers when in unauthorised occupation, and officers institutes after giving the Secretary 15 days written notice.

- (b) Submission of statements of cases and loss statement, to Station Commanders, when amounts are irrecoverable or chances of recovery are remote.
- (c) Effecting recovery on account of rent and allied charges from security deposits and Bills of MES Contractors, when the Government dues are not paid by them within a reasonable time.

4. Local administrative authorities

- (a) Recovery of rent and damages in accordance with Section 7 of the Public Premises (Eviction of Unauthorised Occupants) Act, 1958.
- (b) Filing of civil suits against defaulters whose whereabouts are known and who have the means from which a decree could be satisfied, in cases where the course at (a) is not considered feasible. In case the occupants obtain a stay order from Civil Court, the Court should be moved to order the payment or at least the depositing in the Court, of the amount of market rent which is recoverable from the Officer after retirement. Where the request made above is not agreed to by the Court an appeal should be preferred in a higher Court against the decision of the lower Court. Cases where appeals are rejected by higher Courts should be forwarded to this Headquarters for deciding the further course of action.
- (c) Convening of Courts of Inquiry with a view to fix responsibility for the loss, when submitting proposals for write off.
- (d) Eviction of unauthorised occupants in accordance with the provisions of the Public Premises (Eviction of Unauthorised Occupants) Act, 1958.
- (e) Termination of the authorised occupation of those in arrears and the institution of eviction action thereafter under the Public Premises (Eviction of Unauthorised Occupants) Act, 1958.
- (f) Effecting recoveries from security deposits/bills for supplies, in respect of ASC Contractors when they do not pay rent and allied charges within a reasonable time.
- (g) Devising ways and means when private parties refuse to allow MES representatives to enter their premises for disconnection of water and electricity. While considering such cases, the disciplinary aspect in respect of individuals who fail to take action to cut off the services, have also to be borne in mind.

- (h) Periodical scrutiny of arrears statements and taking progressing action, on BSOs monthly arrears reports.
- (j) When the period of unauthorised occupation by released/retired officers commences, an immediate report indicating the facts of the case, with a view to taking action to suspend/withhold the payment of pension in whole or in part should be forwarded to Army Headquarters. The report will be submitted irrespective of the fact whether 1/3rd of the pension is being appropriated by the CDA towards the Public debt due from him.
- (k) Issuing written orders to the MES if water and electricity are desired not be cut off in any exceptional individual case. The local administrative authority must then take a personal interest to see that the arrears are liquidated.
- (l) In case of arrears of rent, etc., against messes, the recovery is required to be made at the rate of 33-1/3% of the Mess Maintenances Allowance. Cases where the arrears have accumulated to such an extent that these cannot be recovered in the above manner within the next three years, should be forwarded to Army HQ for obtaining Government's orders.
- (m) Government premises will, on no account, be permitted to be occupied by private parties without execution of a contract agreement. Where no contract agreement exists, immediate steps will be taken to enter into a formal agreement. Agreements will be signed by the authority competent to allot the accommodation. Copies of the agreements will be endorsed to the C.D.A. and Garrison Engineer. The following clauses will be added in the existing and new agreements :—
 - (i) 3 Months advance of rent in addition to one month's rent be paid in deposit as against one month's advance as at present.
 - (ii) Party be summarily evicted after notice for persistent default in payment of Government dues.
 - (iii) Exact amount of rent payable as ascertained from the Garrison Engineer be shown at the time of execution of the agreement.

5. The following dispensations have been given in order to speed up the write off of irrecoverable amounts :—

- (a) No audit report is required where the amount of recovery is less than Rs. 100/-.
- (b) No enquiry with a view to fix responsibility is necessary where the amount pertains to a period prior to 1 Apr. 1961 and the arrears do not exceed Rs. 5,000/-. The only point which will be examined is the prospect of recovery.

6. Powers to write off losses of public money are contained in Schedule VI to Government of India Ministry of Defence letter No. F.13(2)/59/D(Budget), dated 28 Apr. 59 republished AO 10/S/59. It was clarified in Army Headquarters letter No. A/77362/Q3(B-1) dated 9 Feb. 66 that the losses arising due to non-recovery of rent and allied charges are to be treated as loss of public money and regularised under these powers.

7. It is necessary that all concerned take vigorous action, in pursuance of paras 3 to 6 above to liquidate outstanding dues on account of rent and allied charges. It will please be ensured that such action is taken as a matter of urgency.

Sd/- P. S. KHESHWALA
Lt. Col.
for Quartermaster General.

Copy to :—

All concerned.

This is a Policy letter

DELHI TELEPHONE 31438

No. 64443/MD/M/Q3(Cord)
ARMY HEADQUARTERS
Quartermaster General's Branch
DHQ P.O. NEW DELHI-11
1 Sep. 68

To

Headquarters
Southern Command (50 copies)
Eastern Command (50 copies)
Western Command (50 copies)
Central Command (50 copies)

SUBJECT :—*Effective implementation of Instructions for cutting off Electricity and Water connections in the event of non-payment of the dues on Account of Rent and Allied Charges.*

The progress on the liquidation of outstandings for the categories for which Staff are responsible *i.e.*, A to E (ii) *vide* our letter No. 64443/Q3 (B) dated 14th Nov. 59, para 2, has been re-examined. It is found that in spite of the various measures which have been adopted, there has been no material improvement in the categories in respect whereof electricity and water connections are liable to be cut off for non-payment of arrears of rent, electricity and water charges. In fact arrears have increased.

2. Taking into account the statements received from Commands indicating the reasons why the prescribed action has not been taken, it is considered by the Government that more stringent measures than those adopted are necessary.

3. It has been noticed that in a number of cases the 'Engineers' failed to take action to cut off electricity and water connections on the ground that the bills issued are 'fresh bills'. The detailed statements show that the arrears are outstanding for a period long enough to have warranted the cutting off electricity and water.

4. It is pointed out that the prescribed period indicated in the bill is 15 days, from the date of presentation of the bill. It is not therefore within the competence of 'Engineers' officers to extend the period.

5. It is further noticed that in certain cases the reasons for non cutting off of the electricity and water is that the supplies by ASC contractors would be affected, resulting in inconvenience to the Armed Forces.

6. In the case of amounts due from persons other than those covered by the preceding clauses, it was seen that the Station Commanders had issued instructions in a number of cases to with-hold the disconnection of electricity and water, but they had not taken the corresponding responsibility to ensure that recoveries are made.

It was also noticed that apart from the action to cut off electricity and water, the other action necessary, which includes, eviction proceedings under the 'Eviction of Unauthorised Occupants Act, and write off in appropriate cases, is not being taken by the Station Commanders'.

7. It is emphasised that both the MES and local administrative authorities (Station Commanders) have responsibilities in this regard. The action to be taken by each is given in the succeeding paragraphs.

8. *ASC Contractors*

Where the rent, or electricity, or water charges are in arrears in respect of non-residential accommodation utilised by the ASC contractors for effecting supplies to the forces, the non-taking of action to cut off electricity, and water on the ground of likely inconvenience to the forces must be accompanied by corresponding responsibility on the part of the administrative authority to recover the amount. In such cases it will be the responsibility of the administrative authority counter-signing the bills of the contractor for payment, to satisfy himself that there are no arrears of rent, electricity and water charges recoverable from him. The following procedure should be adopted in respect of amount due from the ASC contractors for non-residential premises leased out for facilitating the supplies :—

- (a) The BSO will forward to the Officer Commanding ASC Unit responsible, the statement of arrears in respect of accommodation which is utilised for effecting supplies to the forces.

- (b) On receipt of the statement of arrears, the Officer Commander ASC Unit will, while counter-signing the bill of the ASC contractor, simultaneously forward to the CDA the amount of arrears to be recovered from the contractor.
- (c) The CDA will on receipt of the counter-signed bill along with the statement of arrears adjust the latter from the claim due.

9. *Other than ASC Contractors*

(i) *Action to cut off electricity and water*

In cases where the Station Commanders withhold the disconnection of electricity and water, the stay order issued by them will be valid for a period of not more than three months, from the date of issue. Even if the Station Commanders, have granted stay for more than three months, the 'Engineers' would disregard the same unless the Station Commander informs them that the stay order is granted by Government. Within the period of three months, it will be the responsibility of the Station Commander, either to ensure that the recovery is effected or to see that the case for stay orders is processed through Staff channels for obtaining Government sanction. The existing stay orders granted by the Station Commander will be valid only for a period of three months from the date of issue of these instructions *i.e.*, up to 1 Dec. 68.

(ii) *Eviction Proceedings*

Station Commanders will strictly enforce eviction proceedings under the Public Premises (Eviction of Unauthorised Occupants) Act 1958, and take write off action in appropriate cases, expeditiously.

10. It may be impressed upon all concerned, that Government are very much perturbed over this serious problem, and that the GE and the Station Commander concerned or ASC authorities counter signing contractor's bills, are liable to disciplinary action when these orders are disregarded in future.

Brig.
for Quartermaster General.

Recommendation

The Committee hope that special efforts would be made to bring down at a rapid pace the number of cases of losses which need regularisation.

[S. No. 8 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

The observations made by the Committee have been noted.

Similar observations were made by the Public Accounts Committee *vide* Serial No. 8 of Appendix IX to the 48th Report (Third Lok Sabha) on the Appropriation Accounts (Defence Services) 1963-64 and Audit Report (Defence Services) 1965. The observations were examined by this Ministry, in detail, in consultation with the authorities concerned and the steps already taken or proposed to be taken, for cutting down delay in the regularisation of losses, were communicated in the note dt. 30th December, 1966 forwarded to the Public Accounts Committee under Ministry of Defence Office Memorandum No. 11(9)/66/D(Budget), dated the 2nd January 1967. It has since been decided *vide* this Ministry's Memorandum No. 10(8)/63/D (Budget), dated the 17th March, 1967 (copy enclosed) that the cases of losses raised up to 31-3-64 should also be referred to the present *ad hoc* Committees for expeditious settlement.

With the adoption of the measures already taken, the cases of losses will, it is hoped, be regularised more promptly in future.

No. F. 10(8)/63/D(Budget)

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
New Delhi, the 17th March, 1967

MEMORANDUM

SUBJECT :—*Prompt disposal of outstanding audit objections—Special Ad hoc procedure regarding.*

REFERENCE :—*This Ministry's Memoranda of even number, dated 10-1-1964 and 28-1-1967.*

Instances of cases of losses awaiting regularisation over long periods have been featuring regularly in the Audit Reports and Appropriation Accounts of the last few years. It has been noticed that some cases pertaining to periods as far back as 1957-58 are still outstanding. Various measures to deal with this issue have been under consideration. It has since been decided in consultation with the Ministry of Finance (Defence) and the Comptroller & Auditor General of India, that the existing *Ad Hoc* Committees constituted under this Ministry's Memorandum of even number, dated 10-1-1964 cited above should be entrusted with the task of prompt regularisation of all loss cases raised upto 31-3-1964 and still awaiting regularisation.

