

# **PUBLIC ACCOUNTS COMMITTEE**

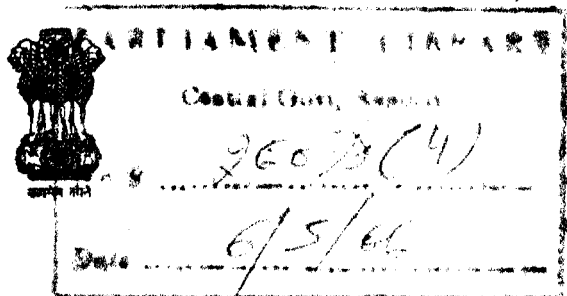
## **(1965-66)**

### **FIFTY-SECOND REPORT**

**(THIRD LOK SABHA)**

[Action taken by Government on the Outstanding Recommendations of the Public Accounts Committee contained in their 27th, 28th, 29th, 31st, 33rd, 34th, 35th 36th, 38th, 39th & 40th Reports (Third Lok Sabha) relating to Civil, Defence Finance Accounts, and Revenue Receipts as well as a Review of Action taken by Government on the Recommendations made by the Committee from time to time]

### **VOL. III—APPENDICES**



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

**April 1966/Vaisakha, 1888 (S)**

**Price : Rs. 3.10**

336-3951R

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CORRIGENDA TO FIFTY-SECOND REPORT OF PAC (1965-66)  
(PRESENTED TO LOK SABHA ON 5.5.1966, - Vol.III.)

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\*Appendices I to IV are appended to Vol. I. Report and Appendices V to XI are appended to Vol. II-Report.

†Appendices XXII onwards are appended to Vol. IV.



**PUBLIC ACCOUNTS COMMITTEE**  
(1965-66)

**CHAIRMAN**

Shri R. R. Morarka

**MEMBERS**

2. Shrimati Akkamma Devi
3. Shri Ram Dhani Das
4. Shri Gulabrao Keshavrao Jedhe
5. Shri Cherian J. Kappen
6. Shri R. Keishing
7. Shri M. R. Khrishna
8. Shri B. P. Maurya
9. Shri V. C. Parashar
10. Shri Nanu Bhai N. Patel
11. Shri C. L. Narasimha Reddy
12. Shri G. Yallamanda Reddy
13. Shri Prakash Vir Shastri
14. Shri Surendra Pal Singh
15. Shri U. M. Trivedi
16. Shri M. P. Bhargava
17. Shri Chandra Shekhar
- \*18. Shri S. C. Deb
- \*19. Shri R. S. Panjhazari
20. Shri Ram Sahai
21. Shri Niranjan Singh
22. Shri Atal Bihari Vajpayee.

**SECRETARIAT**

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

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

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\* Ceased to be Members of the Committee consequent on their retirement from Rajya Sabha on 2-4-1966 under Article 83 (1) of the Constitution.

## APPENDIX XII

### MINISTRY OF HOME AFFAIRS

#### Recommendation

(i) *The Committee are not convinced of the reasons advanced in the instances of irregularities referred to in this para. There was firstly a serious failure to observe the prescribed rules for the handling of cash. It is unfortunate that the cashier who should have been well up in such matters acted in contravention of the rules. Secondly, there was no periodical check of the amounts which remained undischarged nor were the accounts ever checked. All these go to show that there was also a failure on the part of the supervisory officers whose primary duty it was to ensure compliance with the rules. In the opinion of the Committee, mere issue of instructions in monetary matters is not enough, it is necessary to ensure that rules and instructions extant are actually followed in practice and any breach thereof is suitably punished.*

[Sl. No. 60 of Appendix IV to 8th Report, 3rd Lok Sabha]

#### ACTION TAKEN

The outstanding advances have since been adjusted by short draws from the bills as per details given in Annexure 'A' and the rule regarding refund of amounts relating to pay and allowances remaining undischarged for three months is being properly observed by the Administration. A system of supervision by the Deputy Commissioner once a year and by the A.D.M. twice a year (i.e., half-yearly) has been introduced with effect from 23rd September, 1963, as to ensure that rules and regulations are actually followed.

#### Recommendation

(i) *The Committee regret to note that in this case also there was breach of the prescribed rules. It was irregular from the very beginning on the part of the officials concerned to have the money kept after the close of the year instead of returning it to the treasury. It is unfortunate that officials dealing with cash and money should show such disregard of financial rules.*

(ii) *The Committee trust that the rules prescribed for ensuring responsibility for correct account of money handled by individual officers would not be contravened in future.*

(iii) *The Committee are surprised that no acknowledgements had been kept on record for the moneys advanced. They desire that strict orders should be issued for following the rules properly.*

(iv) *The Committee were informed that to avoid recurrence of such cases, instructions had been issued providing for submission of certain returns to ensure that proper inspections were carried out by various officers as prescribed under the rules. Further previously the work of the Nazarat was in charge of officers who had to perform both administrative and judicial functions. These two functions had since been separated and the Deputy Collector Incharge of Nazarat would not be entrusted with any judicial or other duties so that the responsibility could be squarely fixed on him. The Committee trust that with the measures now taken, such cases would not recur.*

(v) *In a number of cases, payee's acknowledgements were not available for payments shown in the cash book, while in some other cases, the dates of payment shown in the cash book, differed from the dates shown in the acknowledgements. The Committee desired that steps should be taken to prevent such irregularities in future.*

(vi) *The Committee may be apprised of the realisation of the outstanding rent from the allottees of the chambers in the court compound at Kashmere Gate when effected.*

(vii) *The Committee trust that the types of irregularities referred to in this sub-para will not recur.*

(viii) *The Committee are unhappy to note the unsatisfactory state of affairs in regard to financial matters in the office of the D.C., Delhi. The officers and staff failed in their duty, showed considerable negligence and indulged in breach of rules, which was facilitated by the lack of adequate supervision. The Committee hope that special steps will be taken to ensure tighter supervisory control and better understanding of the rules so that such irregularities especially in money matters are not repeated in future.*

[Sl. No. 61 of Appendix IV to 8th Report, 3rd Lok Sabha]

#### ACTION TAKEN

(i) *A copy of the instructions stating that during the month of March only those amounts should be drawn which can be disbursed on or before 31st March is enclosed.*

(ii) *Necessary instructions in the matter have since been issued to ensure correct accountal of money by individual officers (Annexure 'C').*

(iii) & (iv) Acknowledgements from payees, in respect of permanent advance have been taken and kept on record. The rules are now being followed. Necessary instructions have been issued vide Annexure 'C'

(v) Adequate steps have been taken by the Administration to prevent such irregularities in future. Necessary instructions have been issued vide Annexure 'C'

(vi) Regarding arrears of rent due from the lawyers, action is being taken under the Public Premises Eviction Act, and notices to the lawyers are being issued by the Estate Officer. Necessary information will be furnished in due course.

(vii) Noted.

(viii) Regarding tightening of supervisory control the senior officers are being entrusted with the work of drawing and disbursing officers. The officer-in-Charge Nazarat will be free of Magisterial function and will have no judicial work. He will therefore, be able to concentrate on the accounts work and avoid irregularities in future.

### Recommendation

While appreciating the difficulties caused by the abnormal situation created in the wake of partition the Committee cannot regard it as a valid justification for the various lapses on the part of the officials concerned with the Malkhana accounts, which went on unabated for such a long time. They also consider it unfortunate that for the guidance of the auctioning officers no proper evaluation of the property to be auctioned was done. In regard to sale of guns, revolvers, etc., to certain persons occupying high positions at very low price without auction, the committee were given to understand that this was an old legacy which had continued since the British days. The Committee suggested that such practices which could give an impression of specially favoured treatment to persons occupying high position should be stopped forthwith.

The Committee also desired that early steps be taken to set matters right and to finalise departmental action against the officials responsible, for various irregularities, enumerated above.

[ (Sl. No. 62 of Appendix IV) to 8th Report 3rd Lok Sabha ]

## ACTION TAKEN

(I) New instructions on the disposal of property by auction have been issued. Full control and check on the property is being exercised now and the rules are also complied with. A copy of the instructions issued for the auction officers is enclosed as annexure 'D'. Proper account is being maintained in respect of cash and other items received in the Malkhana. Monthly statements of the sale proceeds credited into the Treasury are prepared and sent to the Treasury officer for verification. After verification these are sent to the A.G.C.R. As regards cash the same is deposited in the Treasury immediately on receipt and is properly accounted for in the account books. However, the currency notes which are required as evidence on account of their numbers are retained duly sealed till the disposal of the cases. The sealed packets are kept under lock in a strong box (in double lock). Regarding cash deposited in Malkhana separate cash books are maintained by Nazir for property (Amanat and Zabti) and the entries duly made therein are verified and checked by District Nazir and Officer-in-Charge (Nazarat).

(II) Instructions have since been issued by the Deputy Commissioner with regard to the classification custody and storage in respect of articles received in the Malkhana. A copy of the instructions issued is attached herewith. (Annexure 'E').

(III) Cent per cent Physical verification of cash and jewellery is now in progress and is expected to be completed shortly. This could not be done in the past in view of the magnitude of the work involved. Regarding other items lying in the double lock complete checking has been done and periodical checking is also being done. The Amanat and Zabti properties lying outside in Malkhana, other than in the double lock, are being properly arranged in the newly constructed Malkhana, fitted with cemented racks and after being properly placed checking will be started. These properties consist of lakhs of items and would require fairly long time for checking. However, fresh property entries are being properly made in the register maintained and are being checked and signed by the District Nazir and Officer-in-Charge (Nazarat).

(IV) (i) Regarding the shortage of cash amounting to Rs. 23,830, cash amounting to Rs. 10,318 was found on verification. Thus the net shortage comes to Rs. 13,512.

(ii) The gold jewellery that was originally found short was 39 tolas 3 mashas and 5½ ratis. On actual verification of double lock

and all the property delivered to the claimants as subsequently verified it was found that shortage of gold jewellery comes only to 10 tolas 7 mashas and  $1\frac{1}{2}$  ratis.

(ii) The shortage of silver ornaments as shown by audit was reported to be 1,271 tolas, 5 mashas and 1 rati. As a result of actual verification of double lock and further investigations, this shortage was brought down to 720 tolas, 11 mashas and 4 ratis. The total value of the gold and silver jewellery found short works out (at the rates prevailing in 1959) to Rs. 2,416.50 P.

(V) Most of the shortages of foreign currency, Indian currency notes, forged currency note, were also traced out and finally only the items involving total value as follows were found missing.

Rs. 251.00

92.00 U.S.A.

130.00 Japan.

Two Hyderabad State Notes.

Five Foreign Notes (Indication of denomination and country not given). One Japan Govt. Note. No indication of denomination.

Currency note—Mutilated and torn pieces, etc.

Rs. 74.00.

Forged Note—Rs. 745/- one note.

(VI). Regarding the sale proceed of Arms and other properties auctioned on several occasions, of the value of Rs. 1.28 lakhs, all treasury challans had been traced except for Rs. 23,000. Out of these it was discovered from the records of the Treasury that a sum of Rs. 22,471 being the sale proceeds of unclaimed and confiscated property, had been deposited in the Delhi Treasury in the name of Officer-In-Charge (Nazarati). This amount, however could not be specifically attributed to any particular items in the absence of non-availability of challan although the amount had been deposited. Thus the amount remaining un-accounted for works out to Rs. 529.

(VII). Due precaution is being taken to prevent deterioration of various articles due to bad storage conditions. New Godowns have been constructed and are duly provided with cemented racks. Regarding the auction of valuable articles at abnormally low prices, the matter had been examined and it was explained that the said

cars had become scrap and had no value as such. Since there was no specific procedure adopted for the Valuation of such properties, the value of the property so sold had been considered to be low. To avoid recurrence of such incidents the work of evaluation is now proposed to be entrusted to a Board of officers in respect of articles i.e., cars, radios, sewing machines, wrist watches, etc., which are put to auction.

Regarding the sale of Guns, Revolvers, etc. no preferential treatment is now being given to persons occupying high position. It may be pointed out that the sale of the arms and ammunition by open auction is against the rules as such articles could only be sold to the persons who possess licences. In such cases on receipt of the application for sale of gun or revolver by a licensee the same is duly considered by the D.C. who orders for the evaluation of the arms which is got done from two authorised arms dealers. If the price so assessed is found reasonable by the D. C. the gun or revolver is sold to the licensee.

Regarding other property the same is auctioned under the supervision of S.D.M. or M.I.C. Since the nature of articles is varied and is mostly of small value therefore, it has not been considered possible to get the value fixed by the Board before the same is put to auction. The Auctioning Officer, however, takes into consideration the condition of the articles, the market value and accepts the bid if considered reasonable. In some cases when the bid is low, the Auctioning Officer rejects the same.

VIII. As a result of the departmental action taken against 5 non-gazetted officials responsible for the embezzlement of the cash and jewellery referred to above, two of them (Property Clerks) were dismissed from service. One of these Property Clerks was also proceeded against in court but he was acquitted. The other three officials (District Nazirs) were censured. Besides in the cases of two of these three District Nazirs, increments were stopped with cumulative effect for 5 years.

The above embezzlement of cash and jewellery took place during the tenure of office 9 Gazetted officials. As these Gazetted officers did not exercise proper supervision, the question of taking action against them was considered. However, it was found that no action could be taken against 8 of the officials either on account of their deaths, retirements or otherwise. In the case of the remaining official, the Ministry of Law where the official is presently working has been requested to take necessary action.

5. Gazetted officers were found responsible for irregular disposal of currency notes, foreign currency, base coins etc. As, however, a loss of only Rs. 50 was estimated to have resulted on account of the irregularities committed by them, no action was taken against them. However, detailed instructions were given to all the concerned officers with regard to the disposal of forfeited property so that such irregularities may not occur in future.

#### **Recommendation**

*The Committee desire that such action on the award of contract and the issue of cloth to contractor without obtaining the security deposit which was contrary to financial rules, should not be repeated. They may be informed of the amount of loss incurred and the amount recovered from the surety.*

(Sl. No. 64 of Appendix IV to 8th Report).

#### **ACTION TAKEN**

As a result of inspection by the IGP. Delhi of the rejected consignment, garments of a total value of Rs. 4563.60 nP. were accepted, and a sum of Rs. 132.66 was withheld from the stitching charges due to the firm. Thus the net loss was worked out as Rs. 2319.55 nP. Against this net loss the contractor, had deposited a sum of Rs. 1700 on 18th September 1962 and for the remaining balance of Rs. 619.55 nP., he had refitted 200 kurtas costing Rs. 938 out of the articles not accepted previously by the Delhi Police Department. Under these circumstances, the net loss has been recovered from the contractor. Necessary instructions have been issued to the I.G.P. Delhi to take necessary securities in future before the award of contracts.

#### **Recommendation**

*The committee regret to note that the defalcation of security deposits had been going on unchecked in the Police Office for a period of six months. While the Committee are glad that the defective system had been remedied, they would like to be informed about the final outcome of the case.*

(Sl. No. 65 of Appendix IV to 8th Report).

#### **ACTION TAKEN**

The latest position of the departmental/court cases against the defaulting officials is given in the attached statement. (Annexure 'F').



***Observations of Audit***

**Serial No. 62:** It was noticed during subsequent local audit conducted in July, 1964 that the instructions issued in February, 1962 with regard to classification, custody and storage of valuable articles received in Malkhana, were not being rigidly followed.

In this connection, a reference is invited to para 3 at pages 183 184 of Appendix I to the Audit Report, 1965.

# ANNEXURE A

Sl. No.	Name of Offices & Officials	Date of Adv.	Amount	Date of Adjust-ment	Bill No. in which adjusted.
1	2	3	4	5	6
			Rs.		
1	Collector, Mines & Quarries . . . . .	28-7-59	46.75	22-12-61	56 Fee dated 22-12-61 for Rs. 320.75
2	Do. . . . .	27-8-59	101.50	Do.	Do.
3	Do. . . . .	27-8-59	101.50	Do.	Do.
4	Do. . . . .	23-10-59	15.00	Do.	Do.
5	D.C.O. for Suit . . . . .	10-4-59	16.00	Do.	Do.
6	Collector, Mines & Quarries . . . . .	15-10-59	15.00	Do.	Do.
7	Requisition Branch for suit . . . . .	26-11-59	10.75	3-7-62	59 Fee dated 6-7-62 for Rs. 96.75.
8	District Nazir for Suit . . . . .	2-12-59	10.00	25-6-62	43 Fee dated 28-8-62 for Rs. 90.75.
9	Requisition Branch for Suit . . . . .	16-1-60	10.00	3-7-62	59 Fee dated 6-7-62 for Rs. 96.75
10	Requisition Branch for Suit . . . . .	"	40.00	3-7-62	59 Fee dated 6-7-62 for Rs. 96.75.
11	Collector, Mines & Quarries . . . . .	22-2-60	15.00	22-12-61	56 Fee dated 22-12-61 for Rs. 320.75
12	Requisition Branch . . . . .	29-2-60	16.00	3-7-62	59 Fee dated 6-7-62 for Rs. 96.75.
13	Collector, Mines & Quarries . . . . .	4-3-60	10.00	22-12-61	56 Fee dated 22-12-61 for Rs. 320.75.
14	Tehsildar, Delhi for Flood . . . . .	23-8-60	199.41	27-3-61	3/A Famine dated 29-3-61 for Rs. 6223.85

1	2	3	4	5	6
15	O.P. Baijal for Flood . . . . .	23-8-60	512.87	27-3-61	3/A Famine dated 29-3-51 for Rs. 6223.85.
16	Sukhbir Singh for Flood . . . . .	27-8-60	739.60	Do.	Do.
17	O.P. Baijal for Flood . . . . .	28-8-60	1,969.00	Do.	Do.
18	Do. . . . .	31-8-60	1,871.00	Do.	Do.
19	Tehsildar, Delhi for flood . . . . .	3-9-60	100.00	Do.	Do.
20	O. P. Baijal . . . . .	3-9-60	650.00	Do.	Do.
21	Tehsildar, Delhi . . . . .	13-9-60	181.25	Do.	Do.
22	Sis Ram . . . . .	15-9-60	36.68	1-3-61	It is certified that the amount has been adjusted but the particulars of the bill in which it was adjusted is not available at the latest please.
23	Tehsildar, Delhi . . . . .	19-9-60	800.00	1-3-61	2/A Famine dated 24-2-61 for Rs. 8310/-
24	Tehsildar, Delhi . . . . .	22-9-60	400.00	1-3-61	Do.
25	Hukam Chand, ASI . . . . .	30-10-60	180.66	28-5-62	8 Jail dated 28-5-62 for Rs. 180.66
26	T.O. Delhi . . . . .	6-10-60	50.00	27-2-61	29 Try. dated 14-3-61 for Rs. 416.86
27	Tehsildar, Delhi . . . . .	19-11-60	1,000.00	1-3-61	2/A Famine dated 24-2-61 for Rs. 8310/-
28	Tehsildar, Delhi . . . . .	21-11-60	2,000.00	3-2-61	Do.
29	Mohinder Singh . . . . .	15-12-60	200.00	9-1-61 18-1-61 10-2-61	} 96/25 Genl. dated 9-1-61 for Rs. 374.92
30	S.P. Sharma . . . . .	2-1-61	9.00	18-4-61	3/25 Genl. dated 20-4-61 for Rs. 880.84

31	R. M. Dass	.	.	.	.	.	5-1-61	00.50	21-4-61	7/25 Genl. dated 2-5-61 for Rs. 1486.47
32	Sekher Chand Jain	.	.	.	.	.	5-1-61	25.00	6-2-61	97/25 Genl. dated 14-2-61 for Rs. 651.84.
33	Man Mohan Lal	.	.	.	.	.	23-9-60	2.00	19-1-61	It is certified that the amount has been adjusted but the particulars of the bill in which it was adjusted is not available at the latest please.
34	Mohinder Singh	.	.	.	.	.	13-10-60	5.00	9-1-61	90/25 Genl. dated 9-1-61 for Rs. 574.92
35	Mohinder Singh	.	.	.	.	.	24-10-60	30.00	9-1-61	Do.
36	J. A. Ansari.	.	.	.	.	.	25-10-60	5.00	22-2-61	104/25 Genl. dated 25-2-61 for Rs. 1959.53
37	Bhim Singh	.	.	.	.	.	12-12-60	10.00	6-3-61	It is certified that the amount has been adjusted but the particulars of the bill in which it was adjusted is not available at the latest please.
38	S.P. Punj	.	.	.	.	.	16-12-60	30.00	23-2-61	104/25 Genl. dated 25-2-61 for Rs. 1959.53
39	M. N. Anand	.	.	.	.	.	17-12-60	5.00	18-4-61	3/25 Genl. dated 20-4-61 for Rs. 880.84
40	Kishan Lal	.	.	.	.	.	20-12-60	3.10	10-1-61	92/25 Genl. dated 24-1-61 for Rs. 806.95.

TOTAL : 11,422.57

## ANNEXURE C

### OFFICE OF THE DEPUTY COMMISSIONER, DELHI.

#### ORDER

In continuation of this Office Order No. F. PAC/Accounts, dated 11th June, 1963, further instructions are issued at the instance of the Assistant Budget Officer, Delhi Administration, Delhi.

1. That except payment of pay and allowances, all other cash payments above Rs. 1,000.00 should be made in the presence of the Officer Incharge Nazarat and entries in the Cash Book signed simultaneously.
2. That during the close of the financial year i.e., in the month of March, only those amounts should be drawn which can be disbursed on or before 31st March.
3. No advances should be given to officials except those authorised under Rules. In case of surprise check, money found short will be dealt with as mis-appropriation.
4. It should be ensured by the drawing disbursing Officer that acknowledgements of Permanent Advance have been received and kept on record.

Sd/- S. G. BOSE MULLICK,  
Deputy Commissioner, Delhi.

No. F.PAC. Acctts.

Dated the 29th August, 1963  
Bhadra, 1885 (Saka).

Copy forwarded for strict compliance to:—

1. Addl. District Magistrate (II).
2. Addl. District Magistrate (LA).
3. Addl. District Magistrate (Incharge Nazarat).
4. All Presiding Officer of the Courts/Offices, Head Clerks, and Branch Incharges.
5. District Nazir.

6. Cashiers (General) & Revenues.
7. Incharge Bills Branch Rev. Unit.
8. Incharge Bills & Budget Branch.

Sd/- S. G. BOSE MULLICK,  
Deputy Commissioner, Delhi.

Attested:

Sd/-

R. K. Srivastava,

Officer Incharge (B&B).

### ANNEXURE 'C'

#### OFFICE OF THE DEPUTY COMMISSIONER, DELHI.

##### ORDER

The Head of the Office/Drawing Disbursing Officer/Cashiers should strictly observe the Rules laid down in the Treasury Rules and other Financial regulations. However, the following instructions are issued for their guidance and compliance:—

1. A cash book on form T.R. 4 should be maintained. The cash books should be bound in convenient volumes and their pages machine numbered. Before bringing a cash book into use, the head of the office or the Officer nominated by him under note 1, should count the number of pages and record certificate of count on the first page of the cash book.

2. The cashiers should enter in the cash book all monetary transactions as soon as they occur and get them attested by the Head of the Office or by the other Gazetted Officer, authorised as Drawing Disbursing Officer, in token of the check.

3. The cash book should be closed regularly daily and completely checked by the Head of the Office/Drawing Disbursing Officer. The Head of the Office/Drawing Disbursing Officer should verify the totals of the Cash Books.

4. At the end of each month the Head of Office/Drawing Disbursing Officer should verify the cash Balance in the Cash Books and record and sign dated certificate to this effect.

5. When Government moneys in the custody of a Government Officer are paid into the Treasury or the Bank, the head of the Office, making such payments should compare the Treasury Officer's or the

Bank receipt on the challan or his pass book with the entry in the cash book before attesting it, and satisfy himself that the amounts have been actually credited in the Treasury or the Bank. When the number of payments made in a month is more than ten and the total amount involved therein exceeds Rs. 1,000.00 he should, as soon as possible after the end of the month obtain from the treasury a consolidated receipt for all remittances made during the month, which should be compared with the postings in the cash book.

Note.—Notwithstanding the provisions of this clause, the head of office may at his discretion obtain a consolidated treasury receipt irrespective of the number of payments made in a month and the total amount involved therein.

6. An erasure or over-writing of an entry once made in the cash book, is strictly prohibited. If a mistake is discovered, it should be corrected by drawing the pen through the incorrect entry and inserting the correct one in red ink between the lines. The head of the office should initial every such correction and invariably date his initials.

7. A Government Officer who handles Government money should not, except with the special sanction of the head of the office, be allowed to handle also in his official capacity money which does not belong to the Government. Where under any special sanction, a Government Officer deals with both Government and non-Government money in his official capacity, the Government money should be kept in a cash box separate from the non-Government money and the transactions relating to the latter should be accounted for in a separate book and kept entirely out of the Government account.

8. The employment of peons to fetch or carry money should be discouraged. When it is absolutely necessary to employ an inferior servant for this purpose, a man of some length of service and proved trustworthiness should only be selected and in all cases, when the amount to be handled is large, one or more guards should be sent to accompany the messenger.

9. The Head of the office/drawing disbursing officer/Cashier receiving money on behalf of the Government must give the payer a receipt on T.R. 5. The receipt, should be signed by the head of the office/drawing disbursing officer who shall satisfy himself at the time of signing the receipt and initialling its counterfoils that the amount has been properly entered in the relevant Register and in the Cash Books.

10. All receipts must be written in figures and in words.

11. The head of the office/drawing disbursing officer should keep the receipt books under lock and key and in his personal custody.

12. No Government officer may issue duplicates or copies of receipts granted for money received on the allegation that the originals have been lost. If any necessity arises for such a document, a certificate may be given that on a specified day a certain sum on a certain account was received from a certain person. This prohibition extends only to the issue of duplicates on the allegation that the originals have been lost, and does not apply to cases authorised by these rules or by special orders of the Government in which duplicate have to be prepared and tenders with originals.

13. The Cashiers at the time of individual payment should get the signature of the payee in his presence and obtain proper identification if necessary. In case of payment through scrolls the Incharge of the branch should get the signature of the individual on the pay bills in his presence and record a certificate to this effect in the scroll. The Bill Clerks at the time of checking of scroll should record a certificate regarding verification on the scrolls. The scroll should be sent to the Cashiers after getting an endorsement signed by the head of the office/drawing and disbursing officer for its payment. The head of the office/drawing and disbursing officer should be personally responsible for the payment of the amount to the person entitled to receive it of the bill signed by him.

14. The Incharges of the Branches, before leaving the office on the pay-day should submit the office copy of the scroll after getting necessary signatures of the payees and the amount if any lying undispursed with them to the Cashiers, who should produce them before the head of the office/drawing disbursing officer at the time of getting the cash books signed. The head of the office/drawing disbursing officer should satisfy himself for such payments.

15. The Cashiers at the close of every month should prepare a list of all the un-dispursed amount lying with him and also give such details in the cash book. A copy of the such statement should be sent to the bill clerks on the 1st of the following months. The bill clerk should immediately issue a memo to the individual concerned and endorse a copy thereof to the Estt. Branch. In case no instructions for the retention of the amount is received from the Establishment Branch and is allowed by the head of the office/drawing disbursing officer all the un-dispursed amount should be refunded.



through the next pay bill in accordance with Rules 283 of the Treasury Rules Vol. I. The amount retained for more than one month under the order of the head of the office/drawing disbursing officer should be refunded through the pay bill if not disbursed within three months from the date of their drawal, i.e., in no case undisbursed amount should be retained for more than three months.

Sd/- J. N. GUPTA,  
A.D.M. (C.D.),

for Deputy Commissioner, Delhi.

No. PAC/Audit/Accounts.

Dated the 11th June, 1963.

Copy forwarded for strict compliance to:—

1. Addl. District Magistrate (II).
2. Addl. District Magistrate (IA).
3. Addl. District Magistrate (Incharge Nazarat).
4. All Presiding Officer of the Courts/Offices, Head Clerks, and Branch Incharges.
5. District Nazir.
6. Cashiers (General and Revenue).
7. Incharge Bills Branch Revenue unit.
8. Incharge Bills and Budget Branch.

Sd/- J. N. GUPTA,  
A.D.M. (C.D.),

for Deputy Commissioner, Delhi.

Attested:

Sd/- A. D. Sapra,  
Officer Incharge (Naz.),  
for Deputy Commissioner, Delhi.

#### ANNEXURE 'D'

#### OFFICE OF THE DEPUTY COMMISSIONER, DELHI.

#### ORDER

Subject to the Rules laid down in the High Court Rules and Orders and the District Office Manual and other departmental orders, if any, issued from time to time, the Auction Magistrate will observe the following instructions for the Supervision of the Auction of the Property.

1. A list of the articles to be auctioned on the day is submitted by the Nazarat Branch to Auction Magistrate in advance before the start of the auction, duly valued by the Nazarat Officer.

2. The auction Magistrate before the start of the auction must verify the contents with the entry in the Register "J" and also verify the orders of the forfeiture of the property put to auction,

3. Auction Magistrate must see that due publicity i.e., announcement is made by the beat of drum and through Notice-Board and in case of costly items by advertisement in papers. He should also be satisfied about number of bidders being sufficient with a view to fetch a fair price in the auction.

4. The auction Magistrate should write down the highest bids of each item auctioned and initial each entry.

6. In case the value of any item is estimated by the Officer In-charge, Nazarat, to be more than Rs. 250.00 the article should be auctioned subject to approval of the Addl. District Magistrate.

6. The Auction Magistrate should sign the entries of the auction of the items in the Register 'J'.

7. The Auction Magistrate at the time of close of auction should tally the cash received by the official of the Nazarat Branch.

8. The Auction Magistrate should verify that the sale-proceed of property is accounted for and credited into the Treasury on the next working day.

Sd/- P. N. GUPTA,  
A.D.M. (C.D.)  
for Deputy Commissioner, Delhi.

No. F.PAC/Audit/Accts.

Dated the 11th June, 1963.

Copy forwarded for strict compliance to:—

1. All Magistrates.
2. Officer Incharge (Naz.).
3. Superintendent (Accts.).
4. District Nazir, Delhi.
5. Nazir Property, I and II.
6. Cashiers (Revenues and General).
7. Branch Incharge, Vigilance.

Sd/- J. N. GUPTA,  
A.D.M. (C.D.)  
for Deputy Commissioner, Delhi.

Attested:  
Sd/- A. D. SAPRA,  
Officer Incharge (Naz.),  
for Deputy Commissioner, Delhi.

**ANNEXURE E****Instructions on the storage of articles other than the arms and ammunition in Nazir's Malkhana.**

The Nazir at present keeps two registers both in form J. One of these registers is meant for entering the details of the goods received in amanat and the other for entering seized and forfeited properties.

2. The Nazir will henceforth maintain a third register as a supplementary register to show the valuable received in the malkhana. The column in this special register of valuable will be as follows:—

Sl. No.	S. No. as mentioned in Register J.	Details of the valuables	Disposal	Remarks
1	2	3	4	5

**Storage of valuables**

3. All valuables shall be kept in the double lock in four separate boxes. The boxes should be marked as follows:—

1. Precious and semi-precious stones.
2. Gold and articles made of gold.
3. Silver and articles made of silver.
4. Watches, Cameras, radios, jewellery, except gold and silver jewellery.

4. Any piece of gold, silver, jewellery etc. which according to the Officer Incharge, Nazarat exceeds Rs. 500 in value should be stored in the Treasury Double lock and not in the Nazir's double lock.

5. Each package of the valuable should be securely tied along with a stock card tagged showing the following particulars:—

Sl. No. in form J	Title of Case	Date of deposit in malkhana	Description of the articles	Signature of Officer Incharge Nazarat
1	2	3	4	5

6. These packages shall be stored in the proper box systematically and serial-wise.

*Storage of goods other than valuables*

7. Such property may broadly be classified for storage purposes into three categories:—

1. Perishable (eatables, livestock),
2. Semi-perishables (grain etc.), and
3. Non-perishables.

All perishable articles should be disposed of immediately after orders of the magistrate concerned under section 517(3) Cr. P.C. As far as possible such property should not be taken to the stores at all.

Semi-perishable articles should be kept in a separate room or godowns and should also be disposed of as early as possible under order of the magistrate concerned. Even where a person has gone in appeal the semi-perishable property need not await the result of the appeal. A report should be given to the court indicating that the property is likely to deteriorate and lose value unless disposed of. The sale proceeds of the property can always be refunded to the proper person, if becomes necessary, after the appeal has been decided.

In any case no semi-perishable property should remain in the custody of the Nazir for more than 2 months after its receipt by him. If it is necessary to keep it for a period longer than 2 months written orders of the A.D.M. should be obtained for such longer period of storage as he may direct.

Non-perishable goods should be stored inside the godown, care being taken to arrange them on racks serial-wise. A stock card should be affixed showing the same particulars as in para 5 above.

There is likely to be some property which is of bulky character and is, therefore, not capable of being stored inside the room or godown, and such property has to be necessarily kept outside. It is essential that necessary arrangements be made by the Officer Incharge (Nazarat) to ensure against theft or pilferage of the property or its part and see to it that final disposal of the property takes place as soon as possible.

No. 1239|Accts|Naz.

Dated 23.2.62|6.3.62.

**Copy forwarded to:—**

1. Officer Incharge Estt. Branch D. C. Office, Delhi.
2. P.D.S.P. Delhi.
3. Supdt. Acctts.
4. District Nazir.
5. All Concerned.

Sd/- HARISH CHANDRA,  
Officer Incharge (Naz.).

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**ANNEXURE 'F'**

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Official	Action taken
1. Traffic Inspector	Censured by the Dy. Inspector General of Police.
2. Head Constable	He was proceeded against departmentally and his three years approved service was forfeited permanently entailing reduction in his pay by the Supdt. of Police Traffic New Delhi, under whom he was serving. Subsequently, he preferred an appeal against the orders of the Supdt. of Police, Traffic to the Deputy Inspector General of Police, which was rejected. He has now submitted a revision petition to the Inspector General of Police, which is under scrutiny.
3. Head Constable	Discharged from the departmental enquiry as charges against him could not be proved.
4. Head Constable	Money deposited. Resigned the Job.
5. Constable }	Three years approved service forfeited permanently.
6. Constable }	
7. Constable	Dismissed from service after proceeding departmentally. He is being prosecuted in case F.I.R. No. 4 dated the 21st January, 1961.

under Section 409 I P C, Police Station Parliament Street, New Delhi. The case is still pending in the Court.

8. Asstt. Supdt. of Police . . . . .	}	Displeasure of the Inspector General of Police conveyed to them as they failed to discharge their responsibilities as Police Officers properly. They did not bother to examine the working of the scheme with a view to detecting the defects and bringing them to notice of Supdt. of Police, Traffic, for rectification which they should have done as Police Officers posted to the Traffic Police.
9. Dy. S.P. (T) . . . . .		
10. Dy. S. P. (T) . . . . .		
11. Dy. S.P. (T) . . . . .		
12. Dy. S.P. (T) . . . . .		
13. Inspector (T) . . . . .		
14. Inspector (T) . . . . .		

#### Recommendation

(i) The Committee feel concerned about the various mal-practices pointed out by the special audit and the Board of Enquiry, which had been allowed to prevail in the Sub-Treasury till an embezzlement of Rs. 98,566 was detected. They hope that necessary remedial measures will now be taken. The Committee also regard it as most objectionable to entrust the key of the single lock chest to a potdar or some other subordinate, instead of its being kept in the custody of the treasurer. This practice had obviously facilitated the embezzlement in the present case.

(ii) The Committee regret to point out that, although the Potdar had left the place on 2nd March, 1961, the matter was, according to the Board of Enquiry, brought to the notice of the Zonal Sub-Divisional Officer only on the 9th March, 1961 and the verification was conducted on the 10th March, 1961. It is not clear why the Cash Chest was not broken open for use in the following day's transactions which would have brought out the embezzlement earlier and might have helped in arresting the Potdar before he left for the foreign country.

(iii) The Committee deplore the inordinate delay of about one year on the part of the Board of Enquiry in the submission of its Report. In extenuation of this delay, the Secretary, Ministry of Home Affairs stated that the Board was waiting for the special Audit to be completed and there was also a change of one member in its composition during the course of the investigation. The witness, however,

*agreed that the board should not have delayed its Report by one year. The Committee consider it unnecessary to emphasize the need for utmost expedition in conducting enquiries in cases of fraud in order to avoid losses and delinquents escaping punishment.*

*(iv) The Committee are further perturbed over the delay of 6-7 months in initiating disciplinary proceedings and criminal proceedings against the delinquent officers after the receipt of the report of the Board of Enquiry, and hope that the Home Ministry would see that their offices do not tend to be lethargic in dealing with cases of indiscipline or corruption. They should not only avoid all delays in investigations, but also be very firm and prompt in taking action. [Serial No. 45 of Appendix XVI to 20th Report, (Third Lok Sabha)].*

#### ACTION TAKEN

(i) Necessary steps have already been taken by the Tripura Administration. Suitable instructions have been issued on 11th March and 6th April 1961 to the concerned officers/officials for strict compliance with the Treasury Rules. In this connection, copies of the instructions issued by the District Magistrate and Collector and the Tripura Administration are enclosed.

(ii) The single lock chest key was with the potdar who left Dharmanagar on the evening of 2nd March, 1961, after having taken leave on the 4th March, with permission to enjoy the two holidays on 3rd and 5th March, 1961. The single lock chest was not broken as the requirements of the cash on 4th March and the following days were partly met from about Rs. 18,000 kept in a wooden drawer in the single lock room by the Potdar and partly by drawing from the double lock. Moreover, it was expected that the Potdar would join duties any moment as he was due on the 6th March, 1961. It was only on 9th March 1961 when the tehsildar of Kanchanpur wanted to deposit a remittance which had earlier been handed over to the Potdar in a sealed bag and kept in the single lock chest, that the necessity of opening the single lock chest was felt. The continued absence of the Potdar also gave rise to suspicion. On 10th March 1961, it was opened with the key recovered from the house of the Potdar.

Action is being taken to forfeit the property of the absconding accused consisting of five National Savings Certificates valued at Rs. 500 deposited to the Government as security, as per provision contained in Section 88 Cr. P.C.

The criminal case instituted in connection with the defalcation is still sub-judice in the court of the Magistrate, Dharmanagar.

(iii) & (iv) The matter is under consideration and a further note will be sent.

*Copy of letter No. 1197-2011/DM/IX-25/61, dated the 11th March, 1961, from the Office of the District Magistrate, Tripura Administration, Agartala, to the S.D.O., Udaipur/Kailasahar/Khowai etc. etc.*

There has been a case of defalcation in the Sub-Treasury of Dharmanagar. The enquiries for the same are being conducted. One of the defects noticed is that the Treasury account was not closed daily. The attention of all concerned is drawn to Article 65 of Treasury Rules Vol. I for strict compliance. With immediate effect all Addl. S.D.Os. will carry out inspection of Sub-Treasury at least once a month. During this inspection, he must check cash, stamps and all other valuable and also see to it that all the formalities as provided in the above mentioned Rules are being complied with. The Zonal S.D.Os will also please supervise and check all accounts whenever they visit any Sub-division and part of this check should be verification of cash, stamp and valuables in the concerned Sub-Treasury. Report of this inspection must be sent to this office regularly by the 5th of the following month. Very serious view will be taken for disobedience of this instructions. These instructions are in addition to the ones in the various Treasury Codes and Manuals.

*Copy of Memorandum No. F. 70(31)-Rev/61, dated the 6th April 1961 from the Tripura Administration Revenue Department, Agartala to all Departments and Heads of Deptts. etc.*

**SUBJECT:—Non-Observance of Treasury rules regarding custody and verification of cash balances in Treasuries.**

District Magistrate and Collector has brought it to the notice of the Administration that the Treasury rules in respect of custody and verification of cash in Treasuries/Sub-Treasury are not being strictly observed in all respects by the officers in charge of Treasury cash balances. There are indication that verification certificates were recorded in some cases, apparently without actually verifying the cash. Verification of cash was not done when it fell due and was allowed to remain in arrears. Sometime the work of verification was delegated to subordinate officers to be done by them.

Such instances are cases of serious negligence of their prescribed duties and responsibilities on the part of the officers concerned and come within the scope of the Disciplinary rules.



All concerned are accordingly warned to comply strictly with the Treasury rules regarding custody and verification of cash.

By order of the Chief Secretary,

#### **Recommendation**

(iii) *The Committee deplore the inordinate delay of about one year on the part of the Board of Enquiry in the submission of its Report. In extenuation of this delay, the Secretary, Ministry of Home Affairs stated that the Board was waiting for the special Audit to be completed and there was also a change of one member in its composition during the course of the investigation. The witness, however, agreed that the Board should not have delayed its Report by one year. The Committee consider it unnecessary to emphasize the need for utmost expedition in conducting enquiries in cases of fraud in order to avoid losses and delinquents escaping punishment.*

#### **ACTION TAKEN**

The necessity for expeditious in this matters is constantly receiving attention. The Discipline and Appeal Rules are also under revision broadly on the basis of recommendations of the Committee on Prevention of Corruption and it is proposed to indicate in the rules itself the average time that should be taken at various stages of the Disciplinary proceedings.

#### **Recommendation**

(iv) *The Committee are further perturbed over the delay of 6-7 months in initiating disciplinary proceedings and criminal proceedings against the delinquent officers after the receipt of the report of the Board of Enquiry, and hope that the Home Ministry would see that their officers do not tend to be lethargic in dealing with cases of indiscipline or corruption. They should not only avoid all delays in investigations, but also be very firm and prompt in taking action.*

#### **ACTION TAKEN**

The observation of the Committee have also been brought to the notice of all Ministries/Departments in this Ministry's circular No. 33/3/64-AVD, dated the 5th June, 1965.

(S. No. 45 (Para No. 47) 20th Report (3 L.S.).

#### **Recommendation**

*The Committee find it difficult to accept the explanation of the Ministry for the delay in registering the Grih Kalyan Kendra as a Society. They are unable to appreciate how the Emergency or the receipt of heavy defence orders by the Kendra could affect the registration of*

the Kendra as a Society. The Committee feel that the excuse of 'Emergency' is used too often by the Government departments to explain various omissions. They regret to note that no suitable steps were taken by the Ministry for a long time even though the Ministry of Law advised them as far back as September 1962 to get the Grih Kalyan Kendra registered as a Society in order to acquire a legal status. The Committee are of the opinion that at least steps should be taken in that direction at the time when the Grih Kalyan Kendra undertook jobs of large magnitude entrusted to them by the Defence Department. It is not understood how the Defence Ministry could place orders with this organisation which had no legal entity. The Committee desire that this aspect of the matter should be inquired into and result reported to them. The Committee reiterate their earlier recommendation contained in para 25 of their Eighth Report (3rd Lok Sabha) and suggest that giving of grants to institutions which have not acquired legal status is not only irregular, but also fraught with risk in cases of default.

The Committee hope that suitable steps will be taken by the Ministry without any further delay to have the Grih Kalyan Kendra registered as Society.\*

(S.No. 67 of the Appendix XII of the 35th Report 1964-65).

#### ACTION TAKEN

On enquiry, it is found that before placing orders on the Kendra, the Ministry of Defence considered the question as to how far it would be proper to place orders on the Kendra in view of its not being a body corporate in the legal sense. However, at that time, Ministry of Defence was informed that the Kendra was a Government organisation, fully controlled by the Ministry of Home Affairs. In view of this, it was not considered necessary to enter into any formal contract with the said Kendra.

The Grih Kalyan Kendra was registered as a Society under the Societies Registration Act, 1860 with effect from 29th May 1965.

#### Recommendation

The Committee appreciate the paramount need of safeguarding the border and strengthening the police force for this purpose, as necessary. The expenditure on Police has increased from Rs. 11.74 crores in 1960-61 to Rs. 18.76 crores in 1961-62, Rs. 23.44 crores in 1962-63 and Rs. 25.07 crores in 1963-64. They note that the expenditure increased

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\*Already applied for registration.

in 1963-64 by Rs. 1.63 crores even though the Centre ceased to be responsible from 1st July, 1963 for Police in Union Territories of Manipur, Tripura and Himachal Pradesh. The Committee would like to be informed what tangible results have been achieved as a result of the findings of the Committee of officers set up to examine the question of streamlining the police force with a view to reducing the expenditure and avoiding duplication. The Committee hope that this question would be kept under constant watch and necessary correctives applied from time to time.

(Sl. No. 4 of Appendix XVII to 36th Report).

#### ACTION TAKEN

The Committee constituted for the purpose of examining the possibility of streamlining and reducing the multiplicity of para-military forces submitted an interim paper on April 18, 1965 and on this it was felt that the matter should be gone into by a Small Committee with a high ranking officer from the Army Headquarters. This Committee has finalised its report on border police forces on the Indo-Pak. border on October 22, 1965. After adoption of this report, the matter will be examined further.

## **APPENDIX XIII**

### **MINISTRY OF INDUSTRY AND SUPPLY (DEPARTMENT OF INDUSTRY)**

#### **Recommendation**

*The Committee regret to observe that even though the land was taken over by the Director, Small Industries Service Institute, Gauhati, in May, 1960. C.P.W.D. failed to commence construction work with the result that there was encroachments. The delay on the part of C.P.W.D. in not taking possession of land to start construction even though repeated requests were made to them, seems to be unconscionable. The Committee desire that the reasons for the inordinate delay in not finalising the plans for the building and commencing construction may be further investigated and responsibility fixed.*

[S. No. 72 (Para 74) of 35th Report (3rd Lok Sabha)]

#### **ACTION TAKEN**

The additional Chief Engineer III, C.P.W.D. at Calcutta has been requested to investigate the matter and fix responsibility. His reply is awaited. (Annexure I).

#### **Recommendation**

*While the Committee appreciated that the hiring of the godown in advance was done with a view to protect the machinery from rains, they feel that with a little forethought and coordination with the supply department the Institute could have ascertained the probable time of arrival of the machinery and thus saved this infructuous expenditure of about Rs. 2,500 to Rs. 3,000.*

[S. No. 73 (Para 75) of 35th Report (3rd Lok Sabha)].

#### **ACTION TAKEN**

Necessary instructions in the matter have been issued on 6th July, 1965 to all the Institutes so that the infructuous expenditure of the type referred to in this para may be avoided in future. (Annexure II).

### Recommendation

*The Committee feel that this is another instance (construction of building for the Institute at Gauhati) of lack of planning on the part of administration as they did not initiate action for placing wiring contract simultaneously with the construction of the building. Had the wiring been completed earlier, electricity could have been supplied soon after the construction of the building and this contingency of plant and machinery remaining unutilised would not have arisen.*

[S. No. 74 (Para 76) of 35th Report (3rd Lok Sabha).]

### ACTION TAKEN

Additional Chief Engineer III, C.P.W.D. has been apprised of the observation of the Public Accounts Committee. These observations have also been brought to notice of all the officers at Delhi and in the Institutes on 6th July, 1965. (Annexure II).

### Recommendation

*The Committee find that though the Extension Centre at Jorhat was started in 1960, the workshop attached to it started functioning only in 1962. The Committee feel that this time-lag of about three years is excessive and it indicates lack of coordination and proper planning.*

[S. No. 75 (Para 77) of 35th Report (3rd Lok Sabha).]

### ACTION TAKEN

Necessary instructions in the matter have been issued to all the Institutes. (Annexure II).

### Recommendation

*The Committee are of the view that the employment of operative staff (Machine Operators and Mistries) about one year before the arrival of the machines was without justification. Further, the Committee regret to observe from the note furnished by the Ministry that the workshop could not be started due to non-completion of power wiring for more than 8 months. It is unfortunate that such an essential item of work was not initiated in time.*

[S. No. 76 (Para 78) of 35th Report (3rd Lok Sabha).]

### ACTION TAKEN

Necessary instructions in the matter have been issued to all the Institutes. (Annexure II).

### Recommendation

*The Committee note that the State Government had reported in January, 1960 about the non-availability of the building for the Extension Centre at Silchar. The Committee do not see any reason as to why more than 2 years were taken by the Administration in deciding to shift the Centre to Tezpur. The Committee trust that such delays and lapses in planning and coordination will be avoided in future.*

*The Committee were given to understand that the question of handing over extension Centres to respective State Governments was under consideration. The Committee would like to be informed of the decision taken.*

[S. No. 77 (Para 79) of 35th Report (3rd Lok Sabha)].

### ACTION TAKEN

Delays in planning and coordination will be avoided in future.

The question of handing over Extension Centres to respective State Government has not yet been finally decided. As soon as a decision in the matter is arrived at action to transfer the Extension Centres to the State Governments concerned would be taken and the Public Accounts Committee informed.

### Recommendation

*The Committee are not happy at the manner in which unusual concessions were given to the Society and that proper steps were not taken to safeguard the financial interests of Government.*

*The Committee have noted the following disquieting features in this case:*

- (i) *The Financial assistance by way of loan and grant was given without a formal agreement ; this argeement was not executed either by July, 1958 when the Managing Committee recommended the closing of the Society or till February, 1963 when the Liquidator was appointed;*
- (ii) *although the Society was sponsored by Government there was no arrangement to review the working of the Society and to take prompt action either to remedy the state of affairs or to ensure the security of the loan granted to the Society; and*

- (iii) *at the same time loans continued to be given for a period of five years upto 1957-58 although there had been defaults in repayment of earlier loans.*

*The Committee desire that the matter may be further investigated with a view to ascertain whether Govt. nominees in the Society were informing the Ministry from time to time during the period 1954-58 of the state of affairs of the Society and its increasing losses and if so, what action was taken on these reports in the Ministry. The Committee may also be informed of the final position of the recovery of the outstanding dues from the assets of the Society.*

[S. No. 79 (Para 80) of 35th Report (3rd Lok Sabha)].

#### ACTION TAKEN

POINT (i)—*The latest position with regard to (a) the liquidation proceedings of the Family Welfare Cooperative Industrial Society and (b) the recovery of the outstanding dues from the assets of the Society.*

**Latest Position.**—The main assets of the Society consist of the land and building which had been occupied by the Delhi Garment Co-operative Industrial Society Ltd., Delhi. The possession of the building was, however, taken over by the Liquidator on 17th December, 1964. Two barracks in the building have been utilised by the Liquidator for storing the machines, furniture, etc., belonging to this Society and the Delhi Garments Co-operative Industrial Society. The remaining building has been hired on rent to the Delhi State Consumers' Wholesale Store for storage of foodgrains with effect from 20th February, 1965 on a monthly rent of Rs. 1,200. An amount of Rs. 14,400 (Rs. 7,200 as advance of rent for six months and Rs. 7,200 as security) was collected from the Consumers' wholesale Store and was deposited by the Liquidator in the Government Treasury on 10th June, 1965. The Society had repaid Rs. 16,000 till 1963. An amount of Rs. 25,600 was deposited by the Liquidator in Government Treasury on 30th July, 1964. The total amount refunded upto date to the Government on account of the Society is, therefore, Rs. 56,000 against the aggregate amount of loans of Rs. 2.75 lakhs advanced to the Society.

The Liquidator has informed that the building of the Society can be sold easily at any time. Delhi State Co-operative Bank, Delhi State Consumers' Wholesale Store and some other parties have offered to purchase the building of the Society by offering to take over

the assets and liabilities of both the Family Welfare Co-operative Industrial Society and the Delhi Garments Co-operative Industrial Society and the responsibility to repay full the Government loans due from these Societies. The Delhi Administration (Co-operative Department) are in favour of selling the building only to a Co-operative Society in order to keep this valuable assets within the fold of the Co-operative Sector. The combined sale proceeds of the building of the Family Welfare Society and the assets (machineries, stocks, etc.) of the Delhi Garment Society are considered sufficient by the Liquidator to cover fully the Government's loans and other liabilities of both these Societies.

The question of joint liquidation of both the Societies was considered by the Delhi Administration (Co-operative Department) but it has been dropped as there is no such provision under the Co-operative Act, as also due to various other legal and technical difficulties. Under the Co-operative Act, it is not possible to treat these two Societies as a single unit for the disposal of their assets and liabilities under the liquidation process. The Liquidator is, however, confident that after paying off the Government loans and meeting other liabilities out of the assets of the Family Welfare Society, a considerable amount would still be left.