The life of the existing *Ad Hoc* Committees has recently been extended up to 24-7-67. As little time is left, it is necessary that Services Headquarters should arrange the preparation of the statements of cases of losses raised up to 31-3-1964 which are still outstanding in accordance with the

procedure laid down in this Ministry's u/o note, dated 3-7-1964 wherever these have not been prepared and have them submitted to the *Ad Hoc* Committees concerned as early as possible. Wherever statement of loss cases have been prepared, those should be submitted to the *Ad Hoc* Committees urgently so that those are regularised without any avoidable delay. It will be ensured that older cases are cleared first as far as practicable.

It should be endeavoured that before the next session of the Public Accounts Committee, the outstanding loss cases are reduced to the minimum, and all cases of audit objections/irregularities raised upto 31-3-61 (loss cases upto 31-3-64) which are still outstanding are cleared by 24-7-1967 positively.

Recommendation

The Committee feel that the programme for the manufacture of gliders was drawn up in the most unimaginative manner. The question of providing hangers and pilots to the gliding clubs should have been taken up simultaneously with the programme of the manufacture of gliders. The Committee regret to note that this was not done. Further, as the hangar facilities were to be provided by the State Governments, timely action should have been initiated in that direction also.

The result of this lack of coordination regarding different aspects of this case has been that an expenditure of Rs. 20.72 lakhs incurred on the manufacture of 57 gliders and in addition another expenditure of about Rs. 20 lakhs incurred on the materials etc., have not served the purpose of imparting training to the cadets so far. The Committee feel that before undertaking such projects, different aspects of the same should be examined in detail and proper coordination ensured, as lack of the same is bound to result in wasteful expenditure. The Committee hope that the Ministry of Defence would now take suitable measures to utilise the gliders for the purpose for which they are intended and speedy measures would be taken in that direction.

[S. Nos. 22 and 23, Appendix IX to 71st Report (3rd Lok Sabha)]

Action taken

The observations of the Committee have been noted.

Following steps have been taken by Government to activate gliding wherever gliders are available in the NCC Air Wing Squadrons and to give instruction in gliding to NCC cadets :—

- (i) The Pay Scale of the post of Glider Instructor has been raised from Rs. 350-25-575 to Rs. 500-40-700.

(Authority : Ministry of Defence letter No. 9289/NCC/PERS (3)(C)/3520-B/D (GS. IV), dated 21-11-1966).

- (ii) The qualification for recruitment to the post of Glider Instructor has been lowered from Intermediate to Matriculation to bring it at par with the qualification prescribed for similar posts in the DGCA.

(Authority : Ministry of Defence letter No. 9289/NCC/PERS (C)/2021-B/D(GS. IV), dated 17-6-1967)

- (iii) Due to shortage of trained Glider Instructors, Air Force Pilots have been given special conversion Training in Gliding—to be able to serve as Glider Instructors.

- (iv) 5 Gliders (2 at Raipur, 2 at Amritsar and 1 at Ahmedabad) have been loaned to Civil Gliding Clubs so that facilities available with such Clubs are utilised and training in Gliding is given to NCC cadets.

Two more gliders at Jullundur are similarly proposed to be transferred to the Civil Gliding Club there.

- (v) State Government have been addressed demi-officially at a high level to expedite construction of hangers. The matter is also proposed to be taken up with them at Chief Minister level.

- (vi) Procedure for repairs of gliders has been steamlined.

2. As a result of the measures detailed above, Gliding has been activated at 12 places. (List attached at Annexure I). Out of a total of 48 Rohini Gliders received from Aircraft Manufacturing Depot, Kanpur 23 Gliders are positioned at these places.

It is expected that at 13 places Gliding will be activated in the near future. At these places, the remaining 25 Gliders are positioned. Details are given at Annexure II.

3. The AMD Kanpur reported to DGNCC on the 21st December, 1966 that they had a few more gliders ready for despatch to NCC Units but the latter were not prepared to accept the gliders. Their number was reported by AMD Kanpur as 5 in May, 1967. The NCC Units could not accept the gliders as they did not have hangar space for storage of NCC gliders even in crates. With some improvement in the situation, 3 more Rohini Gliders have recently been despatched by AMD Kanpur to NCC Units at Trivandrum and Coimbatore but the Units have not yet confirmed their receipt.

4. Ministry of Finance (Defence) and DADS have seen.

[M. of D. U.O. No. 10(6)67/D(GS-IV) dated 17-7-1967]

ANNEXURE I

Statement showing Location of N.C.C. Air wing Squadrons where Gliding is in progress and the Number of Rohini Gliders in Position there as on 7-7-1967.

Location of the Air Wing NCC Unit	No. of Rohini Gliders available	Remarks
Ranchi	2	
Delhi	2	
Ahmedabad	1	In use through the Gliding Club at Ahmedabad.
Trivandrum	1	
Bhopal	3	
Coimbatore	2	
Nagpur	3	
Bangalore	2	
Bhubaneswar	1	
Amritsar	2	Gliding is in progress through the Gliding Club at Amritsar.
Jaipur	2	
Kanpur	2	
TOTAL	23	

ANNEXURE II

Statement showing the Location of N.C.C. Air Wing Units where Gliding has not yet been activated and the number of Rohini Gliders positioned there as on 7-7-67.

Location of the NCC Air Wing Units	No. of gliders positioned	Remarks
Secunderabad	1	The Indian Air Force cannot spare the Air Field at Secunderabad for gliding. A Glider Drome is under construction at a few miles distance at Nadirgul. It will be necessary to have a hangar constructed at Nadirgul. The State Govt. has been requested to do so. Till then gliding cannot be activated.
Indore	1	There is no hangar at Indore. The State Government has been addressed to provide one. The Air Field is also not fit for gliding. DGCA has been requested to make the Air Field fit for gliding.

Raipur	2	Gliders have been handed-over to the civil gliding club and gliding is expected to be started by the end of July, 1967.
Madras	2	Gliding had been in progress earlier but temporarily suspended. A Gliding Instructor has been posted and gliding will be restarted immediately after monsoon.
Poona	2	I.A.F., are unable to spare the Air Field for gliding. The National Defence Academy have been addressed to provide an alternative site for gliding, if possible.
Mysore	2	All facilities for gliding are available except the officer who is at present undergoing training for gliding. Gliding will be activated in another two months time.
Jullundur	2	Gliders are under transfer to the gliding club at Jullundur and gliding will be activated very soon.
Kotah	2	Arrangements have been completed for sharing of a hangar with DGCA. A pilot officer is to be trained for gliding. Gliding is expected to start in about three months time.
Udaipur	2	The Air Field is not yet fit for gliding. Necessary work has been sanctioned and is expected to be completed within two to three months. Immediately thereafter gliding will be started.
Lucknow	2	The Air Field is not fit for gliding. Gliding is expected to start as soon as the Air Field is fit for use say in about three months time.
Pantnagar	1	Gliding facilities are not likely to become available at Pantnagar and hence the glider is under transfer to Lucknow.
Calcutta	5	Gliding was in progress during 1964. But there happened an accident and the gliding was suspended. The Investigation Board found that the accident was due to faulty Glider—Drome and has recommended certain repairs. DGCA have been approached to carry out the necessary repairs before gliding can be activated.
Baroda	1	Arrangements for sharing a hangar with DGCA have been finalised. The Pilot is undergoing conversion training for gliding. Gliding is expected to be activated after the monsoon.

TOTAL	<hr/>	25
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Further Information

- (i) the latest position of utilisation of gliders ;
- (ii) whether the production of gliders has been stopped ;
- (iii) the position regarding utilisation of the surplus plant and machinery meant for the manufacture of gliders.

Reply

- (i) Two statements are attached. (Annexure I & II).
- (ii) No. Production of gliders by H.A.L. is still in progress to complete the existing order of 85 Rohini and 20 ITG-3 gliders. So far 73 Rohini and 2 ITG-3 gliders have been produced and the balance of the order is expected to be completed by the second half of 1969.

No more orders for production of gliders are being placed on HAL.

- (iii) HAL have reported that plant and machinery used in glider project is not of any significant value. No surpluses have arisen so far.

More precise information is being obtained from HAL.

Note : The above replies are yet to be vetted by Finance (Def.) and D.A.D.S.

ANNEXURE I

Statement showing Location of NCC Air Wing Squadrons where Gliding is in progress and the number of Rohini Gliders in position there as on 15-10-68

Location of the Air Wing NCC Unit	No. of Rohini Gliders available
Patna	1
Ranchi	2
Delhi	2
Baroda	1
Ahmedabad	*1
Trivandrum	3
Indore	1
Bhopal	3
Raipur	*2
Madras	2
Coimbatore	3
Nagpur	3
Poona	2
Bangalore	2
Bhubaneswar	2
Jullundur	*3
Amritsar	*2
Jaipur	2
Kotah	2
Kanpur	2
Lucknow	3
Hissar	*2
TOTAL	46

*Loaned to Civil Club.

ANNEXURE II

Statement showing Location of NCC Air Wing units where Gliding has not yet been activated and the number of Rohini Gliders positioned there as on 15th October 1968

Location of the NCC Air Wing Units	No. of gliders positioned	Remarks
Secunderabad	1	Hangar construction at Nadirgul commenced. Construction work held up for want of funds. State Government sanction for additional funds awaited. Gliding will commence as soon as hangar is ready.
Warrangal	2	Air Force hangar taken over on loan. Electricity/Water fittings being attended to. Gliding launching winches issued. Gliding expected to commence shortly.
Mysore	2	Hangar constructed by State Govt. is expected to be handed over to the unit by State P.W.D. shortly. Gliding expected to commence shortly.
Patiala	2	There is no hangar at Patiala and State Govt. have taken up case for hangar construction. Glider training is being imparted to NCC Cadets by local civil gliding club with their own gliders. Our glider cannot be loaned to them because of lack of hangar space.
Udaipur	2	Hangar under construction and is likely to be ready within six months.
Calcutta	4	Gliderdrome unfit for glider flying. Local aerodrome authorities have promised to make the gliderdrome serviceable after the monsoons and it is expected that gliding will commence before the training year is over.
TOTAL	13	

Copy of D.O. letter No. 10(49)68/D(GS-IV) dated the 24th December, 1968 from the Ministry of Defence

Kindly refer to your DO letter No. 2(1)53/67/PAC dated the 26th October, 1968, regarding further information on gliders for the use of the Action Taken Sub-Committee. The points raised in your DO letter and also in the list enclosed therewith, have been duly examined in consultation with the DG NCC, and the replies thereto are furnished in the statement attached to this letter.

2. The position as we see it is, that while certain difficulties had arisen in the utilisation of gliders for the Air Wing units of the NCC, various steps have also been taken to overcome these difficulties, including those mentioned in our previous note No. 10(6)/67/D(GS-IV) dated the 17th July, 1967. As mentioned in the attached statement, it is also proposed to reduce the scale of gliders per unit to 3 dual seater and one single seater. Out of the 3 dual seater gliders, one may be in the workshop for periodical inspection and repairs and the other two will be available for training. The single seater glider is to be used for solo gliding practice of the cadets after they acquire some experience in gliding. On the basis of the reduced scale, no further gliders need be procured beyond what have already been ordered for indigenous production. The main difficulty which has yet to be completely overcome is the provisioning of hangar and allied facilities at all places where the gliding activities have to be carried out.

3. In the majority of Air Wing units of the NCC hangar accommodation is provided by the Air Force, DGCA and local flying clubs. Under the NCC scheme State Governments are required to provide accommodation facilities (this will include storage accommodation for gliders in Air Wing Units) to NCC units. Some States have already constructed hangars and in other places hangars are under construction. Some State Governments have allotted funds and preliminary works like Siting Boards, procurement of land etc. is in progress. Action has also been initiated by the Central Government to achieve provision of hangars at 10 more stations. We expect that as the cumulative result of all the efforts which have already been made and are being made, it should be possible to reach a stage when all the gliders which are already held and those which are still to be supplied to the NCC could be put into good use for the training of sizeable number of NCC cadets in gliding.

Question

Answer

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(a) The feasibility of utilising the existing facilities available in the flying clubs for training NCC air cadets. In particular, whether there is any need for the Ministry of Defence to supply additional gliders to the flying clubs which have already been provided gliders by the Civil Aviation Department.</p> | <p>Gliding training of cadets of Air Wing is carried out at the units. Where gliding training facilities are not available with NCC units, training is imparted through Civil Gliding Clubs who have such facilities. By loaning NCC gliders to Civil Gliding Clubs through DGCA, it has been ensured that NCC cadets get priority for gliding training over other members of the clubs and their training is continued.</p> |
| <p>(b) Scale of provision of gliders to NCC air units, taking duly into account the old gliders which were already with the units before new gliders manufactured by HAL were supplied.</p> | <p>The production programme of gliders, in order to meet the requirement of the NCC was reviewed in January 1963. The number of squadrons then existing was 34; and 15 more were proposed to be raised during the third Five Year Plan. At the rate of 4 gliders (dual seater and</p> |

3 gliders (single seater) for each squadron, the total requirement for the 49 squadrons worked out to 196 gliders (dual seater) and 147 gliders (single seater). 25 gliders (dual seater) and 18 gliders (single seater) were already available. The balance required was, therefore, 171 gliders (dual seater) and 129 gliders (single seater) making a total of 300. Taking into account the order for 91 gliders (dual seater) which had already been placed, Government sanction was issued in June 1963 for the manufacture at the AMD Kanpur, of the balance of 80 (dual seater) gliders and 129 (single seater) gliders to meet the then estimated requirements of the NCC. The position was reviewed in December 1965. It was agreed that due to difficulties experienced in the recruitment of instructors and provisioning of hangars facilities by the State Governments, it would not be possible for the NCC to accept more than 12 (dual seater) and 6 (single seater) gliders per year ; and it was decided that production of gliders should be confined to 85 (dual seater) and 20 (single seater) gliders making a total of 105 in all, as against previous orders for 300 gliders.

- (c) The existing number of NCC air units together with the number of cadets being trained ; and
- Out of the existing 42 Air Wing units a total of 22 units are carrying out gliding training. In a unit an average of 75-85 cadets become eligible for gliding training per year. These cadets are trained in batches of 5-10 at a time.
- (d) The estimated number of NCC air units and the number of cadets which are estimated to be trained during each of the next five years.
- No increase in number of NCC Air Wing units is envisaged in the next 5 years. During the next 5 years in 38 units (2-4 units where gliding is not possible due to operational & civil flying commitments) about 1200 cadets per year are expected to be trained.
- (e) Please indicate the latest position regarding the utilisation of 13 gliders mentioned in Annexure II of D.O. letter No. 10 (49)/68-D(GS-IV) dated the 15th October, 1968.
- The latest position regarding utilisation of 13 gliders is as in Annexure 'A'.
- (f) Please state what plans have been for the utilisation of the remaining 16 gliders.
- It is expected that by June, 1969 hangar and allied facilities will become available in the NCC and it will be possible to allot 6 more gliders to Air Wing units. The disposal of the remaining gliders

which have already been produced, including the possibility of supplying them to other countries/agencies, is under consideration. Two Rohini gliders have already been delivered to Malaysia.

(g) Please also state how the 30 gliders still to be produced are proposed to be utilised.

It is proposed to keep the gliders stored under proper conditions until the necessary hangars and allied facilities become available.

(h) Please furnish a statement showing how 43 gliders which were already held by NCC Units prior to placing an order for 105 gliders on HAL are being utilised.

A statement of the distribution of 43 gliders of foreign origin will be found at Annexure 'B'.

(i) It is seen that the provision of gliders was originally made on the basis of 7 per unit for 40 NCC Air Units. Please state how many NCC units now exist and whether the scale for provisioning has since been revised or is proposed to be revised. Please also indicate whether any more units are proposed to be raised in the near future.

There are 42 Air Wing units. Due to Air Force operations and heavy civil air traffic gliding training for the NCC is not feasible at 4 of these units. This leaves 38 units. No increase in this number is envisaged at present. On the basis of the experience gained it is proposed to restrict the scale of glider to 3 (dual seater) and 1 (single seater) per unit.

(j) It is seen from the statement furnished by the Ministry that 10 gliders have been loaned to flying clubs. Please indicate.

(i) the number of gliders that were with clubs before the gliders were loaned.

	No. of gliders
Raipur	3
Amritsar	5
Jullundur	3
Ahmedabad	6
Hissar	2

(ii) the number of NCC Cadets trained by the NCC Units at these places.

NCC units at places where gliders are loaned to Civil Clubs are not carrying out any gliding training of their own. However, at all these units other training as per training syllabus is being carried out.

(iii) the number out of (ii), above that have been trained by these clubs.

	Number of cadets trained by November, 1968
Raipur	6
Amritsar	35
Jullundur	18
Ahmedabad	40
Hissar	11

(iv) Please state briefly the working arrangements on the basis of which the gliders have been loaned to the flying clubs, indicating particularly whether any financial assistance is provided to them for the upkeep of gliders, training etc. In case financial assistance is provided, please indicate how it is ensured that the clubs do not obtain financial assistance from more than one source.

NCC gliders are loaned to Civil Gliding Clubs through DGCA. On receipt of allotment orders from Air Headquarters gliders are collected by concerned units from HAL. DGCA then allots civil registration number to the glider and authorises the Club to take over the glider from the Unit. The terms and conditions of loan of NCC gliders to Civil Gliding Clubs are given below :

- (a) the gliders will be utilised primarily for training NCC Air Wing cadets.
- (b) any extra capacity, after meeting the requirements of NCC, may be utilised for the members of the Club.
- (c) the gliders should be returned any time the DGCA makes such request at the instance of the DGNCC or Air Headquarters.
- (d) the clubs should maintain the gliders in good condition, wear and tear and depreciation excepted.
- (e) the gliders should be insured by the club against all round risks and flying risks at its cost.
- (f) the clubs receive subsidy from DGCA for gliding and charge the cadets at normal subsidised rates of Rs. 2/- per launch which is paid by the State Government. Clubs also charge at the same time rate of Rs. 2/- per launch to their other members.

ANNEXURE 'A'

Position regarding utilisation of 13 gliders as in October-November 1968 is as follows :

Location of Unit	No. of gliders held	Position
Secunderabau	2	A hangar has been partially constructed at Nadirgul. Construction of the hangar is held up for want of additional funds from State Government, State Government has been approached for grant of funds. Till this hangar is completed no gliding is feasible at Secunderabad.
Warrangal	2	Gliding is expected to commence at Warrangal in the near future.
Udaipur	2	State Government are constructing a hangar at Udaipur. This hangar is expected to be completed by March 1969. Gliding will commence at Udaipur after completion of hangar.
Calcutta	3	There are two Air Wing Units in Calcutta. Operating surface of the gliderdrome was unserviceable for a long time. DGCA authorities have now repaired and gliderdrome and gliding is expected to commence by next month.
Mysore	2	Hangar constructed by State Government not yet handed over to NCC. Gliding will commence after hangar is handed-over.
Patiala	2	No hangar at Patiala. Plans are in hand for construction of a hangar by State Government Unit gliding will commence after hangar construction.
TOTAL	13	

ANNEXURE 'B'

Location of Units	Type of gliders and its distribution			
	T21B	ITG3	Olympia	Baby Eon
Secunderabad	2	..	..	1
Patna	2	..	1	..
Ranchi	2	1	..	..
Delhi	2	..	1	1
Baroda	1	1	..	..
Trivandrum	1	..	..	..
Indore	1	..	..	..
Coimbatore	1	..	..	..
Nagpur	1	..	1	1
Poona	2	..	1	..
Bangalore	2	1	1	..
Bubaneswar	1	1	..	..
Jaipur	2	1	..	1
Udaipur	..	1	..	..
Kanpur	3	..	1	..
Lucknow	1	1	..	..
Calcutta	1	1	..	..
TOTAL	25	8	6	4

Recommendation

The Committee also feel that while entering into contract with the co-operative societies in such cases the provisions of the Financial Rules that no price preference should be given in such cases should have been kept in view. They regret to note that this was not done while entering into this agreement.

[S. No. 36 of Appendix IX, Para 2.155 71st Report (3rd L.S.)]

Action taken

The recommendation of the Committee is accepted. It may, however, be mentioned that in the case of the negotiated contract entered into with the West Bengal Apex Cooperative Agricultural Marketing Society for the supply of vegetables, potatoes, onions and fruit at certain stations in West Bengal during 1964-65, the question of giving any price preference did not arise. The rates negotiated with the society for 1964-65 for certain items and stations were lower by Rs. 1.57 lakhs than the rates quoted by the lowest tenderer on the first occasion and Rs. 5.80 lakhs less than the amount payable according to the 1963-64 contract rates with the private supplier. The negotiated rates were, however, Rs. 14.10 lakhs more than the rates quoted by the lowest private tenderer on the second occasion.

While negotiating rates with the Apex Society for 1964-65, the Deputy Commissioners, Darjeeling and Jalpaiguri and the District Magistrate, Burdwan, had observed after discussion in detail with regard to the then market trends *vis-a-vis* the rates quoted by the contractors on the second occasion that the contractors' rates were not reasonable in certain respects, as these were on the low side. They also certified the rates negotiated with the society as reasonable and fair.