The Liquidator has assured that it would be possible to liquidate the total loan amount (together with interest) due from the Family Welfare Society within a period of about six months. After adjusting the total repaid amount of Rs. 56,000 against the total amount of loan of Rs. 2.75 lakhs and interest of Rs. 94,464.95 due on 31st March, 1965, the principal due from the Society would be Rs. 2,63,316.25 and interest Rs. 50,148.70

POINT (ii)—*Position regarding loans and grants granted to the Family Welfare Coop. Industrial Society and explanation as to why it was found necessary to grant certain loans to this Society in spite of their past default in repayment of earlier loans.*

In July, 1953, on a request from the Chairman, Central Social Welfare Board (Planning Commission) for assistance in respect of providing employment for about 500 women of the lower middle class in Delhi as an experimental measure, the Minister of Commerce and Industry expressed keenness in the matter and suggested the setting up of a match factory to achieve the purpose. In pursuance of this decision a scheme for the match factory was drawn up by Dr.



A. Nagaraja Rao (Industrial Adviser, Chemicals) and was submitted to Government. In a series of meetings held in the Planning Commission (CSWB), the following decisions were taken:—

- (1) To form a co-operative society of the women willing to join the scheme of match factory.
- (2) Since Central Social Welfare Board was not competent to run the factory the Ministry of Commerce and Industry would provide all the necessary technical assistance as well as finances for the scheme.
- (3) Managing Committee for the Society for the first 5 years would be nominated by the Government of India.
- (4) Central Social Welfare Board would assist the Delhi Administration and the Ministry of Commerce and Industry in the formation of Co-operative Society.

On 23-11-1953, the Minister for Commerce and Industry approved the grant of a loan of Rs. 2.50 lakhs for the purpose for a period of 5 years at the rate of 3-1/2 per cent interest and also a grant of Rs. 60,000 for the purpose of training of workers, etc. A Society under the name and style of "Family Welfare Cooperative Industrial Society" was accordingly registered on the 24th November, 1953. The Society was granted 8 loans aggregating to a loan of Rs. 2.75 lakhs over a period of about 3½ years as follows:—

Date	Amounts sanctioned	Purpose
23-3-1954	70,000.00	} Purchase of land and building.
6-9-1954	1,00,000.00	
12-5-1955	30,000.00	} Working Capital.
24-4-1956	10,000.00	
20-10-1956	10,000.00	
23-1-1957	7,600.00	
3-5-1957	22,400.00	
4-10-1957	25,000.00	
<b>TOTAL</b>	<b>2,75,000.00</b>	

The actual cost of land was Rs. 24,200.00 and the cost of the building was Rs. 1,08,131.00. The balance of Rs. 37,669.00 was also used for working capital.

In addition, an aggregate grant of Rs. 52,415.6 was also made to the Society as follows:—

Date	Amount
2-2-1954 . . .	2,500.00
6-9-1954 . . .	15,000.00
7-7-1956 . . .	20,000.00
20-8-1955 . . .	14,915.06 (for purchase of pick up van).

It would be observed that the loans and grants were given in small instalments as and when the Society approached the Govt. for additional funds after ensuring that the funds required were actually needed by the Society and such need was fully justified. The 6th instalment of loan of Rs. 7,600 was sanctioned on 23-1-57. Till then the loan instalments were sanctioned in good faith as and when required by the Society provided these were within the maximum limit of Rs. 2.50 lakhs. However the unsatisfactory financial position of the Society came to the Government's notice on receipt of the audit report of the Society submitted by Registrar of Cooperative Societies to the Delhi Administration on 22-2-57. The request for a loan instalment of Rs. 22,400 came from the Society on 19-4-57 by which time Government had decided to reorganise the Managing Committee of the Society with the specific purpose of reorganising the production work of match factory and improving the management of the Society. The sanction of the loan instalment of Rs. 22,400 was, therefore, approved to ensure that the work of the re-organised Managing Committee was not hampered for want of adequate funds. Subsequently the loan of Rs. 25,000 was also sanctioned to the Society on 4-10-57 as it was a short term loan and was required by the Society for specific purpose, that is, to fulfil some orders placed on the Society by the Army. The idea behind giving this loan to the Society, inspite of its previous defaults, was to give a chance to the Society to improve its financial position by complying with the Army orders and to save it from being black-listed in the event of non-compliance of orders.

From the position explained above, it will be clear that the two loan instalments of Rs. 22,400 and Rs. 25,000 were granted to the Society, in spite of their previous defaults in repayment of loans, with the hope that the Society could turn the corner and improve its position. The venture was started on an experimental basis and

the Government did not want that the experiment should fail and the loans in question were granted to the Society after the Government felt that these were fully justified in the circumstances.

**POINT (iii)—***Arrangements made for reviewing working of the Society from time to time.*

The Family Welfare Cooperative Industrial Society was registered as a Cooperative Society on 24-11-1953 and simultaneously all the necessary arrangements as provided under the Cooperative law and otherwise were made for the management of the Society and for reviewing its work. The first Managing Committee of the Society was constituted by a Notification on 2-1-1954 (Annexure III) with six members out of which two were Govt. nominees. The term of this Committee was first extended by one year and then upto 15-4-1956 by Notifications dated 8-1-1956 and 21-4-1956 (Annexure IV) respectively. The second Managing Committee was constituted on 21-4-1956 and its term was subsequently extended upto 30-4-1957. Similarly, the 3rd, 4th, 5th, 6th, 7th and 8th Managing Committees of the Society were constituted respectively by Notifications dated 26-4-57, 7-5-58, 25-8-59, 9.5.60, 13.7.61 and 13.12.62 (Annexures VI-X). The last Managing Committee was in office till the 12th Dec. 1963. All these Managing Committees (with the exception of the last Committee which has three Central Govt. Officials and two non-officials) included, besides the non-official members, nominated by Govt., representatives of the Central Govt. and the Delhi Administration. A copy of the relevant Notifications and the statement of the names, etc., of Govt. officials and the period for which they served on the Managing Committees of the Society is enclosed.

Under Bye-law 28A of the registered Bye-laws of the Society, the Managing Committee of the Society for the first five years was to be nominated by the Govt of India. The first Managing Committee was constituted on 2-1-1954 and the period of 5 years expired in 1959. In the meeting held in April, 1958 in the Planning Commission (Central Social Welfare Board), it was decided that the Govt. might extend the term of the Managing Committee, which was constituted on 1-5-1958 for one year, till the General Body of the Society could elect their Managing Committee. The question, therefore, arose whether the Govt. of India was competent after the expiry of the stipulated period of 5 years to nominate or to extend the term of the Managing Committee of the Society. It was also provided under the Bye-law 28 (b) of the Society that from the 6th year the Govt. of India could nominate 5 members on the Managing Committee of the Society. Since the Managing Committee would

consist, under the Bye-laws, of not less than 5 and not more than 7 members, it was decided, in consultation with the Ministry of Law, to constitute the Committee with the 5 Govt. nominees only with effect from 1-5-1959. On this basis, the subsequent Managing Committees were continued to be nominated by the Govt. till 1961.

In the initial stages Dr. S. P. Varma, Deputy Development Officer in the late Ministry of Commerce and Industry and also a member of the First Managing Committee was closely associated with the construction of building etc. and also other affairs of the Match Factory and had been reporting regularly to the Govt. the progress made regarding the construction of the building, procurement of raw material and training of workers etc. Dr. Varma's Report dated 24-3-1955 indicated that the Match Factory started production with effect from 21-3-1955 and on the first day produced 50 gross match boxes. Earlier Shri L. N. Renu, Small Scale Industries. Directorate (Development Wing) and Shrimati Tara V. Pai, President of the Society had submitted detailed Reports to the Government on 21st April, 1954 and 9th July, 1954 respectively on the progress made in the setting up of the Match Factory. These Reports did not, however, mention anything disquieting about the affairs of the Match Factory as evidently it was too early to comment on the economics of production and the financial implications of the working of the Match Factory. The unsatisfactory state of affairs of the Match Factory first came to the notice of Government when the General Body of the Society at its second meeting held on 28th October, 1956 passed the following resolution:—

“Since the Society was not yet in a position to balance its budget, the repayment of the principal loan may start only after the expiry of 5 years from the drawal of each loan and the principal may be made repayable within a total period of 20 years from the date of the drawal of a loan and that the loan may be made interest free”.

The unsatisfactory working of the Match Factory and the fact that it was running into losses was confirmed when the Deputy Registrar of Co-operative Societies submitted the Audit Report of the Society for the year 1955-56 on 22nd February, 1957 and sought Delhi Administration's permission for ordering an enquiry into the affairs of the Society under the Co-operative Law so that the Society could be brought under orders of winding up. The main defects in the

working of the society brought out in the Audit Report were as follows:—

- (1) The losses of the Society amounted to Rs. 52,000 (Rs. 39,727 for 1955-56 and Rs. 12,273 for the earlier period). These losses were excluding the depreciation in the price of machinery and building of the Society.
- (2) The losses were reported to be due to a number of causes amongst which the chief were the higher cost of production, high establishment charges, inexperience of the management, unsatisfactory work of the workers, etc.

As an immediate remedial measure, Government decided to re-organise the Managing Committee and to put some senior Government officials on the Committee, so that the production work of the Match Factory could be organised under proper guidance. It was also decided that the main task of the reconstituted Committee would be to enquire into the financial affairs of the Society and to take immediate steps for improving its management. The Managing Committee was accordingly reconstituted on 26th April, 1957. A decision, was also taken at the Minister's level to consider liberalisation of the conditions of financial assistance to the Society by the Government. The Delhi Administration were accordingly informed on 3rd May, 1957 that efforts were being made to put the Society on a proper footing and were requested not to take any steps for conducting an enquiry into the affairs of the Society. The Managing Committee of the Society at its meeting held on 3rd May, 1957 also decided to set up a sub-committee to enquire into the working of the Society and to make its recommendations.

The report of the sub-committee which was submitted by the Central Social Welfare Board to the Government on the 17th September, 1957 contained the following observations and recommendations:—

#### Observations

- (1) The actual cost of production of matches was Rs. 6-0-8 per gross (40's) whereas the sale price ranged between Rs. 3 and Rs. 3-11-0 per gross. The loss incurred by the Society till then was Rs. 1,17,396.
- (2) The over-head expenses were as high as Rs. 2-2-0 per gross as compared to Rs. 2 per gross in Sivakashi Factories.

- (3) The level of production had been extremely low due to non-availability of trained workers in requisite number.
- (4) The Society had felt a chronic shortage of working capital which prevented a uniform level of production.
- (5) The cost of raw material was Rs. 0-6-3 higher per gross compared to that in Sivakashi Factories.
- (6) On an average the wages paid to workers amounted Rs. 0-6-10 per gross compared to Rs. 0-4-3 in Sivakashi Factories.

*Recommendations for action by the Govt. of India.*

- (1) The loss of Rs. 1.17,397 should be written off.
- (2) Additional working capital should be sanctioned to the Society.
- (3) The bulk of the loans sanctioned to the Society should be converted into grants.

As the scheme of the Match Factory had been approved originally with the specific purpose of providing employment to 500 women of the lower middle class on an experimental basis and this experiment had not justified itself, the opinion of the Chairman of the Social Welfare Board was sought on the two alternatives (i) to close down the factory and (ii) to continue the experiment. The choice of the Chairman of the Social Welfare Board was to continue the experiment. Accordingly Government decided to take steps to liberalise the financial assistance to the Society as recommended by the sub-committee and as suggested by the Chairman of the Social Welfare Board. Subsequently a meeting was also held to discuss the matter further in the room of the Minister of Industry where Shrimati Durgabai Deshmukh, Chairman of Social Welfare Board and Shrimati Indra Gandhi were also present. As that time both Mrs. Deshmukh and Mrs. Gandhi were rather sceptical about getting the requisite number of women to work in the Match Factory, Minister (Industry) was, therefore, of the view that in that case there was no point in giving additional financial assistance to the Society.

In the meantime an offer from the Madras Small Industries Service Institute, who had long experience in Match factories in Sivakashi had been transferred in Delhi to take charge of the production of the Match Factory. It was decided that a report from that office

may be obtained on the working of the factory before deciding the further course of action in the matter. The officer, in question, submitted his report to the Managing Committee of the Society on 26th April, 1958. The sum and substance of the Report was that under the prevailing conditions there was practically no chance of the factory working without incurring losses. Finally taking into consideration all the relevant factors and the fact that the Match factory had failed in its basic purpose of providing employment to women workers, it was decided at the Minister's level on 25th July, 1958 to close down the Match Factory. In pursuance of this decision the production in the Match Factory was stopped with effect from 1st October, 1958.

The question of the repayment of the Government loans by the Society taken for the Match factory was discussed by the Central Social Welfare Board with the Managing Committee of the Society on 24th April, 1959 and the following decision was taken:—

- (i) Though the Match Unit was closed, it was not necessary to liquidate the Society since it was in a position to meet its bulk liabilities.
- (ii) The Society should try to take up a unit ancillary to a bigger industry for which preliminary investigation had been undertaken by the National Small Industries Corporation.
- (iii) The Society should take up some work like the making of ready-made garments.

In the meeting of Managing Committee of the Society held on 5th September, 1960, it was *inter-alia* reported that the National Small Industries Corporation had not succeeded in suggesting any ancillary industry that the Society could take up and it was decided to approach the National Small Industries Corporation again in the matter. Side by side action was being taken to have the assets of the Society evaluated and to sell the building of the Society through C.P.W.D. and also for the recovery of the amounts as were available with the Society. Action was also being taken in consultation with the Delhi Administration and the Ministry of Law to finalise the Draft Agreement between the Government and the Society. Early in 1961 a decision was taken at the Minister's level that the land and building of the Society should be taken by the Central Social Welfare Board for their own use and the liabilities of the Society might be liquidated to the extent of the sale value as assessed by the C.P.W.D. and this decision was communicated to the Central Social Welfare Board on 27th January, 1961. At a meeting held

between the representatives of the Government of India and the Society on 31st October, 1962 it was decided that (i) the Society should draw their fixed deposits and refund to Government, (ii) the liquid assets of the Society should be sold to the best advantage and (iii) Government should give permission to the Society to sell land and building by auction or by negotiation to the best advantage of the Society. Finally as the Society failed to start any ancillary industry or any other useful vocation for affording employment to poor women workers it volunteered to go into liquidation. Accordingly the Society at its 4th Annual special general meeting held on 28th February, 1963 resolved unanimously to address the Registrar of Co-operative Societies to take the Society into liquidation and appoint the Liquidator immediately.

POINT (iv)—*Circumstances under which an Agreement could not be concluded with the Family Welfare Cooperative Industrial Society.*

Regarding the point of the execution of an agreement with the Family Welfare Co-operative Industrial Society Ltd. to settle the terms and conditions of the repayment of the loans granted to the Society for the setting up of a Match Factory, the position had been explained at the last meeting of the Public Accounts Committee (1964-65—35th Report). In 1953 it was thought that on the analogy of what was happening in the South, small factories making matches had much employment potential and might be tried in Delhi in order to give employment to women of lower middle class. The Social Welfare Board was asked to organise a Co-operative Society for the purpose and it was agreed to give them a loan of Rs. 2.5 lakhs and also a grant of Rs. 60,000 for the setting up a Match Factory. As the intention was to start work on the Match Factory immediately, an agreement could not be concluded with Society at the initial stages as it involved protracted legal formalities before it could be finally executed. In July, 1958, a decision was taken to close down the match Factory as it had proved to be an un-economic unit and could not for the various relevant factors be worked as a profitable venture. The Family Welfare Co-operative Industrial Society itself did not, however, go into liquidation as it had adequate assets to meet the bulk of its liabilities and also as it had proposal for the setting up of a unit ancillary to a bigger industry in consultation with the National Small Industries Corporation. In December 1962 the Audit were informed that a Draft Agreement was under consideration in consultation with the Ministry of Law. In February, 1963 the General Body of the Family Welfare Co-operative Industrial Society



passed a resolution to go into voluntary liquidation and Liquidator was appointed to wind up its affairs. In consequence, the loan agreement which had been drawn up in consultation with the Delhi Administration and the Ministry of Law could not be entered into with the society. The agreement could also not be executed with the Liquidator as the Ministry of Law advised that there was no privity of contract between the Government and the Liquidator. It had been further explained at the last meeting of the Public Accounts Committee that even if there has an agreement the position could not have been better in regard to the recoveries of the Government dues from the Society. The Managing Committee of the Society would not have given any guarantee against their own individual assets. All the property of the Society was with the Government, and the Law Ministry opined that the Government had the first charge on it. Although this property was not mortgaged with the Government the other liabilities of the Society were comparatively of very small amounts and even if the Government did not have any prior claim, the value of the property was such as to cover comfortably the Government's outstanding loans and there would be no difficulty in the Government realising their dues fully.

### Recommendation

*The Committee are surprised why the Ministry should wait for the Accountant General to remind them about the default in any payments due from the State Govt. They suggest that a system should be evolved whereby the Ministries should get periodical statements from the Accounts Officers showing the position of outstanding loans and interest charges.*

[S. No. 13 (Para 14) of 36th Report (3rd Lok Sabha)]

### ACTION TAKEN

Reference is invited in this connection to Rule 161 of the G.F.R. (Revised & Enlarged) 1963, reproduced below:—

*"161—Defaults in payment—Any default in the payment of interest upon a loan or in the repayment of the principal, shall be promptly reported by the Audit Officer and/or the Accounts Officer, as the case may be, to the authority which sanctioned the loan. On receipt of such a report the authority concerned shall immediately take steps to get the default remedied".*

It would thus be seen that it is the responsibility of the A.Gs./A.Os. to report promptly to the sanctioning authorities as and when any default in the repayment of loans and interest by the State Govt. is noticed by them.

The matter is of a general coordination nature and will no doubt be examined by the Ministry of Finance.

However, as recommended by the P.A.C., the State A.Gs./A.Os. as the case may be, have been addressed in the matter in this Ministry letter No. 4(2)/65-IE&SGS dated 4-8-1965. (Annexure XII).

### Recommendation

From the replies given to them during evidence, the Committee got an impression that the matter was being dealt with in a routine way and not much attention was being bestowed on it.

[S. No. 14 (Para 15) of 36th Report 1964-65 3rd Lok Sabha].

### ACTION TAKEN

The State of Jammu and Kashmir had been defaulting in the repayment of the Central Loans since 1956. In the absence of any earlier report from the State Accountant General in this regard, the default in repayment of loans by the State Government first came to notice when the Ministry of Finance (DEA) referred to this Ministry for comments on 24-8-1962 para. 10(b) of Chapter I of the Audit Report (Civil) 1962 regarding the repayment of loans by State Governments. Accordingly, the question of default in the repayment of the loans was taken up by this Ministry with the State Government of J. & K. in October, 1962 through the State Accountant General. In June, 1963 the Central Ministry of Home Affairs, with whom the State Government had already taken up this matter, suggested to the State Government that they might agree to the amount due from them on account of repayment of loans and interest being converted into a consolidated interest bearing loan and sought State Government's concurrence to this arrangement. Subsequently, the Central Ministry of Home Affairs in their letter No. F. 3/2/64-K dated the 4th December, 1964 (Annexure XIII) sanctioned a loan of Rs. 17,46,12,000.00 to the Jammu and Kashmir Government to enable them to repay the instalments of loans sanctioned to them by the various Ministries of the Government of India and the repayment of which had fallen due on the 31st March, 1964.

The Accountant General, Jammu & Kashmir has confirmed that the instalments of loans sanctioned by this Department to the State

of Jammu and Kashmir for the Small Scale as well as Large & Medium Industries, the repayment of which fell due on the 31st March, 1964, have since been adjusted against the loan of Rs. 1746.12 lakhs sanctioned by the Ministry of Home Affairs on 4-12-1964. The State Accountant General has also confirmed that interest due on loans upto 31st March, 1964, was also paid by the State Government in cash in March, 1965.

The question of levy of penal interest for delayed payments by the Jammu & Kashmir Government is still under consideration by the Ministry of Home Affairs.

### **Recommendation**

The Committee are concerned to note that although the Managing Committee of the Society was appointed by Govt. before 1961 and after 1961 five members of the Managing Committee were nominees of Govt., the Society has gone into liquidation. The Govt. nominees should have taken steps to safeguard the interest of Govt. and informed the Govt. about its affairs. The Committee desired that a proper enquiry should be held into the matter. The Committee would like to know the final outcome of the liquidation proceedings and the recovery of Govt. dues.

[S. No. 21 (Para No. 23) of 36th Report (3rd Lok Sabha)].

### **ACTION TAKEN**

As recommended by the Public Accounts Committee a detailed study of the affairs of the Delhi Garments Cooperative Industrial Society Ltd. has been made and the position, which has emerged as a result of this study, is set out below:—

According to Bye-law 28(A) of the Bye-Laws of the Society, the Managing Committee of the Society for the first five years, to be constituted every year, was to be nominated by the Government of India. The Committee was to consist of not less than five and not more than fifteen members. The First Managing Committee consisting of 10 members (later increased to 11) with Shri C. K. Nair, M.P. as the President, was nominated on 22-8-1956. (Annexure XIV). The Committee had three official members, viz., the Manager of the National Small Industries Corporation Ltd. (Shri Baldev Singh), Registrar Coop. Societies and the Director of Industries, Delhi. Subsequently, it was decided to have a senior officer of the Government of India on the Committee, as the Delhi Administration did not show much interest in the affairs of the Society, and Dr. A. S. Sharma, the then Joint Development Commissioner (S.S.I.)

was nominated on the Managing Committee with effect from 28-2-1957.

The Second Managing Committee was constituted on 10-10-57. for a period of one year, with Shri C. K. Nair, M.P. again as the President and 12 members (including the same 4 official members) (Annexure XV). The term of this Committee was extended subsequently as it continued to be in office till 1-6-1960.

During this period reports had been received regarding the Society's unsatisfactory administration and inefficient working. The then Minister for Industry, Shri Manubhai Shah took a serious view of the position of the Society and took a meeting on 16-12-60 to consider ways and means for improving the affairs of the Society. As an immediate step towards this end, it was decided to reconstitute the Managing Committee of the Society with an official President and with a majority of official members. The Committee was accordingly reconstituted on 13-6-60 with Dr. P. C. Alexander, I.A.S., Deputy Secretary to the Govt. of India, as the President and six other members including 3 official members (Annexure XVI). Some changes in the composition of the Committee were made later on 2-8-1960 (Annexure XVII). In the place of Dr. P. C. Alexander, Shri L. I. Parija, Director of Industries, Delhi, was nominated as the President of the Society and the number of the other members was increased from 6 to 8 of which 5 were official members.

This Committee with an official President and a majority of official members remained in office from 13th June, 1960 to 21st August, 1961, i.e., for a period of about 14 months. It took various effective steps to improve the affairs of the Society like closing of some uneconomic depots, payment of piece rates to labour instead of fixed charges, etc. This Committee also arranged for the services of a specialist for the Society. During the term of this Committee the Society, which had incurred losses to the extent of Rs. 1,44,203.98 in the previous two years, showed profits in the year ending the 30th June, 1961, and it could repay an amount of Rs. 2,450 to the Government of India. A probe was also made into the difficulties of the Society and remedial measures were suggested. Some of the problems which needed immediate attention were as under:—

- (a) the inadequacy of electrical power in the new premises.
- (b) Shortage of funds.
- (c) Pending bills.
- (d) Uneconomic purchase of cloth and other raw materials.

- (e) Refund of excise duty.
- (f) Unplanned production.
- (g) Indiscriminate selling on credit.
- (h) Payments to the workmen who remained idle on account of under production.
- (i) Maintenance of top heavy establishment.
- (j) The party politics amongst the workers.
- (k) Uneconomic sales of waste cutting.
- (l) Cash credit account with Godolia Bank.
- (m) On the top of these there were the personal problems, which were a great headache to the Society. Workers being shareholders considered themselves as the owners and wanted to work as they liked. Everybody was a leader and the proprietor.

To sum up, the position is that the official representatives on the Managing Committee of the Society were submitting Reports regarding the working of the Society from time to time and these Reports were brought to the notice of all concerned including sometimes the then Minister of Industry. (Particulars of some of the important reports made by official members of the Managing Committee of the Society regarding the deteriorating position of the Society are given in Annexure XVIII). Immediate necessary steps were also taken to improve the working of the Society by reconstituting the Managing Committee with a majority of official members and by appointing an official President of the Society. In fact the position of the Society deteriorated in the time of the first two Managing Committees which were in office, from August 1956 to June 1960 and had a majority of non-official members with a Politician as the President. The relations amongst the non-official members were far from satisfactory with too many internal bickerings and quarrels and the atmosphere at the meetings, even in the presence of official members, was of great distrust and indiscipline.

The affairs of the Society showed some improvement in the time of the next Managing Committee which was reconstituted in June 1960 with an official President and a majority of official members. However, this Committee functioned only for a period of about 14 months. By that time the period of 5 years for which the Government could nominate the Managing Committee under the Bye-laws

of the Society had expired and in consultation with the official President of the last nominated Managing Committee, it was decided that the Society should be run by the elected members of the Society.

The affairs of the Society worsened after it came into the hands of the elected members of the Society. Finally after a series of meetings a decision was taken on 29th January, 1963 to wind up the Society. The Registrar Cooperative Societies issued the winding up order on 5th March, 1964, but it was stayed by the orders of the Chief Commissioner, Delhi on an appeal from the Society. The stay order was vacated on 1st December, 1964, and the liquidator was appointed, who took charge of the Society on 7th January, 1965 to proceed with the liquidation proceedings of the Society.

*Latest position regarding Liquidation Proceedings and recovery of Govt. dues.*

The Liquidator invited claims against the Society and served notices on Sundry Debtors and an amount of Rs. 6,542.32 was recovered from the latter. At present arrangements are in hand for the auction of the ready-made garments, cloth, goods in process, thread, buttons, etc., belonging to the Society. The other assets of the Society include 119 automatic electric sewing machines of very rare quality, which when sold/auctioned are likely to fetch very good price. The Liquidator has estimated that the assets of the Society are likely to fetch about Rs. 3.5 lakhs which should be sufficient to pay off fully the Society's liabilities towards the Government of India (Annexure XIX).

Against the total amount of loan of Rs. 2.53 lakhs granted to the Society, an amount of Rs. 1,000 was deposited by the Society in the State Bank of India on 16th August, 1963. The amount due from the Society to-date as principal, is therefore, Rs. 2.52 lakhs. The interest payable by the Society as on 31st March, 1964 was Rs. 47,000.

The case of this Society is also the subject of Paras 24 and 104 of the Audit Report (Civil) 1963.

### **Recommendation**

*The Committee are unhappy at the halting manner in which the recovery of the principal and interest has been processed by the Ministry. They desire that necessary action should be taken in the matter to recover the outstanding amount.*

**ACTION TAKEN**

In their reply to this Ministry's Demand Notice dated the 14th May, 1964, while explaining the various reasons for their past default in the repayment of the Government Loans, M/s. Dogra Steel Industries, stated that they had received an assurance for the import of some quantities of raw materials and assured that they would be in a position to pay back partly the loan by the end of the financial year 1964-65. As however, the firm failed to fulfil their assurance the case was referred to Ministry of Law on the 25th March, 1965, for straightaway instituting a legal suit against the firm for the recovery of the Government loans. As desired by the Ministry of Law, three sets of the attested copies of all the relevant documents and the summary of the case have also been supplied to that Ministry on 12th July, 1965.

**Recommendation**

*The Committee are not happy over the delay in settling the matter finally as the scheme had been closed prior to 1950. The Committee would like this matter to be settled with the firm at an early date and the case closed after necessary adjustment.*

[S. No. 80 (Para 83) of 39th Report (3rd Lok Sabha).]

**ACTION TAKEN**

The matter is under active consideration of the Government.

**ANNEXURE I**

No. B-22(1)/64

**MINISTRY OF INDUSTRY AND SUPPLY**

**Office of the Development Commissioner,  
(Small Scale Industries)  
(Department of Industry)**

To

New Delhi, the 26th May, 1965.

The Additional Chief Engineer, III.  
C.P.W.D. 8, Theatre Road,  
Calcutta-16.

**SUBJECT:—Audit Para on S.I.S.I. Building Gauhati—Public Accounts Committee Comments.**

The inordinate delay in the construction of the Small Industries Service Institute Building at Gauhati was taken up in para 48 of

**Audit Report (Civil) 1964 and the Public Accounts Committee desired information regarding acquisition of land, taking possession and commencement and completion of the buildings. An extract of the note submitted by the Ministry of Industry is reproduced below:—**

“The plot of land was taken over by the Director, Small Industries Service Institute, Gauhati on 17th May, 1960 after encroachment thereon was removed with police assistance. However, a sadhu and his followers encroached on the land once again on 18th May, 1960. The Deputy Commissioner was requested again to evict them. On 28th November, 1960, C.P.W.D. were requested to take necessary action to start construction. They however, informed the Institute on 12th January, 1961, that encroachment should first be removed. On 23rd January, 1961, they were requested to indicate the date on which they proposed to take over the land, so that the district authorities should be requested to provide police assistance for evicting the trespassers. C.P.W.D. informed us in May, 1961 that they will take possession immediately before starting the construction as otherwise the land was liable to be encroached upon once again. They had not taken possession by 27th October, 1961. The exact date on which the C.P.W.D. actually took possession of land is being ascertained from them, but it is assumed that this was done early in 1962 i.e., before the commencement of the construction of the building”.

In this connection the following further information is added:—

- (a) Administrative approval accorded in March, 1960;
- (b) Expenditure sanction accorded in September, 1960;
- (c) Contract fixed in January, 1962.

The Committee's observations on the above case are as below:—

“The Committee regret to observe that even though the land was taken over by the Director, Small Industries Service Institute, Gauhati in May, 1960, C.P.W.D. failed to commence construction work with the result that there was encroachments. The delay on the part of the C.P.W.D. in not taking possession of land to start construction even though repeated requests were made to them, seems to



be unconscionable. The Committee desire that the reasons for the inordinate delay in not finalising the plans for the building and commencing construction may be further investigated and responsibility fixed".

Necessary action in compliance with the above observations may kindly be taken at your end and this office apprized of the result of the investigation.

Sd/- N. KHOSLA,  
*Joint Development Commissioner.*

Copy to the Supdt. Engg., Calcutta Central Circle-1, C.P.W.D., Calcutta.

Sd/- N. KHOSLA,  
*Joint Development Commissioner.*

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## ANNEXURE II

No. 26(5)/62-A.VIII

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRY AND SUPPLY

Office of the Development Commissioner  
(Small Scale Industries)

Udyog Bhavan,  
New Delhi, the 6th July, 1965.

To

- (1) The Directors of all the Small Industries Service Institutes.
- (2) The Director, Production Centres (E&T), Ettumanur.
- (3) The Deputy Director, Small Industries Service Institute, Goa.

**SUBJECT:**—*Conclusions/Recommendations of Public Accounts Committee in paragraphs 74 to 79 of the 35th Report.*

Sir,

The above Committee in their report regarding the working of one of the Institutes has observed as under:—

- (1) While the Committee appreciate that the hiring of the godown in advance was done with a view to protect the

machinery from rain. they feel that with a little forethought and co-ordination with the Supply Department, the Institute could have ascertained the probable time of arrival of the machinery and thus saved the infructuous expenditure.

- (2) The Committee feel that this is another instance (construction of building for the Institute) of lack of planning on the part of administration as they did not initiate action for placing wiring contract simultaneously with the construction of the building. Had the wiring been completed earlier, electricity could have been supplied soon after the construction of the building and this contingency of plant and machinery remaining unutilised would not have arisen.
- (3) The Committee find that though an Extension Centre was started in 1960, the workshop attached to it started functioning only in 1963. The Committee feel that this time-lag is excessive and it indicates lack of coordination and proper planning.
- (4) The Committee are of the view that the employment of operative staff (machine operatives and mistries) about one year before the arrival of the machines was without justification. Further the Committee regret to observe from the note furnished by the Ministry that the workshop could not be started due to non-completion of power wiring, for more than 8 months. It is unfortunate that such an essential item of work was not initiated in time.
- (5) The Committee note that the State Government had reported about the non-availability of the building for the Extension Centre concerned. The Committee do not see any reason as to why more than 2 years were taken by the Admn. in deciding to shift the centre to another place. The Committee trust that such delays and lapses in planning and co-ordination will be avoided in future.

It is requested that the plans for the building whenever a new building is to be constructed may be finalised without any undue delay and the construction commenced as early as possible. Action for placing wiring contact should be initiated in good time so that the plant and machinery are utilised as soon as the construction of the building is completed and the commissioning of the workshop is not delayed for want of completion of power wiring. It is hardly

necessary to mention that a good deal of forethought and co-ordination with the Supply Department are necessary before hiring godowns for keeping the machinery.

It is impressed upon the Directors of the Institute that necessary care should be taken so that such cases of delays and infructuous expenditure do not recur.

Yours faithfully,

Sd/- R. N. MISRA,

*Deputy Director (Adm),  
for Development Commissioner.*

Copy to:—

- (1) Ministry of Industry & Supply (Department of Industry),  
with reference to 6(12)/65-SSI(C) dated 13-5-65.
- (2) All the Directors at Headquarters.

Sd/- R. N. MISRA,

*Deputy Director (Adm),  
for Development Commissioner.*

### ANNEXURE III

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

*New Delhi, the 2nd January, 1954*

### NOTIFICATION

#### **Cottage Industries**

No. 40-Cot. Ind. (107)/53—In pursuance of Clause (a) of Bye-law 28 of the Registered Bye-laws of the Family Welfare Cooperative Industrial Society Ltd., Delhi the Central Govt. hereby constitute, for a period of one\* year, the Managing Committee of the said Society, consisting of the following members, namely:—

1. Shm. Maniben Vallabhbbhai Patel, M.P. C/o Birla House.  
New Delhi.

\* (i) Term extended for a further period of one year with effect from 2-1-1955 vide Notification No. 40-SSI (107)/53 dated 8-1-1955.

(ii) Term extended upto 15-4-1956 vide Notification No. 40-LI (B) (107) 53 dated 21-4-1956.

2. Shm. Tara Pai, 9, York Road, New Delhi.
3. Shm. Uma Agarwal, 16, Ramakrishna Road, Civil Lines, Delhi.
4. Shm. Kartar Kaur, w/o Sardar Ujjagar Singh, 8|23, Moti Nagar, New Delhi.
5. Dr. S. P. Varma, Dy. Development Officer, Ministry of C&I, New Delhi, (Official).
6. Mr. K. P. Soni, Under Secretary, Ministry of Finance, New Delhi. (Official)

Sd/- (MRD. P. JOHRI),  
Deputy Secretary to the Govt. of India.

#### ANNEXURE IV

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

*New Delhi, the 21st April, 1956*

#### NOTIFICATION

#### Light Industries

No. 40-LI(B)(107)/53. In pursuance of Clause (a) of Bye-law **28** of the Registered Bye-laws of the Family Welfare Cooperative Industrial Society Ltd., Delhi the Central Government hereby constitute with effect from the 16th April, 1956 upto the 2nd January, 1957\* the Managing Committee of said Society, consisting of the following members, namely:—

1. Smt. Maniben Vallabhbhai Patel, M.P. C/o Birla House, New Delhi.
2. Smt. Tara Pai, 9, York Road, New Delhi.
3. Smt. Uma Agarwal, 16, Ramakrishna Road, Civil Lines, Delhi.
4. Smt. Kaushalaya Devi, Lady Supervisor, Family Welfare Coop. Ind. Society Ltd., New Delhi.
5. Director, Small Industries Service Institute, Delhi. (Official).

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\*Term extended upto 30-4-57 vide Notification of even number and dt. 17-4-1957.

@6. Shri H. L. Guha, Under Secretary, Ministry of Finance (I & C Div.), New Delhi, (Official).

\*\*7. Smt. Mohini Khera, 1, York Road, Delhi.

Sd/- P. C. ALEXANDER

*Deputy Secretary to the Government of India.*

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ANNEXURE V

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

*New Delhi, the 26th April, 1957*

NOTIFICATION

**Light Industries**

No. 40-SSI(B)(107)/53. In pursuance of Clause (a) of Bye-law 28 of the Registered Bye-laws of the Family Welfare Cooperative Industrial Society Ltd., Delhi, the Central Govt. hereby constitute for a period of one year with effect from the 1st May, 1957, the Managing Committee of the said Society consisting of the following members:—

1. Smt. Tara V. Pai.
2. Smt. Uma Agarwal.
3. Smt. Mohini Khera.
4. Shri M. K. Venkataraman, Administrative Officer, Central Social Welfare Board, New Delhi.
5. Smt. Kaushalaya Devi.
6. Dr. A. S. Sharma, Jt. Development Commissioner (Head-quarters), Office of the D.C., S.S.I., New Delhi. (Official).
7. Shri P. C. Basu, Manager, Govt. Contracts Division, National Small Industries Corporation (P) Ltd., New Delhi. (Official).

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@Vide Notification No. 40-LI(B) (107)/63 dt. 4-12-1956. Sh. R. G. Mundkur, Dy. Secretary, was nominated vide Shri H. L. Guha.

\*\*Vide Notification No. 40-LI(B) (107)/53 dt. 9-6-1956.

- \*8. Smt. Vidya Puri, E-12, Ring Road, New Delhi.
- \*9. Smt. A. D. Pandit, c/o Chief Commissioner, Delhi.
- \*10. Smt. Prakash Khanna, 3 Sri Ram Road, New Delhi.
- \*11. Smt. Raksha Saran, Chairman, Delhi State Social Welfare Advisory Board, 6, Bhagwandas Road, New Delhi.
- \*12. Smt. Sarojini Lakshmanan c/o Lt. Col. C. K. Lakshmanan, Dte. General Health Services, 17 Roberts Road, New Delhi.

Sd/- P. C. ALEXANDER

*Deputy Secretary to the Govt. of India.*

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## ANNEXURE VI

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

*New Delhi, the 7th May, 1958.*

### NOTIFICATION

#### **Small Scale Industries**

No. 40-SSI(B)(107)/53. In pursuance of Clause (a) of Bye-law 28 of the Registered Bye-laws of the Family Welfare Cooperative Industrial Society Ltd., Delhi, the Central Govt. hereby constitute for a period of one year with effect from the 1st May, 1958, the Managing Committee of the said Society consisting of the following members:--

1. Smt. Tara V. Pai.
2. Smt. Uma Agarwal.
3. Smt. Mohini Khera.
4. Administrative Officer, Central Social Welfare Board, New Delhi.
5. Smt. Kaushalaya Devi.
6. Dr. A. S. Sharma, Jt. Development Commissioner (Headquarters), Office of the D.C., S.S.I., New Delhi. (Official).
7. Shri P. C. Basu, Manager, Govt. Contracts Division, National Small Industries Corporation (P) Ltd., New Delhi. (Official).

8. Smt. Vidya Puri, E. 12, Ring Road, New Delhi.
9. Smt. A. D. Pandit, C/o Chief Commissioner, Delhi.
10. Smt. Parkash Khanna, 3, Sri Ram Road, Delhi.
11. Smt. Raksha Saran, Chairman, Delhi State Social Welfare Advisory Board, 6, Bhagwandas Rd., New Delhi.
12. Smt. Sarojini Lakshmanan, C/o Director General of Health Services, Robert Road, New Delhi.

Sd/- P. C. ALEXANDER

*Deputy Secretary to the Government of India.*

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### ANNEXURE VII

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

*New Delhi, the 25th August, 1959.*

### NOTIFICATION

No. 40-SSI(B)(107)/53. In pursuance of Clause (B) of the Bye-law 28 of the Registered Bye-laws of the Family Welfare Co-operative Industrial Society Ltd., Delhi, the Central Government hereby appoint the following as members of the Managing Committee of the said Society for a period of one year with effect from the 1st May, 1959.

1. Smt. Tara V. Pai.
2. Smt. Raksha Saran, Chairman, Delhi State Social Welfare Advisory Board, 6, Bhagwan Das, Road, New Delhi.
3. The Administrative Officer, Central Social Welfare Board., New Delhi. (Official).
4. The Joint Development Commissioner, (Headquarters) Office of the Development Commissioner, Small Scale Industries, New Delhi. (Official).
5. The Managing Director, National Small Industries Corporation, New Delhi, (Official).

Sd/- T. S. S.

*Under Secretary to the Government of India.*

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## ANNEXURE VIII

GOVERNMENT OF INDIA

## MINISTRY OF COMMERCE AND INDUSTRY

*New Delhi, the 9th May, 1960.*

## NOTIFICATION

No. 40-SSI(B)(107)/53. In pursuance of Clause (B) of the Bye-Law 28 of the Registered Bye-laws of the Family Welfare Co-operative Industrial Society Ltd., Delhi, the Central Government hereby appoint the following as members of the Managing Committee of the said Society for a period of one year with effect from the 1st May, 1960:—

1. Smt. Tara V. Pai, No. 3 Willingdon Crescent, New Delhi.
2. Smt. Rakhsa Saran, Chairman, Delhi Social Welfare Advisory Board, 6, Bhagwan Das Road, New Delhi.
3. The Administrative Officer, Central Social Welfare Board, New Delhi, (Official).
4. Shri L. N. Renu, Director, Office of the Development Commissioner Small Scale Industries, Shahjahan Road, New Delhi. (Official).
5. The Managing Director, National Small Industries Corporation, Rani Jhansi Road, New Delhi.
- \*6. Shri S. K. Chakraborty, Director, Officer of the Development Commissioner, Small Scale Industries, New Delhi. (Official).

Sd/- MELA RAM BHARDWAJ

*Under Secretary to the Govt. of India.*

## ANNEXURE IX

GOVERNMENT OF INDIA

## MINISTRY OF COMMERCE AND INDUSTRY

*New Delhi, the 13th July, 1961.*

## NOTIFICATION

No. 40-SSI(B)(107)/53. In pursuance of clause (B) of the Bye-law 28 of the Registered Bye-laws of the Family Welfare Co-operative Industrial Society Ltd., Delhi the Central Govt. hereby appoint

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\*Vide Notification of even number dt. 4-1-1961.



the following as members of the Managing Committee of the said Society for a period of one year with effect from the 1st May, 1961.

1. Smt. Tara V. Pai, No. 8, Asoka Road, New Delhi,
2. Smt. Raksha Saran, Chairman, Delhi Social Welfare Advisory Board, 6 Bhagwan Das, Road, New Delhi.
3. The Administrative Officer, Central Social Welfare Board, Parliament Street, New Delhi. (Official).
4. Shri L. N. Renu, Director, Industrial Cooperative Ministry of Commerce and Industry, New Delhi. (Official).
5. Shri S. K. Chakraborty, Director, Office of the Development Commissioner, Small Scale Industries, New Delhi. (Official).

Sd/- P. S. V. RAGHAVAN

*Under Secretary to the Government of India.*

## ANNEXURE X

GOVERNMENT OF INDIA

### MINISTRY OF COMMERCE & INDUSTRY

*New Delhi, the 13th December, 1962.*

### NOTIFICATION

No. 49-SSI(B)(107)/53. In pursuance of Clause 28(b) of the Registered Bye-laws of the Family Welfare Cooperative Industrial Society Ltd., New Delhi, the Central Govt. hereby appoint the following persons as members of the Managing Committee of the said Society for a period of one year with effect from the 1st May, 1962.

1. Smt. Tara V. Pai, No. 8, Ashoka Road, New Delhi.
2. Smt. Raksha Saran, Chairman, Delhi Social Welfare Advisory Board, 6, Bhagwan Dass Road, New Delhi.
3. The Administrative Officer, Central Social Welfare Board, Parliament Street, New Delhi (Official).
4. Shri L. N. Renu, Director Industrial Cooperatives, Ministry of Commerce and Industry, New Delhi. (Official).

Sd/- VIDYA PRAKASH

*Under Secretary to the Government of India.*

## ANNEXURE XI

*Statement indicating the names & designations of Govt. Officials and the period for which they served on the Managing Committee of the Family Welfare Cooperative Industrial Society Ltd., New Delhi.*

Sl. No.	Name & Designation	Period for which nominated as member	Reference to Government Notification
1.	Dr. S. P. Varma, Dy. Development Officer, Ministry of C. & I., New Delhi.	2-1-1954 to 15-4-1956	(i) No. 40-Cot. Ind (107)/53 dt. 2-1-1954 (ii) No. 40-SSI(B) (107)/53 dt. 8-1-1955 (iii) No. 40-LI(B) (107)/53 dt. 21-4-1956.
2.	Shri K. P. Soni, Under Secretary Ministry of Finance, N. Delhi.	2-1-1954 to 15-4-1956	Do.
3.	Shri H. L. Guha, Under Secretary, Ministry of Finance (I&C Div.) New Delhi.	16-4-1956 to 4-12-1956	No. 40-LI (B) (107)/53 dt. 21-4-1956.
4.	Director, Small Industries Service Institute, Delhi.	16-4-1956 to 2-1-1957	Do.
5.	Shri R. G. Mundkur, Dy. Secretary, Ministry of Finance (CI&S Divn.), N. Delhi.	4-12-1956 to 2-1-1957	No. 40-LI (B) (107)/53 dt. 4-12-1956.
6.	Dr. A.S. Sharma, Jt. Development Commissioner, S.S.I. (Headquarters), New Delhi.	1-5-1957 to 30-4-1959.	No. 40-SSI(B)(107)/53 dt. 26-4-57 and 7-5-58.
7.	Shri P. C. Basu, Manager, Govt. Contracts Division, N.S.I.C. (P), Ltd., New Delhi.	1-5-1957 to 30-4-1959	No. 40-SSI(B)(107)/53 dt. 26-4-1957 and 7-5-1958.
8.	Jt. Development Commissioner, S.S.I. (Headquarters) Office of the D.C.S.S.I., New Delhi.	1-5-1959 to 30-4-60	No. 40-SSI(B)(107)/53 dt. 25-8-1959.
9.	Managing Director, N.S.I.C. (P) Ltd., New Delhi.	1-5-1959 to 3-1-1961	No. 40-SSI(B) (107)/53 dt. 25-8-1959 and 4-1-1961.
10.	Shri L. N. Renu, Director, Industrial Cooperatives, Ministry of C. & I. New Delhi.	1-5-1960 to 10-4-1963	No. 40-SSI(B)(107)/53 dt. 9-5-60, 13-7-61 and 13-12-1962.
11.	Shri S. K. Chakraborty, Director, Office of the D.C.S.S.I., New Delhi.	4-1-1961 to 30-4-1962.	No. 40-SSI(B)(107)/53 dt. 4-1-1961 and 13-7-1961.

### *Audit Observations*

According to bye-law of the Society, the accounts of the Society were required to be audited by the Registrar of Cooperative Societies, at least once a year. The Society was registered on 24th November, 1963, but the first Audit Report appears to have been issued only on 22nd February, 1957, on the accounts for the year 1955-56. No arrangement appears to have been made by Government to obtain at least unaudited statements of accounts from the Society, pending receipt of the audit report of Registrar.

2. It has been stated that an agreement could not be concluded with the Society at the initial stages as it involved protracted legal formalities before it could finally be executed and as the intention was to start work on the Match Factory immediately. The loans were sanctioned in eight different instalments commencing from March, 1964 to October, 1957—as much as Rs. 1.70 lakhs in two instalments having been disbursed during March and September, 1964; it is not clear how the subsequent instalments continued to be disbursed without first settling the issue regarding the execution of an agreement.

3. The Managing Committee of the Society decided in July, 1958 that it should be closed. One of the recommendations made on 30th April, 1959 by the Central Social Welfare Board to Govt., as a result of the discussion held on 24th April, 1959 was:—

“that the Government should take over all these assets.....

Once this liability is discharged, the cooperative should be able to start on a clean slate and work an ancillary unit in a more unfettered manner”.

This proposal was, however, not implemented.

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**ANNEXURE XI**  
**No. 4(2)/65-IE&SGS**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF INDUSTRY AND SUPPLY**  
**(Deptt. of Industry)**

*New Delhi, the 4th August, 1965.*

To

The Accountant General.  
 All States.

**SUBJECT:**—*36th Report of the Public Accounts Committee—Recommendation at S. No. 13 in Appendix XVII—Periodical statement from Accounts Officer showing the position of outstanding loans and interest charges.*

Sir,

With reference to the recommendation at S. No. 13 of Appendix XVII to the 36th Report of the Public Accounts Committee (extract enclosed). I am directed to invite your reference to Rule 161 of G.F.R. (Revised & Enlarged) 1963, reproduced below:—

“161—*Defaults in payment:*—Any default in the payment of interest upon a loan or in the re-payment of the principal, shall be promptly reported by the Audit Officer and/or the Accounts Officer, as the case may be, to the authority which sanctioned the loan. On receipt of such a report the authority concerned shall immediately take steps to get the default remedied.”

I am to request that the provision in the G.F.R. may kindly be strictly adhered to and this Ministry informed promptly of defaults in the repayment of instalments of principal and interest charges by State Government against loans granted to them by the Central Government for their Plan Schemes for the development of Small Scale Industries and Industrial Estates.

2. The receipt of this letter may kindly be acknowledged.

Yours faithfully,  
 Sd/- V. C. NAIDU,  
*Under Secretary to the Govt. of India.*

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## ANNEXURE XIII

No. F. 3/27/64

GOVERNMENT OF INDIA

## MINISTRY OF HOME AFFAIRS

To,

The Chief Secretary to the Government of  
Jammu & Kashmir, Jammu (Tawi).

*New Delhi-11, the 4th December, 1964*

*13th Agrahayana, 1886 (SAKA)*

**SUBJECT:**—*Grant of a long term loan in lieu of instalments of loans (sanctioned by the various Ministries of the Government of India) and repayment of which are due on 31st March, 1964.*

**REFERENCE:**—*Correspondence resting with Finance Minister (J & K Government) letter No. R.36/1432/64 dated 21st May, 1964.*

Sir,

I am directed to convey the sanction of the President to the payment of a sum of Rs. 17,46.12,000/- (Rupees Seventeen crores forty-six lakhs and twelve thousand only) as loan to the Jammu & Kashmir Government in order to enable them to repay the instalments of loans sanctioned by various Ministries of the Government of India and the repayment of which fell due on 31st March, 1964. This loan will not be paid to the State Government in cash but will be adjusted against the instalments of Principal due upto 31st March, 1964 of the loans sanctioned by the Ministries.

2. The loan is adjustable under the Head "Sanction P-Loans and Advances by the Central Government—Advances to State Governments—Loans" and is debitable under the Sub-head A. 1 Advances to the State Governments (charged)—Loan to the Government of Jammu & Kashmir for adjustment against arrear of loan instalments in Grant No. 123—Loans and Advances by the Central Government for 1964-65.

3. The terms and conditions for the repayment of the loan will be as follow:—

- (a) The loan will bear interest 5% per annum and unless any arrangement for earlier repayment is agreed to between the two Governments, will be repayable in ten annual equated instalments of principal and interest commencing from the first anniversary date of credit of the Loan to the State Government; and

(b) in the event of any default in the repayment of the loan or payment of interest thereon, penal interest at  $2\frac{1}{2}\%$  above the normal rate indicated in clause (a) above will be chargeable.

4. This letter issues with the Concurrence of the Ministry of Finance (HILL Division) *vide* their U.O. No. 10119/HILL/64 dated 17th November, 1964.

Yours faithfully,

Sd/- K. N. V. NAMBISAN,  
*Deputy Secretary to the Govt. of India.*

No F.3|2|64-K

*New Delhi-11, the 4th December, 1964**13th Agrahayana 1886 (SAKA)*

Copy to:—

1. Ministry of Finance (HLL Division).
2. Ministry of Finance (DEA Ways & Means Section) with reference to their U.O. No. F-10(1)-W&M|64, dated the 29th September, 1964.
3. Deputy Accountant General, Jammu & Kashmir with reference to his letter No. DR|22-37|64-65|3300, dated the 8th September, 1964.
4. Accountant General, Jammu & Kashmir, Srinagar.
5. Ministry of Finance (Budget Division) with reference to their U.O. No. 5420-B-I|64, dated 11th November, 1964.
6. Ministry of Finance (Department of Coordination) with reference to the U.O. No. 5259-P|64, dated the 7th November, 1964.
7. All Ministries of the Government of India.
8. Accounts I Section|Police V. Section|A.I.S. (III) Section.