While submitting the proposals to the Army Headquarters for obtaining the sanction of the Government of India, the Eastern Command stated that when the additional tenders were opened on the 17th and 18th February 1964, negotiations with the West Bengal Apex Cooperative Agricultural Marketing Society Ltd. were in final stages and knowing this the contractors had quoted very low rates for the additional tenders, apparently with a view to wreck the scheme. They also pointed out that as the rates received for the additional tenders were not considered reasonable, comparison of the overall value of the contract with the Society with that of the additional tenders would not be appropriate. The Eastern Command also stated that for want of competition, the few contractors who were operating in North Bengal area had been quoting high rates and monopolising the supply. In case the Apex Society were not entrusted with the supply now there was no gain saying that later the contractors would again monopolise and quote exorbitant rates. The Eastern Command, therefore, recommended that the contract be sanctioned at the rates negotiated with the Society for all items

and stations as advised by the Controller of Defence Accounts, Eastern Command. The view taken by the Government was that the tenders submitted by the Contractors on the second occasion were intended to underbid the society after their rates were known and these should be ignored. Accordingly, Govt. sanctioned conclusion of contract with the Apex Society at the rates which had been negotiated with them, which, as pointed out above, were lower than the contracts rates for the previous year.

Recommendation

The Committee also desire that the Ministry of Defence should devise some ways and means to satisfy themselves that the rates paid by them to these cooperation societies for the supply of fresh vegetables and fruits are not excessive and that they compare favourably with the prevailing market rates. Payment of excessive rate to the Cooperative Societies would result in taking away the initiative on the part of the societies in managing their affairs economically and would create a sense of complacency which is not healthy.

[S. No. 37 of Appendix IX, para 2.156 to 71st Report (3rd L.S.)]

Action taken

The recommendation of the Committee is noted. Instructions were issued by Army Headquarters to the Commands on the 23rd February 1966 (copy enclosed) to the effect that rates paid under negotiated contracts with cooperative societies sponsored by the State Governments are to be fixed in mutual consultation with the Collector, Local Formation Commander and the CDA concerned. Contracts will be sanctioned in favour of the State Governments or the Cooperative Societies sponsored by the State Governments provided the competent financial authority is satisfied that the rates offered are reasonable and competitive. If the rates are considered to be unreasonable, the offer of the State Agency is to be rejected and competitive tenders floated at the discretion of the competent financial authority when the State sponsored Cooperative Society can also compete.

2. Rates to be paid to the Cooperative Societies are being worked out by taking into account the prevalent wholesale market rates obtaining in the area and transportation, sorting/grading charges, etc. for obtaining supplies conforming to the ASC specifications.

3. It may be mentioned here that the rates offered by the West Bengal Apex Cooperative Agricultural Marketing Society for supply of vegetables potatoes, onions and fruit during 1967-68 and 1968-69 were not considered to be reasonable and, in accordance with the existing instructions, competitive tenders were invited for these two years and contracts were concluded with the lowest tenderers whose rates were found to be lower than the rates offered by the Society.

TELEPHONE 34863.

No. A/32456/Q/ST6B/Q1(B)
ARMY HEADQUARTERS
 Quartermaster General's Branch
DHQ P.O. New Delhi-11.
 23rd Feb. 1966.

To

Headquarters
 Southern Command
 Eastern Command
 Western Command
 Central Command

30 copies each.

SUBJECT :—*Conclusion of Contracts with State Government (Agriculture Department) or vegetables growers, Co-operative Societies sponsored by State Government.*

Reference this Headquarters letters No. A/32456/Q/ST6B/Q1(B), dated 6th Jan., 1964, 8th Feb., 64, 14 Aug., 64 and 2 Feb., 65.

1. Instructions were issued *vide* this Headquarters letter No. A/32456/Q/ST6B/Q1(B), dated 6 Jan., 64 that army authorities would obtain their requirements of vegetables, fruits potatoes and onions from the State Govt. agency at those stations where the State Government could meet full requirements of the Army. For this purpose, the army authorities would either enter into negotiated contracts with the State Government (Agriculture Department) or with vegetables growers' co-operative societies sponsored by State Government. Further it was clarified *vide* this Headquarters letters of even number, dated 14 Aug., 64 and 2 Feb., 65 that competitive tenders would not be floated at any stage. Negotiated contracts would be concluded with the State Government (Agriculture Department) or the co-operative societies sponsored by the State Government at the rates to be fixed in mutual consultation with the Collector, the local Formation Commander and the CDA concerned.

2. The intention underlying these orders is to encourage the co-operative movement in the country and reduce middle men's profit so that the actual grower is benefited.

3. It has been brought to the notice of this Headquarters that the rates negotiated with co-operative societies sponsored by State Governments are rather on the high side and that the State-sponsored co-operative societies are not genuine growers' societies.

4. The matter has been examined at this Headquarters and the following revised instructions are issued :—

- (a) When a co-operative society is sponsored by a State Government to undertake supply arrangements, the local military authorities will satisfy themselves by a reference to the State Government or the Co-operative Society that the co-operative society is wholly or primarily of growers.
- (b) On receipt of the confirmation, contracts will be negotiated with it for supply of vegetables, fruits, potatoes and onions, and rates fixed in mutual consultation with the Collector, Local Formation Commander and the CDA concerned.
- (c) Contracts will be sanctioned in favour of State Government (Agriculture Department) or State sponsored co-operative society provided the CFA is satisfied that the rates offered are reasonable and competitive. In case the rates are considered unreasonable, the offer of the State agency will be rejected and competitive tenders floated at the discretion of the CFA when the State sponsored co-operative society may also compete.

5. This letter issues with the concurrence of Ministry of Finance (Defence) *vide* their u.o. No. 82-S/QC of 1966.

Sd/-.

Quartermaster General

Recommendation

The Committee are surprised to find that in spite of their recommendation made in para 49 of their Fifteenth Report (1954-55) and instructions issued by the Ministry of Finance to all the Ministries that in the case of contracts for perishable stores it must be ensured that a separate warranty clause is invariably provided, the Ministry of Defence did not include warranty clause in this contract. Nor were any efforts made to seek such a warranty clause when the decision was taken. They take a serious view of this lapse which has resulted in a loss of Rs. 56,200 to Government and desire that the responsibility for this omission should be fixed.

[S. No. 43 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

The Army Purchase Organisation (Chief Director of Purchase), Department of Food, is the procuring agency for all the requirements of Central purchase articles of foodstuffs for the Defence Services. This Organisation enters into contracts/agreements with the suppliers for the purchase of these articles according to the indents placed by the QMG's Branch, Supplies and Transport Directorate.

2. As already explained in the note forwarded to the Lok Sabha Secretariat with this Ministry's Office Memorandum No. F. 11(13)/66/D (Budget), dated the 9th November, 1966, for submission to the Public Accounts Committee, all ASC specifications relating to packed food items like tinned fruit, jam, vegetables, fish, meat, pickles, etc. provide a warranty clause. In all regular contracts concluded by the Army Purchase Organisation with the suppliers of such items, a warranty clause is invariably included. In the case relating to purchase of pickles during 1962, an indent was placed on the Chief Director of Purchase on 3rd November, 1962 and delivery was asked for by the 5th December, 1962. Warranty was not insisted upon, as pickles were required urgently and procurement in the normal manner according to ASC specifications would have taken a long time. Normally the Army Purchasing Organisation requires 2½ to 3 months' time to arrange supplies according to the ASC specifications and the prescribed procedure.

3. The reasons given by the Chief Director of Purchase for not including a warranty clause in the contract for the procurement of pickles on "tender sample" basis have been fully reproduced in the note submitted to the PAC earlier. A reference was again made on 13-4-1967 to the Department of Food on the basis of the observations of the PAC asking them to indicate the reasons for not providing a warranty clause in the contract for purchase of pickles in 1962. Their attention was also drawn to the instructions issued by the Ministry of Finance on the recommendation of the Public Accounts Committee made in para 49 of the 15th Report (1954-55) that purchase of perishable items should be covered by a warranty. The Army Purchase Organisation has stated in reply on 26-4-1967 that since supplies of pickles were required by the Defence Services to meet a most urgent demand, the contracts were placed on tender sample basis as decided in the meeting held on 15-10-1962 in the room of Chief Director of Purchase in which representatives of the QMG's Branch were also present. A warranty clause in the case of perishable goods is invariably provided in the contracts whenever supplies are obtained as per prescribed specifications. However, since pickles were urgently required for immediate consumption by the army and there was no time to procure the supplies as per the normal procedure, the supplies were obtained on tender sample basis and in such cases, no warranty clause was being provided.

4. In view of the factual position explained at length in the note submitted to the PAC earlier, Government are of the view that this cannot be treated as a case of lapse but a deliberate decision taken in good faith to meet the special needs of the situation and none in particular can be held responsible for the loss. As already suggested earlier, this case should be considered in the context of the situation created by the sudden Chinese aggression in October, 1962 which led to large deployment of troops in the high altitude areas, the consequent increase in demand for ration items for high altitude areas which had to be procured and supplied on immediate

basis and the change in the Military situation with the withdrawal of the Chinese troops necessitating redeployment of our troops. The stocks of pickles which were declared unfit for human consumption would have been consumed by our troops before they were so declared but for their redeployment at points where pickles were not authorised for issue.

The Department of Food and DADS have seen. Audit observation is appended below.

Audit Observation

There is no record to indicate that a deliberate decision was taken at any stage to waive the requirement of warranty.

2. Also, notwithstanding the existence of a provision of warranty in the standard specifications governing purchases by the Chief Director of Purchase, the General instructions issued by the Ministry of Finance also require that warranty clause should be included in contracts for the purchase of perishable goods. Consequently, the purchase of pickles in this case, conforming to tender samples which did not match fully with the standard specifications, did not *ipso facto* imply waiver of the warranty clause; and in any case, such waiver would have required prior approval of the Ministry of Finance which in this case was not obtained.

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendations

The Committee understand that the contract provided for a deviation limit of 50 per cent only. According to Departmental orders the additional piles ordered over and above this deviation limit should have been ordered only after issuing an amendment to the contract and settling the rates for the additional work. They desire that a thorough investigation should be made to ascertain as to why this procedure was not followed in this case. The Committee also feel that the Department should have taken this opportunity to settle a lower and reasonable rate at least for the additional work before authorising the contractor to continue the work. If the contractor was not agreeable for a reduction in the rates, the additional work could have been entrusted to the sub-contractor which would have resulted in a substantial saving.

The Committee would like to be informed of the action taken against the persons found responsible in this deal and how the claim of Rs. 5.19 lakhs has been settled.

[S. No. 14 & 16 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

Sl. No. 14

4. The additional piling work could not be entrusted to the sub-contractor, as the later had expressed his inability to carry out this work. To avoid the work coming to a standstill, even the main contractor had to be persuaded to carry out the work as the additional work involved expenditure on moving the piling rig from a place 20 miles away to the factory site and leaving it back at its original location. The urgency of the work did not permit any attempt to lower the rates at that stage, especially as the main contractor was disinclined to execute the additional piling work.