Sd/- K. N. V. NAMVISAN,

*Deputy Secretary to the Govt. of India.*

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**ANNEXURE XIV****GOVERNMENT OF INDIA****MINISTRY OF COMMERCE AND INDUSTRY***New Delhi, the 22nd August, 1956.***NOTIFICATION****Light Industries**

**No. 32-LI(B)(3)/56.**—In pursuance of Clause (A) of Bye-laws 28 of the Registered Bye-Laws of the Delhi Garments Cooperative Industrial Society Ltd., New Delhi, the Central Government hereby nominates for a period of one year, the Managing Committee of the Said Society and directs that it shall consist of the following members, viz.:—

- (1) Shri C. K. Nair, M.P.

c/o Delhi Garments Coop. Industrial Society Ltd.,  
Najaf Garh Road, New Delhi.

- (2) Shri Snam Lal Jain,  
c/o Delhi Garments Coop. Industrial Society Ltd.,  
New Delhi.
- (3) Shri Abdul Quam,  
c/o Delhi Garments Coop. Industrial Society Ltd.,  
New Delhi.
- (4) Shri Dalip Singh,  
c/o Delhi Garments Coop. Industrial Society Ltd.,  
New Delhi.
- (5) Shri Devi Singh,  
c/o Delhi Garments Coop. Industrial Society Ltd.,  
New Delhi.
- (6) Shri Jagan Nath,  
c/o Delhi Garments Coop. Industrial Society Ltd.,  
New Delhi.
- (7) Shri M. L. Mittal,  
c/o Delhi Garments Coop. Industrial Society Ltd.,  
New Delhi.
- (8) The Registrar of Coop. Societies,  
Delhi. (Official).
- \* (9) The Director of Industries & Labour,  
Delhi. (Official).
- (10) Shri Baldev Singh,  
Manager (Marketing Division),  
National Small Industries Corpn., Ltd.,  
27, Sunder Nagar, New Delhi. (Official).
- @ (11) Dr. A. S. Sharma,  
Jt. Development Commissioner, S. S. I.  
Office of the D. C. S. S. I.,  
New Delhi (Official).

Sd/- N. S. VAIDYANATHAN,  
*Under Secy. to the Govt. of India.*

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\*Sh. G. C. Mukherjee, Dy. Director of Industries (Planning), Delhi was nominated *vice* the Director of Ind. & Labour *vide* Notification No. 32-SSI (B) (3)/56 dt. 22-2-1957.

@Vide Notification No. 32-SSI(B) (3)/56 dt. 22-2-1957.



## ANNEXURE XV

## GOVERNMENT OF INDIA

## MINISTRY OF COMMERCE AND INDUSTRY

New Delhi, the 10th October, 1957.

## NOTIFICATION

## LIGHT INDUSTRIES

**No. 32-SSI(B)(3)/56.** In supercession of this Ministry's Notifications of No. 32-LI(B)(3)/56 dated 22nd Aug., 1955 and NA. 32-SSI(B)(3)/56 dated 22nd February, 1957 and in pursurance of Clause (A) of Bye-Laws 28 of the Registered Bye-Laws of the Delhi Garments Co-operative Industrial Society Ltd., New Delhi, the Central Govt. hereby nominates for a period of one year,\* the Managing Committee of the said Society and directs that it shall consists of the following members, viz:—

- |  |                       |
|--|-----------------------|
| (1) Shri C. K. Nair, M.P. c/o Delhi Garments Co-operative Industrial Society Ltd., Najafgar Road, New Delhi. | <i>President</i>      |
| (2) Shri Yudhvair Singh, c/o Delhi Garments Coop. Industrial Society Ltd., New Delhi.                        | <i>Vice President</i> |
| (3) Shri Ram Singh Varma, M.P.   | <i>Member</i>         |
| (4) Dr. A. S. Sharma, Jt. Dev. Commissioner (SSI), Ministry of C & I, New Delhi. (Official).                 | Do.                   |
| (5) Shri Baldev Singh, c/o National Small Industries Corporation (P) Ltd., New Delhi. (Official).            | Do.                   |
| ** (6) Shri J. S. Chauhan, Dy. Registrar of Cooperatives, Delhi Admn., Delhi.                                | Do.                   |
| (7) Shri G. C. Mukherjee, Dy. Director of Industries, Delhi Administration, Delhi (Official).                | Do.                   |
| (8) Shri Mange Ram, c/o Delhi Garments Coop. Industrial Society Ltd., New Delhi.                             | Do.                   |
| (9) Bhagat Swandia Ram, c/o Delhi Garments Coop. Industrial Society Ltd., New Delhi.                         | Do.                   |

\*Term extended till 1st June, 1960 vide Notification No. 32-SSI(B)(3)/56 dated 28-4-1960.

\*\*Deleted vide Notification No. 32-SSI(B)/56 dt. 27-12-1957.

- |       |   |                          |
|-------|---|--------------------------|
| (10). | Shri Anso Ram, c/o Delhi Garments Industrial Coop. Society Ltd., New Delhi.     | <i>Member</i>            |
| (11). | Shri Prahlad Singh, c/o Delhi Garments Coop. Society Ltd., New Delhi.           | <i>Do.</i>               |
| (12). | Shri Rattan Singh, c/o Delhi Garments Coop. Industrial Society Ltd., New Delhi. | <i>Do.</i>               |
| (13). | Shri Dalip Singh, c/o Delhi Garments Coop. Industrial Society Ltd., New Delhi.  | <i>Do.</i>               |
| (14). | Shri Radha Raman, M.P.  | <i>Member/Secretary.</i> |

Sd/ - M. S. SADASIVAN,  
Under Secretary to the Govt. of India

### ANNEXURE XVI

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

*New Delhi, the 13th June, 1960.*

### NOTIFICATION

**No. 32-SSI(B)(3)/56.**—In supersession of this Ministry's Notification No. 32-SSI(B)(3)/56 dated the 10th October, 1957 as amended by this Ministry's Notification No. 32-SSI(B)(3)/56 dated the 28th April, 1960 and in pursuance of Clause (A) of Bye-law 28 of the Registered Bye-laws of the Delhi Garments Cooperative Industrial Society Ltd., New Delhi, the Central Govt. hereby nominates for a period of one year, the Managing Committee of the said Society and directs that it shall consist of the following members, viz:—

- |    |   |                 |
|----|---|-----------------|
| 1. | Dr. P. C. Alexander, I.A.S., Dy. Secretary, Ministry of C & I, New Delhi. (Official). | <i>Chairman</i> |
| 2. | Shri L. N. Renu, Director, Office of the C.D.S.S.I., New Delhi (Official).            | <i>Member</i>   |
| 3. | The Director of Industries, Delhi Administration, Delhi. (Official).                  | <i>Do.</i>      |
| 4. | Shri Baldev Singh, c/o National Small Industries Corpn., New Delhi. (Official).       | <i>Do</i>       |

- |  |               |
|--|---------------|
| 5. Shri Asulal, c/o Delhi Garments Cooperative Industrial Society, New Delhi.              | <i>Member</i> |
| 6. Shri Ratan Singh, c/o Delhi Garments Cooperative Industrial Society, New Delhi.         | <i>Do.</i>    |
| 7. Shri Sanwalia Ram Bhagat, c/o Delhi Garments Cooperative Industrial Society, New Delhi. | <i>Do.</i>    |

Sd/- M.H. SIDDIQI

*Under Secretary to the Govt. of India.*

## ANNEXURE XVII

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

*New Delhi, the 2nd August, 1960.*

### NOTIFICATION

**No. 32-SSI(B)(3)/56.**—In supersession of this Ministry's Notification No. 32-SSI(B)(3)/56 dated the 13th June, 1960 and in pursuance of Clause (a) of By-law 28 of the Registered Bye-laws of the Delhi Garments Cooperative Industrial Society Ltd., New Delhi, the Central Government hereby nominates for a period of one year, the Managing Committee of the said Society and directs that it shall consist of the following members, viz:—

- |  |                   |
|--|-------------------|
| 1. Shri L. J. Parija, I.A.S., Director of Industries, Administration, Delhi.           | <i>President.</i> |
| 2. Shri L. N. Renu, Director Office of the D.C.S.S.I., New Delhi. (Official).          | <i>Member</i>     |
| 3. Shri Baldev Singh, Manager National Small Industries Corpn., New Delhi. (Official). | <i>Do.</i>        |
| 4. The Director, Small Industries Service Instt., New Delhi. (Official).               | <i>Do.</i>        |
| *5. Shri Asulal, c/o Delhi Garments Coop. Industrial Society, New Delhi.               | <i>Do.</i>        |
| *6. Shri Ratan Singh, c/o Delhi Garments Coop. Industrial Society, New Delhi.          | <i>Do.</i>        |

\*S/Shri J. N. Malhotra and Jagan Nath were nominated *vice* S/Shri Asulal and Ratan Singh *vide* Notification No. 32-SSI(B)(3)/dated 29-4-61.

7. Shri Sanwalia Ram Bhagat, c/o Delhi Garments Coop. Industrial Society, New Delhi. *Member*

\*\* 8. Shri S. K. Chakraborty, Director, Office of the D.C.S.S.I., New Delhi. (Official). *Do.*

†9. Shri Nanak Singh, Asstt. Director (Business Management), Office of the D.C.S.S.I., New Delhi. (Official). *Do.*

Sd/- P . S. V. RAGHAVAN,  
*Under Secretary to the Govt. of India.*

### ANNEXURE XVIII

*Statement showing the particulars of important communications from the official members of the Managing Committee of Delhi Garments Coop. Society.*

Sl. No.	Name of Official	Date	Brief particulars and action taken
1	2	3	4
1	Dr. A. S. Sharma, ex-JDC(HQ) DC(SSl)'s Office.	23-4-57	Draw attention to the quarrel amongst the members and inefficient management. The then Minister of Industry Shri Manu Bhai Shah called a meeting and suggested appointment of whole time Manager and Accountant.
2	Do.	24-5-57	Problems regarding lack of discipline and planning highlighted, M.I. approved of appointment of (i) a whole-time Manager, (ii) whole time Marketing Officer and (iii) a Section Officer.
3	Do.	21-6-57	M.I. saw the report which highlighted indiscipline once again and suggested change of the Chairman.

\*\* *Vide* Notification No. 32-SSI(B)(3)56 dt. 10-11-1960.

† *Vide* Notification No. 32-SSI(B)(3)56 dated 21-12-1960.

1	2	3	4
4	Dr. A. S. Sharma, ex-JDC (HQ) DC(SSI)'s Office	23-10-57	Production and marketing problems highlighted—a request for loan made— a loan of Rs. 25,000/- sanctioned but not later paid.
5	Shri Nanak Singh A.D. I.M.T. DC(SSI) s Office.	3-4-61	Highlighted the various problems which existed when Shri Singh was appointed as member of the Managing Committee and how he ironed them out.
6	Do. . . . .	14-4 61	Causes for losses to the factory enumerated—remedies adopted.
7	Do. . . . .	31-5-61	Inform of the improved methods adopted by him for purchase and sales of goods.
8	Do. . . . .	15-7-61	Reports about the loss of certain sewing machines and action taken to retrieve them.

Sd/- (J. S. BHATNAGAR)

#### ANNEXURE XIX

In order to ascertain the assets of the Garments Cooperative Industrial Society Ltd., I contacted Mr. Ishwar Singh, Liquidator, and he informed me that there are about 40 to 60 sewing machines in very good working condition. They would fetch from Rs. 4,000 to Rs. 5,000 each and the rest would fetch about Rs. 2,000 each. All these sewing machines might be worth Rs. 3,00,000. Besides these machines there are some other assets with the Society like electric fans, typewriters, electric fitting, raw material, cloth, garments, machinery spare parts and some cash. These may also bring Rs. 50,000 approximately.

I enquired of the basis of which he has valued the sewing machines and he informed me that several prospective buyers are coming to him and inspecting the machines and that he was given the figure of Rs. 4,000 to Rs. 5,000 per good sewing machine and Rs. 2,000 each in respect of others on the basis of actual offers made to him by these buyers.

If what has been told to me by the official Liquidator is correct, the assets of the Society should be to the tune of Rs. 3,50,000 approximately.

Sd/- J. S. BHATNAGAR.

*Supplementary note regarding purchase of machinery and equipment etc. for Extension Centre, Bhubaneswar. S. No. 15 (Para 18) of Appendix IV to 8th Report (Third Lok Sabha).*

In amplification of the Ministry's note in respect of S. No. 15 (para 18) of Appendix IV to the 8th Report (Third Lok Sabha) forwarded with this Ministry's O.M. No. 5(10)|B&A|63, dated the 3rd October, 1963 giving the reasons for the purchase of machinery during the period viz. December, 1957 to July, 1958 during which there was ban on the construction of new buildings, the position is elucidated as under:—

Orders requiring that no new building work should be undertaken without the concurrence of the Finance Minister were issued by the Ministry of Finance on 4th June, 1957. The offer from the Administrator, New Capital, Bhubaneswar, agreeing to allot two plots measuring about one acre on lease had been received in January, 1957 and was examined in the light of this directive with the Ministry of Finance. It was subsequently (October, 1957) agreed by Finance that as regards Extension Centres buildings works would be taken up only in cases where machinery etc., had been purchased and rented accommodation was not available. The Development Commissioner, Small Scale Industries, was therefore, advised on 21st October 1957 to reconsider the proposal regarding acquisition of land offered by the Administrator, Bhubaneswar in the light of that decision.

Bhubaneswar area was developed just before 1957 and as such no suitable shed for the workshop was available on rent in the township. The Institute had tried to secure rented accommodation before they had purchased the machinery.

Sanction for purchase of machinery and equipment had been issued in January, 1957. Enquiries had been set on foot by the Director, Small Industries Service Institute, Calcutta regarding acceptance of orders by indigenous machinery manufacturers since such orders were being executed by them only on priority basis because of great demand of machinery. After finding out particulars about availability, purchase orders for machinery except for universal milling machine had been placed by the Director, Small Industries Service Institute, Calcutta in November, 1957. Orders for the milling machine were placed in December, 1957.

In view of the recommendations of the Organisational Committee for Small Scale Industries and the Government of India Resolution No. 23-SSI(C) (7) |61, dated the 18th May, 1962, that Extension Centres

under the control of Small Scale Industries Organisation which have purely production or common service facilities programmes should be transferred to State Governments. Bhubaneswar Extension Centre which was primarily intended for offering common service in brass and bell metal working was transferred to the Government of Orissa. Consequently construction of shed for the Centre was given up.

*Observation by Audit*

At the time of placing formal orders for the bulk of machinery in November, 1957, the Ministry were aware of the ban on the construction of new buildings imposed by Government in June, 1957 and no suitable shed, as stated above, was available on rent in the township at that time.

The purchase of machinery on an emergency basis direct by the Department in relaxation of the normal rules regarding making purchase through the Director General of Supplies and Disposals, without proper arrangements for housing the centre was not justified.

## APPENDIX XIV

### MINISTRY OF INFORMATION AND BROADCASTING

#### Recommendation

*The Committee consider it extremely unfortunate that even though the terms and conditions of the grant were subsequently liberalised, the important suggestion made originally by the Ministry of Finance that the position might be reviewed at the end of the Third year in the light of the experience gained and results achieved was not implemented. The Committee consider this a serious lapse on the part of the Ministry. Had this suggestion been implemented many of the irregularities committed by the Society would have come to light much earlier and effective remedial action could have been taken.*

Grants were being released during the long period of seven years without any serious attempt to enforce the normal checks envisaged in the financial rules on the plea that it was for the Members of the Society to see to its proper functioning. The Committee were surprised to be informed in this connection that no replies were received by Audit to the points raised in the Inspection Reports on the accounts of the Society successively for the four years 1955-56 to 1958-59. It was explained by the Ministry that the draft replies sent by the Society to the Ministry were not found satisfactory and, therefore, they could not be forwarded to Audit. If so, the Committee feel that there was case for Government to withhold releasing of further grants till they satisfied themselves about the proper functioning of the Society. The Committee feel concerned at the scant regard shown year after year to the objections raised in the Audit Inspection Reports and the belated discovery by the Ministry that the functioning of the Society was "absolutely topsy turvy". In this connection attention is invited to para 38 of the First Report of Public Accounts Committee (1951-52) regarding expeditious disposal of audit objections.

[S. No. 46, Appendix XVI 20th Report (3 L.S.)]

#### ACTION TAKEN

It is a fact that no detailed review into the working of the Society was conducted after the end of the first three years with reference



to the pattern of assistance given to the Society. The reasons for not conducting the review have already been explained to the Public Accounts Committee and the Ministry have nothing further to add. The Committee's observations have been noted.

The Inspection Report on the Accounts of the Society for the period from 1955-56 to 1958-59 was received in the Ministry on 22nd February, 1960. Reply to the various objections raised in the Inspection Report was sent on 22nd August, 1963. The delay in sending reply, as had already been explained was due to the fact that the draft replies received from the Society were not satisfactory, and further information, elucidations, clarifications etc. had to be called for from the Society from time to time. The present position is that only five objections relating to this Report are now outstanding.

As regards withholding of the grants-in-aid to the Children's Film Society, it may be mentioned that in pursuance of the Resolution of the Society nominating three officers of this Ministry to examine its activities with a view to achieving greater efficiency, Government of India had actually decided that the payment of further grants to the Society during 1962-63 should be deferred pending a decision on the reports of the three officers. The Society was asked not to undertake any fresh activity until re-organisation of the Society was finalised. The Society was reorganised in 1963 and various steps were taken to remove defects and shortcomings noticed in the working of the Society as revealed in the Reports of the three officers.

### **Recommendation**

*From this list, the Committee note that a representative of the Ministry of Finance was invariably one of the Members of the Executive Council. The Committee cannot escape the conclusion that the representative of the Ministry of Finance did not make any worthwhile contribution towards ensuring that the funds of the Society were properly used and accounted for.*

[S. No. 47, Appendix XVI 20th Report (3 L.S.)]

### **ACTION TAKEN**

The Ministry of Finance have intimated that the case is under examination and a suitable reply will be sent in due course.

### **Recommendation**

*The Committee hope that the revised set up will ensure achievement of the object of creating the Society and that the expenditure*

*out of the grants given by Government will be properly controlled and accounted for. They trust that the necessity of keeping the working of the Society under constant review is now fully realised by Govt. and they would not hesitate to wind it up, if such a step appeared to be in the taxpayers' interest. In the meantime, the Ministry of Information and Broadcasting should examine in detail the question of entrusting the work of production of feature films for children to the Films Division with a view to effecting economy in expenditure.*

[S. No. 48, Appendix XVI 20th Report (3 L.S.)]

#### ACTION TAKEN

The working of the Society was reviewed in details and with the reorganisation effected in May, 1963, a close watch is being kept by the Executive Council on its activity. The Rules of the Society have been revised. Regulations have been framed with the approval of Govt. clearly defining the functions and powers of various authorities and the officers of the Society. The Chairman of the Society is an *ex-officio* Chairman of the Executive Council, Production Committee and the Finance Committee of the Society. Regulations have also been framed in respect of Recruitment and Pay, Leave and Travelling Allowance etc. The staff position has been reviewed. A Distribution Committee has been set up to examine and consider effective measures for making adequate arrangements for the exhibition of the films of the Society. A Treasurer has also been appointed to look after the financial side. The Society under the present set up is expected to function effectively for the purpose for which it has been established. The working of the Society was reviewed by the Deputy Secretary, Ministry of Information and Broadcasting in 1964-65, and the Producer-in-Charge Films Division in the current financial year.

As regards the Committee's suggestion to entrust the production of Children's Films to the Films Division it may be pointed out that this question was also examined earlier in 1963 on the recommendations of the Estimates Committee contained in para 34 of their 159th Report in consultation with the Controller of the Films Division, Bombay. At that time it was held that though there was no inherent difficulty in Films Division undertaking the production of children's films, there was distinct advantage in keeping the Films Division as a specialised organisation for the production of documentary films without involving them in the production of feature films over though it may be for children. The Controller of Films Division has however, advised that this would not be feasible. The working of the Society was reviewed in detail by the Joint Secretary

recently and the following steps have been|are proposed to be taken in order to improve the working of the Society:—

- (a) Acceptance of the resignation of Shri N. D. Mehrotra, the Hon. Treasurer and appointment of Shri S. N. Limaye, Controller of Films Division in his place. This has already been done.
- (b) Abolition of the Finance and Production Committees of the Society. So long as the Chairman is unable to reside at Bombay and exercise executive control over the day to day working of the Society, some one residing at Bombay experienced in the field of both administration and film production may be appointed to take up as Vice-Chairman.
- (c) Creation of post of Research Officer in the Society who would scrutinise all the stories of the Society and prepare synopsis of these stories for circulation amongst the members of the Story Board for final selection.
- (d) Re-employment of Shri Ezra Mir or another person as Producer-in-Charge of the Society.
- (e) Acquiring of a suitable accommodation for the Society in a compact Unit.

#### Recommendation

*It is rather disquieting for the Committee to learn that although the handling of the funds of the Society had been found to be inept, inefficient and irregular and there were also suspicions of extravagance, and misuse of funds, no responsibility therefor could be fixed on any one. They are surprised that no criminal action was considered feasible in spite of the fact that in certain cases payments out of public funds were not vouched for and there was no account of some moneys received as also of some final prints valued at over a lakh of rupees. The Committee also do not understand why the persons, who admit not having received certain sums of money shown to have been paid to them are chary of giving evidence to that effect. They hope that it is not due to any complicity on their part in any collective, swindle of the Society's funds. They however, have some misgivings in this regard. They also apprehend that enquiries made by the Ministry have not been pursued to the logical and perhaps for fears that they might involve eminent persons associated with the Society whose sanctions might have been obtained to serve irregular ends. The Committee, therefore, recommend that in the light of the Audit Report a thorough and impartial enquiry should be made to fix responsibility for the financial irregularities of the Children's Film Society for a number of years and to ascertain the amount of loss suffered by the Society as a result of inefficient and inept handling.*

[S. No. 49 of Appendix XVI, 20th Report (3 L.S.)]

## ACTION TAKEN

As suggested by the Committee, Controller of Films Division was appointed as Enquiry Officer to hold a thorough and impartial enquiry into the affairs of the Society and to fix responsibility for the financial irregularities of the Society for a number of years and to ascertain the amount of loss suffered by the Society as a result of inefficient and inept handling. The report of the Enquiry Officer was received on 15th July, 1965. It has been indicated that the Society suffered loss of Rs. 1,20,482.59 Paise during the years 1955-56 to 1961-62 due to inefficient handling. The main items being:—

Rs. 45,295.46	on a/c of losses in the purchase and sale of raw stock including Rs. 33,540/- on the preparation of 3 films in all the 13 languages which remained unutilised.
Rs. 19,016.66	Shortage in books and other property.
Rs. 11,720.96	Infructuous expenses on preparing 5 mm films for the University Film Council without obtaining any firm order.
Rs. 11,553.49	Shortage of prints.
Rs. 2,500.00	Infructuous expenditure on film 'Gudia'.

During the first seven years 1955-56 to 1961-62 the Society received grants-in-aid of Rs. 39.38 lakhs, and received Rs. 7.67 lakhs revenues from other sources.

The question of fixing responsibility for the loss suffered will have to be undertaken by the Society, which is a Registered Body under the Societies Registration Act, 1860.

## Recommendation

*In the opinion of the Committee, the facts disclose a very irregular way of functioning of the Indian National Centre. The manner in which the expenditure incurred some time ago, was sought to be authorised ex post facto by means of a resolution circulated for signature at a much later date, is also highly objectionable.*

*The Committee would like to be informed of the final outcome of the case.*

[S. No. 50 of Appendix XVI of 20th Report (3 L.S.)]

### ACTION TAKEN

The Executive Council of the Children's Film Society is filing a civil suit against the former General Secretary of the Society for the recovery of an amount of \$ 1000, which he obtained from the Secretary-General, International Centre of Films for Children, Brussels and which he did not credit to the accounts of the Society. The Committee will be informed of the final outcome of the case.

As regards the Committee's observations in connection with functioning of Indian National Centre, it has already been intimated to the Lok Sabha Secretariat *vide* para 3 of this Ministry's O.M. No. 15/27/63-FC, dated the 15th January, 1964 that the Children's Film Society has already been permitted by the Government to undertake the functions of the International Centre in its own name with effect from 2-9-1963. The Secretary-General of the International Centre for Children's, Brussels has also been apprised of this arrangement.

### Recommendation

*The Committee would like to be informed when the amount of Rs. 33,000 due from the Punjab State Committee is recovered.*

The Secretary, Children's Film Society has informed that the question of recovery of a sum of Rs. 33,000/- due from the Punjab State Committee was still unresolved. The Chief Minister of Punjab did not reply to the letter written to him by the Chairman of the Society. The Society had however, received a letter dated the 18th June, 1965 from Secretary, Punjab State Children's Film Committee informing them that for the last one year, the Committee could not elect its Chairman, but recently the daughter of the Governor of Punjab had consented to act as Chairman. The next meeting of the Punjab State Committee will be held some time in August, 1965 when they propose to consider payment of outstanding dues of Rs. 33,000/- to the Children's Film Society. It may also be mentioned in this connection that during a discussion between the Joint Secretary and Shri K. A. Abbas in August, 1965, it transpired that the latter was a member of the Punjab State Children's Film Committee. Secretary, Children's Film Society was asked to give details of the case to Shri K. A. Abbas and to request him to get the matter of payment of Rs. 33,000/- due to Children's Film Society expedited. Shri Abbas has promised to look into the matter at the next meeting of the Punjab State Children's Film Committee.

**MINISTRY OF FINANCE**

(I & B Branch)

**SUBJECT:—***Twentieth Report (Third Lok Sabha) Public Accounts Committee—Paragraph 49 and item 47 of Appendix XXVI.*

The Lok Sabha Secretariat may kindly refer to their O.M. No. 2/1/56/64-PAC dated the 18th May, 1964.

2. The observations made by the Public Accounts Committee in paragraph 49 of their Twentieth Report (Third Lok Sabha) and item 47 of Appendix XXVI thereto that 'the representative of the Ministry of Finance on the Executive Council of the Children's Film Society, did not make any worthwhile contribution towards ensuring that the funds of the Society were properly used and accounted for' have been noted for future guidance.

3. Steps have also been taken to effect improvements in the working of the organisation in the matter of proper utilisation of funds and maintenance of accounts.

4. This Memorandum issues with the approval of F.A.

Sd/- P. C. TEWARI,

*Under Secretary to the Govt. of India*

Lok Sabha Secretariat

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Min. of Fin. (E.A.Div.) U.O. No. 4188 & B.F.S.I. 65, dt. 9-2-1966.

Copy forwarded to:

(1) Ministry of Finance (Deptt. of Expenditure)—Coordination Division.

(2) Ministry of I. & B.

## APPENDIX XV

### MINISTRY OF IRON & STEEL

#### Recommendation

*The Committee are surprised at the manner in which the Iron and Steel Control Organisation had acted in this case. They fail to understand why the Organisation should have treated the part supply made by the firm upto Sept. 1958 as 'one made outside the contract' and foregone recovery of surcharge amounting to Rs. 1.50 lakhs creditable to the Iron and Steel Equalisation Fund under the terms of the contract. Nor have the Committee been able to appreciate why the Organisation should have taken five years to prefer claims for liquidated damages, after the last permissible date for shipment under the contract as finally extended. The matter warrants investigation. The Committee desire that vigorous efforts should now be made to recover the liquidated damages from the firm. They would like to have further report in the matter.*

[Sl. No. 87 (Para 90) of Appendix IV to 8th Report (3rd Lok Sabha)].

#### ACTION TAKEN

It appears that some-how a misconception has been created in the minds of the P.A.C. about the fact of this case. It is, therefore, necessary to explain the actual position once again which would answer the first part of their query viz. "why the organisation should have treated the part supply made by the firm as one made outside the contract and foregone recovery of surcharge amounting to Rs. 1.50 lakhs creditable to Equalisation Fund under the terms of the contract".

The fact of the matter is that the part supply i.e. supply of 4024 tons referred to in the Audit Paras, was made out of the firm's commercial stock and not out of any imports against the A/T. In consultation with the Govt. Solicitor at Calcutta, at one stage an attempt was, however, made to recover the surcharge of Rs. 1.50 lakhs representing the increase in the statutory control price over the A/T price by treating the above part supply as one made against the A/T but it failed. The main difficulty being that there was no such provision for recovery in the contract. The Government Solici-

tor thereupon gave his learned advice that the part supply cannot be taken as one made against the A/T. In consequence thereof, the recovery, of surcharge of Rs. 1.50 lakhs had to be foregone, for there was no legal basis for this imposition. Instead he advised cancellation of the A/T in its entirety and of claiming the difference between the market price and the A/T price of the contracted quantity as damage for the breach of the contract. Accordingly, a claim amounting to Rs. 2348838.85 P has been preferred against the firm and the question of recovery of the amount is under active consideration. The reference to liquidated Damage in this connection, appears to have been made under a wrong impression.

Another point, raised by the P.A.C. is the question of delay in preferring the claim. It cannot certainly be gainsaid that delay in this case has been somewhat unusual; but the circumstances of the case are such that it was in a way unavoidable, the main contributory factor being the laxity on the part of the firm to answer our queries promptly. Then there was the need for frequent reference to the Government Solicitor as various issues cropped up one after another before a clear picture of the action required emerged. Instructions have, however, been issued to guard against such delays in future as far as practicable. Legal opinion as to the remedy available to Government for non-presentation of the documents is being taken.

#### *Audit Comments*

1. As the supply of 4024 tonnes was made by the firm out of stocks imported on commercial account, the amount of Rs. 1.50 lakhs being the excess of the controlled Col. I price realised from the consignees over the landed cost of stores plus the importer's remuneration was still due from the firm in terms of the Public Notice of April, 1952, notwithstanding the fact that the supply was treated as a direct transaction between the firm and the consignee. The Ministry have stated (August, 1964) that this amount was worked out by the Iron and Steel Controller on the basis of the information available with him. The firm are stated to have refuted any claim on this account on the ground that the materials supplied were imported from China and the then freight rates from Chinese ports were very high, but did not produce the relevant shipping invoices prescribed in the Public Notice *ibid* wherefrom to verify this statement. It has been stated that legal opinion as to the remedy available to Government for the non presentation of the documents is being taken.

2. The supplies were made by the firm upto September, 1958; a demand for the recovery of the surcharge amounting to Rs. 1.50 lakhs



was placed on the firm only in May, 1960, i.e. after about 2 years. The contract was cancelled in February, 1961, i.e. after another 9 months, and the claim still remains unsettled, even after a lapse of another 4 years.

### **Recommendation**

*In evidence, the Committee were informed that a suitable procedure to be followed in cases of the present type on the lines followed by the D.G. S & D was now under consideration of the Organisation. The Committee desire that an early decision should be taken in the matter.*

[Sl. No. 91-Para 94(i) of Appendix IV to Eighth Report (Third Lok Sabha)].

### **ACTION TAKEN**

The purchase procedure has been explained in the statement submitted on S.No. 20, para 24(ii)—appendix I of the 25th Report. Iron and Steel Controller is not generally placing any bulk order even under Rupee Payment. If, however, it becomes necessary to place orders for any particular item, these will be in accordance with conditions of the Trade Agreement. General Instructions have also been issued on 11-2-1965 that the procedure obtaining in the Organisation of the Director General, Supplies & Disposals should be followed whenever Iron and Steel Controller places any contract.

It has also been decided from April 1965 onwards to canalise all imports (the only exceptions being imports under U.S. Aid, direct imports by Railways, and Imports where no foreign exchange is involved) of Cold Rolled and Hot Rolled B.P. Sheets, Galvanised Sheets, tinmill black Plates, skelp, Hoops Strips and Box Strapping through the Minerals and Metals Trading Corporation.

### **Recommendation**

*In reply to a question, the witness agreed to examine the proposal of inviting either open tenders or limited tenders for selection of Handling Agents. The Committee may be apprised of the decision taken in the matter.*

[Serial No. 21 (para 25) of Appendix I to 25th Report (Third Lok Sabha)].

## ACTION TAKEN

It has since been decided on 26-3-1964 that the services of Minerals and Metals Trading Corporation as Handling Agents should be progressively utilised as they are now fully geared to handle all types of steel at all the ports. Accordingly, the Corporation is now being given all Handling Contracts since 31-3-1964 except in respect of a few remaining quantities (small tonnages) out of the U.K. Credit for which commitments had already been made previously with the Handling Agents. At present only 400 tons approximately remain out of the U.K. Credit.

## APPENDIX XVI

### MINISTRY OF IRRIGATION AND POWER

#### Recommendation

*The Committee find that, while several State Governments have agreed to the suggestion of introduction of the system of Administrative Audit in River Valley Projects, others have explained their difficulties in adopting the same. The Ministry have urged that the reactions of the State Governments are by no means final, that the idea underlying Administrative Audit is slowly catching on, and that the efforts to persuade the State Government to accept the suggestion are being continued. The Committee would like to be informed of the further progress made in this direction.*

[S. No. 21 of Appendix II to 26th Report and S. No. 34 of Appendix II to 40th Report (Third Lok Sabha)].

#### ACTION TAKEN

In continuation of this Ministry's letter No. 23(1)-55-Policy, dated the 2nd January, 1959, (copy enclosed), a reference was made in November, 1964 to all State Governments enquiring what progress had been made in introducing the system of 'Administrative Audit' in the various River Valley Projects financed by the Centre. Replies have so far been received from six State Governments, a summary of these replies is given below:

#### *Madras*

The State Government have invited reference to their earlier views, i.e., it is not necessary to introduce 'Administrative Audit' system, as suggested. They have stated that they have completed most of the major river valley project schemes and the schemes pending completion or proposed to be taken up are all only medium schemes. The main functions envisaged under the 'Administrative Audit' system are being attended to by well-established procedures.

#### *Assam*

Reply of the State Government is identical to the one received earlier, i.e., there is no multipurpose river valley project financed by the Centre in that State.

### ***Maharashtra***

An organisation called Quality Control Organisation, for ensuring the effective control on the quality of important works undertaken for implementing irrigation works, has been set up. This Organisation is headed by an officer of the rank of Superintending Engineer with requisite staff under him. Quality Control (Laboratory) Sub-Divisions have also been created for each individual project. These Laboratory Sub-Divisions have been established in the field and are under the control of the Superintending Engineer, Quality Control. As intimated earlier, arrangements for effective supervision of works already exist in Koyna Project.

### ***Gujarat***

The various steps taken by the State Government in this direction are:

- (i) On all the river valley projects in Gujarat State, quality control is separated from the execution agency and functions independently with integration at the level of Chief in charge of the project.
- (ii) Over and above the check by the Quality Control Unit, field inspections of technical nature are carried out by an independent officer of S.Es status and during frequent visits of Chief Engineer of the State.
- (iii) For transactions pertaining to stores, a stores verification squad under the control of Finance Department makes surprise checks. In addition, a stores verification unit checks all the items of stores at regular intervals.
- (iv) In order to keep day-to-day watch and close control on working and costs in projects, a cost reduction unit has recently been sanctioned.

### ***Rajasthan***

The Government of Rajasthan have introduced the system of Administrative Audit on Rajasthan Canal Project.

### ***Madhya Pradesh***

The State Government has intimated that the present financial allocation of Tawa Project is too meagre to warrant the introduction of this system in that project.

Andhra Pradesh, Kerala, Mysore, Punjab, Uttar Pradesh and West Bengal Governments have stated that the scheme is still under their consideration. Replies from other State Governments are awaited and they are being reminded from time to time.

**COPY OF LETTER No. 23(1)/55-POLICY, DATED THE 2ND JANUARY, 1959, FROM SHRI K. G. R. IYER, I.A.S., DEPUTY SECRETARY TO THE GOVERNMENT OF INDIA, MINISTRY OF IRRIGATION AND POWER, NEW DELHI ADDRESSED TO ALL THE STATE GOVERNMENTS.**

**SUBJECT: *Introduction of Administrative Audit System in the various Multipurpose River Valley Projects financed by the Centre.***

I am directed to say that the Public Accounts Committee at the Centre has been pressing for the last several years for the introduction of the Administrative Audit System in the various river valley projects with a view to securing economy in expenditure and ensuring better technical and financial control on the works of the projects. This matter has been under consideration for some time past and the views of the State Governments have also been obtained. The Public Accounts Committee has now finally recommended as follow:—

“The Committee are of the opinion that it is high time that the Ministry launched a system of administrative audit by technical persons on the various projects financed by the Centre. They do not think that the States would object to such a system being introduced in various projects”.

2. The Government of India have accepted the recommendations of the P.A.C. and are of the view that the introduction of the administrative audit system in the river valley projects is highly desirable.

3. The Administrative Audit system envisages the establishment of an organisation under a Chief Technical Examiner for carrying out the internal audit of project transactions. Attention is invited in this connection to the recommendations made by the ‘River Valley Projects Technical Personnel Committee’ in para 157 of their report a copy of which, along with a note on the introduction of administrative audit system in river valley projects, was forwarded to all State Governments with this Ministry letter No. 25(12)|56-Adm.I, dated the 30th October, 1957.

4. Government are of the view that the Quality Control Organisation in the projects can be entrusted with the work of administrative audit. It may be recalled that the State Governments were requested to set up Quality Control Units in the projects under their administrative control, vide this Ministry’s letter No. 29(2)|57-Policy, dated the 2nd July, 1957. This Unit should function directly under the Chief Engineer. Apart from Quality Control, this Unit may perform the functions which, in the Central Public Works Depart-

ment are the responsibility of the Chief Technical Examiner. The main functions of the Chief Technical Examiner are as follows:--

- (i) Inspection of important works after completion as also during progress for ensuring:
  - (a) Quality of specifications;
  - (b) Execution to schedule;
  - (c) No undue deviations during construction.
- (ii) Inspection of works carried out departmentally for ensuring no excessive use of materials and labour.
- (iii) Checking a percentage of concluded contracts for ensuring reasonable rates, no ambiguity in the conditions, description and specifications with particular reference to negotiated contracts;
- (iv) Checking a percentage of bills after payment with reference to measurement books also exercising a check on measurements and quality of works executed; and
- (v) Generally to help the head of the project and the audit on technical points in audit objections, drafts paras, bills, contracts, etc.

5. Considering the shortage of qualified and experienced technical personnel, it is suggested that the Cost Section as well as the Quality Control-cum-Administrative Audit Section on each major river valley project may be placed under an officer of the rank of Superintending Engineer who will be subject only to the authority of the Chief Engineer of the project. The functions of the Cost Section may be as recommended by the Rates and Costs Committee (set up by the Ministry of Irrigation and Power) in para 5.1 of Part-I of their report. The relevant para is reproduced below for ready reference.

“The cost Section is to function as an independent fact-collecting agency and compiling data for presentation to executives in a form most serviceable to them. Its major objectives are (i) to furnish the maximum amount of information from both operation and cost angles, (ii) to present in the most practical way the facts that reveal actual performances and to aid in the attainment of high standards of efficiency, and, therefore, of realisation of maximum economy, and (iii) to aid in determining operational

policies. In short, cost accounting would aim at accounts for operators and project managers instead of accounts for accountants. It is thus more an adjunct to Engineering Department particularly estimating and planning, than to the general accounting department.

The strength of the Cost Secion as well as the Quality Control cum-Administrative Audit Section may be determined on the basis of the work load on each project.

6. I am to request that the State Government may kindly take necessary steps to implement the above suggestions. The receipt of this letter may please be acknowledged and action taken reported to this Ministry in due course.

## APPENDIX XVII

### MINISTRY OF REHABILITATION

#### Recommendation

(i) *The Committee desired that the Ministry should examine a few cases with a view to finding out whether the delays in settlement of compensation claims were not due to any lapse on the part of the officials dealing with them. The Committee await the results of this examination.*

(ii) *While the Committee are glad to note that out of claims amounting to Rs. 14.37 crores outstanding as on 31st March, 1962, claims worth Rs. 2.78 crores only were now pending settlement, they however, consider the amount to be quite heavy. They desire, therefore, the Ministry to take steps to ensure that in settling these cases there are no avoidable delays. They hope that all the outstanding cases would be cleared within the next two years as anticipated by the Ministry and the disposal of the remaining compensation applications would be expedited.*

[Sl. No. 59, (para 59) of Appendix III to 24th Report—3rd Lok Sabha].

#### ACTION TAKEN

In reply to the recommendations of the Public Accounts Committee contained in Para 59, Serial No. 59 of the 24th Report, it was stated by this Ministry that in order to have better appraisal of work a review of a few more compensation cases would be carried out. Accordingly 20 more compensation cases were taken out at random in the offices of the Regional Settlement Commissioner, Delhi and Assistant Settlement Commissioner Incharge, Indore and Patna, at Delhi. These cases have been examined with a view to finding out whether there was any avoidable delay in their finalisation on the part of the officials dealing with them. It was found that in 6 cases, out of 20, there had been some delay in the processing of cases by the officials concerned. A statement showing the particulars of these six cases and the extent of delay in each case is enclosed.

2. As already explained in the earlier note to the Committee, the processing of compensation cases including adjustment of statements



of account is quite a complicated affair and has to be done with reference to the provisions of the Displaced Persons (Compensation and Rehabilitation) Act, 1954 and the Rules made thereunder and a large number of executive instructions issued from time to time. Besides, other formalities such as ascertaining of public dues and the cost of Pool properties etc. have also to be completed before the finalisation of the case. It has been observed that in the 6 cases of delay referred to above, there had been some delay in their initial processing for finalisation. In this connection it would be relevant to mention that the number of compensation applications which were filed by the displaced persons was very large and all the cases could not be taken up for finalisation at the same time. It was unavoidable that some of the cases would remain unfinalised for some time. Moreover, in the beginning efforts were made to finalise the cases of high priority categories such as T.B. patients, cancer patients, disabled persons and widows etc. It is, therefore, felt that so far as these cases are concerned, there had not been any serious delay. However, as stated in the earlier Note, the reasons for which these delays have occurred will now be looked into and responsibility would be fixed in cases of serious delays.

3. The present position of compensation cases is that out of 5,05,837 compensation as well as rehabilitation grant cases, so far received, 5,05,443 have been finalised leaving a balance number of 394 cases yet to be finalised as on 31st July, 1965. In addition, the amount of unutilised statements of account as on 31st July, 1965 was Rs. 1.29 crores. Out of this, statements of account of the value of Rs. 30.35 lacs have been tendered by the claimants and adjustments are being carried out. A balance of about Rs. 1 crore is still in the hands of the claimants yet to be utilised by them by purchase of Pool properties or for adjustment of public dues by themselves or by their associates.

#### *Statement*

Sl. No.	C.A.F. No.	Name	Nature of delay	Extent of delay
1	2	3	4	5
1.	D/513/A—and D/513B/IIV(M)	S/Shri Mela Ram and Shri Ram	Duplicate checked in 1955 but reference made to Rural Screening Branch only in July, 1957.	About 2 years.

1	2	3	4	5
2	D/KM/91344 .	Shri Om Parkash	Duplicate checked by Central office in November, 1955 but the case finalised for the first time in February, 1959.	About 3 years.
3	D/GM/558C1 .	Shri Thau Ram .	Duplicate checked by Central office in February, 1957 but the case finalised in January, 1958.	About 1 year.
4	D/KM/9648C .	Shri Kartar Singh	Duplicate checked by Central office in September, 1956 but the case processed in December, 1958.	About 2 years.
5	ND/2402/IV (NTA).	Shri Vittal Das	Duplicate Compensation Application Form in favour of six brothers was checked by Central office in March, 1955, but the notice to other brothers to the claim for furnishing documents for finalisation of the case were issued only in May, 1960. All the claimants excepting one have furnished statements of adjustments but no steps have been taken to finalise the case.	5 years.
6	D/150/II(H) .	Shrimati Vidya-wanti	The claimant furnished all the information and documents in August, 1962 but the case was finalised in July, 1964.	About 2 years.

### Recommendation

(i) *In spite of the claim made before the Committee that the Central Government had definitely derived some advantage in this package deal (sale of evacuee property to Government of Punjab) the Committee feel that this matter has not been properly looked into. The Committee were informed that the valuation of the property had been done round about 1951-52. It is well known that values of properties have gone up since that date. The Committee are not, therefore, convinced about the justification for selling properties worth Rs. 2 crores for about Rs. 10 lacs only.*

(ii) (A) *Since, however, certain information has been called for which is still awaited the Committee would like to defer their comments. In the meanwhile they desire that the supply of information should be expedited. (B) The Committee would also like to know if some of the properties have since been sold by the Government of Punjab and if so at what value, as compared to the average price paid by that Government.*

[Sl. No. 60 (para 60) of Appendix III to 24th Report (Third Lok Sabha) as carried with para 3 (Sl. No. 2, Appendix III) of 40th Report (Third Lok Sabha)].

### ACTION TAKEN

In the last para of the note dated 9th February, 1965 submitted to the Lok Sabha Secretariat *vide* this Ministry's O.M. No. 4/2/64-Bud., dated 20th February, 1965 it was mentioned that the Punjab Government had been requested to verify the figures collected by the State Accountant General. The Punjab Government have since replied on 10th September, 1965 reiterating that the compilation of information showing the value of the houses sold as compared to the average price paid by the State Government is a colossal task requiring great time and labour. They have, therefore, regretted their inability to furnish the information required by the Committee.

### Recommendation

*It is surprising that the rent for the buildings was not fixed when these were transferred to the State Government. The Committee do not also see any justification for the unconscionable delay of two years in assessing the rent. This shows slackness on the part of the officers which need to be looked into.*

[Serial No. 63 of Appendix III to 24th Report (Third Lok Sabha)].

## ACTION TAKEN

A chronological statement is attached showing the various stages of action taken in connection with the fixation of rent for the Training-cum-Production Centre, Kamarhatty, West Bengal, transferred to the State Government. It will be seen that the question of fixing rent was taken up in May, 1963 and since then the matter has been pursued regularly.

2. Action for the fixation of rent at the time of the transfer could not be taken as the office of the Branch Secretariat at Calcutta was in the process of being wound up at that time and the actual transfer of the Centre would have been delayed had the question of fixation of rent been taken up along with the question of transfer of the Centre to the State Government.

3. The process of closing down the Branch Secretariat started in May, 1962 and action could not be initiated also for some time thereafter until May, 1963 for the following reasons:—

- (i) The Branch Secretariat establishment was being gradually wound up.
- (ii) The Sections in the Branch Secretariat had undergone re-adjustment following depletion of staff resulting from transfer to other offices and movement of some staff to the Main Secretariat at Delhi.
- (iii) The shifting of records from Calcutta to Delhi resulted in dislocation of work.
- (iv) Reorganisation of the sections in the Main Secretariat at Delhi after the transfer as a result of the gradual shrinking of the Rehabilitation Department.

For the aforesaid reasons, no slackness is attributable to any individual officer(s).

4. The rent has now been finally assessed by the Superintending Surveyor of Works, III, Calcutta at Rs. 1,877 per month under FR. 45(B) and the papers were received from the Superintending Surveyor of Works, III on the 2nd March, 1965. In terms of letter No. 34(2)/62-Genl. dated the 23rd February, 1962 transferring the Centre to the West Bengal Government, formal acceptance of the rent as now assessed will have to be obtained from the State Government. The matter is being referred to the Ministry of Finance (Rehabilitation Division) and with their concurrence a reference will be made to the State Government.

*Chronological Statement showing the various stages of action taken for fixation of rent of the buildings at the Training-cum-production Centre, Kamarhatty, West Bengal.*

- 
- 1      23-2-62    Orders issued for the transfer of the Centre to the State Government with effect from 1-4-62.
  - 2      22-5-63    Action initiated to fix the rent of the buildings at the Training-cum-Production Centre, Kamarhatty.
  - 3      1-6-63    Superintending Surveyor of Works, III, Calcutta was requested to fix a suitable rent for the building. (All relevant materials were furnished).
  - 4      6-7-63    Superintending Surveyor of Works, III was reminded.
  - 5      22-7-63    Superintending Surveyor of Works, III informed that some figures had been called for from the Electrical Engineer on receipt of which the rent would be fixed.
  - 6      25-7-63    Superintending Surveyor of Works, III asked to fix a provisional rent in case there was delay in getting actual figures of expenditure from the Electrical Engineer.
  - 7      29-8-63    Superintending Surveyor of Works, III reminded.
  - 8      3-10-63    Superintending Surveyor of Works, III reminded again.
  - 9      17-10-63    Superintending Surveyor of Works, III fixed rent @Rs 1019/- under F. R. 45 (A) and @ Rs. 1711/- under F. R. 46(B).
  - 10     10-11-63    Superintending Surveyor of Works, III was asked to refix the rent on the basis of certain additional expenditure which he did not appear to have taken into account.
  - 11     6-12-63    Superintending Surveyor of Works, III refixed the rent.
  - 12     30-12-63    West Bengal Government asked to let us know the assessed value of the buildings which were acquired by the State Government. This information was required for fixation of the rent finally.
  - 13     24-1-64    West Bengal Government reminded.
  - 14     2-2-64    West Bengal Government reminded again.
  - 15     7-4-64    West Bengal Government reminded again.

- 16      28-4-64    Information received from the West Bengal Government.
- 17      14-5-64    Superintending Surveyor of works III Calcutta was requested to refix the rent on the basis of information furnished by the West Bengal Government.
- 18      4-7-64    Superintending Surveyor of Works, III fixed revised rent @ Rs. 1635 - under F. R. 45 (B) instead of Rs. 1711 - previously fixed.
- 19      28-7-64    Ministry of Finance (R) requested to approve of the rent fixed by Superintending Surveyor of works, III.
- 20      30-7-64    Ministry of Finance (R) referred the case to the Estates Branch for advice.
- 21      7-8-64    Estates Branch advised that the case might be referred to Ex-Engineer (Rents) with reference to certain points governing the fixation of rent.
- 11-8-64
- 22      26-8-64    Ex-Engineer (Rents) requested to check up the rent fixed by the Superintending Surveyor of Works, III Calcutta.
- 23      27-10-64    Ex-Engineer (Rents) made certain comments about the rents to be fixed.
- 24      17-11-64    Ministry of Works and Housing returned the file to the Ministry of Rehabilitation.
- 25      15-12-64    Superintending Surveyor of Works, III Calcutta was requested to refix the rent on the basis of comments made by the Ex-Engineer (Rents).
- 26      29-12-64    Superintending Surveyor of Works, III reminded.
- 27      11-1-65    Superintending Surveyor of Works, III reminded again.
- 28      19-1-65    Superintending Surveyor of Works, III was requested to expedite despatch of the file with comments.
- 29      25-1-65    Surveyor of Works, IV returned the file saying that revised rent has been fixed at Rs. 1877/- but this had got to be confirmed by Superintending Surveyor of Works, III who was out on tour.
- 30      22-2-65    File returned to Superintending Surveyor of Works, III Calcutta requesting him to fix the rent finally and send back the file to the Ministry by 27-2-65.
- 31      27-2-65    Superintending Surveyor of Works, III reminded on telephone.
- 32      2-3-65    File received back from Superintending Surveyor of Works, III fixing the rent at Rs. 1,877/- under F.R. 45 (B).

**NOTE FOR THE PUBLIC ACCOUNTS COMMITTEE PURSUANT TO ITEM 12 (PARA 121 OF PUBLIC ACCOUNTS COMMITTEE'S 8TH REPORT—1962-63) OF APPENDIX I TO THEIR 40TH REPORT (THIRD LOK SABHA).**

In the note showing the action on the recommendations of the Public Accounts Committee contained in Sl. No. 113 (Para 121) of Appendix IV to their 8th Report (3rd Lok Sabha) it was stated that action on the Audit Comments (reproduced below) would be intimated later. The action taken thereon is as under:—

*Audit Comments.*

"It has been stated that the Valuation Registers are complete except that valuation has not been shown in about 500 cases. It was noticed that the date of taking over of the property from the C.P.W.D. has not been noted in any case.

(2) Para 3 of the Ministry's reply gives the impression that no postings of entries regarding recovery of instalment money, rent, water charges are required to be made in respect of the Government built properties until the lease/sale deeds are issued. This position is not quite correct. Unless the entries are regularly made and the postings kept upto-date defaults in the payment of dues will remain unnoticed till the lease/sale deeds are finally issued, and recoveries may remain unrealised.

It was noticed that the posting of the entries regarding the realisation of rent, instalment money, water charges, etc. in the Basic Property Registers in respect of the properties in which cases lease/sale deeds have not yet been issued, has been in arrears since 1st April, 1959.