However, a Staff Court of Inquiry has been set up on 29th November 1966 to conduct an investigation into this case and its proceedings are awaited. The terms of reference of the Court of Inquiry include *inter-alia* the investigation as to why the rate in respect of additional piling work beyond the permissible deviation limit was not settled prior to the taking up of the work. On receipt of the findings of the Court of Inquiry, disciplinary action will be taken against the persons found responsible and a further report will be submitted to the Public Accounts Committee in due course.

Sl. No. 16

6. Regarding the claim of Rs. 5.19 lakhs, the matter had been referred to an arbitrator. The arbitrator resigned his appointment on retirement. Another arbitrator was nominated and he has intimated that one of his relatives had been connected with this work as a Government official. On receipt of this information, the Chief Engineer has objected to his appointment as arbitrator. Another arbitrator has been appointed on 8th May 1967. A further note would be submitted to the P.A.C. in due course.

7. D.A.D.S. has seen.

[M. of D. u.o. No. 15(2)/67/6096/D(Works-II), dated 21-8-1967]

Further Information

(Reference Ministry of Defence U.O. Note No. 15(2)/67/6096/D(W-II), dated 21-8-67 forwarded with Ministry of Defence O.M. No. 11(2)/67/D(Budget), dated 24-8-1967.

2. *S. No. 14*—As regards para 4 of the above U.O. Note, the findings of the Court of Inquiry have been received. In respect of additional piling work the Court is of the opinion that ordering of the additional work on the main contractor without prior negotiation of rates was not justified and that the then Chief Engineer, Bengal Zone, bears responsibility for this lapse as well as for not issuing an amendment to the contract to regularise excess piling work beyond the permissible limit for deviation.

3. On the basis of the findings of the Court of Inquiry, censure has been conveyed to the following Service Officers on the dates indicated against each :—

(1) the then Commander Works Engineer, Calcutta	14 Dec. 1967
(2) the then Commander Works Engineer, Calcutta	15 Nov. 1967
(3) the then Garrison Engineer, Ishapore	27 Nov. 1967
(4) the then Garrison Engineer, Ishapore	13 Nov. 1967

The Court of Inquiry also held responsible the then Chief Engineer (now deceased), Eastern Command, Lucknow and the then Deputy Chief Engineer (Retd.), Eastern Command, Lucknow, and subsequently Chief Engineer, Bengal Zone. In so far as the Chief Engineer, Eastern Command is concerned, as the officer was also involved in other cases, it was decided to impose a cut of 25% in the retiring pension and orders to this effect were issued on 29th August 1968. In this connection, Government's reply under U.O. No. 15(8)/66/1278-S/D(W-II), dated 23-9-1968 to PAC's Recommendation No. 61 of 48th Report (1965-66) (Third Lok Sabha) also refers.

With regard to the disciplinary action against the then Chief Engineer (Retd.), Bengal Zone, the matter is still under consideration.

Disciplinary action is in progress against the following Civilian Officers concerned :—

- (1) the then two Superintending Engineers (one SE Retd.).
- (2) the then Superintending Surveyor of Works (Retd.).
- (3) the then two Surveyors of Works.
- (4) the then Assistant Executive Engineer.

4. S. No. 16—As regards para 6 of the above U.O. Note, the arbitration proceedings are not yet concluded and the result thereof will be communicated to the Lok Sabha Secretariat in due course.

[M. of D. u.o. No. 15(2)/67/1720-S/(W-II), dated 23rd December 1968]

Recommendation

The Committee suggest that action should be taken against officers who placed indents for stores in contravention of the rules. They may be informed of the final action taken against the Chief Engineer and the Deputy Chief Engineer.

[S. No. 20 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

The officers in question have since retired. Since the pension of the Chief Engineer has not yet been sanctioned, the lapses on his part in ordering the excess provisioning of stores for the project in anticipation of sanction will be taken into consideration while determining the extent to which his services may be held to be unsatisfactory on this account so as to warrant a reduction in his pension. So far as the Deputy Chief Engineer, who placed the indents for the stores is concerned, action is in hand, in consultation with Ministry of Law, for issuing a show cause notice for reduction in his pension. The Committee will be informed of the final action taken against the Chief Engineer and the Deputy Chief Engineer.

Further Information

Please intimate the latest position in all these cases.

Reply

In the normal course, the Chief Engineer was entitled to a retiring pension of Rs. 825 per month, but his pension has been reduced by 25%. He has been awarded a retiring pension of Rs. 619 per month *vide* Ministry of Defence letter No. A/13861/AG/PS4(d)/855/S/D(Pensions/Services), dated 29-8-1968* Chief Engineer, however expired on 15-11-1967 As regards the disciplinary action against the Deputy Chief Engineer, the case is still under consideration.

*Not printed

Recommendations

The Committee would also like to know in due course, the amount of compensation, if any, obtained from foreign suppliers with whom this case has now been taken up.

[S. No. 29 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

The claim for the replacement/compensation for Track Links supplied ex-USA has been taken up by ISM Washington with the supplying firm on 13-8-1965.

2. On receipt of the technical opinion of the United States Army on the failure of the Track Links which has been sought on 16-5-1967 through ISM Washington, the advice of the Ministry of Law will be obtained, if need be, as to the course of further action that should be taken by ISM Washington in pursuing Government's claim against the firm. A further report in this regard will be submitted to the Committee in due course.

[M. of D. u.o. No. 14(8)/67/D(O.I.), dated 25-10-1967]

Further Reply

With reference to para 2 of the Defence Ministry's note No. 14(8)/67/D(O.I.), dated 25-10-1967 forwarded to the Lok Sabha Secretariat under the Ministry of Defence Office Memorandum No. 11(2)/67/D (Budget), dated 3rd November, 1967 in connection with the recommendations made by the Public Accounts Committee at Sl. No. 29 in Appendix IX to their 71st Report (3rd Lok Sabha), further developments of the case are indicated in the subsequent paragraphs.

2. The Department of the Army, Headquarters United State Army Material Command. Washington, in their letter, dated 5th September 1967 have informed India Supply Mission, Washington that the inspection services provided by the United States Army were considered to have been performed in accordance with the technical requirements of the contract between the India Supply Mission and supplier company and were in accordance with the standard United States inspection practice.

3. Against the contract, dated 28th February 1963 placed by India Supply Mission Washington with supplier company, a total quantity of 4184 Nos. tracks of 10 links each (41840 Track Links) were received during 1964. Except for 4 Track Links, the entire quantity was progressively issued by the Depot to Units/Vehicle, Depots/Ordnance Depots commencing from March, 1964. India Supply Mission's Legal Advisers have informed India Supply Mission, Washington in their letters of 26 June 1967 and 13 February 1968 as under :—

- (i) The use of the Track Links by the Indian Army has weakened the Government case tremendously.

- (ii) The report of the United States Army, as indicated above, does not help the Government case and from a legal standpoint, the situation may in fact be weaker because there would appear to be a complete compliance with the inspection required under the terms of the contract.
- (iii) The expenditure likely to be incurred as Lawyers' fees and other expenses of litigation in conducting the law suit in the State of Missouri would range from \$ 100,000 to \$ 1,50,000.
- (iv) If a suit is instituted, the case would become a battle of experts with an unpredictable outcome and in the event of a favourable judgement an unpredictable recovery, *i.e.*, if a judgement was obtained in Government's favour, supplier company may not have sufficient assets to pay the judgement as there is no personal liability on the part of the shareholders of the said Company.
- (v) The financial position of the supplier company is not sound according to the latest Dun & Bradstreet reports.

4. India Supply Mission Washington on 29th May, 1968, has reported that the entire premises of supplier company covering an area of about 50,000 sq. ft. was completely destroyed by fire which occurred on 4th May 1968, as a result of which the firm has suffered a loss of over a million dollars. India Supply Mission has further reported that the firm is now fast winding up and is understood to be going into liquidation.

5. A recent assessment on the performance of the Track Links received ex-United States of America has been made by the Defence Technical Authorities based on the reports received from most of the user Units. Out of 41,840 Track Links received, the premature failure has occurred in approximately 5,800 Track Links. This works out to 13.8% of the total quantity received.

6. After considering all the aspects of the case and in consultation with the Ministries of Finance (Defence) and Law, India Supply Mission Washington has been instructed on 5th June, 1968 to pursue the Government's claim against the firm as under :—

- (i) A legal notice should be served on the supplier company to meet the Government's claim. The reactions of the supplier company to the legal notice should be intimated to the Defence Ministry as soon as possible. A civil suit (in respect where of limitation expires from 24th January 1969 to 26th August 1969 *i.e.*, 5 years from the time the material was shipped) should not, however, be filed without the prior concurrence of the Government; and
- (ii) To explore the possibility of amicable settlement on the best possible terms with the supplier company simultaneously with

serving of the legal notice. No financial commitment should be made with the supplier company on the basis of the terms for an amicable settlement without prior approval of the Government.

7. India Supply Mission, Washington has reported on 26 Aug. 1968 that their Legal Adviser has served a formal notice of demand to the supplier company, that the supplier company has engaged a law firm to look into the matter and that no definite date has yet been set for discussions between the two law firms. The matter will be considered further after knowing from India Supply Mission Washington the terms if any for amicable settlement.

[F. No. 14(8)/67/D(O.I)]

Recommendation

The Committee may be apprised of the action taken on the findings of the SPE.

[S. No. 34 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

The SPE has completed investigation of the case against the former Officer Commanding, Supply Depot, Calcutta, involved in the local purchase of tinned foodstuffs referred to in para 24 of the Audit Report, Defence Services, 1966, and, as a result of the findings, a complaint has been filed before the Judge, 4th Additional Special Court, Calcutta, on the 29th June 1967. The case is still *sub judice*.

Further Information

The Action taken Sub-Committee of the Public Accounts Committee has desired that the latest position be indicated in respect of the case referred to in the note submitted to the PAC on the recommendation at S. No. 34 in Appendix IX to the 71st Report (Third Lok Sabha). The complaint filed before the Judge, 4th Additional Special Court, Calcutta, on the 29th June, 1967 is still pending. One of the accused in the case has filed a writ petition in the High Court challenging the allotment of the case to the Special Court by the State Government under the West Bengal Criminal Law (Special Courts) Amendment Act, 1949. *Orders of the High Court on the writ petition are awaited.*

Recommendation

"The Committee are unable to comprehend that the construction of the reservoir taken up in November, 1953, could not be noticed by the Air Force authorities till April, 1955, when it reached an advanced stage. They hope that with a little more liaison with the State Governments chances of such constructions coming up near the airforce installations in future would be eliminated."

[S. No. 51 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

Necessary instructions have been issued to all State Governments and various Air Force Commands in order to avoid recurrence of such cases in future, *vide* letters No. Air HQ/20851/14/Org/AF/5416/D(Air-Store), dated 7th June, 1955, No. Air HQ/20851/114/Org/AF/7106/1/D/(Air-Store), dated the 13th August, 1956, Air HQ/37528/19/W(Coord), dated the 23rd July, 1958, Air HQ/S.37528/19/W(Coord), dated the 7th April, 1966 and No. F. 2(9)/65/D(Air-II), dated the 4th July, 1966 (copies enclosed).