(3) No reconciliation has been made of the number of properties made over by the C.P.W.D. with those actually on the records of the Regional Settlement Commissioner of the Ministry of Rehabilitation."

**ACTION TAKEN**

(1) (a) Valuation Wing has been asked to give the valuation of 500 remaining cases at an early date to the Regional Settlement Commissioner to enable the latter to get the Valuation Registers completed.

(b) The question of non-entry of the date of taking over of the properties from the C.P.W.D. in the Basic Property Registers was examined and it was found that this information was neither available with the Ministry of Rehabilitation nor with the Regional Settlement Commissioner, Delhi the successor of Housing & Rent Officer, Delhi, who used to take physical possession of the Government

built properties and who would have noted the date of taking over, the possession at that time. It was further considered that due to the fact that most of the sub-Divisions and Divisions which got the Government properties constructed had since been closed with the completion of the work and merged with other Divisions, it will not be possible at such a late stage to find out from the old records the date of delivery of the constructed buildings by the C.P.W.D. to the Rehabilitation Department. Further this question was discussed in the Public Accounts Committee previously also vide Para 25 of the Proceedings of the 12th Sitting of the Public Accounts Committee in 1959-60 (25th July, 1959) which runs as follows:—

“In reply to a question the Chief Commissioner stated that the property Registers and Demand & Collection Registers were being maintained in the Housing and Rent Office but they were not complete because the C.P.W.D. who were constructing the quarters, had not supplied the details of the completed quarters which were handed over by them. The properties constructed by the C.P.W.D. were handed over to the Housing & Rent Office in batches and the intimation for taking over the quarters was received in the Housing & Rent Office through the Relief and Rehabilitation Department of the Delhi State later. Efforts were made to prepare the Property Registers but this could not be done as the data required for completion of these registers was neither available in the office nor was it forthcoming from the C.P.W.D. Several communications were addressed to the C.P.W.D. to intimate the particulars of the properties constructed by them but the information was not supplied by the C.P.W.D. The C.P.W.D. at one stage was agreeable to undertake this work but no tangible progress was made in this regard till 1954 when the reconstruction of these registers was taken over by the Housing and Rent Office itself.”

It will thus be seen that as the C.P.W.D. who had constructed the quarters had not supplied details of such quarters which were handed over by them to the Rehabilitation Department in spite of repeated requests, the records could not be completed by the Housing & Rent Officer, Delhi (predecessor of Regional Settlement Commissioner, Delhi). In the circumstances it will not be possible to incorporate in the Basic Property Registers the date of taking over of such Government properties at this late stage after 15 years as the information is not available with the Ministry of Rehabilitation or with the Regional Settlement Commissioner and it will be difficult to collect it from the C.P.W.D. now.



(2) It has been explained by the Regional Settlement Commissioner, Delhi that after 1st April, 1959, he is maintaining subsidiary registers for watching recoveries of dues on account of instalment money, rent, water charges etc. and action for recovery is being taken by his office with the help of these registers. He has further explained that at the time of when the lease/sale deed is to be issued, an account of each property is drawn up and it is checked to ensure that all the Government dues are recovered from the party concerned before the execution of the lease/sale deed. This gives him a sort of double check. Action is, however, being taken for the completion of the Basic Property Registers in respect of the properties in which cases lease/sale deeds have not yet been issued and this work is likely to be completed by the end of September, 1965.

(3) No confirmation has been obtained from the C.P.W.D. of the number of properties constructed by them in different colonies. A list of the properties on our record has been sent to them for confirmation in respect of 31 Rehabilitation Colonies & markets and the Statements for the remaining Colonies are being prepared & will be sent to C.P.W.D. shortly. Necessary reconciliation will be made and discrepancies, if any noticed, will be settled after getting the comments from the C.P.W.D.

**SUPPLEMENTARY NOTE SHOWING THE ACTION TAKEN ON THE RECOMMENDATIONS OF THE P.A.C. WITH REGARD TO SL. NO. 119 (PARA 122)—APPENDIX IV—8TH REPORT (1962-63).**

In the note showing the action taken on the recommendations of the Public Accounts Committee in respect of Sl. No. 119 (para 122) Appendix IV 8th Report (1962-63), it was mentioned that the judgment of the court was being examined and in the light of observations made therein, departmental action would be taken against the officials concerned. The action taken as a result of the examination of the judgment is as under.

**ACTION TAKEN**

The judgment of the court announced on 25-6-1963 (and not 1.4.1964 as mentioned in the Note, referred to above) has been received and examined. It is noticed that the remarks of the court are of general nature and no specific responsibility for facilitating the embezzlement has been fixed on any particular official or officials. The records revealed that the responsibility for the contributory negligence devolved on the Circle Officers whose primary duty was to ensure that all amounts realised by the field staff were promptly and correctly deposited. There were two Circle Officers concerned in this case. One of them is no longer in Government service and hence, no action can be taken against

nim. The services of the other Circle Officer have already been terminated departmentally on this very charge. Hence, no further action in the matter is called for.

As regard the embezzled amount, it may be stated that it has now gone up to Rs. 99,387.13 as against Rs. 99,061.13 mentioned in our Note sent previously.

**SUPPLEMENTARY NOTE FOR THE P.A.C. PURSUANT TO ITEM NO. 12—  
PARA 123 (S. NO. 120) OF THE P.A.C.'S 8TH REPORT 1962-63 AND  
SL. NO. 12 OF APPENDIX I TO THEIR 40TH REPORT (3RD LOK  
SABHA).**

The Public Accounts Committee while dealing with Para 34 of the Central Government Appropriation Accounts (Civil) 1960-61 and Audit Report 1962 regarding non-maintenance of accounts of Government built properties, divided this para into 4 paragraphs (Para 121, Para 122, Para 123 and Para 124). In so far as para 123 was concerned, the Committee made the following recommendations:

- (i) The Committee note that the officials concerned in this case, were the same who were involved in the alleged embezzlement of funds and action was being taken against them; and
- (ii) the Committee observe that the arrears of rent due to be recovered from the occupants are still quite heavy. They urge that effective steps should be taken to expedite their recovery.

#### **ACTION TAKEN**

In so far as item (i) is concerned, the action taken against the individuals has already been indicated in the final note with regard to Para 122 submitted to the Lok Sabha Secretariat *vide* M.O.R. No. 4/4/64. Bud., dated 21st August, 1965.

As regards item (ii), item deals with arrears of rent in respect of Government built properties in Delhi. In the last note inserted at Sl. No. 14(ii) of Appendix IV to 40th Report of the Committee (page 376) the position with regard to the arrears of rent outstanding on 30th June, 1964 was explained. The outstanding arrears of rent, instalments of cost in respect of G.B.Ps. On 30th September, 1964 have been stated in Para 51(B)(ii) of Audit Report, 1965 which will be discussed in the next meeting of the Public Accounts Committee and the latest position will automatically be watched therethrough.

#### **Recommendation**

*The Committee regret to note that failure to take timely action to assess the correct amount of compensation payable to the defaulting*

*purchaser and the amount finally recoverable from him resulted in avoidable loss to Government. They would like to be informed of the action taken against the delinquent officials.*

[S. No. 122 (Para 125) Appendix IV, 8th Report (1962-63) and Item No. 4 of para 4 (page 2) of the 26th Report (Third Lok Sabha)].

#### ACTION TAKEN

Reference is invited to the note sent to the Lok Sabha Secretariat in Chief Settlement Commissioner's Memorandum No. 55(26)-A&IA/61, dated 28th October, 1963. In the above note the circumstances leading to the cancellation of the earlier bid of Rs. 56,000 had been explained. It was also stated in the above note that the second sale of Rs. 28,000 had been set aside by the competent judicial authority and that the Regional Settlement Commissioner had been asked to re-auction the property. Moreover, the former Regional Settlement Commissioner, Jaipur, who had accepted the highest bid of Rs. 28,000 in the second auction had been asked to explain the circumstances under which this bid was accepted.

2. Since then further developments have taken place in this case. The property was auctioned for the third time on 19th November, 1963 with an announcement that vacant possession will be given to the purchaser and the highest bid received at this auction was Rs. 32,100. However, on 21st November, 1963 the successful bidder in the second auction filed a review petition before the Authorised Chief Settlement Commissioner who remanded the case on 7th September, 1964 to the Regional Settlement Commissioner for enquiry on the following points:—

- (a) Was there any irregularity in conducting or publishing the sale and can it be a good ground for setting it aside.
- (b) As a result thereof what material loss the department suffered; and
- (c) Did the respondent get acceptance of the bid by fraud or concealment of facts.

The Regional Settlement Commissioner, Jaipur, reported that there was no fraud or irregularity either in the publicity or in the conduct of the sale. He also explained that in the second auction the low bid was due presumably to its marketability, it being the highest valued property in that locality and average purchaser's

capacity being unable to match with its price. The above explanation indicates that the reserve price of the property (Rs. 40,000) in question was higher than its market value having regard to the average purchaser's capacity in that area. It may be mentioned in this connection that one of the special features governing prices of Compensation Pool properties is that payment can be made by adjustment of compensation claims. In the earlier years when the compensation scheme was first introduced, displaced persons had considerable amount of compensation claims which they were in a hurry to utilise for the purchase of pool properties. The bids offered by them were, therefore, inflated as compared to transactions in cash. Later on as considerable amount of compensation claims had been utilised, the prices offered for pool properties came down materially. Moreover it appears that the bid of the successful auction purchaser at the first bid was unrealistic as later he resiled from the bid and had his earnest money of Rs. 5,600 forfeited. The R.S.C. also reported that there was nothing on record to show that the second auction purchaser got the acceptance of the bid by fraud or concealment of facts. Thereafter, the case was heard by the Authorised Chief Settlement Commissioner judicially, who *vide* his order dated 31st December, 1964 held that the second sale in favour of the respondent was a proper sale and he accordingly restored the sale in his favour.

3. The case has been examined further and it has been found that the property was first put to auction with an undertaking to give its vacant possession to the highest bidder. At the time of second auction it was not announced through inadvertence that the vacant possession of the property could be given to the highest bidder. This omission amounted to an irregularity in the conduct of the sale resulting in a steep fall in the price of the property from Rs. 56,000 to Rs. 28,000. This steep fall in the price was, perhaps, due to the fact that before auction it was not announced that vacant possession of the property could be delivered to the highest bidder. The fact of there being only three bids for such a big and valuable property is also suggestive of the fact that no wide publicity was given to the sale of the property. Accordingly the Central Government have been moved in April, 1965 to take up this case under section 33 of the D.Ps. (C & R) Act, 1954 for setting aside the order dated the 31st December, 1964, of the authorised Chief Settlement Commissioner and for the cancellation of sale in favour of the second purchaser.

4. As regards the acceptance of the bid the explanation of the then Regional Settlement Commissioner, Jaipur was obtained. It has been found that he acted in accordance with the instructions of the Central Government and there was nothing wrong on his part which call for any action being taken against him. There is no

evidence whatsoever to show that he acted in bad faith and had *malafide* intention. In the circumstances no disciplinary proceedings against him are considered necessary.

5. Further progress of the case will be intimated to the public Accounts Committee as soon as the case is decided by the Central Government under Section 33 of the D.Ps. (C & R) Act, 1954.

### Recommendation

*While appreciating the arduous nature of the task (settlement of compensation claims) and the difficulties involved, the Committee would like to impress upon the Ministry; the necessity of expedition in dealing with such cases. The Committee hope that arrears will be cleared within the proposed time limit (financial year 1965-66).*

[Serial No. 21 (Para 24) of Appendix XXVII to 39th Report (Third Lok Sabha)].

### ACTION TAKEN

During the period from 1st April, 1964 to 31st March, 1965, further 206 fresh compensation and rehabilitation grant applications were registered. Thus the total number of such applications registered upto 31st March, 1965 was 5,05,723 as against 5,05,517 received upto 31st March, 1964. Out of the 5,05,723 applications, as many as 4,93,078 applications have been finally settled by payment of total amount of Rs. 185 68 crores. In addition, Statements of Account issued in respect of 11,907 cases involving a further liability of about Rs. 1.53 crores awaited utilisation by the claimants as on 31st March, 1965. Thus the number of remaining cases to be finalised on 31st March, 1965 was 738 as against 3,799 on 31st March, 1963 and 2,962 on 31st March, 1964. The disposal of the remaining 738 cases is estimated to involve a liability of about Rs. 0.37 crores. These cases will be disposed of during the current financial year as stated before the Public Accounts Committee.

2. In addition to the above, a large number of applications were being received for condonation of delay from the displaced persons claimants, who had got verified claims in their names and who could not file compensation applications within the prescribed period, for various reasons. Since the Settlement Organisation was in the winding up stage, it was thought that it may not be possible to allow condonation indefinitely. It was, therefore, announced in November, 1963 by issue of Press Note that condonation of delay would not be allowed in respect of the applications received after 31st January, 1964 and the displaced persons were advised to avail of the last

opportunity and to file the applications for condonation of delay before 31st January, 1964 to the Chief Settlement Commissioner so that their cases could be decided on merits. In response to the above Press Note, 3,169 applications were received for condonation of delay in filing compensation application forms. The question whether delay should or should not be condoned in all these cases was examined in consultation with the Ministry of Finance and in view of the fact that most of these applications were received from widow, minors, and uneducated and illiterate persons, it has been decided that the delay in filing all these compensation cases may be condoned on *ad hoc* basis. Orders are being issued to the various Regional Settlement Commissioners to accept the compensation applications forms from the claimants concerned. Since these cases would be in addition to the 738 cases referred to in the preceding paragraph, it would take some more time for their finalisation.

### Recommendation

*The Committee are surprised that a Ministry which is responsible for the realisation of arrears do not have with them information regarding the break-up of the debtors. The Committee are further constrained to note that even after 16 years, a sizable amount of Rs. 2.5 crores of rent remains still to be recovered and the Ministry have failed to liquidate the arrears outstanding against State Governments let alone the poor individuals. They feel that the Government machinery needs to be toned up to plug official delay and to effect better co-ordination between the regional centres, and the Ministry. The Committee would further suggest that if the pilot schemes now being worked out in Delhi and Punjab show favourable results, similar schemes may be introduced in other States also. In the light of the experience gained, the collection system should be re-oriented suitably.*

[Serial No. 22 (para 25) of Appendix XXVII of 30th Report Third Lok Sabha].

### ACTION TAKEN

Statistics regarding the arrears of rent due in respect of evacuee property under the broad categories such as Government Departments, Government Servants, non-displaced persons, widows, persons whose whereabouts are not known etc., used to be maintained. Information under these categories was also supplied to the Public Accounts Committee in reply to para 32 of Audit Report, 1959 *vide* paras 61—63 of 25th Report of the Public Accounts Committee 2nd

Lok Sabha Volume I). As Collection of statistics under these categories involved a lot of labour at the regional level, it was discontinued . . . The discontinuance of the collection of statistics under these categories, however, did not imply that efforts for collection of arrears were slackened. Concerted efforts have been made in this behalf. From the Statement at Annexure I, it will be seen that the arrears which stood at Rs. 513.76 lakhs on 31st July, 1962 have been reduced to Rs. 405.53 lakhs on 31st May, 1965. This was possible only by making sustained efforts. However, as desired by the Public Accounts Committee, information about the arrears of rent under different categories (as on 31st May, 1965) has been collected from the Regional Settlement Commissioners and is contained in Annexure II.

2. To appreciate the difficulty experienced in realisation of the arrears of rent, it will be necessary to give a little background as to how the arrears accumulated and what steps have been taken to liquidate them. These are explained in the succeeding paragraphs.

3. *Reasons for accumulation of arrears.*—(i) Soon after partition in many cases the displaced persons just occupied whichever houses they found vacant on their arrival in India. The main object in these days being Rehabilitation, there could be no question of evicting them.
- (ii) The displaced persons generally declined to pay rent in respect of the properties occupied by them in India on the plea that they have left immovable properties in West Pakistan and they were entitled to receive rental income in respect thereof.
- (iii) Another factor which contributed towards accumulation of arrears of rent was the continuous change of occupancy and inability to pay rent in those days of confusion and distress.
- (iv) Moreover, the Custodians Organisations prior to the year 1956 were under the control of State Governments. They did not take the required interest in this item of work.
- (v) Later on when the claims were invited, the displaced persons took up the stand that the arrears due from them may be adjusted, against the compensation that may be due to them.

4. *Reasons why our demand on account of arrears is rather inflated (actual arrears are less).*—The figures of arrears given by us are based on the entries in the Rent Demand and Collection Register. This does not depict the correct picture. The rents adjusted from compensation payable to the displaced persons has not in all cases been entered in the registers. According to rules, claimant displaced persons are not liable to pay rent from the first day of the month following the month in which the compensation application was filed. In our registers, however, there are cases where this fact has not been taken into account while entering the amount due. In the case of non-claimants, no rent is payable by them with effect from 1st October, 1955 where they paid the initial instalment of 20 per cent before 31st October, 1959. This factor has also not been taken into consideration in some of the cases while entering the demand.

5. The pressure on the Settlement Organisation in regard to assessment and payment of compensation, sale of evacuee properties has been very heavy and the officers were, therefore, giving priority to this work and had not been giving the same attention to the maintenance of rent records and recovery of arrears of rent.

6. Accordingly before effecting recovery of the arrears of rent, it became necessary, to separate the real arrears from unreal. The R.S.Cs. were therefore, asked on 21st April, 1962 to take the following steps in this direction:—

- (i) The Managing Officers should depute their clerks to the Settlement Units within their region with a list of the claimants whose compensation cases according to their registers are still unfinalised and verify from the compensation files or Appendix 'C' Register as to whether any of those had already been finalised and the rent arrears adjusted out of the compensation payable.
- (ii) Managing Officers were to collect the information about the adjustment of arrears from the claimants direct through the Field Staff after obtaining preliminary information from the Appendix 'C' Register and C.A.Fs.
- (iii) They were to make necessary corrections in the Demand and Collection Registers on the basis of the verification conducted as aforesaid.
- (iv) If an allottable property occupied by a claimant had not been transferred to him, the Managing Officer was to take



immediate steps to dispose of that property and to resume recovery of rent if discontinued merely because the occupant was a claimant.

- (v) To bring the Demand and Collection registers upto-date in the case of properties transferred to non-claimants and those sold by auction etc.

(vi) *Introduction of Squad System.*

Squads were to be formed to undertake the following duties:—

- (a) To verify the change of occupancy for the arrears of rent in respect of properties which are being shown as undisposed or transferred in the records of Managing Officers.
- (b) To have the necessary corrections made in the demand and collection registers as a result of the facts collected by the Squad by spot enquiries.
- (c) To make enquiries regarding the rent of the defaulters whose whereabouts were not known.
- (d) To enquire and report on the financial condition of the defaulters, particularly of those who claimed to be destitutes and infirm.
- (e) To collect rent where it can be recovered on demand.
- (f) With a view to taking necessary action against them to prepare a list of those defaulters who are in a position to pay the rent due from them, but who refuse to do so on demand.

7. *Steps taken to recover the arrears.*—The R.S.Cs. [Custodians] have been asked to take the following steps to effect recovery of the arrears of rent.

- (i) Initiation of proceedings to recover the amounts as arrears of land revenue and taking of coercive measures.
- (ii) Cancellation of allotments and taking of eviction proceedings in cases where properties have not been disposed of yet.
- (iii) Attachment proceedings to be freely taken, in case of defaulters who possess attachable articles specially Government Servants, Lessees of Industrial concerns, etc.

- (iv) Priority amongst the defaulters indicated for taking coercive measures i.e. the defaulters with heavy arrears should be taken up first.
- (v) Monthly reports are obtained from the officers concerned and any slackness of the recovery of rent below the expected mark is dealt with appropriately.
- (vi) Periodical meetings are held with the officers concerned to review the progress made in the recovery of arrears of rent.
- (vii) The officers have been vested with the powers of the Assistant Collectors to enable them to recover arrears of rent as arrears of land revenue instead of sending the recovery certificate to the revenue authorities.
- (viii) Instructions have been issued to receive rent by money orders.
- (ix) For the amount due from Government Departments and Government Servants, the heads of the Government Departments have been addressed to clear the arrears. The R.S.Cs. also pursue the cases with the Department concerned.

8. *Transfer of work regarding recovery of rent to certain State Government where staff has been reduced.*—We have received demands for additional staff from various regions to accelerate this work. In certain States where the staff has been reduced substantially as the other work relating to the Settlement was almost completed, we have decided to transfer recovery work to the State Governments on payment of commission. The work has already been transferred to U.P., Gujrat, Andhra Pradesh, Rajasthan, M.P., Mysore and Kerala. We are now in correspondence with Bihar Government for transfer of this work in that State.

9. *No bar of limitation regarding rent recovery under Section 48 of Evacuee Property Act and Section 21 of D.P. (C&R) Act.*

Provision has been made in the enactment concerning these properties whereunder there is no bar of limitation for effecting recovery of arrears of rent.

10. *Write off of the irrecoverable arrears of rent.*—The R.S.C.s. have already been asked to pay special attention to the work of writing off of irrecoverable arrears of rent due from destitutes and defaulters whose whereabouts are not known. In such cases after necessary enquiries, the irrecoverable arrears of rent are written off by the R.S.Cs./Custodians who have been delegated the powers to write off upto Rs. 2000 in each case. Where the amounts exceeds that limit, the cases are referred to the Central Office.

11. As a result of the steps indicated above, satisfactory progress has been made in liquidating the arrears of rent. During the period of about 3 years, the arrears have been brought down from Rs. 513.76 lakhs to Rs. 405.53 lakhs (Annexure I).

12. In Delhi where the arrears of rent are heavy, the scheme of giving rebate for prompt payment of the current demand and also for clearing the arrears has been introduced with effect from 3rd August, 1965. The last date for availing this concession was 31st October, 1965. The results are being watched and, if-need be, this scheme will be extended in Delhi and also in other States. The system for recovering the arrears of rent through the Rent Collection Agents is also in vogue in Delhi. The system to be followed by these Agents including the rate of commission etc., has been streamlined and this is also likely to achieve good results.

13. The squad-system has already been introduced in Delhi and in Punjab and is proving helpful. In States like U.P., Gujarat, Andhra Pradesh, Rajasthan etc., where the work of recovery of arrears of rent has been transferred to the State Governments, it is not possible to introduce the squad-system. However, a proper watch on the progress made by them is kept and for this purpose, returns have been prescribed.

14. While vetting the above note, the Accountant General, Central Works and Miscellaneous made the following observation:—

“It has been stated that the arrears of rent were reduced from Rs. 513.76 lakhs as at the end of July, 1962 to Rs. 405.53 lakhs as at the end of May, 1965. The amount reduced viz. Rs. 108.23 lakhs, however, includes Rs. 23.09 lakhs written off as irrecoverable during this period and of Rs. 54.80 lakhs reduced as a result of corrections in the demands during the year 1963-64 and 1964-65. The arrears realised thus work out to Rs. 30.34 lakhs only”.

## ANNEXURE I

*Statement showing Arrears rent in respect of Evacuee Properties from July, 62 to May, 1965. (Arrears outstanding in Rupees in Lakhs)*

As on	For acquired properties	For Un-acquired properties	Total Arrears
31st July, 1962 . . . .	403·01	110·75	513·76
31st Dec, 1962 . . . .	378·93	97·50	476·43
30th June, 1963 . . . .	367·03	96·85	463·88
31st Dec., 1963 . . . .	355·34	97·22	452·56
30th June, 1964 . . . .	333·54	91·24	424·78
31st Dec., 1964 . . . .	312·03	88·21	400·24
31st Dec., '64 Gujarat. . . .	..	..	7·99
			408·23
31st May, 1965 . . . .	310·60	94·93	405·53

# ANNEXURE II.

Statement showing position of arrears of rent due in respect of Evacuee properties both acquired and unacquired as on 31-5-1965 (Arrears outstanding in Rupees in Lakhs)

Sl. No.	Region	Name of State	Govt. Depts.	Govt. Servants	Non D. Ps.	Widows & Des-titutes	D.Ps.	Untrace-able	Un-ca-tegorized	Total
1	Bombay	Andhra Pradesh as on 30-11-64.	·43	·15	4·16	·16	·22	1·79	·06	6·97
	"	Gujarat as on 30-4-64	·53	·90	5·30	·37	·81	·08	..	7·99
	"	Maharashtra, Mysore, Madras and Kerala as on 31-5-65.	·14	·05	6·38	..	·95	·19	·48	8·19
	Jullundur	Punjab	1·55	1·47	9·43	..	99·92	24·10	..	136·47
		H.P.	·05	·02	·04	..	·25	·03	..	·39
3	Jaipur	Rajasthan	·38	·77	5·74	·71	3·73	3·69	..	15·02
4	Patna & Indore	Bihar	·11	·10	3·87	·05	·13	·17	..	4·43
5	"	M.P.	·07	·05	2·27	..	·26	..	..	2·65
6	Lucknow	U.P.	·23	·76	6·41	·16	2·10	1·77	·62	12·05
7	Delhi	Delhi	·67	2·26	115·85	1·96	40·16	50·27	..	211·37
TOTAL			4·36	6·53	159·45	3·41	148·53	82·09	1·16	405·53

### Recommendation

*The Committee are happy to note that Government have decided not to grant remission to those who fail to clear their arrears by 31st March, 1965. They hope that early steps will be taken to allot regular shops to occupants of the khokhas so that other shop-keepers are no longer subjected to any handicap and Government are in a position to realise full rent.*

[Serial No. 23 (para 26) of Appendix XXVII to 39th Report (3rd Lok Sabha)].

### ACTION TAKEN

The Lajpat Rai Market was originally constructed on temporary basis in the year 1948-49 to rehabilitate the displaced persons, Pavement stall-holders of Chandni Chowk, Delhi. Later on, it was decided to construct the market on the permanent basis and to allot the shops to the existing stall-holders. The scheme provided for construction of 758 shops and 84 stalls. The market was divided into two sectors for the purpose of construction. The C.P.W.D. constructed 466 shops/stalls in the first sector. The work relating to the construction of the second sector was entrusted to the Delhi Municipal Corporation in October, 1962. According to the revised plan 426 shops/stalls will be constructed in the second sector.

2. Due to certain difficulties including non-availability of land, civil litigation etc.; there has been some delay in the completion of construction of the second sector of the market by the Municipal Corporation. However, the Corporation have since reported that 278 shops have been completed and 148 are yet to be constructed. Out of 148, construction work has been taken in hand in respect of 64 shops. The remaining shops will be constructed, after the site occupied by some khokhas is vacated. Steps have been taken to allot the shops which are immediately ready for occupation and allot other shops as and when they are ready.

3. The shop-keepers who occupied the shops in the first sector represented that their shops were in the rear portion whereas the wooden stalls and khokhas in front were creating hindrance by blocking the way and thus affecting their business. After considering this aspect of the matter, a remission in the rent to the extent of 25 per cent was allowed in December, 1962 till such time the front portion of the market was completed. This was subject to the condition that the arrears of rents were cleared within a period of three months from the date the decision was communicated. All allottees excepting 91 cleared the arrears by 31st January, 1963 and starting

availing of the concession in remission of rent. Some allottees of the shops, however, again fell into arrears. Instructions were issued on 18th February, 1965 that remission will be allowed to the allottees only if the arrears were cleared by 31st March, 1965 and that the current demand was paid by the 10th of the following month. It has been reported by the Regional Settlement Commissioner, Delhi that in all 362 allottees availed of the concession by clearing the arrears by 31st January, 1963. In response to the notices served upon them 350 allottees cleared the arrears which again fell due from February, 1963 onwards by 31st March, 1965. Out of a total amount of Rs. 31,104 outstanding against 362 allottees, an amount of Rs. 28,258 was cleared. This left only 12 allottees who did not clear the arrears by 31st March, 1965 and thereby making themselves liable to pay the rent at the full rate. It has also been reported by the Regional Settlement Commissioner, Delhi that some of the allottees who cleared the arrears by 31st March, 1965 have not been paying the rent by 10th of the following month. The number of such persons during the months of April, May, June, July and August, 1965 were 2, 4, 5, 2 and 2 respectively. According to the decision taken on 18th February, 1965, these allottees will not be entitled to the grant of rebate. It will, however, be seen that the decision has worked well and the allottees are generally paying the current demand regularly.

4. As regards the 91 allottees who had not cleared the arrears by 31st January, 1963, it may be stated that these allottees have been making representations that as the Government's decision was not made known to them, they could not clear the arrears by the said date and that the remission of 25 per cent may also be allowed to them now. After the consideration of these representations, it was decided that if these allottees paid in full the arrears due from them by 16th August, 1965, their case for allowing remission with retrospective effect will be considered. The matter was considered in consultation with the Ministry of Finance and it was decided on 4th September, 1965 that on payment of interest at the rate of  $7\frac{1}{2}$  per cent on the arrears calculated at the rate of 75 per cent of the original assessed rent, these allottees should be brought at par with those who cleared the arrears within the specified time and given full rebate of 25 per cent. It has now been reported by the Regional Settlement Commissioner, Delhi on 21st September, 1965 that out of 91 persons falling under this category, 85 had cleared their dues amounting to Rs. 54,523·08P. by 16th August, 1965. Total arrears due on 31st January, 1963 for the period ending October, 1962 were Rs. 72,906. Out of the remaining 6 allottees, 3 cleared the arrears amounting to Rs. 4,228·77P. by 20th September, 1965. The remaining 3 allottees

from whom outstanding amount of rent due upto 30th June, 1965 is Rs. 4663-25P. have however, filed appeals against the order of the Managing Officer and these are pending before the authorised Settlement Commissioner. Further proceedings to evict them have been stayed by the Appellate Authority. It will thus be seen that practically all the defaulters have cleared their arrears.

5. As stated above, the remission in rent will continue till the handicap of 'khokhas' exists. Necessary steps are being taken to complete the construction work and as soon as this is done, the remission will be withdrawn.

### **Recommendation**

*The Committee observe that the irregularity (extra expenditure on deputation allowance) came to light only when it was pointed out by the Deputy Accountant General. The fact that the officer was on deputation to the Project should have been known earlier from the orders appointing him to the project and other papers from his personal file. The Committee hope that such irregularities will not recur.*

[Sl. No. 26 (Para 29) of Appendix XXVII to 39th Report (Third Lok Sabha)].

### **ACTION TAKEN**

Noted. Instructions have been issued to the Dandakaranya Development Authority to ensure that such irregularities do not recur.

### **Recommendation**

*The Committee may be informed of the latest position regarding the recovery of the balance of the loan amounting to Rs. 4.2 lakhs from certain Co-operative Societies.*

[Serial No. 25 (Para 28) of Appendix XXVII to 39th Report (Third Lok Sabha) 1964-65].

### **ACTION TAKEN**

Out of a balance of Rs. 4.20 lakhs (Rs. 3,33,995.05 Principal and Rs. 86,998.85 interest) shown as outstanding on the 30th November, 1964, a sum of Rs. 6,918.94 (Rs. 3,006.68 as Principal and Rs. 3,912.26 as Interest) has been recovered up to May, 1965.

All the cases are lying with the Collector for recovery as arrears of land revenue.



### Recommendation

*The committee regret that due to inadequate planning, vacillation in taking decisions at different levels and by choosing machines without testing their efficacies properly, Government had incurred an expenditure which with a proper planning could have been better utilised. The Committee are at a loss to understand why all the machines were purchased in one lot and even one was not put to test to ascertain that they would fulfil the expectations. The Committee are amazed that Government could accept a proposal to purchase the plants even without assessing properly whether, raw material, spare parts and even technical know-how to erect them would be available from indigenous sources and whether the products would find a market. They further feel that the Government seem to have been tempted and had acted in a hurry to adopt the Japanese type industries without properly planning the different aspects of the scheme in as much as the machine sent to Charbatia was never opened, and put to use and was allowed to lie in crates.*

*The Committee are unable to accept the contention of the Government that for training purposes the defects were not of a serious nature. The Committee would like to stress that while making purchase of machinery, Government Departments should always ensure that it is free from defects. It is beyond the comprehension of the Committee how trainees could be benefited if they had training on obsolete machines. They feel that public money was unnecessarily blocked up due to the utter lack of initiative on the part of the Ministry in finalising the formalities for effecting the disposal of the machines. The fact that the machines could not be disposed of even after two years of a decision taken in this regard, does not speak highly of the procedural efficiency. They urge that without any further loss of time, the machines be disposed of.*

[S. No. 24 of Appendix XXXVII to 39th Report (Third Lok Sabha)].

### ACTION TAKEN

A two-man Mission consisting of Shri N. C. Shrivastava, the then Deputy Secretary in the Ministry of Rehabilitation, and Shri Chaman Lal visited Japan in 1949 to study cottage and small-scale industries in that country and made a number of recommendations for the development of similar industries in India for the rehabilitation of displaced persons from Pakistan. The mission, before returning to India, placed orders on behalf of the Ministry of Rehabilitation and the Ministry of Industry and Supply for about 50

different types of machinery and equipment. The mission recommended that machinery purchased on behalf of the Ministry of Rehabilitation should be installed in a work centre near Delhi so that it might provide training and employment to displaced persons. They also recommended that some of the equipment might also be made over to selected displaced persons and women's homes in Delhi, and a study made of their working. It was also recommended that further orders should be placed for machinery and equipment which could provide remunerative employment.

2. In pursuance of the directions given by the then Minister of Rehabilitation, orders for machines worth Rs. 10 lakhs were placed in 1950. These machines included 'Garabo' plants and small machines. Most the bigger machines were sent to States on the basis of their requirements worked out before placing the indent and the small ones were kept at the Arab Ki Sarai Centre at Delhi. A list of the machines installed at this Centre is enclosed (Annexure I). These machines were used for a considerable period for training purposes as well as for production and demonstration. They served a useful purpose in the training programmes initiated by the Centre for the development of cottage industries. Prior to the import to these machines, the mechanical toys' industry, the bamboo products' industry and the vegetable fibre industry were not widely known. It was in 1950 when the industrialists visited these plants, inspected their working and studied the economics that they imported or duplicated some of the machines after getting their designs and drawings from the Centre at Arab Ki Sarai.

3. According to the report dated the 15th October, 1965 from Shri R. K. Bhatnagar, Assistant Apprenticeship Adviser, the then Principal at Arab Ki Sarai Centre (enclosed at Annexure II), it will be observed that the Japanese machines imported by the Ministry greatly helped in organising and developing small-scale and cottage industries in India and that the Centre at Arab Ki Sarai came to be known more popularly as Cottage Industries Development Centre in the country. Some of the machines imported for the purpose of distribution to the refugees against payment could not be so disposed of because the refugees at that time did not come forward to start their own business.

4. Surplus Report forms in respect of the small machines which could not, however, be used have not been sent to the D.G.S. & D., as it is felt that one more attempt should be made to see whether the machines could be utilised for setting up production centres particularly in the context of large number of new migrants from

East Pakistan waiting rehabilitation. A quick assessment in this respect is being made and if the machines cannot be utilised after this long passage of time of view of the modern techniques having undergone a change, they will be reported to D.G.S. & D., for disposal. The 'Garabo' plant which was sent to Charbatia and could not be put into operation for some reasons, has since disposed of by the D.G.S. & D., at a cost of Rs. 10,100/-.

5. The recommendations made by the P.A.C. have been noted for future guidance.

# ANNEXURE I

*List of Japanese Machines Purchased in 1949 and 1950 by Ministry of  
Rehabilitation, New Delhi from Japan*

(INSTALLED AT ARAB KI SARAI TRAINING CENTRE,  
NEW DELHI)

Sl. No.	Name of Machine	Qty.	Cost if known	Date of purchase	Remarks
1	2	3	4	5	6
1	Foot Press (of toys plant)	Ten			
2	Power Press No. 3, Belting type.	One			
3	Power Press Gear type	One			
4	Used tin recovering set cutter	Five			
5	Used tin recovering set rollers	One			
6	Grinder Double-headed	One			
7	Vertical Vices 5"	Two			
8	„ „ 6	Two			
9	Horizontal Vices 5"	Two			
10	„ „ 6"	Two			
11	Boring Bench 1/3 H.P.	One			
12	1 Boring Machine 18" Belt type	One			2nd Hand
13	Shaper Belt type 18"	One			Do.
14	Bench Cutter 12"	One			Do.
15	Lathe Belting type 6"	One			Do.

1	2	3	4	5	6
16	Ventilator 3" dia	One			
17	Metal Flur 25 KAN type 17"	One			
18	Treadle shearing Mac- hine	One			
19	Tools Set	One			
20	Dies set without spring (Race Car)	One			Auctioned on 20-12-62
21	Dies set without spring (Swimming Boat)	One			Do.
22	Bench type Drilling Machine	One			
23	Hand Drilling Machine	One			
24	Dies for sheet gears (Serial No. 124 com- prise one toy mak- ing plant)	One			
25	Cotton Making Plant (Scutching Machine of Grabo Plant)	Two sets			Do.
26	Cutter for rags	One			
27	Carding machine	One			
28	Dust catcher	One			
29	Opener	One			
30	Needle beds.	1200 pcs			
31	Spare needles for carding machine	130 pcs			
32	Wire-fixing wrench	One			
33	Spare bearing for scutch- ing and carding	Two			
34	Roller Cutter	One			

1	2	3	4	5	6
35	Spinning Machine 320 spindle (30' in length)	4 sets			
36	Hand Twining Machine sets	Two			
37	Twisting Machine (30' long) sets	Two			
38	Automatic Sets Yarn Count Adjuster Sets	Four			
39	Binding Press	One			
40	Metal pickers	8 pcs.			
41	Metal Bamboo Pincets	8			
42	Reeling machine set	1			
43	Spare Parts and Accessories set	One			
44	Looms	Two			
45	Treadle spinning machine (ten spindles) (Serial Nos. 25 to 45 comprise one garabo plant)	Three			
46	Rotary machine medium size reconditioned 6' x 3' x 3'	One set			
47	Pressing frame wooden 6' x 5' x 2'	One			
48	Pressing frame wooden 6' x 4' x 2' reconditioned	One			
49	Double-headed buffing machine set	One			
50	10" bench type boring machine	One			
51	4½" vice horizontal (set)	One			
52	Spindle (circular saw ball bearing etc).	One			
53	Double-headed grinder belting type	One			

1	2	3	4	6
54	Bit grinder . . . . .	One		
55	Rolling grinder (in iron)	One		
56	Taper type drills . . . . .	Five sets		
57	Bamboo Sheet cutter . . . . .	One		
58	Fine-teethed circular saw bench . . . . .	One		
59	Crew cutter 1/33-1-27/33 cm . . . . .	One		
60	Drill size . . . . .	One		
61	Drill size . . . . .	One		
62	Specially designed Steel Bite 12" . . . . .			
63	Monkey Spanners 6"/2,8"/ 2 & 10"/2 . . . . .	Six		
64	Pipe wrench 12", 18" and 24" . . . . .	Three		
65	Spanner 6-T . . . . .	Twelve		
66	Tools 34 items . . . . . (Serial Nos. 46 to 66 com- prise one Bamboo Ply- wood Making Plant).	115		
67	Braiding Machine Set comprising one set 14 Braiders and 2 Bobbin Winders . . . . .	One set		Auctioned 20-3-62
68	Braiding Machine set (incomplete) . . . . .	Two sets		Do.
69	Printing Presses . . . . .	Two		
70	Yama Moto Type Wool Spinning Machine . . . . .	One		Auctioned 9-1-62
71	Sakamoto KSI Spinning Wheel . . . . .	One		Auctioned 9-1-62

1	2	3	4	5	6
72	Rice Pressing Machine .	Three			Auctioned 9-1-62
73	Chenile Material .	One case			Auctioned
74	1/8 H. P. Flour Making Machine . . . .	One			Auctioned 9-1-62
75	Wheat Flour Machine .	One			
76	Card Board Cutter .	One			
77	Shibuhara Hand Spinn- ing . . . .	One			Auctioned 9-1-62
78	Paper Thread . . .	1/2 Ton			Auctioned
79	Cloth Cutting Machine .	One			Auctioned 9-1-62
80	Spinning Wheel Toyota	Two			Do.
81	Mackin's Plating Ap- paratus . . . .	One			
82	Milling Machine . . .	One			
83	Turret Lathe . . . .	One			
84	Bamboo Button Making Plant Set . . . .	One			Auctioned 20-3-62
85	Wire Straightening Ma- chine . . . .	One			
86	Gear Cutting Plant . .	One			
87	Candy Ball Cutter . .	One			
88	Treadle Sewing Machine (Brother) . . . .	Two			One auctioned 9-1-62
89	Hand Sewing Machine (Toyota) . . . .	One			Do.



## ANNEXURE II

*Report of Shri R. K. Bhatnagar, Assistant Apprenticeship Adviser, Delhi Administration dated 15.10.65 on the working of the Japanese machines at Arab Ki Sarai*

I may mention that out of the machines imported from Japan, as listed in the list sent along with your D.O. 90% of the Machines were installed and put to working at the Training and Work Centre, Arab Ki Sarai. Some of the Machines out of this lot were brought with the idea to sell to the displaced persons who may be facing difficulties in earning their livings. From items 1 to 67 of the list were installed and were used for a pretty long time for the training purpose as well as for production and demonstration.

All these plants served very useful purpose specially for the development of Cottage Industries in India. Prior to this in India, the Mech. Toys Industry, Bamboo product industry, Vegetable fibre industry were not at all existing. It was in 1950 when all the Industrialists throughout India visited these plants, their working and studied the economics of these plants. After that, some of the Industrialists imported or duplicated the same plant after having the designs and Drawings from the Plant installed at Arab-Ki-Sarai.

I may also point out that the waste plant (Garabo Plant) prior to this was not very common in the textile mills. After this almost every spinning and textile mills imported and installed these plants. The Fibre industry, Mech. Toy and Shoe lases and Braiding industries are at the moment making very remarkable headway in the development of the Industrial growth of the country. This is the result of that adventure which the Ministry of Rehabilitation made in 1949. Now the Indian manufacturers are taking the lead in some of the industries and lot of export business is being done.

Some of the machines which were imported for the purpose of distribution to the refugees against payment, could not be disposed of due to the reason that the displaced persons at that moment were not coming forward to start their own business, due to so many other reasons, but anyhow on the whole that attempt of the Rehabilitation Ministry helped a lot in organizing and developing the cottage industry in India.

It may not be wrong if I may say that since then the cottage industry started developing in India and Arab-Ki-Sarai is still known as Cottage Industries Development Centre throughout India.

### Recommendation

*The Committee desire to be informed if the reduced amount of Rs. 20,366 (as damage to roads) has since been accepted by the State Government and paid to them.*

[S. No. 27 (Para 30) of Appendix XXVII to 39th Report (3rd Lok Sabha)]

### ACTION TAKEN

Of the total claim of Rs. 28,315/- preferred by the Government of Madhya Pradesh on account of damage to roads, the State Government have agreed to waive the supervision charges only amounting to Rs. 5288/- and not their claim of Rs. 2660/- for repairs, contingencies and Hutting accommodation.

2. Expenditure sanction for the payment of Rs. 23,026/- as compensation to the State Government has since been issued by Government.

### Recommendation

*The Committee feel that even if there is no mala-fide in these transactions, (local purchase of spare parts) the action of the officer concerned was clearly and deliberately designed to circumvent the rules and resulted in an extra expenditure. They feel that the issue of warning to the Transport Officer was not a sufficient punishment in this case. The Committee feel that the supervision in this case was also weak.*

[S. No. 28 (Para 31) of Appendix XXVII to 39th Report (Third Lok Sabha)]

### ACTION TAKEN

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

2. As already explained to the Committee, the Transport Officer had acted in the interests of the Project. However, Dandakaranya Project Administration has been asked on 24-9-1965 to issue suitable instructions, to avoid the commission of such unintended irregularities and to tighten up supervision.

### Recommendation

32. *The Committee are of the opinion that having regard to the negligible progress that was made during the year 1958-60 in settling refugee families the purchase of Dal should have been regulated with some degree of caution.*

33. (i) *The Committee feel that the scheme of the procurement of dal and its sale to the displaced persons was prepared without any realistic assessment of demand and that no care was taken to keep dal under proper storage as a result of which a sizeable quantity became unconsumable within a period of two years. If the condition of dal was checked from time to time, the extent of deterioration would not have been so great and the loss to Government would have been less.*

*The Committee are of the view that the Dandakaranya Development Authority at the time of giving extension to the supplier should have taken into account the changed circumstances viz. (i) the arrival of less number of displaced persons; and (ii) the slow consumption of dal by the displaced persons; and they should have availed of the opportunity for cancelling the unexecuted portion of the order. This would have minimised the loss on this account.*

(ii) *The Chief Administrator had informed Audit in February, 1963 that the observance of formalities prescribed by the rules delayed disposal of the material when it was still good. The Committee regret to note that failure to attend to usual formalities promptly had delayed disposal of goods. The Committee would suggest that Dandakaranya Development Authority should prepare estimates more realistically, and improve the system of inspection of stores so that similar cases do not recur.*

[S. No. 29—30 (paras 32 and 33) of Appendix XXVII to the 39th Report (Third Lok Sabha)]

### ACTION TAKEN

32. The purchase of Dal was made on the basis of the future programme of resettlement decided in consultation with the Government of West Bengal. The slow progress during 1958-60 was not taken into account because special efforts were being made at that time by the Government of West Bengal to induce families to move to Dandakaranya. Due caution was exercised by the Dandakaranya Project Administration in its purchase, as the original demand of 4,500 maunds was reduced to 1,500 maunds and even against the reduced demand of 1,500 maunds, the supply was to be made in instalments viz. 300 maunds in July, 1960, 500 maunds in September, 1960 and 700 maunds in November, 1960.

**33 (i).** The assessment of demand was based on the programme of movement of about 2,000 families from West Bengal to Dandakaranya. The Dal was stored in godowns. The speedy deterioration of Dal is due to heavy rainfall in Dandakaranya during monsoon (1960-61 and 1961-62).

Extension of delivery date was given in December, 1960, at a time when it was still anticipated that 2,000 families would be coming to Dandakaranya.

(ii) Chief Administrator, Dandakaranya Project Administration has been asked on 18-1-1966 to issue instructions for future guidance in the light of the Committee's Conclusion/Recommendations, covering the following aspects:—

- (i) Preparation of realistic estimates;
- (ii) Periodical review of requirements and actual supplies;
- (iii) Precaution to minimise deterioration;
- (iv) Periodical inspection of stores to check deterioration;
- (v) Prompt action for disposal as soon as it is expected that any portion of the stock is likely to become surplus or there is apprehension of the stock deteriorating.

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## MINISTRY OF STEEL AND MINES

### (Department of Mines and Metals)

#### Recommendation

(i) *The Committee are surprised to note that the final figures of the Excise Duty collected during the year 1961-62 were made available by the Coal Board only in December, 1963, i.e., after 18 months (after the end of even the subsequent financial year). The Committee suggest that steps should be taken to improve the certification procedure and fix a time limit for the submission of the collection returns of Excise Duty. This is all the more necessary in view of the statutory provision that the sum payable by the Government to the Coal Board in any year should not exceed the net proceeds of duties of Excise collected in the preceding financial year.*

(ii) *The Committee suggest that Government should restrict provisional payments to the Coal Board to an amount which will be well within the receipts from Excise Duty during the previous year in order to avoid contravention of the provisions of the Act.*

[S. No. 14, (Para 18) of Appendix I to 25th Report (Third Lok Sabha)].

## ACTION TAKEN

(i) The Chairman, Coal Board is the certifying officer in respect of collections of excise duty on coal/coke despatched by means other than rail. Before the Chairman is enabled to determine and certify the net proceeds of excise duty collected in a particular year for despatch of coal/coke by road, he has to satisfy himself about the correctness of the amount collected and about the correct booking of the amounts involved under the proper head of account by the Offices of the Accountants General concerned. Considerable delay occurs in obtaining the certificates of reconciliation of the credits from the different Accountants General owing to wrong classification made by the collieries or consumers in their challans. Misclassification also occurs at treasuries and also in the books of the different Accountants General. This frequently results in protracted correspondence with the different Accountants General and Treasuries for readjustment of the amounts before certificates of reconciliation are obtained.

Government will consider what steps should be taken to improve the certification procedure and fixing of time limit for the submission of returns.

(ii) The recommendation of the Committee is noted.

**Recommendation**

*From the heavy accumulation of balances with the Coal Board (Rs. 289.48 lakhs on 31-3-1962) it is obvious that the various schemes sponsored by the Coal Board have not been making progress as anticipated. This needs looking into. The Committee also suggest that the amounts to be paid by Government to the Coal Board should be realistically assessed on the basis of actual requirements, so as to avoid such heavy accumulations in future.*

[S. No. 15 (Para 19) of Appendix I to 25th Report (Third Lok Sabha)]

## ACTION TAKEN

The heavy accumulation of balances with the Coal Board (Rs. 289.48 lakhs) during the year 1961-62 is partially accounted for by the special levy of 25 nP. per ton for financing the scheme of assistance to collieries handicapped by adverse factors. This levy became effective from 1st February, 1960. At the end of 1961-62, a total amount of Rs. 112 lakhs was received by the Board from this special levy. The scheme as originally framed was intended to be effective from 1st April, 1960, but subsequently this date was changed to the 1st September, 1960. As the scheme was new to the collier-

ies and all others concerned, a detailed procedure had to drawn up, necessary forms devised and suitable records prescribed. As a result, a total amount of only Rs. 59·81 lakhs could be paid by the Board as assistance during 1961-62. Thus at the end of 1961-62, an amount of Rs. 52 lakhs approximately from the special levy remained in balance with the Board. Then again certain payments to contractors who had taken up the Board's Central Ropeway Scheme did not materialise due to non-receipt of bills for works performed, or due to essential particulars missing from certain bills actually presented. For these reasons funds accumulated. But the above position has substantially changed from 1962-63. The closing balance as on 31st March, 1963 was Rs. 170·91 lakhs and that on 31st March, 1964 was Rs. 145·98 lakhs (excluding from the latter figure the amount of Rs. 68·77 lakhs on account of unspent balance of loan of Rs. 2 crores on capital account for installation of ropeways). In 1964-65, the Board has much larger commitments and it is hoped that the entire accumulations will be considerably reduced if not wiped off completely.

### Recommendation

*The argument advanced by the Ministry that grading and regrading of a colliery is an administrative matter without any financial implication so far as the Government and Board are concerned, is not convincing to the Committee. When higher prices are charged for the Coal purchased on the basis of the grade fixed erroneously such of the consumers as have no arrangements for independent analysis of coal samples may have to pay at a higher rate for coal of a sub-standard quality. Similarly various Government agencies who may purchase from the collieries are also likely to lose in the transactions.*

[S. No. 16 (Para 20), Appendix I to 25th Report (Third Lok Sabha)]

### ACTION TAKEN

The grade given by the Coal Board represents what the grade of coal coming from a particular colliery is expected to be according to the technical assessment made by the Board. It has nothing to do with actual payments by the consumers and the basis on which the payments are made. In fact it has been clarified by the Coal Controller long ago (copy attached—Annexure 136) that a stipulation in a contract for supply of coal that the consumer will get it analysed in such maner as may be agreed upon and pay the price according to which the coal is found on analysis to fall is a fully legal condition and the Railway Board have in fact introduced a

**system of contract on this basis. In other words, it is open to the consumers to make their own arrangements for the analysis of the coal and to pay on the basis of the results of such analysis.**

*Audit Comments*

(1) "The above reply does not meet the point raised by the Public Accounts Committee viz., how Government ensure that higher prices are not charged by the collieries for the coal purchased on the basis of the grade fixed erroneously, from such of the consumers as have no arrangements for independent analysis of coal samples and who may consequently have to pay higher prices for coal for a sub-standard quality."

(2) "It has been stated in the Ministry's reply that it is open to the consumers to make their arrangements for the analysis of the coal and to pay on the basis of the results of such analysis. Para 51 of the 33rd Report of the Estimates Committee (1962-63) mentions a case in which Government had not been able to bring together the Hindustan Steel Ltd. and the Collieries in evolving a suitable agreement for the analysis and sampling of Coal".

## ANNEXURE

*An extract copy of item No. 11 of Monthly Bulletin No. 17 of  
February, 1954.*

### *Price of coal*

11. Under the Colliery Control Order, prices have been fixed according to grade of coal in Bengal and Bihar-coal-fields and different prices have also been fixed for the different sizes of coal, such as slack, steam etc. The notification fixing the prices lays down that the coal will fall into different grades according to ash content or according to ash plus moisture content according as the coal is low volatile or high volatile. So far as these specifications are concerned, if the ash or ash plus moisture content as the case may be is within the limits of the grade, then the price appropriate to the grade will be payable. If it is not within the specifications then the coal is really a different grade of coal and the price payable for it would be the appropriate price of that grade. For instance, low volatile coal of Grade B should not contain more than 17% ash. If the ash content of the coal is found on analysis to be 18%, it is really Grade I coal. A consumer, who gets a consignment of Selected Grade B coal, finds, for instance, that the ash content is 18%, the coal is really grade I coal and he would be justified in paying the colliery not Rs. 15|4/- but Rs. 14|6/- per ton only, if the supplies were in steam coal. The grade given to the colliery by the Coal Commissioner does not seem to come into the picture. Even if a colliery is graded as Selected Grade B, it is the actual coal despatched which matters not the grade of the colliery. If, therefore, a colliery graded as selected Grade B despatches coal to a consumer who shows that it is really Grade I coal, he would be justified and within the law if he pays the price of Grade I. A stipulation in a contract for supply of coal that a consumer will get it analysed in such manner as may be agreed upon and pay the price according to the grade in which the coal is found on analysis to fall, if, it is considered, a fully legal condition. On the other hand, since the specifications do not lay down particular fuel values or other criteria, a consumer would not be justified in stipulating that the calorific value must be such and such, otherwise he will make a reduction. Under the present price Notification provided the coal conforms to a certain grade, the price of that grade must be paid. If the consumer wants a particular calorific value, then he must ask for a grade of coal which is likely to give him that value.



### Recommendation

*The Committee consider it unfortunate that there should have been inordinate delay in taking suitable action on the recommendations of the Technical Committee appointed by Government in January, 1962 for looking into the question of grading and sampling of coal on a scientific basis. The Technical Committee gave its report in July, 1962, but action proposed to be taken on its recommendations has not yet been finally decided. In view of the accepted fact that the present system of grading and prices of coal is unscientific and irrational, the Committee hope that necessary steps to improve the position will be taken without further loss of time.*

[S. No. 17 (Para 21), Appendix I to 25th Report (Third Lok Sabha)].

### ACTION TAKEN

The main recommendation of the Experts Committee is that all coals, whether coking or non-coking should be graded on the basis of calorific value. According to the present system, coals are graded on ash/ash plus moisture content. This system has acquired stability over a period of years. Even after switching over to the new system, the ash content will continue to be an important factor, from the consumer's point of view. However, Government are taking steps to expedite a decision on the report of the Experts Committee.

### Recommendation

*The Committee suggest that in addition to the accounting checks, the question of introducing suitable administrative checks to ensure that the grants and advances involving large amounts given to the collieries are being utilised for the purposes for which they are being given may be examined.*

[S. No. 18 (Para 22), Appendix I to 25th Report (Third Lok Sabha)].

### ACTION TAKEN

The administrative and accounting checks for ensuring that the funds for assistance are utilised for the purpose for which they are given are exercised by the Board. For example, in stowing operations, apart from the checking of the collieries accounts in the case of assistance given to collieries for stowing purposes, measurements of actual stowing are taken by the Board's surveyors every month and payments are made in accordance with such measurements. The assistance either for stowing or protective works is generally restricted to a ceiling.

For protective measures undertaken by a colliery either under orders of the Board or Chief Inspector of Mines, assistance is given up to 85 per cent of actual expenditure. As regards special assistance, the position is that it is not related to particular works but the scales of assistance have been related to the existence of various adverse factors. The existence of these factors is verified and necessary measurements e.g. depth of shaft or thickness of the seam etc. are taken to verify the same. In this case also therefore the administrative check already exists and the question of diverting the assistance for other purposes does not arise. As regards grant of loans for purchase of stowing plant, the necessary administrative check already exists. Payment is made direct to the suppliers after the concerned stowing plant and machinery has arrived at site and not to the colliery to which the loan is sanctioned. Before payment is made by the Board to the supplier, the owner of the colliery has to certify that the equipment and plant have been received in good condition and their authenticity are also certified by the Board's Officers.

It may be noted that the Board does not make any advance payment for stowing operations or for protective works in a colliery but actually makes payment of assistance towards actual expenditure incurred by a colliery in undertaking the operation.

### **Recommendation**

*The Committee suggest that delay in the recovery of instalments of principal and interest in respect of loans advanced to the Collieries should be avoided and that steps should be taken to avoid any accumulation of arrears in this regard.*

[S. No. 19 (Para 23), Appendix I to 25th Report (Third Lok Sabha)].

### **ACTION TAKEN**

The suggestion of the Committee has been noted. It may, however, be mentioned that excepting one colliery, the repayment of loan and payment of interest in respect of other collieries to whom loans have been advanced has been secured. Action is being taken to recover the principal due in February, 1964 together with interest in respect of this colliery.

## APPENDIX XVIII

### DEPARTMENT OF SOCIAL WELFARE

#### Recommendation

*The Committee are perturbed at the huge amount of about Rs. 34 crores for which utilisation certificates are overdue and are still awaited from various State Boards Institutions as also at the delay in recovering a sum of about Rs. 4 crores which is refundable to the Commission. It is disturbing to note that no effective steps have been taken by the Commission so far against the parties for their failure to furnish the certificates. They wonder if the failure to furnish the utilisation certificates for such long periods does not indicate that the amounts had not been utilised in all cases for the purpose for which they had been sanctioned. In the absence of any concerted and sustained efforts on the part of the Commission to improve matters all these years, the Committee cannot help feeling that there has been a lack of planning and supervision which is regrettable. To improve this state of affairs the Committee suggest that the following steps be taken urgently:—*

- (1) The whole question of the grant of loans etc. be reviewed so as to restrict the assistance to genuine institutions after a thorough verification of their antecedents through State Agencies.*
- (2) Further grant|loans should not be granted to those organisations which have not furnished utilisation certificates in respect of earlier grants in time. This condition should be made clear also to those organisations who apply for loans for the first time.*
- (3) It may also be suggested to the State Governments to impose the conditions stated at (1) and (2) in respect of the loans granted by them to State Boards. The State Governments might be advised to amend the present legislation, in consultation with the Commission so as to introduce essential provisions necessary to avoid misuse of funds, delay in submitting statements on disbursements and utilisation, audit of the accounts etc. of the State Boards.*
- (4) The Ministry of Home Affairs should adopt procedures, similar to those to be adopted in the case of State Boards in respect of Centrally Administered Territories.*

- (5) Suitable provisions in the Societies Registration Act, Co-operative Societies Act and the Rules etc. framed there-under should be made in regard to advance of loans|grants to Co-operative Societies and other Registered Societies.
- (6) The Commission and the State Boards should keep record of institutions which default in respect of one or more requirements prescribed for grant, disbursement etc. of loans and grants. For serious or repeated lapses institutions should be black-listed.
- (7) The procedure now under consideration for expediting submission of utilisation certificates by State Governments should be finalized early and the arrears cleared off.
- (8) In the case of amounts refundable by institutions, the feasibility of realising the dues as "arrears of land revenue" might be considered.

[S. No. 50 (Para No. 57) of Appendix III to 7th Report 1962-63  
(Third Lok Sabha)]

#### ACTION TAKEN

1. The Commission has disbursed a total sum of Rs. 9242 lakhs as loans and grants upto 1960-61 to Registered Institutions, State Boards and State Governments. The amounts disbursed upto 31st March, 1962 to each category and the amounts for which utilisation certificates have been received as on 31st January, 1965 are as follows:—

Particulars	Amounts disbursed upto 1961-62	Amounts for which U.Cs/State- ment of accounts have been received o treated as utilised	Balance
(All in lakhs of Rupees)			
(1) Registered Institutions . . .	8,005	7,967	38
(2) State Boards . . .	3,129	1,536 (584 refund- ed)*	1,009
(3) State Governments . . .	640	(Explained below)	

\*To be verified by Audit

Thus the position of Registered Institutions cannot be considered as disturbing. In respect of the State Boards there were procedural difficulties in obtaining Utilisation Certificates. These were the inadequacy of audit staff due to paucity of funds and the question whether the State Accountants General should furnish the Utilisation Certificates in those cases where they were functioning as audit officers of the Boards. Further the audit of the Co-operative Societies to whom a large portion of the funds has been disbursed by the State Boards was in heavy arrears and consequently the Boards could not formally certify utilisation of funds. The matter has already been taken up by the Commission with the State Governments to remedy the situation. In the case of State Governments it has felt that no utilisation Certificates would be necessary as the Accountants General audited the accounts.

The matter was discussed by the Chairman of the Khadi and Village Industries Commission with the Comptroller and Auditor General at a meeting held on 13-2-1963 to sort out the difficulties encountered and to expedite clearance. It was decided that—

- (1) a senior officer would be sent for satisfying himself by an inspection of the accounts records of the State Boards that the funds given to the State Boards were properly utilised by them in respect of the funds disbursed upto 1-4-1961; and
- (2) the position existing in various States as to the funds given by the Commission entering the Consolidated Funds of the States would be ascertained.

Accordingly the Commission had sent a senior officer to 4 State Boards so far. As a result, Utilisation Certificates to the extent of about Rs. 4 crores have been obtained. The Commission will also depute officers to other State Boards as and when possible to expedite the Utilisation Certificates.

So far as funds disbursed to State Governments are concerned, it has been ascertained from the State Accountants General of all the States that funds received by them were credited to the Consolidated Funds of the States except in the case of Jammu & Kashmir, Bihar & Orissa. In respect of these 3 States, a sum of Rs. 3,66,090 has not yet been treated as utilised. However, out of this amount, a sum Rs. 1,34,310 has been refunded leaving a balance of Rs. 2,31,780. The matter is in correspondence with the Accountant-General concerned and the State Government.

2. The sum of about Rs. 4 crores due for recovery includes also amounts relating to State Boards and State Governments. Further, the entire amount does not represent unspent balance and hence refundable, if regard is had to the fact that it also includes (i) cases where expenditure has been incurred after the normal period of utilisation allowed and (ii) cases where amounts have been spent by the institutions by deviations from one sub-head to another sub-head within the same scheme or from one Industry to another. These cases require regularisation with reference to the instructions issued by the Government of India in the matter. Steps are on hand to finalise these cases and it is expected that the actual unutilised balances will be much less. A further note would be submitted to the Committee in due course.

The absence of Utilisation Certificates need not lead to the inference that the funds have not been utilised or have been misutilised. The progress of the schemes and the statistical data regarding turnover etc. would disclose considerable increase in all spheres of activities and this would tend to indicate that the funds have been by and large properly utilised.

3. As for lack of planning and supervision it may again be stated that a large share of the outstandings is only in respect of the funds released to the State Boards. The difficulties in getting Utilisation Certificates in their case have been explained in para 1 above. In so far as the Registered Institutions are concerned there is a regular system of scrutiny and consideration of application for financial assistance which are accompanied by the recommendations of the Director of particular industry in the Commission concerned in the matter who also assesses the capacity of the institutions to implement the programmes. The Commission is also introducing further safeguards by (i) requiring the submission of annual programme of work and budget under a new procedure devised, and (ii) calling for the receipt and disbursement account, and the audited balance sheet etc. of the institutions. It is also considering further measures like the maintenance of industry-wise accounts for watching the progress of expenditure and the submission of periodical accounts by the institutions. The State Boards would also be advised to follow similar procedure in respect of the payments made from 1961-62 onwards.

As for the funds disbursed upto 1960-61 the Comptroller and Auditor General has agreed to accept a consolidated certificate furnished by the Commission based on the Inspecting Officer's report.

#### 4. Steps to be taken as recommended:

- (1) The Commission is already seeking the recommendation of the Co-operative Department, State Boards and other Government agencies before the release of funds to co-operative societies, registered institutions etc. All applications for funds are submitted to the Standing Finance Committee for consideration. The recommendations of the Programme Director regarding the capacity of the institutions to implement the programmes and their antecedents are always taken into account before sanctioning financial assistance. It is felt that safeguards already provided should be adequate.
- (2) A general condition prescribing the submission of accounts in respect of the funds given by the Commission by the recipient institutions is already in existence. The institutions were informed that no further funds would be sanctioned till the Utilisation Certificates for the previous funds are forthcoming. It would, however, be difficult to make it a pre-condition for release of further funds. But, further release of funds is made only after satisfying as to the needs, eligibility according to the formula prescribed and the working of the institutions by various other means. The major institutions get their accounts audited once a year, but the Commission releases funds to them in instalments taking into consideration the necessity, eligibility etc. The accounts of the institutions directly-aided by the Commission are audited by the Internal Auditors of the Commission.

Further, the scheme of sanction of "working fund" to institutions when introduced, by and large, would meet the requirements of the P.A.C. in this regard.

- (3) The provisions of the type suggested already exist in the State laws. They contain the provisions regarding disbursements of grants/loans and utilisation, audit of the accounts etc etc. The rules made thereunder also prescribe the detailed procedures for scrutiny of applications for financial assistance and sanction of funds. The financial irregularities that arise are due to the non-observance of the provisions strictly rather than due to absence of a proper provision. The position is expected to improve substantially after the appointment of the Financial Advisers to each State Board. Further the State Boards have been advised to adopt the procedures mentioned in para 3 ante.

- (4) No comments are called for from the Commission/Deptt. A note on the subject will be submitted by the Ministry of Home Affairs.
- (5) The matter is still under consideration and some more time would be required.
- (6) As at (5).
- (7) The current position has been explained in para 1 ante.
- (8) A test case has been made (June, 1963) with the Collector of Thana for realisation of dues as "arrears of land revenue." Further developments of the case are awaited by the Commission from the Collector of the district concerned. The Commission has decided to initiate action in all cases accordingly and also to take advantage of the State Revenue Tribunals.

#### **Recommendation**

*The Committee suggest that vigorous efforts should be made to realise the balance payments of loans which are overdue.*

[S.No. 52 (Para No. 59) of Appendix III to 7th Report 1962-63 (Third Lok Sabha)].

#### **ACTION TAKEN**

Noted. The Commission has been asked on 14th September 1964 to state the amount of any further recovery effected and the action taken by it to expedite the recovery of the balance. A note containing the requisite information will be submitted separately.

#### **Recommendation**

(i) *The Committee feel that even in such cases, the certificate of soundness should invariably be obtained from the Registrar.*

(ii) In the Committee's opinion such a state of affairs indicated that assistance was given to institutions without proper assessment of their capacity to make use of the loans. They feel, therefore, that the procedure for grant of loans/grants and for keeping a watch over the working of these institutions needs tightening up.

(iii) The Committee feel that failing other means, legal action should be taken in such cases against the members of the cooperative societies under the Cooperative Societies Act for realising the dues. They hope that the proceedings against the defaulting societies would be expedited. In cases where it is found that the Registrar or the Inspector of Co-operative Societies had given certificates not based



on a proper appreciation of the financial position of the Societies, the Commission should bring such facts to the notice of the State Governments concerned for taking suitable action against the officials.

[S. No. 53 (Para No. 60) of Appendix III to 7th Report 1962-63 (Third Lok Sabha)].

#### ACTION TAKEN

60 (i)—Noted.

60 (ii)—Proper and adequate procedure is already in vogue as detailed in reply to para 57 against item (1) of the steps to be taken. However, the remarks are noted.

60 (iii)—The suggestion of taking legal action against the members of Co-operative Societies is under examination. The suggestion of requesting State Governments to take action against officers of Co-operative Department will be implemented by taking up with the State Governments, when such instances come to the notice of the Commission.

#### Recommendation

*The Committee suggest that keeping in view the observations of the Khadi Evaluation Committee in para 4, Chapter 23 of their Report (1960), the question of reducing the cost of production of Khadi and its sale price should be carefully examined and necessary measures taken to achieve this end.*

[S.No. 56 (Para No. 63) of Appendix III to 7th Report 1962-63 (Third Lok Sabha)].

#### ACTION TAKEN

The matter is still under consideration and the Government hope to be in a position to intimate the position as early as possible.

#### Audit Comments

1. With regard to the statement that the position of the Registered Institutions cannot be considered as disturbing, it may be stated that the utilisation certificates in respect of Rs. 38 lakhs disbursed during 1961-62 or earlier were still to be received in January, 1965. Further, the Commission informed Audit (March, 1965) that information relating to the final position of the utilisation certificates in respect of a total amount of Rs. 42.90 crores disbursed as grants-in-aid during 1962-63 and 1963-64 were not readily available with them.

2. With reference to the statement that the absence of utilisation certificates need not lead to the inference that the funds have not been

utilised or have been mis-utilised it is difficult to see why these certificates have been held up if the funds have been properly utilised.

*Remarks of the Department of Social Security on Audit Comment No. 1.*

(i) So far as the grants relating to 1961-62 are concerned, the position has considerably improved since January, 1965 and the amount for which utilisation certificates were outstanding as at the end of May, 1965 was only Rs. 7,73,924 (or Rs. 7.74 lakhs) as against Rs. 1,585 lakhs disbursed during that year which is less than 0.50 per cent considering this as well as the various difficulties of securing them from over 1,000 institutions and 17,000 co-operative societies spread throughout the country through which the programmes of the Commission are executed, it is felt that the position is satisfactory.

(ii) As regards the grants disbursed during 1962-63, out of Rs. 2,738.78 lakhs disbursed during that year, a sum of Rs. 1526.14 lakhs was outstanding as on 31st May 1965 for want of utilisation certificates (*vide* Agenda papers for the Khadi and Village Industries Commission's 100th Meeting held on 26th June, 1965).

The final position in regard to the utilisation certificates for 1963-64 is presumably not available with the Commission as the utilisation period for the funds paid is not yet over. The normal period for utilisation is one year and the Commission is authorised to extend the period of utilisation by six months, *vide* Commerce & Industry Ministry's letter No. 37 2 60-KVIC (VIC) dated 20th December 1961 which was increased to 12 months subsequently in this Departments' letter No. 37 2 60-KVIC (VIC) dated 2nd March 1965.

**Recommendation**

*This is yet another case where financial assistance to another Samiti continued to be given even after the receipt of adverse comments of auditors in 1957 and despite the comments of the Commission's own internal auditors regarding the bad stage of account in 1958. Such 'negligence or inefficiency' on the part of officials in financial matters deserves serious action. This case discloses another instance of the failure of the Commission to verify the financial position or standing of the parties before granting loans. They recommend that the Commission might evolve a procedure whereby better safeguards for the repayment of loans are introduced, if the present provisions in the Act and the Rules/Regulations are considered to be inadequate.*

[S. No. 58 (Para 65) of Appendix III to 7th Report  
(Third Lok Sabha)]

**ACTION TAKEN**

The matter has been examined. While loans to the extent of Rs. 93,817 paid by the Commission to the Samiti during March, 1954 to June, 1957 were on account of different schemes, the sum of Rs. 5,000 paid in February-March, 1959 related to the working capital for entirely different schemes, viz., production/sale of Ambar yarn & cloth and cotton purchases. Although the original funds given to the Samiti, viz., Rs. 93,817 did not appear to have been utilised in full, the conditions for payment of loans do not provide for the diversion of unspent balances to other purposes. This restriction had forced the Commission to sanction Rs. 5,000/- in 1959 (and this sum was fully recovered before the closure of the Samiti).

2. As regards the grants too, the difficulties were similar. The amount of Rs. 91,526 paid to the Samiti during March, 1954 to June, 1957 related to various schemes and out of this, a sum of Rs. 14,326 only was on account of salary & T.A. The two sums of Rs. 19,111 and Rs. 13,554 paid by the Commission during October, 1957 to April, 1958 and 1958-59 respectively were solely on account of salary and T.A., the earlier sum of Rs. 14,326 paid during 1953-54 to June, 1957 relating to the period upto June, 1957 only. If the sum of Rs. 32,665 (Rs. 19,111 + Rs. 13,554) had not been paid on account of salary & T.A., these obligatory expenses would have had necessarily to be met out of the unspent balance of the sum of Rs. 91,526. In the past, institutions were not authorised to spend out of their unspent balances, towards new schemes or to meet their obligatory expenditure such as pay and allowances. Unspent balances were either refunded or allowed to be utilised within the extended period.

3. Further, Internal Audit parties were formed by the Commission and attached to State Offices later in 1957 and in 1958. Internal Audit to secure utilisation certificates was, therefore, organised in 1958. So far as Intensive Area Centres are concerned which are spread all over the country, the work of auditing was entrusted to the Internal Audit party stationed at New Delhi. In the programme of visits, the accounts of the Samiti were taken up by the Internal Audit party for the first time in October, 1958. This audit was only for obtaining utilisation certificates and thus had a very limited scope and indicated only expenditure against particular releases of funds and pointed out the unspent balances. The diversion of funds came to notice only when a detailed audit was conducted on and from 13.1.1961, by which time the institution had closed down. The records do not also indicate whether the diversion had actually taken place prior to October, 1958 or subsequent thereto. Further,

the persons concerned are no longer in service. In the circumstances, it is felt that the holding of any official(s) responsible for "negligence" or "inefficiency" may not be insisted upon.

4. As for the requirement of varification of financial position of the parties before granting loans, the need for such verification on the basis of accounts audited by their own auditors or by the Commission's own internal auditors in all cases before giving financial assistance, has been impressed upon the Commission. The Commission has also issued detailed instructions that the authorities recommending applications for financial assistance should satisfy themselves that—

- (i) the unit is capable of implementing the scheme; and
- (ii) it possesses adequate qualified personnel to execute the scheme, and make a specific mention about these in their recommendations.

The Commission has also agreed to consider the suggestion that in addition to the above, it should also insist on specific mention being made of the verification of the accounts of the grantee institutions to see that any previous assistance given to them has been utilised properly.

A decision has also been taken requiring institutions to send periodical accounts. Some further procedural safeguards for ensuring this are being mentioned in detail in reply to para 57 and have been mentioned briefly in reply to para 61.

Besides the above, the Commission has also since introduced with effect from the dates mentioned below the following further safeguards:—

(i) a system of giving funds aggregating to 50% and 75% of the overall budget allotments for major and minor institutions respectively, as an imprest, the expenditure being recouped by periodical submission of scheme-wise statements of expenditure has been introduced with effect from 1964-65. Under this system, large unspent balances are avoided, maintenance of proper accounts is rendered obligatory, the Commission becomes concurrently aware of the progress of schemewise expenditure and the submission of utilisation certificates would be systematised;

(ii) it has been decided that recoupments of expenditure under the imprest system would not be made unless the prescribed periodical performance reports accompany the relevant statements of expenditure;

(iii) it has been decided to make it obligatory for all institutions and societies to get their accounts audited by Chartered Accountants with effect from the accounts for 1963-64 onwards and detailed instructions and notes for audit by the Chartered Accountants have been issued in July, 1965.

### *Audit Observations*

Grants aggregating Rs. 19,111 were disbursed to the Samiti during October, 1957 to April, 1958 after the receipt in July, 1957 of the adverse report of the Samiti's professional auditors and again loans and grants aggregating Rs. 5,000 and Rs. 13,554 were disbursed to it during 1958-59 to 1960-61, after receipt in September, 1958 of the adverse report of the internal auditors of the Commission; the latter report had also drawn attention to an unspent balance of Rs. 72,000 having been retained by the Samiti. In view of these facts, giving of loans and grants to the Samiti lacked justification; the fact that the subsequent releases related to the schemes which were different from those for which assistance had been released earlier does not seem to alter this position.

2. In para 3 of the note it has been brought out that the internal audit party could not detect diversion of funds in October, 1958 as its scope was limited to obtaining the utilisation certificates and it indicated only expenditure against particular releases of funds and pointed out the unspent balances. It is not clear how the internal audit could satisfy itself about the proper utilisation of funds without verifying the items on which the expenditure was incurred.

### **FURTHER REMARKS OF GOVERNMENT**

1. The report of the Samiti's professional auditors in July, 1957, mentions only in general terms that accounts were not maintained properly. The losses suffered by the institution in the initial stages of the working of the institution were chiefly due to the lack of trained personnel both in Administration and in Accounts. Such difficulties are common to any new institution. In view of the above, further amounts of Rs. 19,111 was paid as grant for meeting establishment charges etc. as it was the intention of the Commission to encourage institutions despite certain procedural defects in the working and initial losses, unless there are serious irregularities like misappropriation and malpractices, as otherwise, khadi and village industries could not be developed. The inability of repayment also was not peculiar to this institution alone. Several loanee institutions were unable to

utilise the entire funds within the stipulated period for various reasons. Hence, Government gave such institutions permission to utilise the unspent balances of funds advanced to them upto 31-3-58, till 31-3-1960. The Commission has further been authorised to extend the normal period of utilisation by 6 months and subsequently, by 12 months, subject to certain conditions. Recalling of unspent balances would have retarded the functioning of the Samiti, and this was not considered desirable in the interests of implementation of development work.

As regards payment of loan of Rs. 5,000 and grant of Rs. 13,554 during 1958-59 to 1960-61, the reasons for payment of these sums have been fully explained in paras 1 and 2 of the reply to Public Accounts Committee's recommendation. However, the Commission has been advised since April, 1964 to either authorise the aided institutions to utilise the unspent balances lying with them towards new (approved) schemes or to get them refunded, before fresh funds are released. The Commission has stated that this suggestion would be met when the schemes regarding the "Working Fund" and "Imprest" are introduced. The details of these two schemes are now being worked out.

2. As regards non-detection of diversion of funds by the Internal Audit party in 1958, it may be stated that as has been explained in para 3 of the reply to P.A.C. the internal audit conducted in October, 1958 had only a restricted scope of obtaining Utilisation Certificates and to point out the unspent balances and hence the amounts spent on other schemes were treated as unspent balances. Moreover, as has been stated in para 3 of the reply to P.A.C., the records do not show whether the diversions actually took place prior to or subsequent to October, 1958, when the first Internal Audit was conducted. In the circumstances, diversion of funds could not come to its notice.

GOVERNMENT OF INDIA  
DEPARTMENT OF SOCIAL SECURITY

ADDENDUM

SUBJECT:—*Action taken on the recommendations of the Public  
Accounts Committee*

In this Department's reply to Sl. No. 58 (para 65) of Appendix III to 7th Report (Third Lok Sabha), the following additions may be made:—

- (i) In line 21 of para 1 of "Further Remarks of Government" at page 3, the word and figures "since 20-12-1961" may be inserted between the words "authorised" and "to";
- (ii) In line 22 *ibid*, the word and figures "since 2-3-1965" may be inserted between the words "months" and "subject":  
and
- (iii) In line 5 of the second sub-para of para 1 at page 4, the words and figures "since April, 1964" may be inserted between the words "advised" and "to".

NEW DELHI;  
Dt. 2nd Nov. '65.

Sd/- N. SUNDARAM,  
*Joint Secretary to the Govt. of India.*

**Recommendation**

*The Committee of 1958-59 has also expressed concern at the unsatisfactory state of affairs prevailing before the Commission was set up in 1957. It might perhaps be too early to evaluate the progress of the Commission. The Committee, however, would like to point out that if the funds earmarked in pursuance of the policy of Development of traditional Khadi are to be well-spent, the financial procedure to be followed by the Commission needs tightening up. The Committee trust that the Commission will address itself to this matter. It is the responsibility of Government (who are accountable to Parliament) to assist and clothe the Commission, if necessary, with greater powers for dealing with statutory State Boards.*

*Further comments of the Committee*

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

[S. No. 7 of Appendix II to 12th Report (Third Lok Sabha)]

### Recommendation

*The Committee are not convinced of the arguments advanced for the delay in finalising the Regulations of the Khadi & Village Industries Commission. It is more than three years that the Committee were informed that the Regulations would be finalised shortly and, therefore, they are unable to accept that this time was not sufficient for finalising the matter. It is needless to point out that Financial Regulations are very essential for the proper functioning of the Commission. The Committee would therefore, urge that the Ministry of Industry should themselves take the initiative in the matter to see that the Financial Regulations are finalised without any further delay.*

[S. No. 16, para 16 of Append x II to 26th Report (Third Lok Sabha)]

### ACTION TAKEN

The Khadi & Village Industries Commission, being an autonomous body set up under the K. & V.I. Commission Act, 1956, may frame suitable Regulations concerning accounting and financial matters, suitable for its own requirements and the requirements of its agencies. But while issuing such Regulations, the rules contained in the General Financial Rules of the Central Govt., the Central Treasury Rules etc., governing public funds provided by the Govt. to the Commission, should be kept in view.

2. The Commission prepared a draft Financial and Accounts Manual and sent it to Government in December 1962. On detailed examination, the Manual was found to contain many provisions on procedure which pertain not only to the routine work of accounts and finance, but all other items of internal working of the Commission. Keeping in view the objective of the Commission to include only the broad principles of Finance and Accounts in a standardised compilation and to leave matters of procedure etc. to be laid down in procedure manuals, office orders etc., of the Khadi & Village Industries Commission, Government considered that it was not necessary to burden the Manual with matters of procedure.

3. It was further observed that several important aspects relating to the Finance and Accounts of the Commission, e.g., procedure for the disbursement of grants and loans, budget, introduction of "imprest system" of giving funds to State Khadi & Village Industries Boards and institutions, obtaining of utilisation certificates, audit of accounts of aided institutions and State Boards, performance reports etc. needed either revision or introduction. These have been under consideration of both the Commission and Government for some time past. The proposed introduction of the systems of giving



"Working Funds" to the institutions etc. has also considerably changed the complexion of the procedure for the release of funds and control thereof. The Commission had, meanwhile, appointed a Committee to assess the working capital requirements of institutions etc. on a scientific basis. (In this connection, the note prepared by the Commission on the steps taken by it for effecting improved financial control etc. is enclosed which may be seen). As has been stated in the concluding para of the note, the Commission is evolving a system which, while meeting the demands of public accountability would also satisfy the needs of the programmes of the Commission and it may take a couple of years to evolve the system fully. The various financial and accounting measures necessary under the changed conditions would vitally affect the basic financial and accounting arrangements and the draft Manual will have to undergo considerable modifications, basic in some cases. The Manual will, therefore, have to be thoroughly revised in the light of the above factors.

4. In the circumstances stated above and as many of the matters which should appropriately be included in the Manual are in a state of flux at this stage, Government have requested the Commission on 17-6-1965 to revise the draft Manual so as to bring it in line with the objectives for which it is intended, and forward it in January, 1966 to Government, for approval, as it is hoped that the Commission would by then have gained sufficient experience in the implementation of the revised financial and accounting arrangements.

5. Pending such revision, the Commission has been asked to follow the following financial and accounting principles:—

- (i) *General*: The Commission may frame suitable provisions concerning financial and accounting arrangements suitable for its own requirements, keeping in view the basic provisions contained in the General Financial Rules, Compilation of Treasury Rules etc. (as already mentioned in para 1 above).
- (ii) *Grants*: The Commission should ensure that the draws and payments neither exceed the limits prescribed nor militate in any way against the terms and conditions laid down while sanctioning grants to the Commission or as laid down in the patterns of Assistance approved by Government. Further, the Commission should follow the rules regarding Grants-in-aid as contained in Rules 148 to 153 of the G.F.Rs (Revised & Enlarged, 1962), together with the orders issued by Government from time to time.

and the recommendations of the P.A.C. and the Estimates Committee, in regard to the payment of Grants-in-aid to institutions etc.

- (iii) *Loans*: The terms and conditions of loans paid by Government to the Commission are contained in the sanctions issued by Government in each case. As regards the terms and conditions of loans paid by the Commission to loanees, the provisions contained in the Khadi & Village Industries Commission Loan Rules, 1957 and/or any other orders, specific or general, laid down in each case, and the rules contained in Rules 154 to 164 of G.F.Rs, should be followed. Any departure from the provisions specified in (i) to (iii) above should have prior concurrence, general or special, of Government.

6. Besides the above, the Commission has also been requested to incorporate in its financial and accounts rules, precise and detailed accounts rules in regard to certain activities of the Commission, viz., (i) raising or lowering the prices of articles sold at various sales centres; and (ii) the declaration of certain Khadi products as sub-standard khadi and their disposal.

7. A revised procedure for the release of funds by Govt. to the Commission, is being evolved in consultation with the Commission. The Commission has been asked to regulate the releases of funds by it to the State Boards, institutions etc. so as to accord with the new system, which is yet to be finalised.

#### *Audit Observation*

The reason for the delay in the finalisation of the Manual is stated to be primarily the fact that several changes in the financial and accounting matters have been under contemplation which would change the whole complexion of the Manual.

It is not clear why finalisation of Manual should have been held up merely on this account, since the provision of the Manual can always be amended if & when necessary.

#### FURTHER COMMENTS OF GOVT. ON THE AUDIT OBSERVATION

As has been stated in detail in para 3 of the draft reply, almost all aspects of financial and accounting matters affecting the Khadi and Village Industries Commission, viz., procedure of release of funds to the Commission and by the Commission in turn to the State K. & V.I. Boards and Institutions, introduction of "Working Fund"

arrangements, payment of funds by placing "Imprests" at the disposal of State Boards and Institutions, introduction of obligatory audit by Chartered Accountants for all Institutions, obtaining of Utilisation Certificates, submission of performance reports by the State K. & V.I. Boards and Institutions etc., have been under review by the Commission and the Government for about a couple of years since. Most of them are still in a state of flux as the details of the "Working Fund" arrangements and other allied matters have not yet been worked out by the Commission. All these aspects, as already stated in the draft reply to P.A.C., require either introduction in the Manual or revision of all the provisions therein. Further, the Manual itself requires thorough recasting to eliminate matters of procedure on routine items of work and re-arrangement of the materials in the Manual in the light of the new developments. To carry out all these would mean virtual supersession of the existing Manual and such large scale amendments would hardly serve the purpose aimed at. In short, the draft Manual sent by the Commission required thorough revision before the ink could dry.

2. It was in these circumstances that the draft manual in its form and content was not proceeded with for finalisation and the Commission was addressed to revise it.

(File No. 5(8)/65-KVI 9A&E)

### **Recommendation**

(i) *The Committee note from the explanation furnished to them that the loans amounting to Rs. 19.55 crores initially given to the Commission for five years (repayable by October, 1962) are not expected to be repaid in the foreseeable future. They were also informed that the loans are virtually interest free, annual subsidies being given to the Commission to enable it to pay interest. The Commission received during the year 1960-61 and 1961-62 Rs. 3.64 crores and Rs. 1.97 crores respectively as loan and subsidy. The Committee feel concerned at being told that even in the distant future extending to 30 or 40 years, it was difficult to envisage precisely as to when the necessity of renewal of loans to the Commission would cease and the Khadi industry would become self-sufficient. This seems to indicate that the term 'loan' is a misnomer in this case and that it virtually amounts to a grant. While the Committee do appreciate the importance of giving suitable encouragement to Khadi and Village Industries, they are of the view that this important factor viz., that the loans given to the Khadi and Village Industries Commission will not be returnable in the foreseeable future, indicates the need for a fresh look at and a new approach to Government policy in this respect.*

(ii) *The Committee have also noticed that conditions of repayment of loans advanced by the Commission to various bodies have often been relaxed and that the period for which large funds are committed is grossly underestimated. They are clear that due to the laxity inherent in such a state of affairs, loanees are likely to pay scant regard to the conditions of the loans. The Committee urge, therefore, that Government should closely examine all proposals for loans including the manner of their utilisation before sanctioning them and should insist that loans should be treated by the loanees as loans and not as grants.*

[S. No. 1 (para 1) Appendix V to 19th Report 1963-64 (3rd Lok Sabha)].

#### ACTION TAKEN

(i) A system of granting a "Working Fund" to the Commission and corresponding arrangements between the Commission and the institutions, has been approved by Government and formal orders have been issued vide letter No. 16(32)/GVI (ATK) (Vol. II), dated 27th October 1964, copy enclosed. The question of repayment of loans by the Commission to Government and their further renewal are, therefore, inter-linked with aforesaid system. The Commission has appointed a Committee to assess, on a scientific basis, the amounts which would be required by the institutions for the purposes of their working Funds. On the introduction of the system of giving Working Funds to institutions, the defaults in relation to working capital are expected to be eliminated.

(ii) The difficulties of the institutions in repayment of loan instalments were explained by the Commission to the Committee during the meetings. The Khadi and Village industries institutions do not raise equity capital and are by their nature and ideology non-profit earning and have no margin for capital formation. It has been agreed, on the basis of experience, that the financial assistance to them should be given in the shape of long term revolving funds or as "Working Funds", (which is intended to cover their working capital requirements) as the present system of repayment of annual instalments of working capital loans is found to be unrealistic and impracticable. The introduction of the proposed system of giving "working fund" to institutions is expected to meet their difficulties to a large extent.

As for relaxation of terms and conditions of loans made by the Commission in the past, it has already been stated in reply to para 61

of the 7th Report (Third Lok Sabha) that in the initial stages, relaxation of time for the utilisation of funds was given as the institutions were not so well equipped to utilise the funds within the normal period of one year. It was in view of these difficulties that Government had in March, 1961 authorised the Commission to grant extension of time limit for utilisation of funds disbursed upto 31st March, 1958 till 31st March 1960, and again in December, 1961 authorised the grant of extensions for 6 months, subject to the conditions that a portion of the funds has been utilised within the normal period prescribed for utilisation and that such type of extension is given in exceptional cases, in respect of funds disbursed after 31st March, 1958. As the Khadi & Village Industries institutions are mainly service organisations aiming at relieving rural unemployment/underemployment, the Commission could not but grant relaxations wherever deemed necessary as otherwise recalling the loans would have only thwarted the implementation of its programmes.

As for recovery of past defaults, the Commission has taken special steps viz., impressing upon the institutions that applications for further assistance will not be considered by the Commission unless the defaults are cleared, preparation of half yearly default statements and sending them to the State Boards/State Directors and Programme Directors with a direction to ensure that the defaulting institutions pay the dues to the Commission immediately, and also initiating legal/liquidation proceedings through Special Recovery Section wherever other efforts have failed. The Commission is also being advised to take recourse to recovery through the District Revenue officials as arrears of land revenue, wherever deemed necessary and possible.

(COPY)

No.: 16(32)/57/KVI(ATK) (Vol. II)

GOVERNMENT OF INDIA

DEPARTMENT OF SOCIAL SECURITY

New Delhi dated the 27th October, 1964

To

The Chief Executive Officer,  
Khadi & Village Industries Commission,  
Irla Road, Vile Parle (West),  
Bombay-56.

SUBJECT:—*Renewal of loans to the Khadi & Village Industries Commission.*

Sir,

With reference to your letter No. 1/30/BGT/63(i), dated the 23rd January, 1964, on the above subject, I am directed to say that the request of the Commission for the provision of working funds to them has been considered carefully by Government and it has been discussed in considerable detail with the Chairman and the other officers of the Commission. The point has been made by the Commission that the institutions dealing with Khadi & Village Industries to whom loans are given mainly in the form of working capital would not be in a position to repay these amounts so long as their present level of activities continues, because there is, generally speaking, very little profit-making or capital formation in such institutions. It is recognised that there is, considerable force in this point and that insistence on the institutions repaying the annual instalments of working capital loans would result in depriving them of the funds required for production. It is generally agreed that the institutions and production centres would require working funds for maintaining the current levels of production and the sale of khadi and village industries and that they should retain these amounts with them so long as particular level of production and sales are maintained. There has also been further agreement on the point that in the case of production units the requirements of working capital should, (whenever possi-

ble) in the course of time be obtained from the normal channels on the usual terms and conditions.

2. Taking the above circumstances into consideration it has been decided that the Government of India should provide to the Commission working funds which would be utilised by them for the execution of their programme of development of Khadi and Village Industries etc. and which will be linked to the level of production and output achieved by the Commission during a particular year and/or the total value of goods produced under their auspices. With this end in view, I am to convey the sanction of the President to the renewal up to 30th September, 1969, in the first instance, of the loans amounting to Rs. 34.02 crores sanctioned in the letters mentioned in the annexure Not enclosed hereto which have fallen due for repayment till 30th September 1964 on the normal rates of interest. The other terms and conditions as mentioned in the Ministry of Commerce & Industry letter No. 16(12)/57-KVI(Khadi)/37, dated the 5th August, 1958, would apply *mutatis mutandis* to this sanction.

3. The position will be reviewed in the beginning to 1969 in the light of the factors mentioned above.

4. The expenditure (Plan) involved is debitable to the detailed head shown in para 1 above under the Major Head "P—Loans and Advances by the Central Government—Misc. Loans and Advances—Loans to the Khadi & Village Industries Commission". The adjustments shall be made during the financial year 1964-65.

5. This letter issues with the approval of the Ministry of Finance (Department of Expenditure) vide their U.O. No. 4(12)-F.I./64, dated the 23rd October, 1964.

Yours faithfully,

Sd/- P. SITARAMAN,

Dy. Secy. to Govt. of India.

Copy forwarded to:—

- (1) The Ministry of Finance (I. & S. Divn. Fin. I Branch).  
New Delhi (2 copies).
- (2) Deputy Accountant General,  
Commerce, Works & Misc.,  
Ballard Estate, Exchange Building,  
Bombay-1.

- (3) Accountant General,  
Commerce, Works & Misc.,  
New Delhi.
- (4) Shri R. N. Mahadevan,  
Information Officer,  
Press Information Bureau,  
Akashvani Bhavan,  
New Delhi.
- (5) B. & A. Section.
- (6) K. V. I. (P) Section.
- (7) Sanction file.
- (8) Guard File.

Sd/- P. SITARAMAN,  
Dy. Secy. to Govt. of India.

### Recommendation

*It is a matter of concern to the Committee that instead of the trading activities paying their way as experience is gained, the losses are steadily rising and even the small profit earned by certain units has been mainly out of the supplies of Khadi made to Government Departments. It was stated on behalf of the Commission in extenuation that the Centres would make losses in the initial period of their working but steps were now being taken to see that they would be economically worked and there would be no losses and that in course of time they would like to be informed of the steps taken in this direction and of the results achieved.*

[S. No. 6 (para 6) of Appendix V to 19th Report (Third Lok Sabha)].

### ACTION TAKEN

(a) The Commission's major trading activities are in Andhra Pradesh, Kashmir, West Bengal, and M.P. States. Besides, in principal cities, Khadi Gramodyog Bhavans are also run by the Commission. The major part of the trading activities in Andhra and West Bengal have been transferred to the respective State Board. The trading activities in M.P. State have been closed down. The Working results of the Kashmir trading activities have shown profits.



The following is the statement showing the working results of the Khadi Gramodyog Bhavans during 1963-64:—

	<u>Profit (+) Loss (—)</u>
	Rs.
(i) Khadi Gramodyog Bhavan, New Delhi . . . . .	(+) 3,64,363.68
(ii) Khadi Gramodyog Bhavan, Madras . . . . .	(+) 49,932.33
(iii) Khadi Gramodyog Bhavan, Calcutta . . . . .	(+) 17,440.17
(iv) Khadi Gramodyog Bhavan, Bangalore . . . . .	(+) 32,712.07

The Bhavans Review Committee appointed by the Commission has made certain recommendations for improving the working of the Bhavans. They include organisation of the Bhavans on a more systematic and scientific basis, continuance of Bhavans even if they incur loss as they are Service Centres, improvement in the benefits to staff, six monthly review of the working of the staff, improvement of publicity, arrangements for training of staff, undertaking of larger volume of processing work by the Bhavans, measures to increase business and reduce losses etc. Most of the recommendations have been accepted by the Commission for implementation.

It is expected that these steps would improve the trading activities of the Commission.

#### Recommendation

*The Committee hope that the remaining bone digester will also be repaired soon and put to productive use to avoid further loss on this account.*

[Sl. No. 8 (para 8) Appendix V to 19th Report (Third Lok Sabha)].

#### ACTION TAKEN

Out of the 367 digesters purchased, 274 were in operation at the end of February, 1965, 32 have been repaired and another 30 are expected to be repaired within a couple of months. The remaining 31 idle digesters in different depots for repairs etc. will be collected after the repairs of these 30 digesters.

The digesters have been purchased by various organisations from out of the funds granted to them (50 per cent grant and 50 per cent loans). In order to utilise the idle digesters, a scheme has been devised whereby the idle digesters are supplied to new centres after repairing, the actual transfers taking place between the institutions. At present new flaying centres are not given funds for digesters but

are supplied with the idle digesters when they complete the construction of sheds. There is a great prospect of utilising the idle digesters particularly in Madras and Kerala where the demand is considerable.

[File No. 5(3)/64-KVI (A&E)].

### Recommendation

*The fact that out of a total of Rs. 2.54 lakhs disbursed till May, 1958 as loans and grants to Bhopal Rajya Khadi and Gramodyog Sangh, Bhopal as much as Rs. 1.82 lakhs were found refundable on 31st March, 1960, makes it clear that no verification was made of the utilisation of funds given earlier before making further releases. Apparently, the funds were diverted to other purposes. The Committee are surprised that internal audit was undertaken only about two years after the disbursements were completed and, in the meantime, the Commission were complacent about the matter. The Committee feel that had the officials of the Commission been inspecting this institution properly, as was required of them, the deteriorating financial position of the institution would have come to their notice earlier and remedial action could have been taken in time. They desire that serious notice of the lapses at every stage should be taken and responsibility fixed.*

[Sl. No. 9 (para 9) of Appendix No. V to 19th Report (Third Lok Sabha)].

### ACTION TAKEN

It is not correct to view that funds were disbursed by the Commission without ascertaining the utilisation of funds given earlier. In respect of Khadi loans, the Commission had ensured to their satisfaction that the work in progress warranted the grant of further loans, before they sanctioned further loans. In regard to the loans to other industries, except in the case of Handmade paper industry, all the payments were made in one instalment. However, it was seen during the visits of the members and officers that every effort was being made by the institution to fulfil the programme for which funds were paid.

2. Further, as soon as the internal audit conducted in February, 1958 revealed diversion of funds and irregularities, the matter was taken up with the institution by the Deputy Zonal Director, Ujjain. The Member (Khadi) visited the institution in November, 1958 and found that it was not functioning properly and the action taken by the Commission thereafter was prompt. The Commission had thereafter been examining the desirability of banding

over the working of the institution to the Madhya Bharat Khadi Sangh, Lashkar and this question was under negotiation with the Madhya Bharat authorities for about eight months. When these efforts failed, the Commission decided, in March 1960, to take over the assets. An amount of Rs. 31,612 has so far been realised against disposal of assets taken over, and assets worth Rs. 61,859 have been transferred to the Madhya Pradesh State Khadi & Village Industries Board and to two institutions.

[Two statements showing the upto date position of the outstanding loan/grant refundable by the Sangh. are enclosed].

3. No funds were released to the institution after February, 1958 except two grants of Rs. 4,000 and Rs. 9,500 on 27th March, 1958 for Ambar Programme and for opening of Sales Bhandars. The Commission did not have any adverse report against the institution prior to February, 1958 to warrant stoppage of funds and further internal audits were conducted in April, May and October, 1958.

4. Further, in order to enable institutions to utilise funds, Government authorised the Commission to grant extension first in March, 1961, for utilisation of funds paid up to 31st March 1958 by 31st March 1960, and again in December, 1961, for grant of extension of 6 months to institutions subject to certain conditions.

5. Though the case appears *prima facie* to be unsatisfactory, the following extenuating factors in the case cannot be ignored:—

- (i) The Commission was established on 1st April, 1957. It could take steps to appoint internal audit parties only in the last quarter of the year 1957. As a result, the first internal audit on the working of the institution could be conducted only in February, 1958. After this, no further payments were made.
- (ii) The decisions for the release of funds were taken on the recommendations of the Director of Industries, Bhopal, the Industry Directors and after the prescribed scrutiny and sanction by the Standing Finance Committee constituted for such cases. In the circumstances, it is considered that it may not be appropriate to fix responsibility on any particular official.

*Observations by Audit*

As stated in the audit para, a subsequent inspection of the accounts by the Commission's internal auditors in April, 1962 showed, *inter alia*, that out of loans and grants aggregating Rs. 1,56,000 and Rs. 98,122 respectively disbursed to the Institution during December, 1955 to May, 1958, an amount of Rs. 1,23,772 and Rs. 58,218 respectively remained unspent and were repayable on 31st March, 1960. The fact that the bulk of the loans and grants were subsequently discovered as having remained unspent up to 31st March, 1960 [only Rs. 32,228 (loans) and Rs. 39,094 (grants) had been spent up to that date] indicates that while the earlier loans and grants had remained unutilised, further loans and grants were given to the Institution. The fact stated in the above note of the Ministry that the internal audit conducted in February, 1958 revealed diversion of funds and irregularities seem to indicate that no proper assessment of the working of the Institution had been conducted earlier during a period of about 2½ years preceding that date.

*Comments of Government on the Observations above.*

Government have nothing to add to what has already been stated in the reply to the recommendation.

# STATEMENT I

*Uptodate position showing the outstanding grants refundable by the Bhopal Rajya Khadi Gramodyog Sangh, Bhopal.*

Years	Amount paid to the Sangh.	Amount utilised within 12 months.	Refund/repayments uptodate.	Balance Amount for which U.Cs. are due (Col. 2 minus 3 and)	Amount for which further U.Cs. are received.	Amount unutilised as per U.Cs. which is to be refunded.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.
<b>GRANTS</b>						
1955-56 . . . . .	29,960.00	13,160.58	2,000.00	14,799.42	6,746.67	8,052.75
1956-57 . . . . .	37,243.81	6,597.23	..	30,646.58	11,775.47	18,871.11
1957-58 . . . . .	17,648.49	10,440.64	..	7,207.85	4,353.46*	2,854.39
<b>TOTAL . . . . .</b>	<b>84,852.30</b>	<b>30,198.45</b>	<b>2,000.00</b>	<b>52,653.85</b>	<b>22,875.60</b>	<b>29,778.25</b>
Add. 57-58 payment made through State Board Office. . . . .	†13,270.00	4,466.73	..	8,803.27	4,814.50	3,988.77
<b>GRAND TOTAL . . . . .</b>	<b>98,122.30</b>	<b>34,665.18</b>	<b>2,000.00</b>	<b>61,457.12</b>	<b>27,690.10</b>	<b>33,767.02</b>

\*The amount of Rs. 4,353.46 indicated under Col. 6 includes a sum of Rs. 1,809.17P. which was incurred after the normal period of 12 months but before 31-3-60 vide Government of India, Ministry of Commerce and Industry letter No. 37/2/60/KVI(VIC), dated 23-3-1961. Necessary sanction of Standing Finance Committee regularising the expenditure has been obtained.

†The utilisation certificates position of this amount of Rs. 13,270 was got verified by the Internal auditors of the Commission as the necessary utilisation certificates were to be furnished by the institution to the State Board and the latter has furnished only consolidated Utilisation Certificate in respect of the period up to 1960-61.

# STATEMENT II

Uptodate position showing the outstanding loans repayable by the Bhopal Rajya Khadi Gramodyog Sangh, Bhopal.

Years Scheme	Date of payment Amount paid	Amount utilised during the period			Total amount, utilised (Col.) 3, 4 & 5) up to 31-3-60	Unspent bal- ance as per U.C. as on 31-3-60	Amount refunded	Balance of loans due for repay- ment
		1956-57	1957-58	1958-59				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.
<b>1955-56</b>								
Soap	(27-1-56)							
	16,750·00	10,065·56	914·47	1,611·06	12,591·09	4,158·91	..	..
	20,000·00	6,540·00	4,565·00	..	11,105·00	8,895·00		
	36,750·00	16,605·56	5,479·47	1,611·06	23,696·09	13,053·91	..	..
Khadi	(16-12-55)							
	10,000·00	10,000·00	..	..	10,000·00	Nil.	..	..
Palmgur	(18-1-56)							
	1,300·00	209·69	211·75	..	421·44	878·56	..	..
	48,050·00	26,815·25	5,691·22	1,611·06	34,117·53	13,932·47	2,000·00	46,050·00
<b>1956-57</b>								
Khadi	(23-1-57)							
	22,000·00	..	22,000·00	..	22,000·00	..	..	..