2. The question of amending the Indian Works of Defence Act, 1903, is also being considered separately in consultation with the Ministry of Law. One of the provisions which is proposed to be made in the amendment is to lay down that no one can erect a building or a structure near IAF airfields/installations without giving notice to the Officer-in-Charge of the airfield/installation and waiting for his clearance for a period to be specified.

From : Air Headquarters, New Delhi-11.
 To : HQ. Western Air Command, IAF (25 copies)
 HQ. Central Air Command, IAF (20 copies)
 HQ. Eastern Air Command, IAF (20 copies)
 HQ. Training Command, IAF (25 copies)
 HQ. Maintenance Command, IAF (20 copies)

Date :—7th April 1966.

Ref. :—Air HQ/S.37528/19/W(Coord)

*Restriction on erection of structures in the vicinity of air force airfields/
 radar installations*

Reference is made to this Headquarters letter of even number dated 23rd July 1958 (Copy attached).

2. As already instructed *vide* this Headquarters letter under reference, Station Commanders are to maintain strict vigilance over the constructions going on around the airfields and radar installations, so that the local civil authorities are immediately informed by them of any constructions that may endanger the safety of our aircraft and interfere with the functioning of Air Force installations.

3. In spite of the above instruction, instances have occurred where constructions in the vicinity of airfields have been made which present hazard to flying. Such constructions may also interfere with the working of electronic devices in use.

4. Commands are, therefore, again requested to instruct Station Commanders to keep a close watch over the constructions going on around

their airfields and, in particular in the area falling within the funnel. Where constructions on Government land which are a hazard to flying come to their notice, they should take up the matter with the authorities concerned in terms of previous instructions issued on the subject with a view to stopping such constructions. Where these constructions are resorted to by private parties, they should warn those parties not to proceed with the constructions and simultaneously advise this Headquarters for taking necessary action under the Indian Works of Defence Act.

5. Please acknowledge receipt.

Sd/- Air Cdre.
Air Vice Marshal
for Air Officer i/c Administration

Copy to :—Min. of Def/D(Air-II)

From :	Air Headquarters, New Delhi-11.	
To :	HQ. Operational Command, IAF	(15 copies)
	HQ. Training Command, IAF	(15 copies)
	HQ. Maintenance Command, IAF	(15 copies)
Date :	23rd July, 1958.	
Ref :	Air HQ/37528/19/W (Coord.)	

*Restriction on erection of structures in the vicinity of Air Force Airfields/
Radar installations*

It is necessary for the safety of the aircraft and the functioning of the Radar that certain restrictions should be imposed on construction of buildings in approach funnel areas and around the radar installations, irrespective of whether or not the land belongs to the Air Force. With a view to prevent such construction, all State Governments were addressed by the Ministry of Defence on the subject *vide* letters Nos. Air HQ/20851/14/Org/AF/5416/D(Air-Stores), dated the 7th June, 1955, Air HQ/20851/114/ORG/AF/7106/1/D(Air-Stores), dated 13th August, 1956 and Air HQ/20851/114/ORG/AF/7106/1/D(Air-Stores), dated 13th August, 1956, copies attached.

2. Despite this, a case has occurred where a tall structure is being constructed within the funnel area of one of our airfields. It is, therefore, felt that the Government of India's instructions to the State Governments can only be successfully implemented by a close liaison between the local Air Force and District Authorities. Commands are, therefore, requested to instruct Station Commanders to approach the District Authorities with reference to the directive issued to the State Governments by the Ministry of Defence and apprise them of the actual areas where they would like restrictions on heights of buildings. Local Station Commanders are also

to keep vigilance over the construction going on around their airfields and radar installations so that the local Civil Authorities are immediately informed by them of any construction that may endanger the safety of our aircraft and interfere with the functioning of radar.

3. Please acknowledge receipt.

Gp. Capt.

for Air Commodore.

Air Officer i/c Administration.

No. Air HQ/20851/114/ORG/AF/7106/1/D(Air-Stores) dt. 13-8-56

GOVERNMENT OF INDIA

New Delhi, the 13th August, 1956

To

The Chief Secretary to the Government of Hyderabad, Madhya Pradesh, Orissa, Travancore & Cochin, P.E.P.S.U.

MINISTRY OF DEFENCE

SUBJECT : *Construction of buildings and other structures in the vicinity of Air Force installations.*

Sir,

I am directed to state that the Indian Air Force has its units and stations located at numerous places all over the country, and its technical requirements with reference to flying safety and the functioning of Radar make it necessary for the Central Government to have a measure of control over the construction of buildings and other structures in the vicinity of Air Force installations, both occupied and un-occupied.

2. A case has occurred in which a State Government commenced work on a tall structure, which, being sited within the flying funnel of an adjoining airfield, would constitute a flying hazard and endanger the safety of State as well as Central Government property. In order to obviate such instances in the future, I am to request that whenever a State Government has plans to put up buildings or structures in the vicinity of an Indian Air Force installation occupied or un-occupied, this Ministry may be informed and asked to confirm that there is no objection. In the event of there being any objection in any particular case, the matter may be settled by mutual consultation between the Central Government and the State Government concerned.

3. The types of airfields and installations and the distances and areas within which it is desired to exercise control, together with the sizes of structures affected, may, for the present, be taken to be those stated in the Annexure to this letter.

4. Legislation on the subject is under the consideration of the Government of India.

5. The complete detailed requirements, which have not yet been finalised, would be more comprehensive than those shown in the Annexure, and would be enforced through legislation, when introduced.

6. I am further to request that receipt of this letter may be acknowledged and your reactions, if any, to the proposal intimated at an early date.

Yours faithfully,
Sd/-

Under Secretary to the Government of India.

No. Air HQ/20851/114/ORG/AF/7106/1/D(Air-Stores)

GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
New Delhi, the 13th August, 1956

To

The Chief Secretary to the Government of Jammu & Kashmir, Punjab, Rajasthan, Uttar Pradesh, Madhya Bharat, Bombay, Saurashtra, Mysore, Madras, Andhra, Bihar, West Bengal, Assam, Pepsu.

The Chief Commissioner, Delhi.

SUBJECT : *Restrictions on erection of structures in the vicinity of Air Force Airfields and Installations.*

Sir,

In continuation of this Ministry's letter No. Air HQ/20851/14/ORG/AF/5416/D(Air-Stores), dated the 7th June, 1955, I am directed to say that clarification sought by certain State Governments with regard to the term 'Vicinity of and IAF installation' used in the abovementioned letter may for the present, be taken as given in the annexure to this letter. Enforcement of more comprehensive requirements than those shown in the annexure to this letter through legislation is under consideration.

2. I am to request that receipt of this letter may please be acknowledged and your reactions, if any, intimated to this Ministry at an early date.

Yours faithfully,
Sd/-

Under Secretary to the Government of India.

Copy to :—

The Ministry of Works, Housing & Supply, with reference to their u.o. No. 6680, dated 26-7-55.

Annexure to Government of India, Ministry of Defence letter No. Air HQ/20851/114/Org/AF/7106/1/D (Air-stores), dated the 13th August, 1956.

Distances, area, etc.	Particulars of structures
1. Within 880 yards of :	Structures of any height or depth.
(a) A Radar. i.e.—	
(i) Fixer Station	
(ii) High Frequency Direction Finding Station.	
(iii) Very High Frequency Direction Finding Station.	
(iv) Sector Operations Centre.	
(v) Ground Controlled Interception Station.	
(b) Wireless receiving station.	
2. Between 880 and 3,500 yards of (i), (ii) & (iii) of item 4(a) above.	Structures more than eighty feet high.
3. Within the approach circuit of an airfield, i.e.—	Structures, of which the highest point, if joiner to the nearest point of the perimeter of the airfield would subtend with the plan of the runway or landing area, an angle of more than one degree and nine minutes.
(a) Between 1,500 Yds and 3,500 yds of the perimeter of an airfield having a runway or runways.	
(b) Within 3,500 yards of the perimeter of the available landing area of an airfield having no runway.	
4. Within the Flying Funnel areas of an airfield, upto 1,500 yards from the nearest end of the runway.	Do.

NOTE : A Flying Funnel area may be defined as the area included between two lines laid off at an angle of fifteen degrees outwards from the point where the outer edge of the seventy five—yards cleared strip joins the perimeter track, and the area to bounded by lines extended from the edge of the full strip to where they meet the fifteen degree lines.

No. Air HQ/20851/14/Org/AF/5416/D(Air-Stores)

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

New Delhi, the 7th June, 1955.

To

The Chief Secretary to the Government of Jammu & Kashmir, Punjab, Rajasthan, Uttar Pradesh, Madhya Bharat, Bombay, Saurashtra, Mysore, Madras, Andhra, Bihar, West Bengal, Assam.

The Chief Commissioner, Delhi.

The Ministry of Home Affairs, New Delhi.

Sir,

I am directed to state that the Indian Air Force has its units and stations located at numerous places all over the country, and its technical requirements with reference to flying safety and the functioning of Radar make it necessary for the Central Government to have a measure of control over the construction of buildings and other structures in the vicinity of Air Force installations, both occupied and un-occupied.

A case has occurred in which a State Government commenced work on a tall structure which, being sited within the flying funnel of an adjoining airfield, would constitute a flying hazard and endanger the safety of State as well as Central Government's property. In order to obviate such instances in the future, I am to request that whenever a State Government has plans to put up buildings or structures in the vicinity of an Indian Air Force installation, occupied or un-occupied, this Ministry may be informed and asked to confirm that there is no objection. In the event of there being any objection in any particular case, the matter may be settled by mutual consultation between the Central Government and the State Government concerned.

I am further to request that receipt of this letter may be acknowledged and your reactions, if any, to the proposal, intimated at an early date.

Sd/- S. ANANTAKRISHNAN,

Under Secretary to the Government of India.

No. F.2(9)/65/D(Air-II)

GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

New Delhi, the 4th July 1966

Asadha 13, 1888 (Saka)

To

The Chief Secretary to the Government of Jammu & Kashmir, Punjab, Rajasthan, Uttar Pradesh, Madhya Pradesh, Maharashtra, Gujarat, Mysore, Madras, Andhra Pradesh, Bihar, West Bengal, Assam/Nagaland, Orissa, Kerala, Himachal Pradesh, Goa.

The Chief Commissioner, Delhi, Tripura, Andaman & Nicobar Islands, Manipur.

SUBJECT : *Construction of buildings and other structures in the vicinity of Air Force installations.*

Sir,

I am directed to state that the Air Force has its formations located at numerous places all over the country. With the introduction of jet air-

craft and the rapid advancement in the field of electronics, it has become necessary for Government to have effective control over the construction of buildings or other structures in the vicinity of Air Force installations and airfields, both occupied and un-occupied, in order to meet the Air Force technical requirements with reference to flying safety and the effective functioning of modern electronic equipment.