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Do.	(19-10-56)							
	20,000.00	..	20,000.00	..	22,000.00	Nil.	..	..
Do.	(10-3-57)							
	10,000.00	..	10,000.00	..	10,000.00	Nil.	..	..
1956-57								
Hand Made Paper	(12-12-56)							
	8,000.00	..	..	..	..	8,000.00	..	..
	(31-1-57)							
	15,000.00	..	..	..	..	15,000.00	..	..
	75,000.00	..	52,000.00	..	52,000.00	23,000.00	7,777.75	67,222.25
1957-58								
Khadi	(9-12-57)							
	18,500.00	..	..	..	..	18,500.00	..	..
Do.	(8-1-58)							
	4,000.00	..	..	..	..	4,000.000	..	..
Ambar H.P. loan	(12-8-57)							
	6,000.00	..	1,891.12	3,120.00	5,011.12	988.88	..	..
Ambar Charkha	(5-2-58)							
	2,000.00	..	..	..	..	2,000.00	..	..
	30,500.00	..	1,891.12	3,120.00	5,011.12	25,488.88	..	..

Addl. payment through State Board  
Office.

	(24-12-57)							
	2,500·00	..	..	..	..	2,500·00	..	..
	33,000·00	..	1,891·12	3,120·00	5,011·12	27,988·88	25,000·00	8,000·00
<b>Grand Total for 55-56—57-58</b>	<b>1,56,050·000</b>	<b>26,815·25</b>	<b>59,582·34</b>	<b>4,137·06</b>	<b>91,128·65</b>	<b>64,921·35</b>	<b>34,777·75</b>	<b>1,21,272·25</b>
								<i>Less amount realised against disposal of assets :</i>
								<u>31,611·94</u>
								89,660·31

Note: Utilisation certificates are prepared on the basis of **extended** period of utilisation up to 31-3-60 for the payment made up to 57-58. Utilisation of funds for the period of 12 months from the date of payment is not available. The amounts utilised are shown as against the financial years.

Government of India, Ministry of Commerce & Industry in their letter No. 37/2 '60/KVI(VIC) dated 23-3-61 authorised utilisation of funds disbursed by the Commission up to 31-3-58 to the grantee institutions, etc., up to 31-3-60.



### Recommendation

*The Committee are not happy to note that the money had been disbursed to the Central Social Welfare Board in excess of their capacity to spend. They trust that in future the Central Social Welfare Board would not keep large unutilised funds meant to be disbursed to individual institutions with them. They also feel that the Ministry of Commerce in consultation with the Ministry of Finance and the Ministry of Education should devise some procedure by which for all types of welfare work, administrative approval for each scheme might be given by the concerned Ministries and the grants might be channelised through a single Ministry. The Committee also suggest that as far as possible, the grants should be given to ultimate institution directly without too many intermediaries.*

[S. No. No. 2 (para 2) of Appendix XII to 35th Report (Third Lok Sabha)].

### ACTION TAKEN

The Committee's recommendation regarding channelisation of grants through a single Ministry has been carefully considered. It is, however, felt that following difficulties would arise in its implementation:—

(i) It would be necessary to centralise the Budgetary provisions for different Plan programmes under one Ministry, thus resulting in non-display of total expenditure on allied activities at one place. This is neither in accord with the existing pattern of the Budget nor conducive to appraisal of realistic estimates of expenditure on allied activities.

(ii) It may not be possible for a single co-ordinating Ministry to process Budgetary provisions in Parliament, relating to, or shoulder responsibility for the execution of, the Plan programmes administered by different Ministries.

(iii) The proposed arrangement will necessitate avoidable inter-ministerial correspondence, specially when there is disagreement on the recipient's capacity to spend the monies disbursed, involving delays in the payment of grants.

(iv) The pattern of giving aid and the financial rules governing the same, such as processing applications for aid, sanctioning grants, watching progress of expenditure achievement of targets through reports and returns, maintenance of records of assets created, review of progress made etc. are based on the assumption that the administrative Ministry concerned would itself deal with all the matters. The number of institutions receiving grants from more than one governmental source does not appear to be large enough to

warrant the interposition of an additional stage, upsetting the existing pattern of financial checks and balances and evolving new ones.

(v) The General Financial Rules, 1963, provide that grants be sanctioned on the basis of specific schemes drawn up in sufficient detail and approved by Government and only so much of the grant be paid as is likely to be expended during the year. (In the case cited by the Committee, the lapse is attributable to non-observance of rules and regulations rather than the absence thereof).

1.2. In view of the above the Committee would, it is hoped, agree that the existing pattern of giving grants need not be altered.

2. As regards the suggestion that grants should be given to ultimate institutions directly without too many intermediaries, the present practice obtaining in various Ministries is to disburse grants, as far as possible, directly to the beneficiary institutions. No further instructions are, therefore, proposed to be issued in this regard.

[Min. of Fin. U.O. No. F. 14(29)-E(Coord)/65, dt. 4-4-66].

### **Recommendation**

*The Committee are happy to note that at long last the register showing the block accounts of assets is maintained by the Central Social Welfare Board and grantee institutions. They trust that there would be no failure to keep the Register upto date. In this connection, the Committee would also like the Administrative Ministries concerned to ensure that the autonomous or semi-autonomous Boards etc. under them carry out all the instructions issued by Government of compliance.*

[Serial No. 4 (para 4) of Appendix XII to 35th Report (Third Lok Sabha)].

### **ACTION TAKEN**

Necessary instructions have been issued to the Ministries bringing to their notice also the above observations of the Committee.

[Vide Department of Expenditure O.M. No. F.14(29)-E(Coord)/65, dated 28th May, 1965—Copy enclosed].

No. F. 14(29)-E (Coord)/65 ..

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
(Department of Expenditure)

New Delhi, the 28th May, 1965.

OFFICE MEMORANDUM

SUBJECT:—35th Report of the Public Accounts Committee (Third Lok Sabha)—Recommendation at Serial No. 4 of Appendix XII regarding maintenance of block accounts of assets.

An extract of the recommendation of the Public Accounts Committee at Serial No. 4 (Para. 4) of Appendix XII to their 35th Report (Third Lok Sabha) is enclosed. Attention in this connection is invited to the Government of India's decision No. 7(b)(iii) below Rule 149 of G.F.Rs 1963. The Ministry of Home Affairs/etc. are requested to note the observations of the Committee and to issue necessary instructions to all the authorities concerned under them.

Sd/- K. SANKARAN,

*Deputy Secretary to the Government of India.*

To

All Ministries Departments etc.

No. F. 14(29)-E (Coord). 65

Copy forwarded for information to:—

- (1) Department of Parliamentary Affairs.
- (2) Department of Economic Affairs (Budget Division).
- (3) Lok Sabha Secretariat (P.A.C. Branch).
- (4) E. II(A) Branch.

Sd/- K. SANKARAN,

*Deputy Secretary to the Government of India.*

*Extract of recommendation at Serial No. 4 of Appendix XII of 35th Report of the Public Accounts Committee (Third Lok Sabha)*

Sl. No.	Para No. of Report	Ministry concerned	Conclusions/recommendations
<hr/>			
Commerce			
<hr/>			
4	4	All Ministries	The Committee are happy to note that at long last the register showing the block accounts of assets is maintained by the Central Social Welfare Board and grantee institutions. They trust that there would no failure to keep the Register up-to-date. In this connection the Committee would also like the Administrative Ministries concerned to ensure that the autonomous or semi-autonomous Boards etc. under them carry out all the instructions issued by Government for compliance.

**Recommendation**

*The Committee are of the opinion that the Commission are no doubt at fault in not implementing the orders of the Government of India issued in February, 1960 but they cannot help feeling that the Department concerned has also failed in not ensuring that such orders are implemented in time. They hope that such irregularities will not recur.*

[S. No. 58 (para No. 54) of Appendix XI to 38th Report (Third Lok Sabha)].

**ACTION TAKEN**

The Committee's observation is noted.

2. Government, in the then Ministry of Commerce & Industry letter dated 22-2-1960, communicated to the Khadi and Village Industries Commission its approval regarding the revision of pay scales of the posts under the Commission, the maximum of which exceeded Rs. 500. The revised scales were to take effect from 1-4-1957.

3. Audit, in their letter dated 17-10-1960 required (i) the expeditious submission (to Audit) of pay fixation statements and proformae

accompanied by Service Books, and (ii) brought to the notice of Government the delay which had taken place in refixation in the revised scales (which were lower than the existing scales) and the overpayments which had accrued as a consequence taken in all cases in general; a few examples were also pointed out).

4. As regards the first requirement of audit, the Commission was advised immediately and as no further communication was received from Audit, it was presumed that their requirement was met.

5. As regards the second requirement, the position is as follows:—

The approval of Government, for the revision of scales of pay was communicated in Government's letter dated 22-2-60 as stated in para 1 above and this was followed by another letter dated 24-10-1960 indicating the lines on which the refixation should be done. But, these orders took effect from 1-4-1957 and their implementation was naturally a colossal problem considering the large number of employees scattered throughout the country and the limitations in administering it speedily. While implementing the orders individually, the Commission came across many cases of employees who served under the erstwhile All India Khadi & Village Industries Board on 31-3-1957 and continued to serve under the Commission from 1-4-1957 and whose revised scales of pay were less than the old scales. The Commission addressed the Government on 13-1-1961 stating that the revision affected certain officers adversely and that agreeably to the general procedure followed while scales of pay are revised, the officers should be given the option of remaining in pre-revised scales or coming on to the revised scales. This issue was long under discussion with the Ministry of Finance and the Government orders were issued in their letter dated 31-5-1961 approving the option recommended by the Commission. After issue of the above orders, the fact was intimated demi-officially to Audit Office also in Government's letter dated 27-6-1961. As nothing further was heard from Audit, it was presumed that this met the requirement of audit.

6. The cases referred to in the first sub-para of the Audit para were noticed much later after the issue of orders dated 31-5-1961. The Pay Fixation Committee appointed by the Commission in December, 1961 examined each case carefully after the revision of pay scale was given effect to. Almost all except isolated ones were finalised. The isolated cases of hardship were brought to the notice of Government by the Commission in 1963 and Government orders were issued on 8-11-1963. But these six cases could not be regulated even by the orders dated 8-11-1963 as they presented certain

peculiarities and any arbitrary fixation would cause hardship to the officials. These cases were reported by the Commission to Government by the end of 1963. Action had been completed even in these cases and intimated to Audit on 12-11-1964 after consulting the Ministry of Finance.

7. In the circumstances stated above, it will be seen that as prompt action as was possible was taken by Government as and when cases were brought to the notice of Government.

#### *Audit Observation*

A chronological statement is enclosed showing the developments of the case from time to time. It will be seen that there was delay in the issue of orders by Government who were kept informed of the delay in the finalisation of the cases, from time to time.

#### *Chronological statement*

S. No.	Date	Event
1	2	3
(i)	22-2-1960	Sanction to the revision of pay scales and allowances maximum of which exceeded Rs. 500/- w.e.f. 1-4-1957 was conveyed.
(ii)	8-7-1960	The Deputy Accountant General pointed out that the orders dated 22-2-1960 did not provide— <ul style="list-style-type: none"> <li>(i) whether in the case of those incumbents recruited prior to 1-4-1957 whose pay on that day was less than the minimum of the revised scale of pay would be allowed minimum in the revised scale, and</li> <li>(ii) the mode of fixation of pay of officers who were appointed on fixed or on consolidated rate of pay or who had been given advance increments at the time of initial appointment.</li> </ul>
(iii)	17-10-1960	The Deputy Accountant General pointed out the delay in the fixation of pay in the revised scales and the consequential overpayments in cases where the revised scales of pay were lower than the existing one and also where the incumbents continued to draw increments in the old scales of pay.
(iv)	24-10-1960	Ministry issued orders clarifying the points raised in (ii) above.

1	2	3
(v)	10-11-1960	The Accountant General brought to the notice of Ministry that out of 1500 cases only 400 cases had been sent to Audit by that time and emphasized that the delay in the type of cases mentioned in (iii) above was resulting in overpayments in certain cases. A few typical cases were also mentioned.
(vi)	18-11-1960	Ministry asked the Commission to expedite the finalisation of the remaining cases and to recover overpayments, if any, made.
(vii)	13-1-1961	In reply the Commission pointed out to Ministry that the grant of option had not been contemplated in Government orders and suggested the need for granting such an option as in such cases fixation of pay in the revised scales would mean recoveries.
(viii)	3-5-1961	Government conveyed sanction to re-designation and revision of scales of pay of 25 posts which were not included in the orders of February, 1960.
(ix)	31-4-1961	Conveyed decision to allow option to all officials who were holding posts at the time of revision of scales of pay on 1-4-1957.
(x)	18-7-1961	Certain clarifications were sought by the Dy. Accountant General, Bombay in respect of points arising from the Government orders dated 3rd May, 1961.
(xi)	5-8-1961	Corrigendum issued by Government to their letter dated 3-5-1961 referred to in (vii) above.
(xii)	25-1-1962	The Deputy Accountant General (Bombay) brought to the notice of the Ministry the omission to prescribe the period during which option could be exercised.
(xiii)	28-2-1962	Ministry sought the views of the Khadi Commission.
(xiv)	21-8-1962	The Deputy Accountant General (Bombay) reminded the Ministry.
(xv)	13-9-1962	Interim reply from the Ministry.
(xvi)	7-11-1962	The Dy. Accountant General (Bombay) reminded the Ministry.
(xvii)	15-11-1962	Interim reply from the Ministry.
(xviii)	29-1-1963	Ministry intimated that 31-12-1962 had been prescribed as the date by which option could be exercised.

1	2	3
(xix)	5-11-1963	Audit para sent to Government, since certain cases were still not nearing finalisation in spite of correspondence with the Commission.
(xx)	8-11-1963	Government issued orders in respect of 2 of the 6 officers.
(xxi)	13-11-1964	Government issued orders on another one case mentioned in the audit paragraph.
(xxii)	16-11-1964	Government issued orders in respect of the remaining three of the officers mentioned in the audit paragraph.

### Recommendation

*The Committee felt that though the building was given to the National Council of Educational Research on 1st April, 1963, no agreement was entered into on the question of rent even in January, 1964. The Committee felt that the question of rent should have been settled before the building was given to the N. C. E. R.*

[S. No. 61 (para 57) of Appendix XI to 38th Report—1964-65 (Third Lok Sabha)].

### ACTION TAKEN

Although no formal agreement could be entered into there was a definite understanding between the two organisations about the rent of 1st January, 1963 and about the occupation of the building.

The agreement could not be entered into immediately on occupation in view of the following reasons:—

A rental of Rs. 1,500 P.M. was offered by the National Council of Educational Research and Training, an autonomous body financed by the Ministry of Education, who had approached the Blind Relief Association on 22-12-62 for permission to let out a portion of their partially built building in Nizamuddin. The Hon'y. Secretary of the Association had no objection to the proposal and to the provisional use of the premises. But no formal acceptance could be given and as such no agreement could be made by the Association at that time as this had to be ratified by their Managing Committee which was not expected to meet earlier than the second week of January,



1963. The Council could not wait for a decision for such a long time as they required the premises for storage of paper which had been received as gift from Australia and Sweden. Being a perishable commodity it could not be kept in the open and unfortunately no other suitable accommodation was available in Delhi. As such the premises were occupied in 1st January, 1963.

The Agreement could not be entered into thereafter as--

- i. No initiative to this effect was taken by the Managing Committee.
- ii. The portion made available needed completion of certain essential items of normal work which the Council held were necessary for ensuring that stores do not deteriorate.
- iii. The Association could not comply with the above request as they had no money. They had to approach Government for release of further funds for carrying out the work. But the Central Govt. was not agreeable to release more funds since the utilisation certificate for earlier amounts was not given by the Association.
- iv. To save paper from deterioration a grant of Rs. 30,000 was later on made to the Association for carrying out the essential works with the stipulation that the Council should withhold payment of rent at Rs. 1,500 P.M. from 1-1-63 pending the receipt of utilisation certificate by the Government from the Association.
- v. The utilisation certificate was received by the Govt. only in October, 1964. The Council was thereafter advised to pay rent from the date of occupation of the building and at a rate assessed by the Municipal authorities. As this question is still under examination, and *ad-hoc* payment of Rs. 10,000 has been made by the Council and this payment is subject to adjustment when the rent is decided by the Municipal authorities.
- vi Meanwhile, the Council has vacated a part of the accommodation and is only occupying the first floor of the building, the rent for this portion will also have to be decided by the Municipal Authorities. The Council is being requested to pay an *ad-hoc* rent until the rent is decided by the Municipal Authorities with whom the matter is being pursued vigorously.

Thus, it will be seen that although no formal agreement could be entered into, the question of rent was tentatively fixed before the accommodation was provided by the Association to the Council.

### **Recommendation**

*The Committee are perplexed to know that though the proposal to give statutory status to the (Central Social Welfare) Board had been agreed to by the Ministry of Education, this could not be implemented by the Department of Social Security, when the Board was placed under that Department.*

*The Committee are further surprised to learn that even the Ministry of Law, who were consulted, had not raised any legal difficulty in giving money to the Central Social Welfare Board, which has no separate juridical personality. The Committee, however, reiterate their earlier recommendation, contained in para 37 of the 19th Report (Third Lok Sabha) and desire that the Board, which was set up more than a decade before, should be placed on a statutory footing without further delay.*

[Sl. No. of Appendix XI to 38th Report (Third Lok Sabha)].

### **ACTION TAKEN**

The question of the future status of the Central Social Welfare Board is still under consideration.

Name of the Ministry/Department: Department of Social Welfare.

### **Recommendation**

*The Committee feel that before the two new jeeps were purchased, the Board should have examined the possibility of the conversion of the two old jeeps into mobile vans.*

[Sl. No. 63 of Appendix XI to 38th Report (Third Lok Sabha)].

### **ACTION TAKEN**

It was explained by the Chairman, Central Social Welfare Board to the Public Accounts Committee (*vide* proceedings of the Committee's relevant meeting) that conversion of old jeeps into mobile vans was not a sound proposition. In case it was done, it would have entailed heavy expenditure and even then it would have been possible to use them in rural areas.

The recommendation of the Committee has, however, been noted.  
 Name of the Ministry/Department: Department of Social Welfare

### Recommendation

*The Committee regret to note that there was great delay in the completion of the buildings in various Project Centres and even where the buildings were completed, their cost of construction was not available with the Board. They, therefore, recommend that urgent steps should be taken for the expeditious completion of the remaining buildings and the actual cost of construction of the buildings already constructed should also be ascertained without further delay so as to ensure that the grants given had been fully utilised.*

[Sl. No. 64 of Appendix XI to 38th Report (Third Lok Sabha)].

### ACTION TAKEN

The reasons for delay in settlement of accounts were explained by the Chairman, Central Social Welfare Board, to the Public Accounts Committee (*vide* proceedings of the Committee's relevant meeting). The Board has taken very serious view of the situation and all possible efforts are being made to get the accounts for the previous grants settled at the earliest. Copies of the latest circulars issued on January 8 and May 25, 1965 to all the State Boards, simplifying the procedure for settlement of cases of building grants are enclosed. It has also been made very clear to the State Boards that all outstanding accounts have to be settled within the year 1965-66, the last year of the Third Five Year Plan. In individual cases steps are also being taken to adjust the unspent balance in respect of building grants against the amounts due to the State Boards on account of Welfare Extension Projects.

CENTRAL SOCIAL WELFARE BOARD

Jeevan Deep Building,  
Parliament Street,  
New Delhi,

January 8, 1965.

The Chairman,

State Social Welfare Advisory Board,

SUBJECT:—*Procedure for settlement of cases of building grants sanctioned to Welfare Extension Projects*

Madam,

I am directed to refer to Chairman, Central Social Welfare Board's D.O. letter No. CB/PXV/62-63 dated the 15th April, 1964 with regard to the settlement of accounts of building grants and to inform you that in view of the difficulties experienced by the State Boards as expressed in response to this letter, the Central Social Welfare Board at its 44th meeting decided that the following information may be considered adequate to finalize the accounts of building grants:—

- (a) (i) An abstract from the audited statement of accounts of the project as per enclosed proforma wherein the expenditure on building construction is reflected;
- (ii) A valuation certificate from a qualified engineer/overseer giving the approximate covered area and cost of the building constructed; and
- (iii) A photograph of the centre building, if possible.

(b) *Buildings half-completed*

- (i) Arrangements may be made with local Panchayats to get the buildings completed with the unspent balance amount of grant available with State Board and to be supplemented with local matching contribution; and
- (ii) The statement of accounts, the completion certificate etc. may be arranged through the Panchayats.

(c) *Buildings yet to be constructed by the Projects*

- (i) The Accountant Generals may be requested to audit accounts of the building grants, when the buildings are completed along with the accounts of the Projects wherever it is not being done; and
- (ii) A completion certificate by a qualified engineer/overseer may also be submitted to the Central Board.

(d) *Other cases*

- (i) In cases, where buildings are not likely to be completed within a reasonable period, grants may be treated as having lapsed and the amount released, if any, therefore may be refunded.

2. On the basis of the above decisions the State Boards are requested to take immediate action and furnish the necessary information to enable the Central Social Welfare Board to finalise the building grants accounts sanctioned to Welfare Extension Projects by March, 1965. This may be given top-priority in view of the fact that the Public Accounts Committee and the Audit has taken very serious view of the present unsatisfactory position.

3. In this connection, it may also be mentioned that the amount of grant which remains unaccounted for on the 31st March, 1965 will be adjusted while releasing further funds to the State Board and no application for grants for repairs of the buildings of Centres in respect of which accounts of grant have not been settled will be considered by the Board.

Sd/- D. PAUL CHOWDHRY,  
*Projects Officer for Secretary.*

*Accounts for building grants sanctioned to Centres of Welfare Extension Projects*

**NAME OF PROJECTS AND DISTRICT**

Name of centre	Grant sanctioned	Amount released to the PIC	Local contribution to be raised as per budget estimate	Local contribution raised	Area of of land donated	Expd. incurred as per audited statement	Amount spent from grant	Year of audit	un. balance From grant	From other sources	Whether bld. comple- ted	Value of building	Comp. Certifi- cate received, and if sent to CSWB office	Reasons for short fall in local contribution as per Col. 4.	State Board's Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

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*Chairman,  
State Social Welfare Advisory Board.  
Dated.*

No. F. 16-1/65-P

CENTRAL SOCIAL WELFARE BOARD

Telegram: SANGHASEVA  
NEW DELHI

Jeevan Deep Building,  
Parliament Street,  
New Delhi, May 25, 1965.

The Chairman,

State Social Welfare Advisory Board,

SUBJECT:—*Procedure for settlement of cases of building grants sanctioned to Welfare Extension Projects.*

Madam,

I am directed to invite a reference to this office circular letter No. CB/P XV/64-65 dated the 8th January, 1965, on the subject mentioned above and to state that the information asked for therein has not been furnished in spite of repeated requests. In some cases only, a consolidated statement in respect of number of grants has been sent to this office. In this connection it may be mentioned that what is required is an extract from the audited statement of accounts separately for each grant duly certified by the Chairman of the State Board. This statement will service the purpose of an audited statement of accounts which is required to be submitted in support of the utilization of grant.

2. It also needs to be clarified that the procedure laid down in the circular referred to above applies only to the grants to the erstwhile Project Implementing Committees, and not to the grants sanctioned to the existing Project Implementing Committees or Mahila Mandals which might have been sanctioned building grants. In all these cases generally, the accounts audited by Chartered Accountant etc., and a completion certificate signed by qualified Engineer/Architect have to be submitted according to the condition of grant.

3. Your attention is invited to para 3 of this office circular under reference wherein it is stated that the amount of the building grants which remains unutilised by the 31st March, 1965 will be adjusted against the grant sanctioned to the State Board concerned for other programmes while releasing funds therefor. In most of the cases, the grants to Mahila Mandals have been sanctioned by the Central

Board. Before releasing the first instalment of this grant to the State Boards necessary adjustments will be made in States where majority of building grants already sanctioned still remain unaccounted for. This is necessary since the Fourth Five Year Plan will be coming to a close by the end of this year and no amount of grant sanctioned in the Third Plan, will be allowed to carry forward during the subsequent Plan. You are, therefore, requested, kindly to give top priority to this work and send the extracts of the statement of accounts and the completion certificates in respect of the Buildings grants at an early date. This should not be difficult now, since the necessary staff has been given to the State Boards wherever there was justification for it.

Yours faithfully,

Sd/- D. PAUL CHOWDHRY,  
*Projects Officer for Secretary.*



## APPENDIX XIX

### MINISTRY OF SUPPLY & TECHNICAL DEVELOPMENT

#### Recommendation

*While the Committee are glad to be assured that the settlement reached with the suppliers, according to which the Railways had been supplied, free of cost 1,290 tons of crossing sleeper bars, was quite reasonable, the Committee cannot help expressing regret at the defective inspection by the India Store Department, London. The Committee understand that the question of fixing responsibility for this lapse was under consideration. The Committee would like to have a further report in the matter.*

[S. No. 93(i) of Appendix IV to Eighth Report, 1962-63].

#### ACTION TAKEN

It may be submitted that as earlier explained to the Public Accounts Committee in the meeting held on the 12th October, 1962, these sleepers were manufactured by a French firm and were punched with holes in accordance with the practice followed in Europe. These sleepers were accepted by the India Supply Mission, London, under very minor deviation from the drawings governing the supply which was adequately covered by tolerances provided in the drawings. Inspection Wing of the India Supply Mission, London had carefully examined the specification and the difference in method of manufacture employed by the firm which gave an upright hole instead of a slightly inclined one. They also examined the practice followed by other Railways, e.g. French, Swiss, Greek, Turkish, Egyptian and other African and Pakistan Railways. They found that all these customers were being supplied with steel sleepers punched vertically from the French and other Continental Rolling mills. They also examined the acceptance of the sleepers in the light of the method of securing the rail to the sleeper. They came to the conclusion that since the spring jaw or clip which is used for securing the rail to the sleeper occupies approximately half of the hole, it cannot have any real effect on the normal life of the sleeper. Therefore, it is stated that there is no effect on the life of the sleeper. Thus it is maintained that there was no lacuna in the procedure adopted by the Inspection Wing of the India Supply Mission, London. Furthermore, most of the Railways have been utilizing

these sleepers without any additional expenditure. In some cases, however, the keys had to be properly lined to hold the rails to the sleepers. The extra expenditure incurred, even in these cases, was negligible. The Railway Board have also been fully compensated for the loss, if any, by the supply of 1,290 tons of crossing sleeper bars received free of cost from the suppliers. In view of above, it is considered that no disciplinary action against the India Supply Mission Inspector, is called for in this case.

2. This note has been seen by the Department of Iron and Steel, Ministry of Railways and Audit.

### Recommendation

*The Committee are not fully convinced by the arguments regarding payment of increased price to the firm. In their opinion the commitment that the DGS&D made, in the letter he wrote to the firm after the finalisation of the contract indicating his willingness to consider the claims of the firms outside the terms of the agreement, weakened the Government's case. They desire that the circumstances under which this commitment was made to the firm should be investigated and responsibility fixed.*

[Serial No. 33 (Para 33) of Appendix V to 19th Report (3rd Lok Sabha).]

### ACTION TAKEN

In all 23 orders were placed during the period 1948 to 1950 on a firm of Calcutta for the supply of Burma Teak Squares. The firm requested D.G.S. & D. in September, 1950 to revise the prices shown in the contracts because State Timber Board, Burma, which was the sole selling agency for the export of Teak from Burma, had increased prices for export. The firm could not complete supplies within the periods of delivery stipulated originally in the various contracts for the following main reasons:—

- (i) Insurgent activity in Burma during 1949-50 which hampered movement of timber from forest;
- (ii) Shipping difficulty owing to Korean War and Transport bottlenecks; and
- (iii) Import licence provision which came into force in August, 1949 after most of the contracts were placed.

2. The DGS&D granted extensions of the delivery periods against respective contracts. Such extensions were given from time to time as and when the suppliers approached the D.G.S.&D. Since supplies were not materializing despite extension of delivery period granted

periodically and the suppliers had raised question of increase in price, a meeting was held on 11-10-50 in the room of the then DDG (Supplies) with the firm's proprietors.

In this connection the note (dt. 11/10 and 14/10/50) recorded in the relevant file is reproduced below:—

This case was discussed in DDG's room today. It was proposed that extension till 31-1-1951 with \*R/R would be allowed against all A/Ts placed in 1948 and 1949 on this firm against which there are still substantial outstandings. In addition it was agreed that special steps should be taken to ensure revalidation of the import licences against these A/Ts or in the alternative issue of fresh licences to cover their C.I.F. cost at To-days' prices. For this purpose I shall discuss matters with Deputy C.C.I. tomorrow or Friday. Please let me have full particulars and papers with a brief note.

"DDG(S) and Finance may kindly accord their sanction to the above decision and approve the proposed draft placed below for issue with particular reference to the additional† paragraphs incorporated by me which is in line with assurance given by DDG(S) to the firm's proprietor at the meeting referred to in the above note."

3. The letter incorporating the above paragraph was issued to the suppliers on 28-19-50 with the concurrence of the then DDG and the associated Finance. When the firm failed to complete supplies against these contracts, the question of cancellation of contracts and arranging risk purchase of outstanding quantities of timber was examined in some cases. In one contract which was placed for the supply of 500 tons of Burma Teak at Rs. 815/- per ton f.o.r. Calcutta, when the firm failed to complete supplies, the risk purchase tenders were opened for the unsupplied quantity of 361.22 tons. The lowest acceptable offer was Rs. 900/- per ton on forward delivery basis. When proposals for risk purchase were put up, the associated Finance opined that since (open general licence) OGL-XV was cancelled and

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\*R/R means reservation of rights under the contract.

†The additional paragraph referred to above reads as under:—

"You should now proceed with completion of all outstandings against this contract within the revised delivery period. No further extension will be sanctioned and outstandings on this revised date will be automatically cancelled at your risk and expense. Supplies should be made in accordance with the contract rates. Your request for revision of rates will be examined on merits with reference to the actual facts of each case."

an Import Licence was necessary for the new suppliers to fulfil the contract proposed to be placed on them, the "prospect of recovering the whole or a portion of the additional expenditure is extremely slender." Keeping in view the aforesaid difficulties which were likely to be experienced in the enforcement of the terms of the contract, it was decided with the approval of the associated Finance that this contract should be reinstated and that the grant of import Licence to the firm should be recommended. The delivery period of the contract was also extended allowing the supplier reasonable time to comply with the contract.

4. The relevant papers indicate that the following price increases were made by the State Timber Board, Burma in the CIF prices for Burma Teak on the various dates shown against each increase.

Date	Amount
20-7-49	Rs. 55/-
1-3-50	Rs. 75/-
15-10-50	Rs. 50/- to 77.50/-

In short there was a price increase of Rs. 180/- to Rs. 207.50/- per ton in the C/F price of teak by 15-10-50. It is stated in the records that a total quantity of 6,720/- tons approx. of Burma Teak was supplied by the firm after 15.10.50. If the contracts were cancelled and risk purchase effected, an extra amount of at least Rs. 180/- per ton would have been unavoidable in respect of the unsupplied quantity and additional expenditure would have amounted to Rs. 12,09,708/- as against the extra amount of Rs. 10.75 lakhs paid to the firm.

5. The firm preferred against the Government, a claim for the total amount of Rs. 16,12,744/- on account of increased incidence of cost of timber supplied by them. They contended that the increased cost was due to the price increase effected by the State Timber Board, Rangoon. They also claimed increase at 5 per cent p.a.

On 25-5-59, the firm offered to settle these cases outside the arbitration proceedings. With the approval of the Ministry of Law and Ministry of Finance, the Ministry of WH&S appointed an *ad hoc* Committee to go into the respective claims of Government and the firm and to report to Government that they considered to be a reasonable basis of settlement.

6. The *Ad hoc* Committee were of the opinion that the contractor had a good case to argue that the delay in supplies arose from

reasons beyond their control and that as the delay in supplies could be covered under "force majeure", the Arbitrators or the Umpire were likely to hold that the firm were not at fault. It would have been difficult to enforce recovery of the extra expenditure at risk purchase had been effected. This would have led to the embarrassing position of the Government having had to incur an additional expenditure even higher than what was ultimately paid to the firm in full and final settlement.

7. It is presumed that all the aspects of the case were considered and discussed in the meeting held in DDG's room on 11-10-50 before a decision was taken to extend DP without R/R and to examine the question of price revision on merits. The action taken would have to be judged in the light of the conditions which prevailed at that time. It cannot be denied that the conditions then prevailing were abnormal which were influenced largely by the monopoly enjoyed by the State Timber Board in Burma and the restriction on the trade imposed by the cancellation of an open general licence. In order to arrange for supplies for the indenter at reasonable cost the authorities seemed to have no alternative but to agree to consider the firm's claim for the increased cost of timber.

In the circumstances stated above the question of fixing responsibility in this case does not arise.

### **Recommendation**

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

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

### **ACTION TAKEN**

So far as this Department is concerned, the P.A.C.'s above observation refers to this Department's Note submitted to the Lok Sabha Secretariat *vide* this Department's Memorandum No. 5/1/63-Admn. II, dated 24-8-1963 in respect of para 59 of the Audit Report (Civil), 1962. In a subsequent Note forwarded with this Department's O.M. No. 5.4.64-Admn. II, dated 22-8-1964, the Lok Sabha Secretariat were informed that the PAC's observation, in question, was under consideration and that a statement would be sent to them shortly.

The present position is that after the submission of the Note to the Lok Sabha Secretariat in August, 1963, one more case has come to light and the total number of cases involving recoveries from the firm now is 14 against 13 as mentioned previously. In 12 cases,

both the Government and the firm have appointed their arbitrators on dates shown below:—

Sl. No.	A. T. No.	Date on which Govt. Arbitrator was appointed	Date on which Firm's Arbitrator was appointed
1	4879 . . . . .	26-9-64	10-10-64
2	4965 . . . . .	25-9-64	10-10-64
3	4945 . . . . .	25-9-64	10-10-65
4	4947 . . . . .	25-9-64	10-10-64
5	4940 . . . . .	26-9-64	10-10-64
6	4813 . . . . .	24-9-64	10-10-64
7	4959 . . . . .	30-9-64	10-10-64
8	4924 . . . . .	9-10-64	19-10-64
9	4801 . . . . .	24-10-64	28-10-64
10	4883 . . . . .	9-10-64	19-10-64
11	4973 . . . . .	30-10-64	5-11-64
12	5005 . . . . .	5-12-64	8-12-64

Out of the two cases in which arbitration was still to be initiated as intimated earlier, in one case i.e., A/T No. 4855 Govt. arbitrator has been appointed on 17-7-65. The Firm's Arbitrator is yet to be appointed. The arbitrators have, however, not been able to enter into arbitration proceedings because of the non-cooperation of the firms' arbitartors in the matter of appointment of an Umpire. DGS&D has, therefore, no other alternative but to apply to the Court for appointment of the Umpires in all these cases. After the Umpires are appointed and the arbitrators enter on the reference, Government will file its claim before them.

The disciplinary action has been initiated in 12 cases and it is expected to be completed in about six weeks' time. The remaining two cases are still under examination in the Litigation Section who are collecting details for making reference to arbitration.

This has been seen by Audit.

#### Recommendation

*The Committee are distressed to note that an avoidable expenditure to the extent of Rs. 64,000 had to be incurred owing to lapse in bulking the tenders. The Committee further note with regret*

*that delivery dates had been extended many a time and at no stage efforts were made to reduce the loss by taking prompt decision. The Committee would like to be informed of the disciplinary action taken against the erring officers. They would further stress that suitable instructions should be issued to all concerned so that similar cases do not recur.*

[Sl. No. 11 (Para 10) of Appendix XI to 38th Report (3rd Lok Sabha.)]

#### ACTION TAKEN

As regards disciplinary action, the Director, Deputy Director and the Lower Division Clerk have been cautioned to be more careful in future and a record has been kept in their confidential Roll. As regards the Assistant, Director General's displeasure has been communicated to him and a record has been kept in his confidential roll.

As a remedial measure, suitable instructions have been issued *vide* Memorandum No. CSIB/29 (35) /III/65, dated the 22nd May, 1965 (copy enclosed).

DIRECTORATE GENERAL OF SUPPLIES AND DISPOSALS

(Co-ordination Supplies Section IB)

MEMORANDUM

NEW DELHI—1.

No. CSIB/29 (35) /III/65

Dated 22-5-1965.

SUB:—*Tender enquiries—Issue of*

*(2) Tenders—Decision within the validity period.*

Three indents for purchase of a particular item were received by a Supply Section within a period of one month. Instead of bulking all the demands and issuing a consolidated enquiry which would have resulted in economical purchase, the particular Section bulked only two indents and issued an enquiry for them only. After the issue of this enquiry another indent for the same item was also received. The two indents left uncovered were bulked and another enquiry was issued subsequently. The prices thrown out as a result of the latter enquiry were higher than those received against former enquiry. There was also considerable delay in taking purchase decision against the second enquiry. The validity of the offers had to be extended. But the purchase decision could not be taken even within the extended period and the tenderers who offered the lowest prices were not prepared to agree for any further extension. A fresh tender enquiry had therefore to be issued. The prices thrown out as a result of this enquiry were much higher than those against the first and second enquiries. Orders were finally placed against the offers received against this enquiry resulting in considerable extra expenditure which could have been avoided or reduced had the indents been bulked originally and a consolidated enquiry issued or if the decision against tenders received against the second enquiry had been taken within the validity period.

2. The Public Accounts Committee in their 38th Report (3rd Lok Sabha) have deprecated the way in which the above case was handled in the Purchase Organisation and wanted that measures should be taken so that similar cases do not recur.

3. In this connection attention of the Purchase Officers is invited to the instructions contained in para 91 of the DGS&D Manual according to which they are required to pay due attention to the combination and bulking of demands which will result in economy in



purchase. Demands for stores received simultaneously from different indentors should be bulked as far as possible when inviting tenders unless this is not possible due to some reason which should be specifically recorded.

4. The procedure to be followed in case of items of repetitive nature where demands are received after the issue of enquiry|placement of contract against indents received earlier is outlined in Office Order No. 19 dated 20-2-1964 which should be strictly adhered to.

5. So far as extension of the validity of offers is concerned instructions already exist to the effect *vide* para 123 of the DGS&D Manual, that decision on tenders should be taken as early as possible and in any case within the validity period of offers and that tenderers should not be asked for extension of their offers unless this is inescapable. Needless to say that this is of utmost importance, for apart from the delay which would invariably occur in covering the demand, there is also the risk of firms refusing to accede to the request for extension or withdrawing the offers which might lead to avoidable extra expenditure.

All Purchase Officers should keep in mind these instructions so that there is no recurrence of the case of the type referred to in para 1 above.

Sd/- N. H. JOSHI,  
Deputy Director (CS-II).

*All Purchase Officers & Sections at Headquarters & Regions*

Copy with 10 spare copies to Section A-5 with reference to their Endorsement No. A-5|AP|3|(222)|63 dated 10-5-1965.

### **Recommendation**

*The Committee cannot but regret the multiple lapses on the part of the Director of Purchase, India Supply Mission, London in dealing with the letters of intent of the firms which led to a loss of Rs. 83,493. The Committee hope that under the existing practice the Director General of Supply Mission in London will exercise effective control to ensure that Government are not made to suffer losses due to the negligence of an individual officer.*

[S. No. 12 (Para 11) of Appendix XI to 38th Report, (1964-65.)]

### **ACTION TAKEN**

The recommendation has been brought to the notice of the Director General, India Supply Mission, London for strict compliance, on 7-6-1965.

**APPENDIX XX**  
**MINISTRY OF TRANSPORT**

**Recommendation**

The Committee do not appreciate the purchase of such costly machines (10 Gallions costing Rs. 9.10 lakhs) without trial, specially in the case of the opinion of the Chief Engineer of the project that this type of grader (the pre-1948 model gallion) would not be suitable. The argument that their trial at high altitude would have meant a delay of one year loses much of its force in view of the fact that these graders on receipt were lying idle for several months. The Committee also regret that the information asked for by them regarding the particulars of the graders and the periods (indicating dates during which they were not in use has not been furnished so far (March 1964).

The Committee would also like to refer to the information furnished by the Defence Secretary that the roads on which the graders, in question, were to be used were not ready according to expectations and that the Border Roads Organisation had really no idea of the number of months for which the graders would be able to work in a certain region. In this particular case the progress of work was not properly estimated while the equipment came very early. This indicates lack of proper planning and initiative which is all the more regrettable as it concerns Defence activities in the border areas.

[S. No. 1 (Para 63) 24th Report (3rd LS)].

**ACTION TAKEN**

A note giving the information required by the Public Accounts Committee and their recommendations is enclosed.

**Recommendation**

Public Accounts Committee desired to have the following information:—

- (i) How much money has been actually paid to the contractor, in question.
- (ii) A note mentioning the circumstances under which the contract for the supply of timber was given to the contractor, in question, and whether the possibility of utilising the services of the Fuel Utilisation Unit of the Assam Government was considered.

The Committee then enquired as to how much money had been actually paid to the contractors in question. The witness promised to furnish the information later. The information is awaited (March 1964).

The fact that the four tenders received in May 1961, for the transportation by boats across a river, of stores required from the construction of certain border roads, were rejected without recording any reasons and that the award of contract on 15th July, 1961 on the basis of fresh tenders resulted in an extra expenditure of over Rs. 61,000/- causes a legitimate doubt about the bonafide of the action of the officer concerned. The Committee note that the matter has been entrusted to the Special Police Establishment for investigation. The Committee would like to be informed of the final outcome.

[S. No. 2 (Para 64) 24 Report (3rd LS.)]

#### ACTION TAKEN

(a) Amount paid to the contractor in respect of the contract referred to in para 64 (Audit Report 1963) . . . Rs. 2,74,550/-

(b) Amount yet to be paid to the contractor:

(i) Amount of security deposit pertaining to  
above contract . . . Rs. 3,000/-

(ii) Claims preferred by the contractor and  
not finally dealt with . . . Rs. 2,45,080/89

(c) In regard to the circumstances under which a contract for supply of timber was given to the contractor and the possibility of utilising the services of Fuel Utilisation Unit of Assam Government, the position as ascertained from records available, some of which are with SPE is as under:—

Headquarters No. 3 BRTF concluded a contract with the contractor for bulk supply of timber at Sonari Ghat. Mohanbari Air Field and Along. The contract agreement was executed in 1961-62. The estimated amount of the contract is Rs. 1,40,808/-. Against this amount a sum of Rs. 90,700/- has been paid to the contractor. A sum of Rs. 4,000/- on account of earnest money is also held by the Government. Directorate General Border Roads have also stated that the files do not contain copies of either the contract agreement or the statement of the Tenders. They further stated that the contract was concluded after obtaining competitive tenders and that the period of contract was six months from July—December 1962.

Prior to the conclusion of the contract referred to above, timber was locally purchased on supply orders from three firms (which are alleged to be controlled by the contractors).

Supply orders were placed after obtaining quotations. There is no indication in the available records that Fuel Utilisation Unit of Assam Government was approached by Task Force Commander. It is, therefore, to be concluded that the feasibility of this alternative sources of supply was not considered.

(d) As regards the recommendations of Public Accounts Committee vide serial No. 28, Appendix III of their report (24th Report, III Lok Sabha), it is stated that the Special Police Establishment have completed their investigations. They have sought for the sanction of Ministry of Home Affairs to prosecute certain officers including the contractor which has been accorded.

## ANNEXURE A

### NOTE

**SUBJECT:—Procurement of Motor Graders for Road construction Projects.**

As explained to the Committee, motor grader is a finishing machine. It comes into use only after the formation cut has reached the final stage of 16/20 feet depending upon whether it is one ton or three ton road. Further the graders purchased were mainly for use during construction season which varies from 5 months in the Western Sector to about 7 months in the Eastern Sector. These machines are used in conjunction with other machines like tractors. Even when they are used, there will be periods of waiting for the formation cut to reach the stage where it can be used. As already reported to the Committee, the average number of hours per machine worked per season was about 257.9.

2. In view of the position explained above, the periods of non-use would be mainly those during which the motor graders remained off-road. The actual dates on which the motor graders went 'off-road' and were brought back to working condition are given below:—

Type	No. off-road	Period during which the machine remained off-road
<i>Position as in September</i>		
1962		
Caterpillar . . .	1	29 Mar 1962 to 8 Jan 1963.
Komatsu . . .	3	19 July 1962 to 16 Nov 1962. 8 Sept 1962 to 14 Dec 1962. 23 May 1962 to 10 Jan 1963.
Gallion . . .	2	27 Apr 1962 to 15 Nov 1962 21 Sept 1962 to 22 Nov 1962.
<i>Position as in September</i>		
1963		
Caterpillar . . .	2	20 May 1963 to 9 Oct 1963. 20 May 1963 to date.
Komatsu . . .	2	17 Sept 1963 to 14 Oct 1963. *27 May 1963 to date.
<i>Position as in November</i>		
1963		
Komatsu . . .	2	*19 Oct 1963 to date. *29 Oct 1963 to date.

In addition one Caterpillar (MB-12) and another Gallion were rendered beyond economical repairs as a result of the Chinese operation and a road accident respectively during 1962-63.

3. Four machines marked with asterik in para 2 above awaiting repairs, are one Caterpillar and three Komatsu. The orders for spares for the Caterpillar machines were placed in February, 1963 and are still awaited. An emergent indent on Director General of Ordnance Factories for spares in respect of Komatsu Graders was placed on the 19th April, 1963. Some spares have been received against this indent. The machines will be put back on road on receipt of the remaining spares.

4. The Committee has observed *vide* Serial No. 27 of Appendix III to the 24th Report of the Public Accounts Committee (3rd Lok Sabha) that the early procurement of motor-graders without properly estimating the progress of works shows "lack of proper planning and initiative".

In this connection, it is necessary to examine the circumstances in which the Border Roads projects were undertaken in 1960. The Government decided in 5/60 that a considerable mileage of road should be constructed within a very short period in the most difficult areas, subject to very heavy snow and winter conditions in some sectors and heavy monsoons in the other. The terrain was unknown and no agency had tried to build quickly a three ton road on motorable gradients in these areas. In fact, most areas had not been surveyed for years; no data whatsoever were available for the guidance of Engineers and planners. There was no time for thorough study and planning step by step. There was no experience available in the country for systematic use of large scale machinery and equipment for construction of roads. Yet the opening of these areas was given the highest priority. The planning, therefore, had to be *ad hoc* and on a basis of the best estimate possible and yardsticks. In such circumstances, there is bound to be a gap between targets and achievements, between expectations and actual results. We are attempting to reduce the gap between the two. While every effort will continue to be made to take great care in planning, the nature of the task coupled with the time factor renders a certain imbalance between plan and execution inevitable. What happened was thus in spite of the best, that could be done in the circumstances.

S. K. MUKHERJEE

*Secretary,*

*Border Road Development Board.*

9-10-64.

### Recommendation

*The Committee's observation in the Seventh Report (3rd Lok Sabha) was made on the basis of the fact that the loans disbursed to the shipping companies from the shipping Development Fund bore no relation whatsoever to the sizeable loans advanced by Government to the Fund during 1959-60 and 1960-61. Since there are competing demands on the limited resources of the Government, the Committee do not appreciate the observation in the Ministry's note that "there need be no connection between the demand for loans from the Shipping Companies received by the Fund Committee and the Committee's requirements of Fund from the Govt. of India. . ." In the Committee's opinion, it is necessary that accretions to the Fund from year to year should be carefully planned keeping in view the requirements of the forthcoming year, provision for unforeseen demand and a reserve for increasing the size of the fund gradually so as to meet the longer term demands. The Committee also suggest that the question of stepping up the tempo of disbursing loans from the Fund should be examined, so as to promote the development of shipping, instead of merely keeping the amount indefinitely locked up in the Fund.*

### ACTION TAKEN

While preparing the budget estimates detailed calculations of the loans likely to be required are made. It is true that till 1961-62, the loans advanced by the Committee bore no direct relation to the amount of loan advanced to the Committee. This was due to various reasons such as delay in completion of legal formalities by shipping companies and rise in the price of ships in the world market, non-availability of foreign exchange, etc. on which depend the purchase of ships. With a view to stepping up the tempo of disbursement, every effort is made to reduce the time lag between the date of sanction of a loan and its actual disbursement. This time lag is primarily due to delays in the completion of legal formalities. In order to reduce these delays to the minimum, an officer of the Committee is now deputed, whenever, necessary, to have personal discussions with the concerned shipping companies, the Ministry of Law, Bombay, and the D.G. Shipping, Bombay to finalise the loan documents and to expedite the disbursements. As a result, the disburse-

ments to the shipping companies have of late gone up considerably as is evident from the following figures:—

Year	Amount of loan sanctioned by Government	Amount disbursed by the Com- mittee to Shipping Cost.
	Rs. (Rupees in lakhs)	Rs.
1962-63	400·00	277·07
1963-64	400·00	617·39

During the first three months of the current financial year, 1964-65, a sum of Rs. 190·12 lakhs has already been disbursed.

The Committee has, since its inception, sanctioned loans to the extent of Rs. 5184·31 lakhs which are paid as and when the instalments fall due for Indian shipping companies to pay to the foreign seller of the ship. The actual disbursement upto the end of June 1964 since inception works out to Rs. 1830·60 lakhs against the total loan of Rs. 2698·06 lakhs received by the Committee from the Government. The preceding comments of the Ministry on the recommendation No. 23 of the Public Accounts Committee in their 26th Report have been vetted by Audit.



**APPENDIX XXI**  
**MINISTRY OF WORKS, HOUSING AND URBAN**  
**DEVELOPMENT**

**Recommendation**

*In evidence, the Secretary of the Ministry agreed to submit a summary of cases where the Chief Technical Examiner had recommended disciplinary action. The Committee would therefore, await this information. They would also like to be informed of the progress made in the finalisation of the remaining disciplinary cases.*

[S. No. 101 of Appendix IV to Eighth Report 1962-63].

**ACTION TAKEN**

A summary of 53 cases reported by the Chief Technical Examiner up to 1960 for disciplinary action is enclosed. It was earlier stated that 33 cases had been finalised by October, 1962. A subsequent review, however, revealed that instead of 34 cases had actually been finalised by that date. Items 1-34 of the summary relate to those cases, while items 35-53 are those which were pending finalisation on that date i.e. October, 1962. The progress made in respect of these 19 cases has been indicated in the summary.

**SUMMARY OF CASES REPORTED FOR DISCIPLINARY ACTION BY THE CHIEF TECHNICAL EXAMINER UP TO 1960 AND WHICH WERE FINALISED UP TO OCTOBER, 1962.**

**1. Defective construction of 20 "E" type quarters in East Vinay Nagar, New Delhi.**

In his report submitted to the Ministry in July, 1957 the Chief Technical Examiner pointed out a number of defects in the construction of 20 "E" type quarters in East Vinay Nagar. Some of the defects pointed out by the Chief Technical Examiner were use of less cement, defective woodwork, inferior general standard of work, use of patches of timber, Chowkhats not fixed true to line and plumb, inferior finish of building, etc.

One Executive Engineer, two Assistant Engineers and two Section Officers were *prima facie* found responsible for allowing the defective execution of the works and disciplinary proceedings were accordingly instituted against them.

The Executive Engineer was exonerated of the charges framed against him in consultation with the Union Public Service Commission. The two Assistant Engineers were punished with stoppage of one increment in each case with cumulative effect. The two Section Officers were censured.

2. *Extension to Out Patient Department including isolation Ward at Lady Hardinge Medical College and Hospital, New Delhi.*

In this case, the Chief Technical Examiner reported in July, 1957, that there had been deliberate recording of false measurements and overpayment to the contractor to the tune of about Rs. 22,948 on the work of extension to Out Patient Department including Isolation Ward at Lady Hardinge Medical College and Hospital, New Delhi. He further reported that, though the false measurements were initially recorded by the Section Officer, both the Sub-Divisional Officer and the Executive Engineer were equally involved as they had check-measured the work cent per cent. All the three officers were charge-sheeted. After careful consideration of the explanations submitted by the Assistant Engineer and the Sectional Officer, the Sectional Officer was punished with stoppage of one increment with cumulative effect. As regards the Assistant Engineer, he was punished with reduction of pay by one stage with cumulative effect. The explanation of the Executive Engineer was considered in consultation with the Union Public Service Commission. At the Commission's advice, the Executive Engineer was punished by reduction in the time scale of his pay by one stage for a period of one year; the period of reduction was to operate to postpone his future increments.

3. *Construction of servants quarters, garages, etc., in the office of the Comptroller and Auditor General at Mathura Road, New Delhi.*

In this case, in July 1957, the Chief Technical Examiner had reported that the concrete work was badly honeycombed; the centring used for the R.C.C. work was of very poor type and the brick work was defective. An Assistant Executive Engineer and a Section Officer were *prima facie* found responsible for negligence leading to the execution of sub-standard work. After examination of the explanation of those officers and also other relevant record, it was observed that a number of defects in the work were duly pointed out to the contractor by the officers concerned. It was further found that the contractor was a difficult man and did not heed the instructions issued to him from time to time by the officers concerned. The contractor was subsequently black-listed. It was considered that the inspections of the Assistant Executive Engineer

could have been more frequent. He was, therefore, warned to be more careful in future. (A copy of the warning was not kept in the Character Roll). As regards the Section Officer, it was found that he was not responsible for allowing bad and defective work. He was, therefore, exonerated of all the charges.

4. *Construction of 148 D-II type quarters in Diplomatic Enclave Area, New Delhi.*

Serious defects in plaster, poor quality of mortar used in brick work, deficiencies in wood work, poor quality of paint, omission to provide fittings as specified and overpayment to the tune of over Rs. 20,000 were the irregularities brought out by the Chief Technical Examiner in August, 1957.

One Assistant Engineer and five Section Officers were involved in this case. After examination of their explanations, it was found that the charge of gross carelessness and negligence in the performance of official duties was established against the Assistant Engineer and one of the Section Officers. They were, therefore, punished with stoppage of two increments without cumulative effect. One Section Officer was exonerated of the charge as it was found that the defective work was not done during the period of his charge. The charge could not be substantiated against one Section Officer and the remaining two Section Officers were not in charge of the work and as such no charge-sheet was served on them. The case against them had accordingly to be dropped.

5. *Improvement to Mathura Road—Sub-head constructing approach from Jangpura to railway line (First Part)*

In this case, the Chief Technical Examiner pointed out in August, 1957 that the departmental officers had allowed lead of two miles instead of 1-1/2 miles for the construction of Delhi side approach road to raise link over the railway line on Delhi-Mathura Road. It was also alleged that the road-roller was used for lesser number of days than required and consequently the consolidation of the road was inadequate. The quantity of cement issued to the work was also less than that required by the specifications. One Executive Engineer and one Assistant Engineer were *prima facie* found responsible for the lapses. The Executive Engineer was warned to be careful in future and the penalty of censure was imposed on the Assistant Engineer. A copy of the orders censuring the Assistant Engineer was placed in his Character Roll.

#### 6. Supply of curtains to MPs flats in New Delhi.

In this case, the Chief Technical Examiner reported in September|October, 1957 that, in 'B' Division of the Central Public Works Department, an overpayment of about Rs. 22,892 was made by the Executive Engineer in connection with the purchase of curtains for M.Ps' flats in New Delhi. It was further reported that the overpayment was due to excessive rates paid for curtain cloth and on account of short supply of curtain rings by the suppliers. The Executive Engineer, the Assistant Engineer and the Section Officer concerned were charge-sheeted. In the case of the Executive Engineer, an Enquiry Officer was also appointed. On receipt of his report, the matter was considered in consultation with the Union Public Service Commission. The Commission advised that out of the two charges framed against the officer concerned one had not been proved and the other had only been partly proved. The Commission, however, pointed out that there were certain extenuating circumstances and, considering the same as well as all relevant factors including the record of service of the officer, they were of the view that the requirements of the case would be met if the penalty of censure was imposed on the Executive Engineer. The Government accepted the advice of the Commission and punishment was imposed on the officer concerned accordingly.

Other officers viz. one Assistant Engineer and one Section Officer were censured by the Chief Engineer, Central Public Works Department.

#### 7. Repairs to Ring Road—Phase I from viaduct to junction of Factory Road.

In this case the Chief Technical Examiner pointed out in February, 1958 that a sum of Rs. 26,144.04 nP was due from the contractor concerned on account of materials supplied to him and for hiring charges for road-rollers etc. On examination of the relevant records, one Executive Engineer, one Assistant Engineer and one Section Officer were found responsible for the excess issue of materials and for lack of control on the proper use thereof. After careful consideration of the explanations submitted by the officers concerned, it was decided to warn the three officers to be careful in future. A copy of the warning issued was to be kept on confidential record of the Assistant Engineer and the Section Officer concerned. It appears that these warnings were not then issued through oversight. This is now being done in the case of the Assistant Engineer and the Section Officer. The Executive Engineer concerned has since expired. The amount overpaid to the Contractor was duly recovered and Government suffered no loss on that account.

8. *Construction of 384 'A' type tenements in Mall Road, Kingsway Camp.*

In this case, the Chief Technical Examiner reported in February, 1958 that the mortar used for brick work was of poor quality. The Executive Engineer was not held responsible for the poor mix of the mortar. The explanations of the two Assistant Engineers and one Section Officer concerned were called for and it was decided to warn the three officers and to place the warning in their character rolls.

9. *Direct purchase of steel for works at Nasik.*

In May, 1958 the Chief Technical Examiner reported that certain irregularities had been committed in the purchase of steel for the works at Nasik resulting in overpayment to the firm. Some of the irregularities pointed out were:—

- (i) In placing the supply orders on the firm the terms and conditions of the notice inviting the quotations were ignored;
- (ii) 90 per cent advance payment was made to the firm before obtaining delivery of the material and without any security; and
- (iii) quality of the material was not verified immediately on its receipt and before making payment.

The explanation of the Executive Engineer, who was found responsible for the above lapses, was called for. He was then on the verge of retirement. On receipt of his explanation the matter was considered in consultation with the Union Public Service Commission and it was decided to reduce his pension by one-fifth.

10. *Construction of office building for Comptroller and Auditor General of India, New Delhi.*

In this case the Chief Technical Examiner reported in April, 1958 that the finish of plaster surface was uneven, the distempering was unsatisfactory and finish in precast tile work was very poor. It was found that the Assistant Engineer was responsible for lack of alertness and supervision. Similarly the explanation of the Executive Engineer was also not found satisfactory. Both of them were, therefore, warned to be more careful in future. A copy of the warning was ordered to be placed on their character rolls.

11. *Damage caused by rains in July, 1958 to some parts of the approach roads to and culverts over the Delhi-Mathura Road at Jangpura, New Delhi.*

In this case, at the instance of the Minister for Works, Housing and Supply, the Chief Technical Examiner inspected the damaged approach roads to the overhead railway bridges on the Delhi-Mathura Road at Jangpura in July, 1958, and observed that the following factors had contributed to the damage caused to the road:—

- (i) improper and inadequate consolidation of earthwork, particularly near the abutments of sub-ways on bridges;
- (ii) no provision for drainage of water collected on the road surface between kerb stones, particularly when the level of the roads was kept 3" below the level of the road slabs over the adjoining bridges and culverts to receive an additional wearing coat of metal in due course; and
- (iii) defect in the specification attached to the agreement for consolidation of earthwork, as no provision had been made for watering to aid compaction of each layer of earthfill.

The improper and inadequate consolidation of earth work was due to insufficient use of rollers for compaction of the earth-filling and use of less cement than the specified quantity. It was further noticed that excessive leads were allowed to the contractors for carriage of earth to form the embankment. After careful examination of the explanations of the officers responsible for the lapses, it was decided to warn the Executive Engineer, the Assistant Engineer and the Section Officer concerned. It was further decided that the warning should be placed on their character rolls.

12. *Complaints against certain officers of Northern Electrical Division, Central Public Works Department, regarding painting of street light poles in NAC area, and certain works executed at Irwin Hospital.*

The Chief Technical Examiner reported in August, 1958 certain irregularities committed by the officers of the Northern Electrical Division on several works in that Division. An examination of the case showed that the defects were largely due to the procedures followed being not in keeping with the standard departmental instructions, etc. The explanations of one Executive Engineer and one Assistant Engineer were called for. The Executive Engineer was warned to be careful in future. The Assistant Engineer was charge-sheeted on two counts. One case ended in his being punished with stoppage of increment for one year with cumulative effect. In the other case, he was censured.

**13. *Improvement to Storm Water Drainage System at Santa Cruz Airport, Bombay.***

In this case the Chief Technical Examiner inspected the work mentioned above in December, 1957, and observed certain defects in the reinforcement concrete slabs used on the work. As a result of his observations recovery of a sum of Rs. 17,820 was made from the contractors concerned. The matter was reported by the Chief Technical Examiner to the Vigilance Organisation of the Central Public Works Department for taking disciplinary action against the officers concerned. The disciplinary aspect was examined by the Chief Engineer, Central Public Works Department. No action against any of the officers was considered necessary.

**14. *Unauthorised construction in quarter No. J/363 Vinay Nagar with the connivance of departmental officers.***

This was a routing reference received from the Chief Technical Examiner and did not call for any action. The construction in question was found to have been authorised by the Department.

**15. *Annual repairs and maintenance works of Calcutta Central Division No. 1, Central Public Works Department, Calcutta.***

In this case, the Chief Technical Examiner reported in May, 1959 that certain items of works such as polishing of old marble in mosaic floors in 42 type IV quarters at Belvedere, laying on cement concrete floor in 40 clerks' quarters at Garcha Lane and renewing cords of fan lights in the said clerks' quarters had not been done but were allowed and paid for at full rates to the contractor. The other defects noticed included the recording of measurements of painting work on the measurement book without making any deduction for those areas where painting had not been done and the colour-wash, white-wash and wood-kote painting were not generally upto the required standard.

The Chief Engineer initiated necessary departmental action against two Assistant Engineers and two Section Officers. Warning was administered to one of the Assistant Engineers and a copy thereof was placed in his Character Roll. The remaining three officers were punished with stoppage of two increments with cumulative effect.

**16. *Diversion of Najafgarh Drain.***

In this case, the Chief Technical Examiner reported in May, 1959 that an overpayment of Rs. 30,000 was made to the contractor for the following reasons:—

(1) In certain cases actual quantities were paid for although the agreement provided that, for purposes of payment, the lesser of

the two quantities viz., quantities based on cross sections as per work actually done and the theoretical ones would be payable to the contractor, despite the fact that, in those cases, the theoretical quantities were lesser.

(2) The hard rock stacks on the basis of which quantity for payment under hard rock item was arrived at were found to contain certain element of soft rock.

(3) The agreement required stacking of all soft rock excavated. In actual practice, however, only a small quantity was stacked and the balance was dumped straightaway into the pits, thus causing the contractors a saving in the element of labour.

In the meantime, the Special Police Establishment also started investigation of this case. On receipt of their report, departmental action was initiated against the Assistant Engineer and the Section Officer concerned, who were punished with stopped of one increment with cumulative effect and with stoppage of two increments with cumulative effect respectively. On appeal, the penalty on the Section Officer was modified to stopped of two increments without cumulative effect.

#### *17. Additions and Alterations to the Terminal Building at Palam.*

In this case, the Chief Technical Examiner reported in December, 1957 that the mortar used in the brick masonry was of poor quality and casting of R.C.C. work was improperly done. One Executive Engineer, two Assistant Engineers, two Section Officers and two Work Assistants were *prima facie* found to be responsible for the lapse. After examination of the relevant record and the explanations submitted by the officers concerned, it was decided to warn the Executive Engineer, one of the Assistant Engineers, both the Section Officers and one of the Works Assistants. A simple warning, without a copy thereof to be placed in the character roll, was issued to the Executive Engineer. A copy of the warning was placed in the character roll of the Assistant Engineer and both the Section Officers. The Works Assistant retired on the 31st January, 1961 and died. The explanations given by the second Assistant Engineer and the Second Work Assistant were accepted and the charges framed against them were, therefore, dropped.

#### *18. Construction of Higher Secondary School at Najafgarh including Chowkidar and Sweeper sheds.*

As a result of information received from the Special Police Establishment in January, 1958 the Chief Technical Examiner investigated



the work of construction of a Higher Secondary School building at Najafgarh, Delhi. The allegation made was that the foundation of the building had not been laid according to specifications; old bricks were used in foundation and that cement used was not in the prescribed proportions. The Chief Technical Examiner's inspection, however, revealed that while there was no basis for the above allegation, the wood work involved in the construction of the building was sub-standard. The defects noticed included cracked and warped sal wood, rough trusses, improper execution of joinery in the wooden trusses, use of crude iron straps, defective wood used for the kurries, less thickness of some of the slabs of red stone, roofing, weak plaster at certain spots, etc.

The explanations of the Executive Engineer, the Assistant Engineer and the Section Officer were called for. The officers concerned were found to have been guilty of laxity in supervision. However, considering the fact that the officers concerned were incharge of several other works scattered over a wide area and were not, therefore, physically in a position to exercise proper supervision, it was decided to warn them to be more careful in future. A copy of the warning was ordered to be placed in their character rolls.

19. *Construction of Basic School building at Debar Khara, Delhi.*

In this case, the Chief Technical Examiner reported in April, 1958, that the mortar in cement concrete was weak, the R.C.C. in slabs and beams was of poor quality, the brick work in jambs and sills was defective, the fixation of holdfasts was defective and that the wood work coming in contact with the masonry was not properly painted. The explanations of the Executive Engineer, the Assistant Engineer, and the Section Officer concerned were called for. It was observed that the officers concerned had been lax in the exercise of supervision of the work in question. However, in view of the fact that officers concerned were incharge of a number of works scattered over a wide area and were, therefore, physically not in a position to exercise the required amount of supervision on the work under construction, it was decided to warn them to be more careful in future. A copy of the warning was ordered to be placed in their character rolls.

20. *Providing of electrical installations and fans in type II special quarters at Ghatkopar, Bombay.*

In July, 1958, the Chief Technical Examiner reported a number of defects in the work of providing electrical installations and fans in type II special quarters at Ghatkopar, Bombay. The defects pointed out included the following:—

- (1) As against  $\frac{3}{4}$ " diameter conduit pipe  $\frac{5}{8}$ " size was used.

- (2) The conduit ends were not threaded for connection to the boards.
- (3) Iron nails, instead of brass screws, were used for fixing link clips on battens.
- (4) Improper finish of recess in the wall for sub-distribution board.
- (5) Only a thin plywood was provided at the back instead of 1" thick teakwood plank.
- (6) Metal sheet was not provided at the back.
- (7) Protection pipe for earth wire was not provided.
- (8) No charcoal was found upto 2½ ft. below top of the 2" pipe.

Disciplinary proceedings were instituted against two Executive Engineers (Electrical), an Assistant Engineer and the Section Officer concerned with the work. After examination of their explanations the two Executive Engineers (Electrical) were warned for defective supervision of the work. The warning being a simple one was not placed in their Character Rolls. The Assistant Engineer was punished with stoppage of two increments with cumulative effect. On appeal, however, the penalty was reduced to stoppage of two increments without cumulative effect. The Section Officer was censured.

*21-22. Spray painting of ceiling fans, etc. at Bombay.*

In this case, the Chief Technical Examiner reported in August, 1959 that wrong measurements were recorded for the item of spray painting of fans in various buildings under the Central Electrical Sub-Division No. II, Bombay, and on the maintenance of electrical installations and fans in the old C.G.O. building, M.S.D. Byculla and the Nautical Engineering College, Bombay. One Assistant Engineer and one Section Officer were *prima facie* found to be responsible for the irregularities. Departmental action was, therefore, started against them. During the progress of the disciplinary case, the Assistant Engineer concerned expired. The Section Officer concerned was punished with the stoppage of one increment with cumulative effect.

*23. Shortage of ceiling fans in the Dev Nagar Enquiry Office of the Central Public Works Department, New Delhi.*

In this case the Chief Technical Examiner reported in June, 1960 that 19 ceiling fans could not be accounted for. An examination of the case revealed that there was no shortage or misuse of the fans

but a proper account of their issue to certain works of the Department had not been maintained. Necessary instructions were, therefore issued for the proper maintenance of the T & P materials.

24. *Dilapidated condition of R.C.C. roofs in 344 'Z' type quarters in Timarpur, Delhi.*

In February, 1960 the Chief Technical Examiner reported certain defects in the construction of 344 'Z' type quarters in Timarpur. The defects pointed out were leakage of roofs and dampness, breaking off of cement concrete of the roof slabs, rusting of reinforcement, concrete of roof slab was porous and use of lime ash mortar instead of lime surkhi mortar in roof terracing. After careful examination of the matter it was found that early deterioration in the condition of roof was due to defective specifications, adopted mainly for reasons of economy and that there was no case for taking disciplinary action against any officer.

25. *Defacement of thumb impressions on muster rolls of the Ujh Central Division of the Central Public Works Department.*

The Chief Technical Examiner reported to the Ministry in August, 1958 certain irregularities in the working of the Ujh Central Division of the Central Public Works Department as pointed out in an inspection report of the Accountant General, Central Revenues. The matter was investigated by the Ministry and the following irregularities were noticed:—

- (i) Defacement of thumb impression on some muster rolls;
- (ii) Muster rolls were passed without completion of part III thereof showing the progress of work;
- (iii) Daily reports did not indicate the description of work done;
- (iv) the rate of wages admissible to labour was not recorded against the individual items of employment in some of the muster rolls; and
- (v) improper supervision and control.

The explanation of the officers responsible for the lapses was called for and, on receipt and examination thereof, it was decided to warn the Executive Engineer to be more careful in future. The warning being a simple one, it was not placed in his character roll. Disciplinary proceedings were also instituted against one Assistant Engineer and as a result he was dismissed from service. On appeal, however, the orders were set aside and a fresh inquiry was ordered.

As a result of the inquiry, he was exonerated of the charge framed against him. Disciplinary proceedings were also instituted against one Section Officer but he was exonerated of the charge. Detailed instructions were, however, issued by the Chief Engineer on the 12th October, 1959 to tighten up control and supervision and the operation of muster rolls and their periodical cheking.

26. *Construction of 246 quarters (Type II special) at Ghatkopar, Bombay.*

In this case, the Chief Technical Examiner reported the following defects in the construction of 246 quarters (type II Special) at Ghatkopar, Bombay, in May, 1959:—

- (i) Cement mortar used in the brick work and random rubble masonry was of poor quality.
- (ii) Quality of wood work was not in accordance with the specifications.
- (iii) The exposition of surface of R.C.C. work had not been rendered with cement mortar 1:3 and no neera finish had been provided as required by specifications.

The explanation of the officers concerned was called for. The explanation was accepted and no action against any of the officers was considered necessary.

27. *Construction of additional barracks for the Delhi Armoured Police at Edward Lines, Delhi.*

In this case, the Chief Technical Examiner reported to Government in May, 1959 that the painting on the doors and windows of the barracks was of a poor quality; that one or two cracked panels of the cupboards required replacement and that the ground in front of the barracks needed proper refilling and dressing in order to prevent accumulation of water on the roads. The departmental investigation revealed that the defects were removed subsequently. The work of removal of defects in the item of painting was, however, got removed by a contractor other than the one who had done the original work. The Section Officer recorded the measurement of the work without indicating as to which contractor had done the work of removal of defects. No *mala fide* intention was noticed but in view of the fact that the error could have led to payment to a wrong person, a simple warning (copy not to be placed in his Character Roll) was issued to the Section Officer concerned to be more careful in future.

Another Section Officer, who lost the Divisional Office file connected with the case was also warned to be more careful in future. A copy of the warning was kept in his Character Roll.

**28. Construction of 48 Sweepers' quarters in II Block at 'Q' point, New Delhi.**

In September, 1958, the Chief Technical Examiner reported a case where the Audit had pointed out that some quantity of cement (tons 28-14 Cwt) was not used on the work of construction of Sweepers' quarters in II Block at 'Q' Point, New Delhi although payment for the same had been made to the contractor in 2 running bills. The explanation of the Assistant Engineer and the Section Officer concerned was called for. As these were found unsatisfactory, they were chargesheeted and were censured for the negligence on their part.

**29. Construction of out-fall sewer from Ramerh Nagar to Tilak Nagar.**

In this case, the Chief Technical Examiner reported in November, 1958 that on the work of construction of a trunk sewer along Najafgarh Road from the junction of road No. 34B to the site for sewage disposal works near Keshavpura off Tilak Nagar, contrary to the stipulation in the relevant contract, bricks were supplied departmentally; the rates of recovery fixed by the Superintending Engineer were low and that the rate at which the Executive Engineer was effecting recovery from the contractor was still lower. The explanations of the Superintending Engineer and the Executive Engineer were called for. After careful examination of their explanations, the Executive Engineer was warned to be careful in future (warning not to be kept in his Character Roll). As regards the Superintending Engineer, the lapse on his part was not serious and no action was therefore taken against him.

**30. Providing electrical installations and fans in 300 clerks quarters at Vinaynagar, New Delhi.**

In this case the Chief Technical Examiner reported in March, 1959 that the rates for certain items on the work of providing electrical installations and fans in 300 clerks quarters at Vinaynagar, New Delhi, was not suitably reduced in the 8th running bill by the Assistant Engineer concerned. The Chief Technical Examiner also held the Executive Engineer responsible for approving such rates, resulting in an overpayment of about Rs. 1700 to the contractor. Both the officers were chargesheeted for negligence in the performance of their duties. The explanation submitted by the Executive Engineer was considered in consultation with the Union Public Service Commission. The Commission advised that the charge of carelessness and negligence brought against the Executive Engineer had not been

proved against him and that the question of the imposition of a penalty on him did not arise. In the case of Assistant Engineer also a similar view was held by the disciplinary authority and the charge against him was, therefore, dropped.

31. *Execution of electrical works in the district jail at Tehar.*

A number of irregularities in the execution of the work of electrification of district jail, Tehar, were reported by the Chief Technical Examiner in July, 1958. One Executive Engineer, five Assistant Engineers and one Section Officer were *prima facie* found responsible for the lapse. All the officers were chargesheeted. Three of the five Assistant Engineers were punished with stoppage of one increment with cumulative effect. The remaining two Assistant Engineers were punished with stoppage of one increment without cumulative effect. The Section Officer was also punished with stoppage of one increment with cumulative effect. As regards the Executive Engineer, it was decided in consultation with the Union Public Service Commission to punish him with stoppage of increment for a period of one year without cumulative effect.

32. *Construction of 12 'H' type quarters for the staff of the Delhi Development Authority at Dev Nagar, Delhi.*

In this case, the Chief Technical Examiner reported in April, 1960 that the following serious defects had been noticed in the construction of 12 'H' type quarters for the staff of the Delhi Development Authority at Dev Nagar, Delhi:—

- (1) The mortar in brick work was of poor quality throughout the building.
- (2) Considerable quantity of underburnt bricks had been used on the work.
- (3) The quality of RCC work done throughout the building was rather poor. It was porous and did not have the requisite strength. The finish of the concrete was also poor due to defective shuttering. Steel placements were done wrongly. The R.C.C. chajja above the balcony had also sagged.

One Executive Engineer, 2 Assistant Engineers and three Section Officers were *prima facie* found to be responsible for the lapses. The explanations of these officers were called for and after consideration thereof, one of the Assistant Engineers was punished with stoppage of one increment with cumulative effect. The second Assistant

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Engineer was warned to be careful in future and a copy of the warning was placed in his Character Roll. Two of the three Section Officers were warned to be careful in future. The third Section Officer was punished with stoppage of one increment. As regards the Executive Engineer, it was observed that there was no evidence of his having deliberately shown any undue favour to the contractor. He was, however, found responsible for the lapse to the extent that he did not take action to stop the work when he found it to be sub-standard. Considering the fact that the Executive Engineer was burdened with a very heavy work load he was only warned to be careful in future. A copy of the warning was placed in his Character Roll. The contractor was black-listed.

*33. Maintenance works in Central Electrical Division No. I, Calcutta.*

In this case, the Chief Technical Examiner reported in October, 1960 that on maintenance work in Central Electrical Division No. 1, Calcutta, most of the items of work included in the contracts were not susceptible of check after completion of the work. Since there was considerable room for malpractices in such contract works it was necessary that the details of fans and other equipments to be repaired should be given not only in the Measurement Book after the work was done but also in the N.I.T. papers to enable the higher officers to carry out the necessary verification. This was also as per instructions issued by the Chief Engineer, Central Public Works Department. The Chief Technical Examiner, however, observed that the Chief Engineer's instructions on the subject had not been complied with and there was every possibility that bogus payments would be made to the contractor. One Executive Engineer, One Assistant Engineer were *prima facie* found responsible for the violation of the Chief Engineer's instructions. Their explanations were called for and after consideration thereof the Assistant Engineer was warned to be more careful in future. As regards the Executive Engineer the lapses were brought to his notice and he was directed to observe the instructions of the Chief Engineer, Central Public Works Department, rigidly in future.

*34. Providing electrical installations and fans in the Auto-exchange Building at Amritsar.*

In this case the Chief Technical Examiner reported in May, 1959 that the work executed did not generally conform to specifications and the measurements were wrongly recorded to benefit the contractor deliberately and that the irregularities in question called for disciplinary action against the officers concerned. The Assistant Engineer and the Sectional Officer concerned were chargesheeted. The

disciplinary case against the Sectional Officer could not proceed further, as, in the meantime, he was dismissed in another case. The Assistant Engineer concerned was censured. The explanation of the Executive Engineer concerned was also called for and after its examination the lapses on his part were brought to his notice, so that he should be more vigilant in such matters in future.

**SUMMARY OF CASES REPORTED FOR DISCIPLINARY ACTION BY THE CHIEF TECHNICAL EXAMINER UPTO 1960 AND WHICH WERE PENDING FINALISATION UP TO OCTOBER, 1962.**

**35. *Electrification of 2496 Class IV quarters in Sewa Nagar, New Delhi.***

In this case, in December, 1958, the Chief Technical Examiner reported several irregularities such as use of sub-standard wire, use of ordinary switches instead of watertight switches and non-execution of certain work paid for in connection with the provision of electrical installations in 2496 Class IV Government quarters at Sewa Nagar, New Delhi. A Superintending Engineer, an Assistant Engineer and two Section Officers were found to be involved. The Assistant Engineer has since been punished with stoppage of one increment with cumulative effect. The Section Officers were dismissed from service. In the case against the Superintending Engineer, orders reducing by Rs. 1,000 the death-cum-retirement gratuity payable to the officer concerned were passed in consultation with the Union Public Service Commission.

**36. *Construction of quarters on 50 acre of land in Pinjrapol area, New Delhi.***

In this case, the Chief Technical Examiner in December, 1958, found that the quality of a portion of the work was very bad; the internal and external plaster, mortar in brick work and finish of the R.C.C. work were of very poor quality. The matter was examined in consultation with the Chief Engineer, Central Public Works Department, and it was decided to warn the Executive Engineer and the Assistant Engineer concerned with copies thereof to be placed in their Character Rolls. The two Section Officers involved were charge-sheeted and ultimately censured.

**37-41. *Works at Heavy Electricals (Private) Limited at Bhopal.***

These cases relate to five different items of work at the Heavy Electricals (Private) Ltd. at Bhopal. On receipt of a pseudonymous



complaint, the matter was investigated by the Chief Technical Examiner who reported several irregularities involving defective and sub-standard work and non-observance of formalities in the calling for and acceptance of tenders. The Executive Engineer concerned was charge-sheeted and departmental inquiry was started against him. The Inquiring Officer's report has been received and after necessary examination the case has since been referred to the Union Public Service Commission for advice. The disciplinary cases against the four Assistant Engineers are still in progress. One Assistant Engineer has since been warned and a copy of the warning has been placed in his Character Roll. The lapses of two Section Officers have been brought to their notice.

42. *Providing barbed wire fencing for conduits in Water Works Division No. I.*

In November, 1959, the Chief Technical Examiner reported that the concrete laid for fixing R.C.C. posts on this work was very poor and depth was also less than that specified. The Chief Technical Examiner further reported that there was no trace of cement having been used in the concrete. The matter was examined in consultation with the Chief Engineer, Central Public Works Department and the Assistant Engineer and the Section Officer in-charge were charge-sheeted. The Assistant Engineer has since been punished with stoppage of two increments with cumulative effect. As the Section Officer had been absenting himself from duty without permission *ex parte* proceedings were started against him. The Inquiry Officer's report in his case has now been received and is under examination with the Chief Engineer, Central Public Works Department.

43. *Development of 66·77 acres of land on Najafgarh Road, Delhi.*

In August, 1959, the Chief Technical Examiner reported an overpayment of Rs. 9,982 as a result of a number of irregularities committed on the work of development of 66·77 acres of land at Najafgarh Road, Delhi. Two Executive Engineers, one Assistant Engineer and two Section Officers were found to be involved. One of the Executive Engineers has since been warned and a copy of the warning has been placed in his character roll. The case against the other Executive Engineer has been dropped as the irregularities committed by him were not serious. The Assistant Engineer has been punished with stoppage of increments for 2 years with cumulative effect. Of the two Section Officers, one has been warned, copy of the warning to be placed in his character roll, while the other has been punished with stoppage of increments for two years without cumulative effect.

**44. Construction of trunk sewer along Najafgarh Road, Delhi.**

In June, 1960, the Chief Technical Examiner reported less use of certain materials on the construction of a trunk-sewer along Najafgarh Road, Delhi. One Executive Engineer, two Assistant Engineers and two Section Officers were found to be involved in the case. After examination, it was decided that the Executive Engineer concerned should be punished with stoppage of 2 increments without cumulative effect. As however, he was compulsorily retired from service as a result of disciplinary action in another case, the proposed punishment of stoppage of increments was not implemented. The two Assistant Engineers have since been punished with stoppage of increments for one year without cumulative effect. The action against the Section Officers is still in progress.

**45. Provision of electrical storage water heaters at the Irwin Hospital, New Delhi.**

In this case, the Chief Technical Examiner reported in June, 1960 that, instead of G.E.C. type heaters, sphere-hot heaters were accepted by the Executive Engineer in-charge. The matter could not be examined as the records connected with the case had been filed in a court of law and were not available. The records have since become available and the matter has been examined and it is proposed to serve the Executive Engineer concerned with a charge-sheet shortly.

**46. Construction of Narela-Lampur Road, Delhi.**

In August, 1960 the Chief Technical Examiner reported certain irregularities involving an overpayment of Rs. 7,933 to the contractor on the work of construction of a road from Narela village to Lampur village in Delhi State. One Executive Engineer, one Assistant Engineer and one Section Officer were found to be involved in this case. A consolidated charge-sheet taking into account the irregularities on the part of the Executive Engineer in this and three other cases was served on the Executive Engineer. The Inquiring Officer's report has since been received and examined. Before finalising his case it has been decided to await the Inquiring Officer's reports in two other cases against the same Executive Engineer. In regard to other officers, the matter is being processed by the Chief Engineer, Central Public Works Department.

**47. Construction of a Higher Secondary School Building at Tihar.**

In August, 1960 the Chief Technical Examiner reported that work done on the construction of a Higher Secondary School Building at Tihar was sub-standard. One Executive Engineer, two Assistant

Engineers and a Section Officer were found to be involved in this case. The Executive Engineer and two Assistant Engineers were warned to be careful in future. A copy of the warning was placed in the Character Roll of the Assistant Engineer concerned. The Section Officer concerned was censured.

*48. Raising of Upper Bela Road to the standard of a National Highway.*

In this case the Chief Technical Examiner reported that an overpayment of Rs. 63,250 had been made as a result of certain irregularities committed by departmental staff. One Executive Engineer, one Assistant Engineer (retired) and three Section Officers are involved. A consolidated charge-sheet taking into account the irregularities on the part of the Executive Engineer in this and three other cases was served on the Executive Engineer. The Inquiring Officer's report in his case was received but the case has since been closed as the Officer concerned has expired.

The Inquiring Officer's report in the case of the Assistant Engineer (retired) has since been received and is under examination in consultation with the Chief Engineer.

The cases of the three Section Officers are being processed by the Chief Engineer.

*49. Construction of a Weir over river Jamuna at Wazirabad.*

This case relates to certain irregularities observed in respect of the work in question by the Chief Technical Examiner as well as the Special Police Establishment. The irregularities relate to the favour shown to the contractors by allowing them payment by way of extra lead of 20 miles for bringing stones for the work in question. The officers involved in this case are one Executive Engineer and four Assistant Engineers. The Inquiring Officer's report in the case of the Executive Engineer was received sometime back and the case has been referred to the Union Public Service Commission. Two of the Assistant Engineers have already retired. In the case of one of them, action under Article 470(b) of the Civil Service Regulations is being considered by the Chief Engineer. In the case of the second Assistant Engineer, action under Article 351A of the Civil Service Regulations has been initiated and necessary action is still in progress. In the case of the remaining two Assistant Engineers, the Inquiring Officer's reports have been received and the Chief Engineer is examining the same.

**50. Construction of Link Road between M. M. Road and Pusa Road.**

The investigation of this work by the Chief Technical Examiner revealed that full rates for certain items were allowed by the Central Public Works Department officers although they were aware that full work as described in the schedule of quantities had not been done by the contractor. One Executive Engineer, one Assistant Engineer and one Section Officer who were concerned in the matter were charge-sheeted. On receipt of the explanation of the Executive Engineer and the Inquiring Officer's report, it was decided that no action against him was called for. The Chief Engineer would finalise the case of the other two officers.

**51. Raised Link over Jangpura Siding.**

The Chief Technical Examiner who investigated this work noticed certain irregularities on account of which a huge overpayment was made by the department to the contractors. A consolidated charge-sheet taking into account the irregularities on the part of the Executive Engineer in this and three other cases was served on the Executive Engineer. The Inquiring Officer's report in his case has since been received but since he has expired, the case against him has been closed.

The Section Officer has also expired and the case against him has been dropped. The case against the Assistant Engineer is being processed by the Chief Engineer, Central Public Works Department.

**52. Lowering and Widening of Delhi-Mathura Road—Phase II.**

In this case the Chief Technical Examiner observed certain irregularities on the part of the Central Public Works Department officials which resulted in a temporary overpayment to the contractor and avoidable loss to the Government. A consolidated charge-sheet, taking into account the irregularities on the part of the Executive Engineer in this and three other cases, was served on the Executive Engineer. The Inquiring Officer's report in this case was received but since the Executive Engineer has expired, the case against him was closed.

One Assistant Engineer was censured and a Section Officer was warned (copy to be placed in his Character Roll). The case against another Assistant Engineer is being processed by the Chief Engineer, Central Public Works Department.

In the same case another charge-sheet has been served on the same Executive Engineer for certain irregularities in regard to the soling stone and metal. The Inquiring Officer's report in the matter has since been received and is under examination. The same Assistant Engineer and the same Section Officer have also been charge-sheeted on this account and the Chief Engineer is processing necessary action in their cases.

**53. Construction of Second Runway at Amritsar Aerodrome.**

In this case, the Chief Technical Examiner noticed some sub-standard works. One Executive Engineer, one Assistant Engineer and one Section Officer were involved in this case. The Executive Engineer has been warned, with a copy thereof to be placed in his Character Roll. The disciplinary action against the Assistant Engineer and the Section Officer is being processed by the Chief Engineer, Central Public Works Department.

**Recommendation**

As regards delay in taking disciplinary action in this case, the Chief Engineer, Central Public Works Department, said that extent procedure was dilatory to some extent. The Secretary, however, assured the Committee that he would try to evolve a method whereby such delays could be avoided. The Committee would like to be informed of the remedial measures adopted to streamline the procedure as well as the final action taken in this case.

[Serial No. 103 (Para 106) of Appendix IV to 8th Report (3rd Lok Sabha)].

**ACTION TAKEN**

In this case, the irregularities were reported by the Chief Technical Examiner to this Ministry on the 20th October, 1960 and were accepted by the Ministry in December, 1960. One Executive Engineer, one Assistant Engineer and two Section Officers of the Central Public Works department were found to be involved in these irregularities. Preliminary investigations revealed that the officers responsible for the irregularities in this case were involved in irregularities in certain other cases also. It was decided on the 14th March, 1961 to take departmental action against them and charge-sheets were accordingly issued to the Executive Engineer on the 22nd March, 1961 and to the Assistant Engineer and the two Section Officers on the 30th/31st May, 1961. The Executive Engineer took some time in persuing the relevant records for the preparation of statement of his defence. His statement of defence was received on the 26th June, 1961 and the Chief Engineer, Central Public Works Department was asked on the 28th June, 1961, to offer

his comments thereon. The comments of the Office of the Chief Engineer were received on the 27th September, 1961. As the Chief Engineer happened to be on leave at that time, these comments did not have his approval. The Central Public Works Department confirmed on the 30th December, 1961 only that the comments had received the Chief Engineer's approval. After examination of these comments, it was decided on the 21st January, 1962, to hold an enquiry against the officer. An Inquiring Officer was accordingly appointed on the 27th January, 1962. He held 5 sittings between the 24th and 28th April, 1962 and fixed the next date of hearing in July, 1962. The inquiry, however, could not proceed further for the reason that, because of the possibility of landslides due to monsoons, the Executive Engineer could not be allowed to leave his post of duty in Sikkim till October, 1962. In the meantime, one of the Section Officers also submitted his statement of defence on the 23rd January, 1962. The Assistant Engineer, however, adopted dilatory tactics and submitted his statement of defence on the 12th November, 1963. The Second Section Officer died on the 17th January, 1963 while posted in N.E.F.A.. The Chief Engineer appointed the same Inquiring Officer to inquire into the charges framed against the Assistant Engineer and the Section Officer. The Inquiring Officer was, however, subsequently posted as Chief Technical Examiner in this Ministry on the 15th September, 1962. As irregularities in the case were initially brought out by the Chief Technical Examiner, it was considered improper to allow an officer holding the post of Chief Technical Examiner to continue conducting the inquiry. The Chief Engineer, Central Public Works Department, therefore, asked for a change of the inquiring Officer on the 5th October, 1962. The name of another officer was suggested for appointment as Inquiring Officer and the Chief Engineer was asked on the 31st October, 1962 to confirm that that particular officer had nothing to do with the works in question at any time. The Chief Engineer's confirmation was received on the 7th November, 1962 and the new Inquiring Officer was appointed on the 16th January, 1963 to inquire into the charges framed against the Executive Engineer. The same Inquiring Officer was appointed by the Chief Engineer, Central Public Works Department, on the 27th March, 1963, to inquire into the charges against other officers. He has since submitted his report. On the basis of that report orders have already been passed by the Chief Engineer dropping the charges against the Section Officer concerned. The Inquiring Officer's report in regard to the Executive Engineer and the Assistant Engineer has also been considered in consultation with the Central Vigilance Commission and the advice of the Commission was received on the 30th January, 1965. The Commission have advised the imposition of a major

penalty on the Assistant Engineer concerned and the case is being processed further by the Chief Engineer, Central Public Works Department. The Executive Engineer died on the 3rd February 1965 and no action against him is therefore possible now.

The delay in this case does not appear attributable to the dilatoriness of the existing procedure for disciplinary cases. The delay was largely due to the reasons that:—

- (i) The Chief Engineer, Central Public Works Department was on leave from the 9th September, 1961 to the 25th October, 1961 and his comments were, therefore, somewhat delayed;
- (ii) the inquiry could not proceed for quite some time because of the Executive Engineer concerned being not able to leave his post of duty in Sikkim and,
- (iii) the Inquiring Officer had to be changed in the midst of the proceedings and some time was consumed in effecting that change.

In so far as the dilatory nature of the existing procedure for disciplinary case is concerned, the Departmental Committee for Inquiring into Corruption in the Central Public Works Department also felt that, unless the procedure for departmental inquiry was simplified, it would not be feasible to reduce significantly the time taken for disposal of disciplinary cases. The Committee, however, felt that it should be possible for disciplinary cases to be disposed of within 10 to 12 months where a major penalty has to be imposed and 6 to 8 months in the other cases. The Chief Engineer, Central Public Works Department, was instructed on the 16th November, 1962 to keep these instructions in view. Instructions were also issued by the Ministry of Home Affairs on the 23rd June, 1962 indicating the time that should normally be taken for the various stages of inquiry. According to these instructions, the time to be allowed for various stages of inquiry has to be as follows:—

- (a) Completing the inspection of the documents mentioned in the list supplied to the defendant official—7 working days from the date on which the list of documents is supplied.
- (b) Making a request for access to additional records—5 days from the date of completion of inspection.
- (c) Time by which additional records asked for should be made available—5 days from the date of receipt of the request for additional records.

- (d) Time by which additional records made available should be inspected—5 working days from the date on which such additional records are made available.
- (e) Submission of written statement of defence—10 days from the date of completion of inspection of the records or, where the accused Government servant does not intend to inspect the documents—10 days from the date of receipt of the charge-sheet.

Notwithstanding all this, the Committee on Prevention of Corruption appointed by the Ministry of Home Affairs also considered the simplification of procedure of disciplinary proceedings and has since submitted its report. The Committee considered that, in view of the Constitutional requirements and the judicial pronouncements it would not be possible to radically simplify the procedure unless the Constitution is suitably amended. They have, however, examined the possibility of simplifying the procedure to the extent possible within the existing legal frame-work and submitted its recommendations on the 31st March, 1964. These recommendations are under consideration by the Government in the Ministry of Home Affairs.

#### **Recommendation**

The Committee regret to observe that this is another case of undue delay in taking disciplinary action against officials for serious lapses. They would reiterate their earlier recommendation that departmental action, in order to be effective, should be prompt.

[S. No. 104 of Appendix IV to Eighth Report—1962-63].

#### **ACTION TAKEN**

In this case, an overpayment of about Rs. 1,25,000 was reported by the Chief Technical Examiner on the 20th March, 1961, on the work of construction of approaches to the Railway Overbridge on Ring Road, Phase V, near Azadpur, Delhi. The overpayment was accepted by the Central Public Works Department on the 3rd April, 1961. The Chief Technical Examiner reported the irregularities to Government on the 17th May, 1961, with the suggestion that, in view of the seriousness thereof and also since the overpayment involved was very large, the matter should be probed into the detail to fix responsibility on the officers concerned. He intimated that the overpayment was of the order of Rs. 1,67,468 and that the Department had agreed to recover the same from the contractor. On finalising the contractor's bill, the overpayment was subsequently found to be actually of the order of Rs. 1,87,445 and this figure was accepted by the Central Public Works Department.



The Chief Engineer, Central Public Works Department, was asked on the 9th June, 1961, to examine the disciplinary aspect of the case and submit a detailed report along with the draft charge-sheets, if necessary. After examination of the Chief Technical Examiner's report, the Chief Engineer called for the explanations of the officers concerned, viz. of the Executive Engineer on the 29th July, 1961, and of the Assistant Engineer and the Section Officer on the 30th August, 1961. While the explanations of the officers were awaited, the overpayment came to the notice of the Special Police Establishment, who called for the connected records from the Central Public Works Department on the 13th November, 1961. The Department approached this Ministry on the 17th November, 1961 for orders whether the records of the case could be entrusted to the Special Police Establishment. The matter was discussed with the officers of the Special Police Establishment and the Central Public Works Department and it was decided to await explanations of the officials concerned and examine them before taking any decision whether the case should be entrusted to the Special Police Establishment or whether it should be processed departmentally. The Superintending Engineer (Vigilance) in the office of the Chief Engineer, Central Public Works Department, examined the explanations of the officers concerned and submitted a detailed report to Government on the 2nd April, 1962. He was of the view that the irregularities of the Section Officer and the Assistant Engineer were serious enough to call for disciplinary action under rule 15 of the Central Civil Services (Classification, Control and Appeal) Rules, 1957. As regards the Executive Engineer, he was of the opinion that, although there was no clear evidence to establish that he had conspired with the Section Officer and the Assistant Engineer to make fraudulent payment to the contractor, there had been negligence and dereliction of duty to some extent on his part. He further stated that the matter had become subject of arbitration but, irrespective of the Arbitrator's final decision, certain irregularities and lapses could be considered to have been established against the officers concerned. As regards the question whether the disciplinary case against the officers concerned should be handled departmentally or handed over to the Special Police Establishment, he was of the view that, if the case was taken up by the Special Police Establishment for investigation, there was bound to be considerable delay in the arbitration proceedings and also in processing the case departmentally. In his view, unless the Special Police Establishment had definite information other than what had already been brought out by Chief Technical Examiner, no useful purpose was likely to be served by handing over the case to the Special Police Establishment. On overall considerations, he felt that this was a case

which could better be handled departmentally. On receipt of this report, the matter was discussed on the 11th April, 1962, with the representatives of the Special Police Establishment who were of the view that, on the basis of the Superintending Engineer (Vigilance)'s report dated the 2nd April, 1962 on the explanation received, there was no necessity of their taking over the case. It was, therefore, decided on the 21st April, 1962 that the case should be processed departmentally and the connected records were therefore not handed over to the Special Police Establishment. The aforesaid report of the Superintending Engineer (Vigilance) had, however, not then been seen by the Chief Engineer and was actually approved by him in the first week of July 1962. A draft charge-sheet for the Executive Engineer was also, in the meantime, furnished by the office of the Chief Engineer on the 21st May, 1962, with the suggestion that, since three officers were involved in the case, it would be desirable to take action against all of them in a common proceeding. While the matter was still pending, the Chief Engineer reported in September, 1962, that the Section Officer involved in this case had been absenting himself from duty from the 1st December, 1961. He further reported that the officer concerned had submitted his resignation with effect from the 7th July, 1962, and sought for the advice of Government whether or not the resignation be accepted. He was advised on the 3rd October, 1962, that since the irregularities and the lapses on the part of the Section Officer were fairly serious, it should be examined whether these, if proved, will not render him liable to dismissal from service. He was further asked to submit draft charge-sheets in respect of the Assistant Engineer and the Section Officer also to enable Government to pass orders for holding a joint inquiry. The Chief Engineer submitted the draft charge-sheets on the 24th October, 1962, and also stated that the question of acceptance or otherwise of the resignation of the Section Officer concerned was under consideration and a report in the matter will follow.

The draft charge-sheets, however, could not be examined in the absence of the records and the Chief Engineer was asked in May, 1963, to furnish all the original records on which the charge-sheets were based. The Chief Engineer supplied some of the records on the 26th June, 1963 and promised to collect and submit the remaining shortly. He called for the records from the concerned Executive Engineer. However, the Executive Engineer informed the Chief Engineer on the 29th June, 1963 that the arbitration proceedings were going on and the records would be required in connection with the same. He further stated that the next hearing of the case had been fixed on the 22nd July, 1963 and enquired whether it was sufficient if the records were sent after that date. The records

were received on the 31st July, 1963 but, before these could be scrutinised, these were recalled on the 17th August, 1963, by the Executive Engineer concerned for reference in connection with the date of next hearing fixed by the Arbitrator for the 9th September, 1963. The explanations of the three officers were sent by the Central Public Works Department to the Ministry on the 30th August, 1963.

As the disciplinary case was getting delayed, the Arbitrator was requested on the 16th September, 1963, to intimate the probable date by which the arbitration case was likely to be finalised. The Arbitrator replied on the 20th September, 1963, that, as he had to afford all reasonable facilities to both the parties to adduce their evidence and to hear them fully, he was unable to say definitely when he would be able to finalise this case. The records of the case were again received from the Executive Engineer on the 26th September, 1963. The records of the instant case were scrutinized but, before the charge-sheets could be finally drafted and commented upon, the records were called back by the Executive Engineer on the 5th December, 1963, in connection with the arbitration proceedings due on the 10th December, 1963. These were again received in February, 1964 after the hearings which had been fixed for the 5th to 7th February, 1964. The matter was thoroughly examined and discussed with the officers of the Central Public Works Department and they were asked to amplify the charge-sheets in the light of the discussions. The amplified charge-sheets were received on the 16th March, 1964, and were issued on the 7th May, 1964. On the same day, an order for holding a joint inquiry against all accused officers was issued. The Executive Engineer, who had by then been promoted as Superintending Engineer and who happened to be posted at Bombay, intimated on the 22nd May, 1964, that he had explained the alleged lapses and irregularities in February, 1962 and that though he had no objection to face any enquiry but as he was preoccupied for a month or so with the emergent works of the Posts and Telegraphs Department and had made commitments to his Chief Engineer and others in this regard, the relevant records might be sent to him at Bombay for perusal if the matter was so pressing and urgent. As he was required to come to Delhi in July, 1964, in connection with another inquiry against him, it was considered advisable to show him the records during that visit. He was informed accordingly. He saw some of the records on the 23rd July, 1964, and promised to peruse the balance during his next visit to Delhi. Some of the records, which were not available, have since become available and he was asked

to peruse them in the third week of January, 1965 when he was required to attend the other inquiry. The Assistant Engineer concerned has also seen some of the records. Among the records, there are three level books which were produced before the Arbitrator on the 10th December, 1963 and are still with him. The allegation in the charge-sheet was that there had been tampering and erasures of entries in the level books. It was, therefore, essential to show the original level books to the accused officers. So, when the Assistant Engineer asked for a perusal of these level books, the Arbitrator was requested on the 27th July, 1964, to release the documents for a couple of days. In his letter, dated the 31st July, 1964, the Arbitrator, however, refused to release these documents as these had been filed as important original documents of evidence in the arbitration case which was still in progress. He was then requested to allow the officers concerned to peruse the level books under proper safeguard in his own office. The Arbitrator confirmed on the 1st September, 1964, that he had no objection to the level books being perused in his office with the assistance of a member of the staff of the Ministry. The Assistant Engineer concerned has since persued the level books and taken extracts therefrom. The Executive Engineer had been directed to peruse these level books also during his visit in the third week of January, 1965. In such a situation, photostat copies of these documents could have been made for showing the same to the accused officers. But, such a course in this case would not have served the purpose as pencil erasures could not have been reproduced in the photostat copies.

The Section Officer concerned is absconding and is not traceable. Action to proceed against him *ex parte* is being taken in consultation with the Ministry of Home Affairs and Law.

Processing of this case has taken time as explained above. Now that the officers have been charge-sheeted and their explanations are likely to be received shortly, the case should proceed expeditiously.

#### **Recommendation**

The Committee feel that the time taken in the settlement of the first case regarding construction of customs block of the Bombay Air Port is rather excessive. They would like to be informed of the final outcome in due course.

[S. No. 108 (para 111) Eighth Report (1962-63)].

#### **ACTION TAKEN**

The delay in settlement of the case was due to the fact that the work was finalised in March, 1960 when the actual excess quantity

came to be known. The case then remained under correspondence between the Executive Engineer, Superintending Engineer and Additional Chief Engineer. Sanction for award of additional quantities against abnormally high/low rated items was issued on the 7th February, 1963.

2. The reasons for agreeing to the abnormally high rates for quantities in excess of the permissible limit of 5 per cent are given below:—

- (i) Foundation of the building had to be taken deeper to the moorum soil. The estimated rate for the earth work was very low and unworkable.
- (ii) The estimated rate for another item, namely, teakwood flush panelled doors was very low and unworkable. At that time the schedule of rates did not include this item.
- (iii) During the execution of the work certain changes in drawings and specifications were found necessary on architectural and other considerations.
- (iv) The items where excess in quantities occurred were such that it was not feasible to have them executed through another agency with advantage.

3. Disciplinary action against the officers concerned is being taken for their failure to notice the excesses when they occurred and to obtain timely sanction of the competent authority. The Committee will be informed of the action taken as soon as it is finalised.

### **Recommendation**

The Committee feel that, instead of giving a hidden subsidy in this manner, Government should charge full rents from the University and re-imburse the amount if necessary, by way of cash Grants. They would like the Ministry to examine this matter in the light of their above remarks.

[Sl. No. 31 (Para 31) of Appendix III to 24th Report (Third Lok Sabha).]

### **ACTION TAKEN**

In continuation of this Ministry's Office Memorandum No. 5/4/64-Bt., dated the 8th October, 1964, it is stated that the matter has been examined in consultation with the Ministries of Education and Finance. In the circumstances stated in the succeeding paragraphs, the terms and conditions of the lease deed,

under which the five bungalows in Cavelry Lines, had been provided to the University of Delhi cannot be revised to provide for recovery of rent at a rate other than the nominal rent of Re. 1 per bungalow per annum.

2. The bungalows were transferred to the University of Delhi in the years 1941-42 and 1946-47. The question of determining the basis of the recovery of rent was settled in October, 1949. While taking the decision that only nominal rent of Re. 1 per bungalow per annum should be recovered, cognizance was taken of the earlier view expressed by the then Educational Commissioner and the then Labour Department that the condition of nominal rent of Re. 1 had been suggested to ensure no more than the retention of the ownership of the buildings by the Government of India. That decision was also influenced by the fact that the University would be responsible for bearing all expenditure on account of maintenance of the buildings to the full satisfaction of the C.P.W.D. authorities. The University is responsible also for the payment of all rates, taxes etc. in respect of the buildings.