2. A case has occurred in which a State Government commenced work on a tall structure, which being sited within the flying funnel of an adjoining airfield, would constitute a flying hazard and endanger the safety of the State as well as the Central Government's property. In order to obviate such instances in the future, I am to request that whenever a State Government/private party have plans to put up buildings or structures in the vicinity of an Air Force installation occupied or un-occupied, this Ministry may be informed and asked to confirm that there is no objection. In the event of there being any objection in any particular case, the matter may be settled by mutual consultation between the Central Government and the State Government concerned.

3. The airfields and installations and the distances and areas within which it is desired to exercise control, together with the sizes of structures/restrictions affected in the State of _____, may, for the present, be taken to be those stated in the Annexure to this letter. Any clarification required may be obtained from the appropriate Air Force authorities mentioned in the Annexure.

4. In issuing any instructions in this regard, the State Governments are requested to notify particularly the Municipal authorities, local town planning authorities and the State Electricity Boards in addition to the District authorities concerned.

5. I am to request that receipt of this letter may be acknowledged and the action taken in the matter be intimated to this Ministry as early as possible.

Yours faithfully,

Sd/-

Deputy Secretary to the Government of India.

Copy forwarded for information to the Ministry of Home Affairs.

Restrictions to be imposed

NOTI 1

Airfields

Distance, Area etc.	Particulars of restriction
1. Approach Funnel —The funnel clearance area may be defined as the area included between two lines laid off at an angle	An object is not considered dangerous unless it subtends an angle of more than 0°34'—30° thus providing a

of 15° outwards from the point where the outer edge of the 70 metre shoulders join which includes the area of runway width plus 70 metres on either side to where they meet 1400 metres line.

gradient of 1:100 measured from the end of the runway plus shoulder.

2. *Approach circuit area*— This may be defined as an area enclosed within a radius of 10 kilometres from the centre of airfield. Any object which subtends angle more than one degree and nine minutes (1:50) measured from the edge of runway plus shoulders is considered an obstruction. However, this is not applicable in case of approach funnel.

NOTE 2

Air Force Installations

Distance, Area etc.	Particulars of restriction
Within 900 metres of any Air Force installations.	No structure/construction of any height or depth. No source of electrical disturbance within this distance.

MINISTRY OF DEFENCE
D(AIR-II)

SUBJECT :—*Recommendation of Public Accounts Committee—71st Report (Third Lok Sabha), 1966-67.*

In the note regarding the "Action taken by Government" on the Recommendation at Sl. No. 52 in Appendix IX to Seventy-first Report (Third Lok Sabha), 1966-67, forwarded under Ministry of Defence Office Memorandum No. F.11(2)/67/D(Bud), dated 25th August 1967, it has been stated as follows :—

"In order to avoid recurrence of such cases, suitable instructions, if necessary, will also be issued to all concerned in the light of the findings of the Boards of Officers. A further report in this regard will be submitted to the Committee in due course."

It has since been decided in January, 1968, to retain only three abandoned airfields for the use of the Air Force. Action is being taken separately for the disposal of the land and assets at the remaining abandoned airfields.

2. D.A.D.S. has seen.

Sd -

Joint Secretary.

[M of D u.o. No. 22(4) 67/D(Air-II), dated 23rd March, 1968.]

Recommendation

The Committee are sorry that it had taken more than 12 years to implement a decision taken in September, 1954. The delay not only led to an unnecessary drain of the public money but it also caused considerable inconvenience to the owners of the property. They would like the authorities to devise suitable measures to avoid such delays in future.

[S. No. 52 of Appendix IX to 71st Report (Third Lok Sabha)]

Action taken

The observations of the Committee have been noted.

The Air Commands were asked in November, 1966 to constitute Boards of Officers to make on-the-spot study of all I.A.F. abandoned airfields in their respective areas and to forward recommendations in respect of each airfield, giving details of the land and assets which are permanently required and those which are surplus to the I.A.F. requirements. Necessary action for the disposal of the surplus lands and assets will be taken on receipt of the proceedings of the Boards of Officers. In order to avoid recurrence of such cases, suitable instructions, if necessary, will also be issued to all concerned in the light of the findings of the Boards of Officers. A further report in this regard will be submitted to the Committee in due course.

[M of D u.o. No. 22(4)/67/D(Air-II), dated 22nd August, 1967]

Recommendation

The Committee are glad to note that the Bhilai Steel Plants are successfully meeting some of the defence requirements of special steel. They would like to be informed of the results of the review proposed to be made in 1967; with regard to the capacity of Bhilai Steel Plant to produce the special steel required for defence purposes and the final decision regarding the setting up of the integrated alloy and special steel plant at the Ordnance Factory.

[S. No. 69 of Appendix IX, Para No. 5.38 to 71st Report
(3rd Lok Sabha)]

Action taken

1. In continuation of the statement, dated 18-12-67, it is stated that the recommendation of the technical experts that there is need to establish additional capacity within the Defence Sector itself to produce special steels is still under consideration of Government. Before a final decision is taken, a variety of technical and financial aspects have to be gone into.

2. In the circumstances it is requested that action on the recommendation of the Committee may not be considered as outstanding. This will be without prejudice to the Committee being informed as soon as a decision is taken on establishing a special steel plant in the Defence Sector.

Recommendation

The Committee are glad to note that the Bhilai Steel Plant are successfully meeting some of the defence requirements of special steel. They would like to be informed of the results of the review proposed to be made in 1967; with regard to the capacity of Bhilai Steel Plant to produce the special steel required for defence purposes and the final decision regarding the setting up of the integrated alloy and special steel plant at the Ordnance Factory.

[S. No. 69 of Appendix IX, Para No. 5.38 to 71st Report
(3rd Lok Sabha)]

Action taken

1. The recommendations of the Committee have been noted.
2. The proposed review has since been done. Bhilai has been able to produce some lots of the shell billets required for ammunition production, but by the very nature of its plant sizes, it has been found that the open hearth furnace at Bhilai is not suitable for economically producing the Defence requirements. Furthermore, the Defence specifications are, of necessity, rigid as to both physical properties and chemical composition.
3. The technical experts have advised finally that there is a definite need to establish additional capacity within the Defence sector itself to produce the large variety and complex specifications of special steels required by Defence production. The output size recommended is for approximately 22,000 tons of special steels. This recommendation is now under the consideration of Government. A further note will be submitted as soon as a decision is taken in the matter.

Recommendation

The Committee are disappointed to find that the automatic machine purchased in 1962 for the manufacture of a component item for boots ankle went out of commission in 1963 after functioning only for 9 months and during all these years the Government had to continue the purchase of this item from the trade incurring a lot of expenditure much of which could have been avoided. They are not fully satisfied that the initial inspection done at the time of purchasing the machine was thorough as (i) the machine failed since the beginning to produce its rated output; and (ii) it went out of order so soon. They would therefore, urge the Ministry to examine further whether the inspecting officer had put the machine to all the prescribed tests before accepting it.

It is also beyond the comprehension of the Committee why the Ministry could not ask for a replacement of the machine when it was below its expected performance. They do not also appreciate the casual way in which

the question of repair of the machine is being attended to. They hope that the Ministry would take greater initiative and settle the matter before long.

[S. Nos. 72 & 73 of Appendix IX of 71st Report (3rd Lok Sabha)]

Action taken

As per observations of PAC, the case has been examined further. The machine was procured through the then Directorate General, India Store Department, London. The ISD Inspector who first inspected the machine on 14-4-61 had rejected it as the samples produced were not in order. The firm submitted a fresh set of samples on 17-5-61 and these samples too were found unacceptable as (a) the heads of the studs were not round (*i.e.* insufficiently filled out); (b) the shanks had been unduly compressed to an oval shape without producing the annular serrations as shown on the drawings. This position was reported to the DGOF. However, the ISD submitted to DGOF on 4-8-1961 six samples of studs and informed him that it was unlikely that the firm could overcome the slight defects as these were not considered due to any fault in the machine. The samples of studs were examined by the Chief Inspectorate of General Stores, Kanpur, who advised for the improvement of the machine so as to eliminate the discrepancies unless the tools could be suitably modified by the Ordnance Factory on receipt of the machine. The DGISD was informed accordingly. The DGISD took up the matter with the firm, who on 11-10-1961 replied that if the machine was considered unsatisfactory, then they would be prepared to accept the cancellation of the contract. The DGOF advised the DGISD on 21-12-1961 to arrange another trial of the machine. But despite issue of expeditors no positive response was forthcoming. Meanwhile, Army's requirements of stud protectors were being met by import and DGOF's requirement of the machine became extremely urgent to meet the requirements of the Army. As it appeared from DGISD's letter No. 2011/59/ENG3/SGH, dated 6-11-61 (copy enclosed) that if the machine was not accepted immediately, the firm would prefer cancellation of the indent, the DGOF explained the full position to CIGS, Kanpur, on 2-3-1962 with the suggestion that the machine as offered be procured. In reply, the CIGS, Kanpur stated on 7-3-1962 that he had no objection to the procurement of the machine. After further consideration the DGOF asked the DGISD on 15-3-1962 to procure the machine without further trials.

2. It is unfortunate, that after installation, certain defects in the functional aspect of the machine came to light during the running of the machine on bulk production. These defects, apparently, were not observed at the time of inspection of the machine in the U.K. where only samples were produced.

3. All necessary action was taken by the DGOF to expedite commissioning of the machine by the firm's engineer. The question of sending a technical representative from the Makers to H&SF, Kanpur to fit the tools and commission the machine for production of studs protector rustless was then taken as far back as November, 1965 by the DGISM, London. The suppliers of the machine were told on 9-3-1966 in clear terms that they must arrange for satisfactory demonstration of the machine in April, 1966. M/s. Stahlunion informed the DGOF Headquarters on 2-9-66 that their technician was flying to India and requested DGOF to arrange clearance of 100 kilos of special wire which was being brought by him free of charge for trial purposes. The arrangements for the clearance were made by the DGOF, but the technician did not come then.

4. The firm was asked by the DGISM on 30-11-1966 to say definitely as to when the representative was coming. The firm intimated the H&SF on 7-4-1967 that their technical engineer would be arriving in India the following week to check the machine. However, on 3-6-67 M/s. Marcar Steel & Engineering Co. (local representative of M/s. Stahlunion & Co.) intimated to the H&SF that a representative from their principals did come to India but had to be sent back to West Germany on account of sickness.

5. It would appear that the firm is overdoing the issue on one pretext or other. In these circumstances, it was urged upon the DGISM to put pressure on the firm so that the machine is set right/replaced without further loss of time. The DGISM on 2-6-67 had prolonged discussions with a representative of the firm when it was agreed that representative would take up the matter with his principals on the following lines :—

- (a) Asking H&SF, Kanpur to return the machine to Meyers Roth & Pastor and re-imbursing the Government with full contract price and freight charges.
- (b) Suggesting the H&SF, Kanpur or another Ordnance Factory use the machine to make something else with an appropriate change of tooling and compensating the Government suitably.

6. The DGISM was informed by the firm on 20-7-67 that their Principals, Meyer Roth & Pastor have proposed to take back machine for repairs at their works in Germany and they will return it at Kanpur after repairs in the minimum possible time. The principals will pay full costs for repairs and for shipment of the machine from Calcutta to Germany and back. They will also bear the cost of returning the machine to Kanpur.

7. The above proposal was subject to the condition that ISM should release immediately the outstanding amount of £141-10s-11d to the firm and the customer in India will send at his own cost a skilled man to the Makers' works for at least one week for acceptance of the repaired machine and also for training in the correct operation of the machine.

8. The proposals of the principals have been examined and a reply sent on 13-9-67 by the DGISM indicating that there would be no objection to returning the machine for repairs, if a suitable bank guarantee covering the cost of the Machine is given by the principals as also a performance guarantee that the machine is returned after repairs in good order.

As regards the condition of payment of outstanding amount to the firm, the firm was informed by DGISM, London on 13-9-67 that we are unable to accede to the request until the machine is rectified since the amount was due in terms of the P.V. Provisions of the contract. The question of sending at our own cost, a skilled man to Germany for acceptance of the machine is under consideration.

In reply the firm has intimated DGISM on 15-9-67 that they cannot negotiate any further in the matter unless their condition of release of outstanding amount to them is accepted. However, the firm has stated on 20-9-67 that they will be prepared to furnish bank guarantee and performance guarantee that the Machine will be returned in good order but are not agreeable to the condition as to the warranty period of 15 months after delivering or 12 months after arrival at a destination in India. Further action in the matter is under consideration and the PAC will be informed of the results of the action taken in this regard.

[File No. 4/12/67/D(Prod), dated 11-4-1968]

THE HIGH COMMISSION OF INDIA

No. 2011/59/ENG3/SGH

THE DIRECTOR GENERAL,
INDIA STORE DEPARTMENT,
GOVERNMENT BUILDING,

Bromyard Avenue,
Acton, London, W. 3.

Dated 6th November, 1961

SUBJECT : DGOF Indent No. CAP/297/49/H.O./E/M/dated 22-6-65—
Item 1 for supply one Meyer, Roth & Predor Type E.P.
Machine.

Contract E. 4765/2011/59/25-3-60,

Firm : The Stahlunion Co. Ltd.

Dear Sir.

With reference to H&S Factory Kanpur letter No.-WO/402/STUD, dated 21st September, 1961 in which it was stated that the sample studs produced in the above machine was not entirely satisfactory. I am directed to inform you that the substance of Kanpur's memo were referred to the contractor copy of whose letter in reply is attached.

This is self-explanatory and indicates that the manufacturers can do no more and enjoins as to accept the machine as it is or cancel the contract.

It will be greatly appreciated if you will state preferably by cable whether we may proceed with procurement of machine as it is or cancel the contract. The matter is of utmost urgency as Ministry of Defence letter No. 16125/58/D(Prod), dated 1st July, 1961 seems to indicate.

Yours faithfully,
Sd/-
for DGISD.

The DGOF,
6, Esplanade East,
Calcutta, India.

Copy to :—

- (1) The Superintendent,
H&S Factory, Kanpur, India.
- (2) Ministry of Defence,
Government of India,
New Delhi.

Further Information

At the time of the issue of note dated 11-4-68 the stage at which the matter stood was that the firm had proposed that they would take back the machine for repairs at the Works of the Principals in Germany and that they would return it to Kanpur after repairs in the minimum time possible, the Principals meeting the full cost of repairs and shipment of the machine from Calcutta to Germany and back to Kanpur. This proposal subject to the following two conditions :—

- (i) The ISM should release immediately the outstanding amount of £ 141-10s-11d.
- (ii) The customer in India should send at his own cost a skilled man to the Maker's Works for at least one week for acceptance of the repaired machine and also for training in the correct operation of the machine.

2. The above proposal is still under consideration between the Ministries of Defence, Law and Finance in view of certain issues which have arisen out of contractual conditions. The points which have been raised are :

- (a) Whether the DGOF had any right at all under the contract for withholding a sum of £ 141-10s-11d ?
- (b) Whether the firm will obtain this amount in case it sues Government in a court of law ?
- (c) Whether Government have now lost all rights under the terms of the contract in respect of Warranty etc. ?

- (d) Whether under the terms of contract it will be possible for Government to insist on the firm setting right the machine and sending it back without agreeing to the firm's condition that one of our men should be deputed to the firm for training in the operation of the machine ?

3. On the above points Ministry of Law have opined as follows in respect of (a) and (b) of para 2 :

- (a) The DGOF cannot withhold the payment of the amount of the firm.
- (b) The point is answered in the affirmative.

In respect of points (c) & (d), they have sought for certain clarifications which will have to be referred again to the DGOF and the DGISM. Final reply will be sent to the PAC after a decision is taken regarding the lease of the withheld amount.

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

NEW DELHI
 March 11, 1969
 Phalguna 20, 1890 (Saka)

APPENDIX

Summary of main conclusions/recommendations

Sr. No.	Para No. of the Report	Ministry/Department concerned	Recommendations
1	2	3	4
1	1.2	Min. of Defence	<p>The Committee hope that final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.</p>
2	1.6	Do.	<p>The Committee regret to note that there has been no improvement in the clearance of outstanding unlinked vouchers in spite of special staff having been detailed for the work. It would appear that while the backlog of old unlinked vouchers is being cleared, the current work is lapsing into arrears. Against 13,903 unlinked vouchers disclosed in the Appropriation Accounts for 1964-65, the number outstanding as shown in the Appropriation Accounts for 1966-67 is 25,213. The number of outstanding unlinked vouchers relating to Air Force is particularly large. The Committee note that instructions have been issued by the Air Headquarters in May, 1967 to initiate write-off action, where necessary, in respect of unlinked vouchers outstanding for more than 5-6 years. To avoid further accumulation, time-schedules have been prescribed for clearance of unlinked vouchers so that a voucher does not remain outstanding at unit/command level for more than 9 to 12 months. The Committee hope that, as a result of these instructions, old unlinked vouchers will be linked and their further accumulation avoided. The Committee would like to watch the progress in this respect through future Appropriation Accounts.</p>
3	1.10	Min. of Defence	<p>The Committee note that the outstanding dues on account of rent as on 30th September, 1967 has come down to Rs. 2.14 crores as compared to Rs. 2.46 crores as on 30th September, 1965. The Committee are, however,</p>

Summary of main conclusions/recommendations Contd.

Sr. No.	Para No. of the Report	Ministry/Department concerned	Recommendation
1	2	3	4
			not satisfied over the progress made in the liquidation of old arrears some of which relate to the period as far back as 1946-47. The Committee desire that Government should look into the reasons for slow progress in the liquidation of the arrears, particularly those relating to the period 1953-54 onwards and take steps for their speedy recovery or their write-off, where dues are not recoverable.
4	1.14	Do.	While the Committee appreciate that there has been improvement in regularisation of losses disclosed in the Appropriation Accounts, 1964-65, they find that the over-all position of losses awaiting regularisation for more than one year has deteriorated. As against 108 cases of losses amounting to Rs. 89 lakhs disclosed in Appropriation Accounts, 1964-65 the number of cases disclosed in the Appropriation Accounts, 1966-67, is 168 amounting to Rs. 2.88 crores. The Committee, therefore, desire that concerted efforts should be made to curtail the delay in regularisation of losses.
5	1.20	Do.	The Committee are not happy about the manner in which this scheme was planned and executed. A programme was drawn up in June, 1963 for the production of 209 gliders for the requirements of N.C.C. Air Units, but, after a review, the number was reduced to 105 in December, 1965. 75 of these gliders have so far been produced, but only 46 are being utilised by N.C.C. Air Units, 2 having been delivered to Foreign Governments.
6	1.21	Do.	The Committee notice that the production was undertaken on over-optimistic assumptions as to the number of air units that could be trained and the number of gliders that these units would need. This is evident from the fact that out of 42 Air Units, only 22 could be provided with training facilities in gliding. Even for the units that were provided with training facilities it was found that 4 gliders would suffice per unit, as against 7 originally envisaged. It would appear that lack of qualified instructors, and absence of hanger facilities made it difficult for Government to provide training on the scale contemplated.

7	1.22	Do.	<p>The Committee note that Government propose to extend training facilities to units to whom they are at present not available. They hope that this would facilitate full use of the 73 gliders already available. The Committee would also like Government to examine whether, in the light of experience gained, it would at all be necessary to proceed with the production of the remaining 30 gliders.</p>
8	1.23	Do.	<p>The Committee also note that 10 out of the 75 gliders have been loaned to the flying clubs for training of N.C.C. cadet. According to the arrangement made by Government with these clubs, they are free to use the gliders for their purposes after meeting the requirements of the N.C.C. Air Units. The Committee desire that close coordination should be effected between the flying clubs and the N.C.C. gliding units to avoid duplication of facilities and effect economy.</p>
9	1.27	Do.	<p>The Committee note that instructions have been issued by Government in February, 1966 to ensure that purchases of vegetables for army requirements are made from Cooperative Societies only after ensuring that the rates for supply are reasonable. The Committee hope that in the light of experience since gained, Government would be able to evolve suitable working procedures to enable purchasing authorities to judge whether the rates quoted by the societies are reasonable or not.</p>
10	1.30	Do.	<p>The Committee note from the information furnished by Audit that there is no indication on record that a deliberate decision was taken to exclude the warranty clause from the contract. In any case, the warranty clause could have been excluded only after prior approval of Finance had been obtained in accordance with the standing instructions on the subject. However, considering the circumstances in which the contract was placed, the Committee do not wish to pursue the matter further. The Committee trust that recurrence of lapses of this kind will be avoided.</p>
11	1.34	Do.	<p>The Committee note that Government have been unable to persuade the supplier to make good the loss sustained by them due to the packages found missing. The Committee would like to know whether the losses were promptly investigated and any effort made to obtain compensation from the carriers.</p>

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Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
	DELHI		33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68
24.	Jain Book Agency, Connaught Place, New Delhi.	11	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	36.	Hind Book House, 82, Janpath, New Delhi.	95
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	37.	Bookwell, 4, Sant Narankari Colony, Kingsway Camp, Delhi-9.	96
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15		MANIPUR	
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23		AGENTS IN FOREIGN COUNTRIES	
31.	Bahree Brothers, 188 Lajpatrai Market, Delhi-6.	27	39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C. 2.	59
32.	Jayana Book Depot, Chappatwala Kuan, Karel Bagh, New Delhi.	66			

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