3. The case regarding the lease of these five bungalows was reviewed in 1960 and 1961. The advice of the Ministry of Law was sought on the point whether the terms of the lease deed could be revised to provide for recovery of rent under F.R. 45-B. That Ministry gave the following advice:—

“The lease in this case is a perpetual lease and it can be terminated only in the contingencies contemplated by clauses (1) and (3) of clause III, of the perpetual lease agreement. None of the said contingencies is said to have arisen in the instant case. Under the circumstances neither the landlord concession nor the terms and conditions of the lease as stipulated for in the lease deed can be reviewed or altered by the Government. It can be so done only if the University of Delhi agrees to the same.”

The matter was taken up with the University authorities and the Ministry of Education. As they were not inclined to the revision of the rental clause in the lease deed, it was decided to maintain the *status quo*.

4. In pursuance of the recommendation of the Public Accounts Committee, this matter was again taken up with the Ministry of

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Education in September, 1964. They were requested to use their good offices for obtaining the approval of the University of Delhi for revocation of the present lease and execution of a revised lease on payment of market rate of rent. It was also intimated that the University could approach Government for reimbursement of the expenditure on account of rent so charged. That Ministry have examined the matter in consultation with the University of Delhi and the University Grants Commission. It has not been possible for them to agree to any modification of the perpetual lease of the bungalows provided to the University on payment of nominal rent of Re. 1 per bungalow per annum.

5. In view of the position explained above, there is no alternative except to maintain the *status quo*.

### Recommendation

(i) The Committee trust that the position regarding rent for shops will be reviewed when the leases come up for renewal, keeping in view the financial condition of the lessee and other factors.

(ii) While the Committee appreciate the difficulties in the recovery of rents from displaced persons, they nevertheless feel that the amount of arrears (Rs. 6.59 Lakhs) is still heavy and some effective steps are called for to cover the outstanding rents.

[Sl. No. 36 (Para 36) of Appendix III to 24th Report (Third Lok Sabha)].

### ACTION TAKEN

(i) The recently constructed shops have been allotted on market rent basis. As regards the earlier shops, when an allotment is cancelled or a fresh allotment is made, the position is reviewed and enhanced rents are charged if circumstances of the individual case so warrant. In regard to old allottees who were given the premises as a rehabilitation measure, the policy is to continue recovery of rent at the previous rates as long as valid allotments subsist.

(ii) Special steps have been taken to recover the outstanding rents from the shopkeepers. Notices were issued to various allottees

who were in arrears of rent for more than two months, on the following dates:—

Date of issue of notices	Number of notices issued
31-3-1964	33
2-4-1964	24
3-4-1964	50
6-4-1964	53
9-4-1964	15
10-4-1964	38
11-4-1964	27
13-4-1964	63
15-4-1964	57
16-4-1964	50
17-4-1964	82
21-4-1964	13
TOTAL	505

As a result of these notices, there has been a substantial decrease in the amount of arrears. The arrears of rent in respect of the period up to 31st March 1962, have been reduced from Rs. 8.58 lakhs to Rs. 4.95 lakhs as on 1st May, 1964. The position with regard to the notices issued is under review and further action for the recovery of arrears will be taken.

#### *Observations by Audit*

"While the arrears of rent in respect of the period upto 31st March, 1962 have been reduced to Rs. 4.95 lakhs as on 1st May, 1964, further arrears amounting to Rs. 5 lakhs relating to the years 1962-63 and 1963-64 have accumulated as on that date, although recovery of rent in these cases is required to be effected monthly in advance.

The arrears relating to the period up to 31st March, 1962 amounted to Rs. 6.20 lakhs as at the end of March, 1964, and to Rs. 4.95 lakhs as at the end of April, 1964. Thus the amount recovered during April, 1964 after the issue of notices at the end of January, 1964 was Rs. 1.25 lakhs."

#### **Recommendation**

The Committee feel concerned to note the unsatisfactory state of affairs in the Land and Development Office. In the absence of proper records of the Lands and plots available for allotment or lying



*vacant, the committee are unable to understand how the office could keep a watch over the realisation of rents etc. It could also not have been possible to check unauthorised occupation of lands in the circumstances. The committee feel that the reasons for the failure to maintain proper records should be investigated and responsibility fixed.*

[Sl. No. 38 (Para 38) of Appendix III to 24th Report (3rd Lok Sabha)]

#### ACTION TAKEN

Action has been taken to complete the Register of vacant lands after site inspection. About 50% of this work has already been completed and the Committee will be informed when the Registers are complete in all respects. Action to fix responsibility for not maintaining proper record will be taken and results intimated to the Committee.

#### Recommendation

- (i) *The Committee regret to note that in spite of their observations contained in para 97 of 8th Report (Third Lok Sabha) no progress has been achieved in the matter of settlement of these outstanding claims even though more than 1 year has elapsed.*
- (ii) *The committee desired to be informed of the particulars of the Five Cases of encroachments by squatters whether the premises were still under unauthorised occupation and what steps were being taken to recover the, damages.*

*The information is still awaited.*

[Sl. No. 39 (Para 39) of Appendix III to 24th Report (3rd Lok Sabha)]

#### ACTION TAKEN

(i) The arrears have been further reduced by recovery of premium and ground rent and the position of the arrears as on 1-5-64 was as under:—

Period	Premium Rs.	Ground Rent Rs.
Upto the end of 1957-58	..	98,057·00
58-59	..	66,545·00
59-60	..	82,275 00
60-61	57,557·00	97,575·00
61-62	91,579·00	1,29,402·00
TOTAL:—	1,49,136·00	4,74,454·00

It will thus be seen that the arrears amounting to Rs. 10·59 lakhs in respect of ground rent and 7·84 Lakhs in respect of premium have

been reduced to 4.74 Lakhs and 1.49 Lakhs respectively. Continuous efforts are being made to liquidate the remaining arrears.

(ii) The position in respect of the five cases is given in the attached detailed note.

### **Recommendation**

*The Committee were surprised as to how it took the Land and Development Office three years to communicate the decision regarding enhancement of rent. They are not satisfied with the plea advanced by the Ministry that during the intervening period the question of increasing the rent was under negotiation with the tenant. In para 97 of their 8th Report, the Committee (1962-63) had desired that a thorough departmental enquiry should be undertaken into the working of this office so as to place on a satisfactory footing the management of Government property entrusted to it and fix responsibility for past mismanagement. The committee trust that due attention will be paid to their recommendation and irregularities as cited in the Audit Report will not recur.*

[Sl. No. 40 (Para 40) of Appendix III to 24th Report (3rd Lok Sabha)]

### **ACTION TAKEN**

It was decided by Government on 14-12-1954 to extend the lease on month to month basis on rent to be reviewed in consultation with the Ministry of Finance. The revised rent of Rs. 191/- per month was fixed by the Land & Development Officer in consultation with the Ministry of Finance and conveyed to the Lessee on 15-10-55. It will thus be observed that there was no delay on the part of the Land & Development Officer, in communicating the decision to the Lessee regarding enhancement of rent. Action on para 97 of the Committee's 8th Report (62-63) is being taken separately.

### **Audit Comment**

The Ministry have explained that there was no delay between the date on which the increased rent was fixed in consultation with Finance and the date on which it was communicated to the party. The comment of the Public Accounts Committee, however, relates to the delay of three years which was stated to have been spent in negotiations with the tenant. The rent was fixed only in 1955 when it was to take effect from the 21st August, 1952.

### **Recommendation**

*The Committee would like to be informed of the decision taken in regard to placing the organisations dealing with Nazul Lands in Delhi under the charge of one Ministry.*

[Sl. No. 41 (Para 41) of Appendix III to 24th Report (3rd Lok Sabha)]

## ACTION TAKEN

On the 18th September, 1963, the Union Minister of Works & Housing had written to the then Prime Minister suggesting that the work relating to Housing dealt with in this Ministry; that relating to Town Planning & Urban Development (including that of Delhi Development Authority) dealt with in the Health Ministry; and that relating to large scale acquisition and development of land in Delhi dealt with in the Home Ministry, being of an allied nature, should be placed under the charge of one Ministry. The Prime Minister had referred this matter on 18-9-1963 for examination to the Cabinet Secretary, who held several discussions with the Secretaries of the concerned Ministries. The matter is still pending with the Cabinet Secretariat.

DETAILED NOTE ON THE POINTS ARISING FROM PARA 55 OF AUDIT REPORT (CIVIL) 1963, ON WHICH PUBLIC ACCOUNTS COMMITTEE DESIRED TO BE FURNISHED WITH FURTHER INFORMATION IN THEIR SITTING HELD ON THE 25TH AND 28TH JANUARY, 1964.

Reference Lok Sabha Secretariat's O.M. No. 2/1/26/63/PAC. dated the 8th February 1964.

*Item IV-Land & Development Office para 55, page 56.*

Reply:—A statement showing particulars of the damages claimed from the following five squatters, which are required by the Public Accounts Committee, is forwarded herewith:—

- (1) Bhai Sunder Dass
- (2) Shri Sawan Singh
- (3) Shri Madan Gopal
- (4) Shri Harbans Singh Pardesi
- (5) M/s Paul Engineers

2. Proceedings for eviction as well as recovery of damages in these cases were initiated during May-November 1962. Damages were claimed in these cases in accordance with the formula which was based on Land values for commercial purposes which varies from Rs. 3,75,000/- per acre to Rs. 7,50,000/- per acre. Squatters mentioned at serial Nos. (2)-(5) were squatting since prior to July 1950 but in accordance with the practice followed by the Delhi Development Authority damages were claimed from 1-1-1952. In the case of Bhai Sunder Dass the actual date from which he was squatting on Govt. Land is not known. It has been assumed that he started squatting from a date after July 1950. Damages in this case were therefore, claimed with effect from 1-1-1959 in accordance with the decision taken at the meeting held in the Ministry of Works &

Housing on 23-11-1961. The latest position of these cases is given below:—

(i) *Bhai Sunder Dass.*

The proposal to recover damage charges at the rate of Rs. 50/- per Bigha P.A. according to the schedule prescribed by the Ministry of Works, Housing & Rehabilitation in December 1962 for use of land for dumping materials has not been agreed to by the Ministry of Works and Housing who have decided to recover the amounts of damages at the normal rates in consultation with the Ministry of Finance. Action is being taken to work out the amount of damages accordingly upto 6-9-1962, the date on which the site was vacated by Bhai Sunder Dass.

(ii) *Shri Sawan Singh.*

The Land was being used for running a School. According to the December 1962, schedule the rate for recovery of damages for land for educational purposes is Rs. 83.32 per acre per mensem. At this rate the damages would work out to Rs. 17,050/- for an area of 7880 sq. yds. as against Rs. 2,23,511 demanded from him. The squatter was evicted from the site on 22-6-62.

(iii) *Shri Madan Gopal.*

The Land squatted upon was previously leased to pujaris of Hanuman Temple and lease was determined on 26-9-1961. On a representation from Shri Madan Gopal it was decided by the Ministry that the damages should be recovered from him from 1-12-1961 upto the date of vacation at the scheduled rates of Rs. 1/12 per sq. yd. per month. Terms were accordingly communicated to the party on 3-3-1964 and the proceedings in the Court of Estate Officer were kept pending till the terms were complied with in full. The letter offering terms was issued without prejudice to the proceedings in the Court of Estate Officer. On the basis decided by Government the damages worked out to Rs. 30,142.10 upto 31-3-1964.

(iv) *Shri Harbans Singh Pardesi & M/s Paul Engineers.*

Area squatted upon is 1057 and 791 Sq. yds. respectively. Land & Development Officer has recommended that in such cases damages may be recovered with effect from 1st January, 1959, on the basis of the schedule of rates as prescribed in July, 1961. The matter is under examination. On the basis of the rates prescribed in the schedule of July 1961 the damages recoverable would be Rs. 48,557.88 from M/s Paul Engineers and Rs. 35,879.76 from Shri Harbans Singh Pardesi the period upto 31st March, 1964.

3. Proceedings under the Public Premises (Eviction) Act 1958, for recovery of damages in all the above cases are going on.

*Statement showing particulars of the damages claimed from five squatters which are required by the Public Accounts Committee.*

Sl. No.	Name of Squatter	Place of squatting	Area squatted upon	Purpose for which being used	Total amount of damages claimed	Period for which damages claimed		Whether site vacated/ still in occupation
						From	To	
1	2	3	4	5	6	7	8	9
1.	Sh. Bhai Sunder Dass Contractor	Hamayun Road	2428 sq. yads.	Stacking of building materials.	1,10,163	1-1-59	30-9-62	Vacated on 6-9-62
2.	Sh. Sawan Singh	By the side of Gurdwara Bangla Sahib.	7880 sq. yds.	Running a school.	2,23,511	1-1-52	30-9-62	Evicted on 22-6-62.
3.	Sh. Madan Gopal	Irwin Road (Near Hanuman Temple)	(i) 1012 sq. yds. (ii) 698 sq. yds.	Motors Workshop.	(i) 26,598.10 (ii) 3,544.00	1-12-61 15-11-63	14-11-63 31-3-64	Still in occupation.
4.	Sh. Harbans Singh Pardesi.	Pusa Road	1057 Sq. yds. for workshop 27 Sq. yds. for residence.	Motor & Motor Cycle repairing.	1,53,076	1-1-52	31-12-62	Still in occupation.
5.	M/s. Paul Engineers	Pusa Road	791 Sq. yds.	Engineering Works (Iron Workshop)	1,13,532	1-1-52	31-12-62	Still in occupation.
TOTAL					6,30,424			

**Recommendation**

*The Committee enquired the particulars of officers against whom departmental proceedings were going on for the various lapses resulting in overpayments to contractors. The representative of the Ministry promised to furnish a note to the Committee, which is still awaited.*

[Serial No. 45 (Para 45) of Appendix III to 24th Report (Third Lok Sabha)]

**ACTION TAKEN**

Arising out of the overpayment of Rs. 6·71 lakhs intimated to Audit in 1961, disciplinary action was initiated in 5 cases against the departmental officers. The information required by the Public Accounts Committee is given in the statement attached (Annexure).

## ANNEXURE

*Further information required by the Public Accounts Committee on Audit Report (Civil) 1963, Para 67*

Sl. No.	Name of Work	Date on which overpayment was detected	Date on which disciplinary action was initiated	Details of Officers involved	Present position
1	2	3	4	5	6
1	Construction of offices for local Administration & Courts at Tis Hazari.	November and December, 1958	31-7-1961 (Explanations were called).	Executive Engineer 1 Assistant Engineer 2 Section Officer 3	All the Officers were warned to be careful in future. Copies of the warnings were <i>not</i> kept in their Confidential Reports.
2	Construction of approach to Railway Overbridge on Ring Road, Phase I near Azadpur.	July, 1960	July-August, 1961 (Explanations were called)	Executive Engineer 1 Assistant Engineer 1 Section Officer 1	The officers have been charge-sheeted on 7-5-64 and their replies are awaited. A joint inquiry against them is to be conducted.
3	Construction of Delhi-Mathura Road, Phase I,			Executive Engineer 1 Assistant Engineer 1 Section Officer 1	The Executive Engineer concerned died on 3-2-65. Hence no action is possible against him. As regards the Chief Engi-

neer taking necessary action against the Assistant Engineer and the Section Officer, the position is that some of the important connected records of the case were given to the Special Police Establishment who have filed the same in the court case against the officers and the same cannot be released by the court now. Hence after consultation with the Central Vigilance Commission it has been decided to postpone charge-sheeting the two officers in this case till the release of the documents by the court.

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- 4 Construction of Addl. September, 1959 3-9-1962 (Explanation called) Executive Engineer 1

Since the Executive Engineer concerned had retired on 16th July, 1958 and more than 4 years had elapsed since the occurrence of the incident (October, 1956) no formal action under Article 351A of the



1	2	3	4	5	6
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Civil Service Regulations was possible. The final pension of the officer has not been sanctioned as yet due to another case pending against him under Article 351A and the reduction of his pension suitably under Article 470(b) is under consideration.

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5 Construction of Delhi side Approach to raised link, Delhi-Mathura Road.

Executive Engineer 1  
Assistant Engineer 1  
Section Officer 1

The Special Police Establishment also investigated the case and sent proposals for the prosecution of the officers. Accordingly after the sanction for the prosecution of the officers was accorded on 9-3-1964 the case was taken by the Special Police Establishment to a court of law.

The Executive Engineer,  
however, died on 3-2-65.  
The Asstt. Engineer  
and the Section Officer  
are now being prosecuted  
in Court.

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FOOT NOTE : The dates indicated in column 3 are the dates on which observation Memos. were issued to the department pointing out the defects and irregularities on which overpayments were finally assessed. In respect of items ar S. Nos. 3 and 5 it has not been possible to indicate these dates as the relevant files are with the Special Police Establishment in connection with prosecution of the officers concened.

### Recommendation

*The Committee are surprised at the complacent attitude adopted by the C.P.W.D. in recovering their dues amounting to about Rs. 87 lakhs from the New Delhi Municipal Committee. The fact that the New Delhi Municipal Committee had lodged other claims on Government or that Government might have to give further subsidies should not stand in the way of the C.P.W.D. in realising their legitimate dues. The Committee trust that the Department will pursue the matter vigorously and settle their accounts with the local bodies at an early date.*

[Sl. No. 50 (para 50) of Appendix III to 24th Report (Third Lok Sabha)].

### ACTION TAKEN

The New Delhi Municipal Committee have disputed the basis of allocation of expenditure on remunerative services between Government and the New Delhi Municipal Committee. This matter is under consideration in consultation with the concerned authorities. Meanwhile, the C.P.W.D. have been instructed to make vigorous efforts to recover their dues from the New Delhi Municipal Committee and cover their dues from the New Delhi Municipal Committee and Delhi Municipal Corporation. The present position of recoveries is indicated below:—

	Amount due		Position as in December 1965
	As per Para	As per Division record	
	(Rs. in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)
New Delhi Municipal Committee . .	87.56	87.41	80.52
Delhi Municipal Corporation. . .	10.42	10.43	3.97

### Recommendation

*The Committee may be informed of the final outcome of the cases of over-payments to contractors referred to in para 52 of the Report.*

[Sl. No. 53 (Para 53) of Appendix III to 24th Report (1963-64)].

### ACTION TAKEN

Out of the two cases of overpayment mentioned in para 52 of the Report, recovery of the entire amount of Rs. 42,313/- in one case, has since been made. As regards the other case, (involving overpayment of Rs. 5,862/-) award of the Arbitrator is still awaited.

### Recommendation

*The Committee regret to observe that in this case avoidable expenditure of over 14 lakhs of rupees was incurred due to lack of proper planning and coordination among the C.P.W.D., the D.G.S. & D., and the Administrative authorities (The Commissioner of Income Tax).*

*It is unfortunate that the Department should have taken 4 years to finalise plans and estimates necessary for obtaining administrative approval when, according to their own statement these preliminaries normally took about 12 to 18 months. The Committee are also not satisfied with the explanation for the delay in the procurement of lifts which resulted in a further loss.*

[Para 54 (Sl. 54 of Appendix III) of 24th Report (Third Lok Sabha)].

### ACTION TAKEN

Although it took 4 years to finalise plans and estimates in this case in accordance with the requirements of the Administrative department, which were revised several times, this delay alone did not result in delay in the construction of the building. Land was acquired in November, 1954, and the actual construction work was taken up on the 7th March, 1956. This period of about 1 year and 4 months was utilised for the finalisation of plans, preparation of estimate, accord of sanction, and the completion of other codal formalities. The plans, which the C.P.W.D. had prepared in May, 1954, were approved by the administrative department towards the end of December, 1954, after revising them several times to suit their requirements. The plans had to be got approved by the Calcutta Corporation. As there was some apprehension that the public might sue Government for infringement of the municipal bye-laws, the legal position was also got clarified from the Government Solicitor. On the basis of these plans, the Central P.W.D. prepared and sent an estimate to Government in March, 1955, and it was sanctioned by this Ministry in July, 1955. Before the construction of the building could be started, it was necessary for piling work to be done

because of the nature of the soil. The first pile was driven on the 7th March, 1956. The agreement provided for the completion of the work in six months from the 7th March, 1956. The work was, however, completed on the 22nd December, 1958. Thus, there was a delay of 2 years, 3 months and 16 days in completing the work. The reasons for this delay are given below. Meanwhile, the plans were further revised to provide more accommodation required by the Administrative Department and the revised plan and estimate were sanctioned in January, 1958.

	Ys.	months	days
1. Difficulty in procurement of gravel due to railway strike and other reasons . . . . .	0	0	12
2. Delay in approval of design for piles, caps and beams . . . . .	0	6	14
3. Scarcity and non-availability of labour on account of epidemic in Calcutta . . . . .	0	0	15
4. Due to change over of a pile from driven to bored necessitated by the unsafe condition of the neighbouring buildings . . . . .	1	1	0
5. Delay due to more time taken by the Central P.W.D. for the final test load . . . . .	0	0	3
6. Due to presence of cracks in the private building on the north west corner of the site and consequent correspondence with Calcutta Corporation before resumption. . . . .	0	3	8
7. Extension of time for extra works . . . . .	0	5	2
	2	4	24

The construction could not have begun before December, 1958 even if the plans and estimates had been sanctioned earlier. It has, however, been decided that administrative departments should be requested not to make too many changes in their requirements from time to time so that plans and estimates may be sanctioned within the normal period of 12 to 18 months. Instructions have been issued accordingly to the Chief Engineer, Central P.W.D. vide this Ministry's Memorandum No. 2-1-64-WI, dated the 3rd August, 1964 (copy enclosed).

2. An indent for the procurement of lifts was placed with the DGS&D in 1958, a little after the commencement of work. The DGS&D returned the indent to the C.P.W.D. about 1½ months later for resubmission with the required foreign exchange sanction. The difficult foreign exchange position necessitated exploratory work to ascertain the minimum foreign exchange required for the lifts. On receipt of exploratory tenders, it was found that the quotation of the firm, which had asked for less import licence, was costlier. Negotiations with the firm had, therefore, to be resorted to and a fresh indent placed with the D.G.S. & D. on the 13th May, 1960. It took some time to arrange for the release of foreign exchange. Detailed purchase proposals for the coverage of demand were approved by the Ministry of Finance on the 17th June, 1961 and the contract placed with the firm by the D.G.S. & D. on the 20th July, 1961. Though the stipulated date of delivery was June, 1963 two lifts were installed on the 1st March, 1963 and the other two lifts on the 10th March, 1963. To avoid any changes of delay, however, instructions have been issued on 3rd August, 1964 to the Chief Engineer Central P.W.D. to ensure that action is taken for the procurement and installation of lifts, wherever necessary, so as to synchronise with the completion of the building work.

(No. 2-1-64-WI—Dated 27th September, 1965).

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GOVERNMENT OF INDIA

MINISTRY OF WORKS & HOUSING

No. 21-64—WI

Date 3rd August, 1965.

MEMORANDUM

SUBJECT:—*Construction of buildings—Delay in the.*

A case has come to the notice of this Ministry where considerable delay resulting in loss of revenue to Government occurred in the construction of an office building due to several revisions of drawings and the late installation of lifts. This has been adversely commented upon by the Public Accounts Committee.

2. The Chief Engineer, Central Public Works Department is requested to issue instructions to all concerned to advise administrative departments not to make changes in or revisions of their requirements from time to time unless absolutely necessary for definite improvement in the plan or some other unforeseen reason

which could not be taken into account at the time of preparation of the initial requirements.

3. Instructions may also kindly be issued to all concerned that tenders for lifts should be placed with the D.G.S. & D. promptly at the time of sanction for the construction of a building so that the procurement and installation of the lifts may synchronise with the completion of the building work and there may be no delay in the occupation of the building after its completion for lack of lifts.

Sd/- S. N. BANERJI.

Under Secretary to the Govt. of India.

To

The Chief Engineer,  
Central Public Works Department,  
New Delhi.

### Recommendation

*The Committee desire that the submission of the note explaining the basis of the fixation of the rate of Rs. 50 per ton may be expedited. They would also like to be informed of the action taken to fix responsibility for various lapses in this case of loss in transit.*

[S. No. 55 of Appendix III to 24th Report (3rd Lok Sabha)].

### ACTION TAKEN

#### I. Basis for the fixation of the rate of Rs. 50/- per ton.

1. An extract of the note dated 6-3-1957 recorded by the Manipur Government explaining the basis of fixation of the rate of Rs. 50/- per ton is given below:

"The tenders received are as follows:—

- |                  |   |   |   |
|------------------|---|---|---|
| Contractor No. 1 | . | . | Rs. 68/- per ton.   |
| Contractor No. 2 | . | . | (a) Rs. 35/- per ton exclusive of insurance and demurrage charges.  |
|                  |   |   | (b) Rs. 50/- per ton "inclusive of any shortage at your end and demurrage".                                   |
| Contractor No. 3 | . | . | Rs. 58/- per ton will take no responsibility for shortage and demurrage; want also an advance of 25 per cent. |

- Contractor No. 4 . . . Rs. 46/- per ton—no responsibility for demurrage; separate insurance against shortages.
- Contractor No. 5 . . . Rs. 70/- per ton. No liability for shortages and demurrages.

Contractor No. 2's rates are the lowest. Moreover, he has given a further clarification that his rate of Rs. 50/- per ton included liability for demurrage on any account. The normal rates of insurance are, I understand, Rs. 5/- per ton and demurrage Rs. 2/4/- per ton per day. I understand the ship reached on the 3rd instant and demurrage will commence after 3 days of unloading. The margin of Rs. 10/- per ton for demurrage kept by the contractor is, therefore, reasonable and in view of the normal delay in movement safeguards Government interests. Contractor No. 2's tender as clarified by his letter dated 5-3-1957, may, therefore be accepted and he may be asked to commence work immediately after depositing.

3. Out of the 23,320 sheets received by the Manipur State Transport, only 23,117 sheets were delivered to the Public Works Department resulting in a short delivery of 283 C.I. sheets. The Enquiry Officer's finding is that the Station Master in the Manipur State Transport should be held liable for the loss of 84 sheets and another Station Master for the loss of the remaining 119 sheets. The former has been censured and ordered to pay the cost of 84 sheets (*viz.*, Rs. 1,025.85 P) and as the latter had already been discharged from service in December, 1957, in connection with another defalcation case, no further action can be taken against him.

### Recommendation

(i) *The Committee feel that the procedure followed for the implementation of the Subsidised Industrial Housing Scheme leaves much to be desired. While the Committee appreciate that initiative in regard to these schemes should rightly rest with the State Governments who can better assess their requirements and put up proposals they nevertheless feel that since a part of the expenditure is borne by the Central Government, it is desirable that the latter should scrutinise the schemes more thoroughly with a view to ensure that houses do not remain vacant as had happened in the case of certain States.*

(ii) *The fact that, according to the data compiled by the Ministry in September, 1962, 14,660 houses (16 per cent of the total) had been diverted for use by ineligible persons and 11,459 houses (over 12 per cent of the total) were lying vacant, would indicate that the objective*



*of the Subsidised Industrial Housing Scheme has not been fully achieved. This calls for a review of the Scheme and suitable remedial measures.*

[Sl. No. 56 (Para 56) of Appendix III to 24th Report (3rd Lok Sabha)].

#### ACTION TAKEN

Prior to September, 1958, the projects formulated under the Subsidised Industrial Housing Scheme were scrutinised and sanctioned by this Ministry. But, in pursuance of a recommendation made by the Housing Ministers' Conference held in 1957, and the discussion held in the Planning Commission (at which the then Prime Minister was present) and keeping in view the desirability of implementing housing projects letter No. II. II-20(92)/57 dated 3-9-1958 (copy enclosed) under the Scheme as expeditiously as possible, it was decided in September 1958, that in the matter of sanctioning projects, the Central Government should lay down broad principles to be followed in the formulation of individual projects and then leave it to the State Governments, to sanction them within the frame work of the broad policy and principles laid down by the Centre. The Scheme specifically provides that before taking up construction of houses thereunder, the State Governments may assure themselves that there is adequate demand from eligible workers for the houses proposed to be build and that the eligible workers would be in a position and willing to pay the standard rent when the houses are allotted to them, so as to avoid the possibility of completed houses remaining unoccupied or being tenanted by ineligible persons. Nevertheless since a large number of houses were reported to be lying vacant or in the occupation of ineligible persons, this Ministry asked the National Buildings Organisation to carry out a survey of the whole problem and the causes leading to it. They have recently submitted their Report and have suggested that the State Governments may be requested to pay particular attention to the selection of suitable sites for the construction of S.I.H.S. houses. For this purpose, they should carry out a Socio-Economic survey of the locality to find out, *inter alia*, the present housing facilities and the prevalent rent levels, social relations and community feelings, attachment to a particular locality and whether a village exists on the periphery of the town, etc. This report will shortly be circulated to the State Governments for necessary action.

2. Since funds for the scheme are provided in the Annual Plans of the State Governments and since they have been entrusted with the work of scrutiny and sanction of the projects under the Scheme,

the Central Government cannot discharge these duties, unless they revert to the procedure followed before September, 1958.

3. The desirability of allotting the vacant houses and those in occupation of ineligible persons to eligible industrial workers has been repeatedly impressed upon the State Governments through personal discussions between the Central and State Ministers and officials, as also through correspondence. This matter was also discussed at the last Housing Ministers' Conference held at Chandigarh in December, 1964. The consensus of opinion was that the tenements should be utilised for allotment to industrial workers and where this was not possible, the State Governments should take them out of the industrial housing pool and the expenditure incurred on such tenements (both loan and subsidy) should be treated as loan to the State Governments and they should repay it (with interest) in instalments in the normal manner. If this recommendation is accepted, the number of tenements in occupation of ineligible persons is likely to go down.

4. It may also be relevant to state here that in order to simplify and rationalise the existing subsidised housing schemes (*viz.* Subsidised Industrial Housing Scheme, Slum Clearance Scheme, and the Low Income Group Housing Scheme for economically weaker sections of the community), these schemes are proposed to be integrated into one Subsidised Housing Scheme during the Fourth Plan. The houses built under the proposed integrated housing scheme will be given to the industrial/mine workers with income upto Rs. 350/- p.m. as also to other persons with income upto Rs. 250/- p.m. After the introduction of the proposed integrated housing scheme, the number of houses lying vacant or occupied by ineligible persons will be considerably reduced.

#### Recommendation

*The Committee suggest that this line of approach whether the amounts recoverable from the State Governments could not be adjusted in the amounts to be made available to them on the schemes in the subsequent years, may be examined in consultation with the State Governments at a high level.*

[Sl No. 57 of Appendix III (Para 57) to 24th Report (3rd Lok Sabha)].

#### ACTION TAKEN

The Government of India have no objection to the acceptance of the above suggestion. We have requested the State Governments on 18-5-1965 to communicate their views in the matter.

[File No. 2/2/1/64-HI].

## GOVERNMENT OF INDIA

## MINISTRY OF WORKS, HOUSING AND SUPPLY

No. HII-20(92)/57.

New Delhi, the 3rd September, 1958.

12th Bhadra, 1880.

From

Shri T. N. Srivastava,

Under Secretary to the Govt. of India.

To,

Housing Secretaries of all State Governments (By names)—  
with 5 spare copies.SUBJECT: *Recommendations of the Housing Minister's Conference  
held at Mysore in October-November, 1957—decisions on.*

Sir,

I am directed to refer to this Ministry endorsement No. HII-20(70)/57, dated the 27th November, 1957, forwarding the Recommendations made by the second Conference of Housing Ministers held at Mysore from the 31st October to the 2nd November, 1957. The various recommendations made by the Conference have been examined by the Government of India in detail. Recommendation No. 1 related to the review of action taken by the Central and State Governments in regard to the resolutions passed at the Housing Ministers' Conference held at Simla in June, 1955, and accordingly no action is called for on that recommendation. As regards the other recommendations, decisions/views of the Government of India have been detailed in the following paragraphs:—

## SUBSIDISED INDUSTRIAL HOUSING SCHEME

\* \* \* \* \*

6. Recommendation No. 6 (Construction of houses by employers for industrial workers).

\* \* \* \* \*

(e) (i) The Conference recommended that the State Governments should examine the possibility of sanctioning projects of the employers themselves instead of recommending them to the Central Government for sanction as provided in the Scheme at present. The Government of India have examined this recommendation in detail and have come to the conclusion that it might enable the State Governments to persuade employers of industrial labour in their States to construct houses for their industrial workers in much larger number than what has been the case in the past, if the State

Governments could be given the authority to technically scrutinise, sanction and process the projects formulated by the employers under the Subsidised Industrial Housing Scheme, instead of merely recommending them to this Ministry for sanction. It has accordingly been decided to implement this decision with immediate effect. It will however, be necessary for the State Governments to furnish full details of the projects (together with the prescribed documents including plans, specifications, etc.) as soon as they are sanctioned by them, to the Ministry who would see whether the projects conformed to the provisions prescribed in the Scheme. In cases where this Ministry find that the projects were not in conformity with the provisions of the Scheme, they would advise the State Governments to have the projects rectified suitably and, if necessary, even withhold financial assistance if the defects pointed out by this Ministry are not remedied.

(ii) The State Governments would, no doubt, take steps to publicise this decision adequately in the State so that employers submit their applications for assistance under the Scheme to the appropriate department of the State Government and not to this Ministry. Any applications that may be received in this Ministry in future in this regard will be passed on to State Governments for appropriate action.

(iii) As a corollary to the above decision, it has also been decided to transfer, to the respective State Governments, the records pertaining to—

- (1) applications from employers for assistance under the Scheme which are at present being processed by this Ministry and where no agreements and mortgage deeds have been executed so far; and
- (2) all cases where assistance has already been sanctioned to the employers and the relevant agreements and mortgage deeds executed by them with the President of India, after taking appropriate action to avoid any legal complications in the matter.

Necessary action in the matter is being taken separately.

\* \* \* \* \*

#### TECHNICAL SCRUTINY OF HOUSING PROJECTS FORMULATED BY STATE GOVERNMENTS

##### 23. *Recommendation No. 23:*

(i) The Conference recommended that in the matter of sanctioning housing projects, the Central Government should lay down broad principles to be followed in the formulation of schemes and

should then leave it to the State Governments to sanction individual projects within the framework of the broad policy and principle laid down by the Centre. It may be explained in this connection that of the five Housing Schemes at present in operation, the Low Income Gorup Housing Scheme, the Plantation Labour Housing Scheme and Village Housing Projects Scheme already vest the State Governments with powers to sanction individual projects in accordance with the provisions of the respective schemes, without obtaining any administrative or technical approval of this Ministry. It is only in respect of the projects formulated by the State Governments under the Subsidised Industrial Housing Scheme and Slum Clearance Scheme that they have to obtain the specific technical and financial approval of this Ministry before they can put the work in hand. As the State Governments are aware, such scrutiny has been considered necessary for a number of reasons in the past. The question was discussed in detail at a meeting of the Planning Secretaries of the various State Governments held at New Delhi in connection with the meeting of the National Development Council to consider the reappraisal and prospects of the Second Five Year Plan. The conclusion reached at the meeting was that it would be desirable, for the present, to continue the existing practice in regard to technical scrutiny by this Ministry, and the decision was communicated to all the State Governments in para 4(ii) of the Planning Commission's circular letter No. Plan 5/2/57, dated the 12th May, 1958.

(ii) The matter has, however, been further examined, keeping in view the desirability of implementing housing projects under these two Schemes as expeditiously as possible. It has now been decided that the State Governments should be allowed to scrutinise and sanction themselves, projects formulated by them (or by their Municipal Bodies/Housing Boards under these two Schemes (or by co-operatives of industrial workers under the Subsidised Industrial Housing Scheme) and to go ahead with the execution of these projects after satisfying themselves that the projects conformed strictly to the various provisions (including those in regard to minimum standards of accommodation and amenities, densities and ceiling costs, etc.) laid down in these two Schemes. The State Governments should, however at their very earliest (i.e., immediately after sanctioning a project), send copies of the projects together with the prescribed documents (including plans, specifications, estimates, etc.,) to this Ministry. On receipt of these documents, this Ministry would scrutinise the projects as usual, and in cases where it is found that the projects do not conform to the provisions of the Scheme, the position would be brought to the notice of the State Governments concerned with the least possible delay, to enable them

to remedy the defects or to modify the project suitably. Central financial assistance would be liable to be withheld in cases where the defects, etc., pointed out are not remedied by the State Governments. The Ministry would also advise the State Governments on the general planning and other features of the projects where necessary, and the State Governments would be expected to implement the advice to the extent possible in the execution of the projects concerned.

(iii) Housing projects formulated by the State Governments under these two Schemes (including those formulated by employers or co-operatives under the Subsidiary Industrial Housing Scheme) which involve relaxation of any of the provisions of the relevant Scheme, will continue to be referred to this Ministry for prior approval before they are sanctioned and executed.

\* \* \* \* \*

30. Appropriate action is being taken by this Ministry to amend the various Housing Schemes to the extent necessary in the light of the above decisions. Meanwhile, State Governments may proceed to take such action in the matter as may be required on their part.

31. The receipt of this communication may please be acknowledged.

Yours faithfully,  
Sd/- T. N. SRIVASTAVA,  
*Under Secretary to the Government of India.*

Copy, with a spare copy, forwarded for information to Chief Commissioners of all Union Territories with reference to this Ministry endorsement No. HII-20(70)/57, dated 27 the November, 1957.

Sd/- T. N. SRIVASTAVA,  
*Under Secretary to the Government of India.*

\* \* \* \* \*

### Recommendation

*Even if definite number of staff to be employed (by the Caterer in Hotel Janpath) is not stipulated, it was clear on the basis of hours of duty and number of beds, etc., that a certain minimum number of staff was expected to be employed. This was not done and hence a breach of the agreement was committed. The Committee would like the Ministry to examine this aspect further.*

*The Committee are unhappy to note that the Management of Hotel Janpath did not consider it necessary to review the situation*

*from time to time and ensure that the conditions of the agreement were being fulfilled specially in regard to the employment of the required number of staff. The very fact that the Cabinet had to take notice of the complaints indicates that the position was extremely unsatisfactory.*

*The Committee are surprised to note that even though no written request for the increase in the catering rates was received from the caterer, the catering rates were increased with effect from 1st August, 1962. The Committee were informed that one of the reasons for increasing the rates was to compensate the caterer who was asked to appoint more staff. Audit had, however, calculated that the net decrease/increase in the number of different categories of staff, required to be employed by the caterer with effect from 1st August, 1962 as compared to the minimum number before of this date would result in a reduction of expenditure to the caterer to the extent of Rs. 3,515 per month. This shows that the question was not properly considered before allowing an increase in the rates.*

[Sl. No. 53 to 55 (Paras 56 to 58) of Appendix XXVII to 39th Report (Third Lok Sabha)].

#### ACTION TAKEN

As desired by the Committee, the Ministry of Works and Housing have examined the matter further. It will be seen that in clause 7(b) of the original agreement with the caterer the duty hours were not laid down. In their D.O. letter No. Rep. II/2(112)/63-64/2641, dated 19th March, 1964, Audit have worked out the strength of the staff of an assumed basis of 3 shifts and have assumed the hours of work as applicable to Government institutions. On the basis of these assumptions, Audit have worked out the shortage of staff employed by the caterer. It will be appreciated that in the case of private institutions there are seldom inflexible fixed hours of duty, and besides such employer obtained the optimum output from their staff. In these circumstances to work out the shortage of staff in this manner is hypothetical and would not conform to the basis ordinarily adopted by private institutions. However, at no stage did the then Manager of the Hotel Janpath, bring to Government's notice that the caterer had employed less number of staff than was provided in the contract and had, on the other hand, informed the Ministry that the caterer was doing his best in maintaining the standard expected of him, according to the contract. At this late stage, it would not therefore be possible to contest that the Caterer had committed a breach of the contract by not employing the minimum staff required to be employed in terms of the contract.

2. It may be mentioned here that the complaints brought to the notice of this Ministry mainly related to the bad service and poor quality of food and sufficient space in the dining room, etc. These were the main reasons for introducing 'a la carte' system as explained in this Ministry's note dated the 31st July, 1962 to the Cabinet.

3. Prior to 1st August, 1962, the residents would have rooms either with (i) bed and breakfast, or (ii) bed and full meals with a fixed menu. In the case of residents exercising the option for (ii) above, no rebate was allowed for the meals not taken, which was not liked by the residents. Therefore, with effect from 1st August, 1962 it was decided that residents would be given rooms with bed and breakfast only. They were allowed the choice of having such other meals at the hotel as they liked and with effect from the 1st August, 1962 were not required to pay for the meals which they did not take in the hotel. Thus, on the one hand, the client, etc., of the Caterer for compulsory meals became fluctuating due to the fact that messing was no longer compulsory in the hotel, and on the other hand he had to cater on 'a la carte' basis i.e., to meet individual tastes and choice on payment. It is common knowledge that in all catering establishments, including restaurants and hotels, charges for a fixed menu-compulsory meal—are less than the charges for meals supplied on 'a la carte' basis, where the persons have choice and a wider variety to select from.

Besides, the Caterer had also to incur additional expenditure as the playing of the four-piece band orchestra throughout the year had been made compulsory with effect from the 1st August, 1962.

On the change of the catering system, as mentioned above, Government had also decided that the Caterer should employ more staff as mentioned in this Ministry letter No. 15/26/61-EE. II, dated the 22nd and 25th June, 1962 (copies enclosed). All these factors contributed to the increase in the rates for food supplied on 'a la carte' basis when compulsory messing had been done away with.

Even if it is conceded that the Caterer had not employed the number of staff as assumed on the hypothetical interpretation of the agreement, it is too late for this Ministry to investigate this point in view of the fact that the then Manager of Hotel Janpath had never reported that the Caterer had employed inadequate staff and the fact that the Caterer—vide his letter dated the 11th March, 1964—had certified that whatever staff was necessary under the agreement was employed by him.



### Recommendation

*The Committee may be apprised of the position regarding recovery of the balance of Rs. 6,701/- outstanding on 31st December, 1964 on account of lodging charges from the parties.*

[S. No. 56 (para 59) of Appendix XXVII to 39th Report (Third Lok Sabha)].

### ACTION TAKEN

As on the 1st June, 1965 the outstanding amount of Rs. 6,701.00 could be brought down to Rs. 6,194.00 only. Out of the said sum of Rs. 6,194.00, a sum of about Rs. 4,000.00 is due from some Ministries and Offices of the Central Government. These are old cases and are being pursued vigorously.

### Recommendation

*The Committee consider it extremely unsatisfactory that the rent for the period January, 1959 to March, 1963 from licensees of cabins and show-windows was allowed to accumulate instead of realising it on month-to-month basis. They would like that responsibility should be fixed for this lapse.*

*The Committee may also be apprised of the final position of the recovery of amounts outstanding from the 3 parties against whom legal action is being taken for effecting recovery.*

[S. No. 57 (para 60) to Appendix XXVII to 39th Report (Third Lok Sabha)].

### ACTION TAKEN

It appears from the records of the erstwhile Hotel Janpath that the bills were sent to the occupants of shops and show-windows quarterly but some of them did not make payments regularly. As desired by the Public Accounts Committee, action is being taken to fix responsibility for accumulation of these arrears. The then Manager is not alive now. The then Accountant who had come on deputation from the office of the A.G.C.W. & M. to the Hotel Janpath and was responsible for the maintenance of the accounts and also to take effective steps for the recovery of the Government dues, has reverted to his parent office. His explanation has been obtained and is being examined. The arrears amounting to Rs. 51,050 as reported in the Audit Report represented the arrears for the period ending the 31st March, 1963 only. Of this amount a sum of Rs. 21,137 has since been recovered leaving a balance of Rs. 29,913 due from 3 parties. However, in addition to the aforesaid amount, further amounts have also fallen in arrears from these three parties during

the period 1st April, 1963 to 30th September, 1965. On the 1st October, 1965, a total sum of Rs. 66,567·85 was due from them. Action for the recovery of this amount from the parties in question as a arrears of land revenue under the Public Premises (Eviction of Unauthorised Occupants) Act, 1958, is in progress. The present position of each of the three cases is indicated below:—

Name	Amount due on 1-10-65	Action taken
1	2	3
Rs.		
Shri S. P. Kapahi . . .	23,855·60	The Estate Officer issued orders on the 30th Sept. 1965 requiring Shri Kapahi to pay the dues in ten monthly instalments commencing from the 31st October, 1965, but no payment has been made by him so far. He filed an appeal in the court against the said order and the same was accepted. The case is now to be retried by the "Estate Officer".
Shri S. N. Mehta . . .	29,666·82	Shri Mehta appealed against the proceedings initiated by the Estate Officer under the Public Premises (Eviction of Unauthorised Occupants) Act, 1958 in the District Court. The Court has rejected his appeal and the case has been remanded to the Estate Officer before whom it is now at evidence stage.
S/s. Basant Kumar and P.C. Jain.	13,035·43	The parties appealed against the proceedings initiated by the Estate Officer under the Public Premises (Eviction of Unauthorised Occupants) Act, 1958 in the District Court. The appeal was dismissed and the case was remanded to the Estate Officer, who has issued on 9-6-1965 a certificate of recovery to the Collector of Delhi for recovery of arrears as arrears of land revenue.

**Note furnishing further information on the points raised by the Public Accounts Committee at their sitting held on the 27th January, 1965.**

**REF:—Lok Sabha Secretariat Office Memorandum No. 2/1/26/64/ PAC dated 29th January, 1965, reg. P.A.C.—Consideration of Appropriation Accounts (Civil 1962-63)—and Audit Report thereon.**

**5. Para 64—Pages 77—79—Chief Technical Examiner.**

(i) A note on the action taken on the recommendations of the Public Accounts Committee 42nd Report (Second Lok Sabha) and 34th Report (Second Lok Sabha) and the difficulties, if any experienced by the C.T.E., in giving the report on the lines suggested by the Committee may be furnished.

(ii) The date of retirement of officers involved in the 29 cases mentioned in sub-para (d) and the reasons for delay in finalising these cases may be furnished.

A note showing the action taken on the recommendations of the Public Accounts Committee in their 42nd Report (Second Lok Sabha) and 34th Report (Second Lok Sabha) was sent to the Lok Sabha Secretariat vide this Ministry's No. 5/4/61-B.I., dated the 9th Mal, 1963.

At present, the following particulars are *inter alia* given in the Chief Technical Examiner's Report:

- (1) The number of new works taken up for examination during a particular Report period; and the percentage of cases commented upon.
- (2) Amount of over-payments detected by the Chief Technical Examiner's Organisation.
- (3) Important cases of irregularities noticed by the Organisation.
- (4) Cases referred to vigilance for examining the disciplinary aspect.

The observations made by the organisation include all types of irregularities and lapses noticed—whether minor or major. For determining the degree of seriousness of a case, a number of factors have to be considered *viz.* nature and extent of defects noticed in the work, whether defects/irregularities/lapses as observed were, *prima facie*, due to *bona fide* mistakes, errors of judgment of *mala-fide* intentions, financial implications of the defects/irregularities/lapses; observed etc. Further, works are examined at various stages of progress and in a work on which only minor observations were

made at one stage, major defects/irregularities/lapses might be detected at a later stage and, on the other hand, a case in which major observations were made at one stage, might be satisfactorily explained by the Department with consequent minimisation of the seriousness of the case. Thus, all the data given in the Reports, which include, apart from statistics of cases examined and commented upon, amounts of over-payments detected, specific important cases of irregularities and number of cases referred to Vigilance for disciplinary action, when considered collectively, can provide some criteria for forming an opinion about the working of the C.P.W.D. Like any other system of audit, utility of the organisation lies primarily in the preventive and prophylactic influence exercised by the concurrent technical audit conducted by it on the working of the Central P.W.D. which cannot be assessed in terms of figures.

However, with a view to giving some indication of the quantum of works examined by the organisation, it is proposed to state in future reports the total contract amount of the works taken up for examination during a particular Report period along with the number of site inspections carried out. This data will also be subject to certain limitations as the works examined in a particular period are also examined during subsequent Report periods but such works are not included in more than one Report.

For the purpose of comparison, the organisation proposes to give the number and contract amount of new works taken up by the Central P.W.D. during the Report period. Though, because of certain time lag between the commencement of work and its technical examination, this comparison will not be very realistic, it will give some idea of the relation between the number and value of works taken up for examination by the organisation and total number and value of works executed by the Central P.W.D. Similar statistics regarding scrutiny of final bills, contracts and muster rolls will also be given. The present practice of indicating the figures in regard to the items of works, bills, contracts and muster rolls observed upon, would be given up.

The organisation could also indicate the amount and percentage of over-payments due to serious irregularities or gross neglect so that some opinion could be formed about the working of the Central P.W.D.

If the Public Accounts Committee approves the above-mentioned procedure, it will be followed in future.

(iii) The required information is furnished in the statement of Annexure I.

S. No.	P. No.	Name of Work	Name of Officers involved S/Shri	Date of receipt in Vig. Sec. from Ministry	Date of issue of charge Sheet	Date of receipt of defence statement
1	2	3	4	5	6	7
1	SPE/3/60	Electrification of 2496 Class IV Qrs. in Seva Nagar, New Delhi.	S. Row Choudhry SE (Retd) R. L. Bhatnagar, AE P. P. L. Puri, S.O. S. Sen, S.O. (Contractor Khyber Electric)	1959	19-7-61 (under Art. 170 of C.S.R.) 6-9-60 6-9-60 6-9-60	13-3-62 10-3-61 3-12-60 1-12-60
2	1/25/60	Construction of 'T' type Qrs. in 50 acres of land in Pinjrapole area.	Kishan Chand, EE M.L. Sharma, AE V.M. Puri, SO B. N. Mittal, SO M. K. Sahajwala, S.O.  (Contractors: Parmeshwari Dass Shanti Prakash)	1959	2-3-61 16-7-59 9-1-61 9-1-61.	15-6-61 14-9-59 3-2-61 31-1-61

(Contractors:  
Parmeshwari Dass  
Shanti Prakash)

the Draft para, 64  
December, 1959

Annexure I

L.O. appointed on	Date of receipt of L.O. report.	Present position	Remarks.
8	9	10	11
<p>24-7-61 24-7-61 24-7-61 Shri S. Roy Choudhury retired on 24-1-58]</p>	<p>21-7-62 21-7-62 21-7-62</p>	<p>This case has been finalised and the following punishment has been imposed on the officers: S. Roy Choudhury, S.E. (Retd) on 24-1-58 : Reduction of Rs. 1000/- from the death-cum-retirement gratuity (3-6-64). R. L. Bhatnagar, AE: Stoppage one increment. (1-2-64). P. P. L. Puri, S.O. : Dismissed (1-2-64). S. Sen, S.O. : Dismissed (1-2-64) Business suspended with contractor. Action for blacklisting is being taken.</p>	<p>The Inquiring Officer furnished his report after a year of appointment. The case of S.E. was referred to the U.P.S.C. by the Ministry on 9-10-63 for advice. U.P.S.C. returned the case on 15-5-64. Orders were passed on 3-6-64.</p>
<p>24-8-61 .. .. ..</p>	<p>March, 63 .. .. ..</p>	<p>The case has been finalised and the following punishment, has been imposed on officers: Kishan Chand EE: Warned (Copy in CR) M.L. Sharma, A.E. : Removed from service (in another case) V. M. Puri, S.O. : Censured. B. N. Mittal, S.O. : Censured. M. K. Sahajwala, S.O. : Retired from service on reaching the age of 55. Case is still under consideration against the contractors.</p>	<p>After calling for the explanation of the EE and the AE, the Officers were warned on 18-3-60 with the approval of the Ministry. The Ministry re-examined the case and issued Chargesheet to the E.E. on 2-3-61 after examination of all the records connected with the case. The inquiring Officer appointed in the case furnished his report after two years. Final orders were passed by the Ministry on 19-7-63.</p>

1	2	3	4	5	6	7
3	F. Nos. 1/19/60VS 1/6/62 1/121/62	3 units of Hostels (Contractor: Shri Tirath Ram) 200 Trainees Hostel.	R. R. Tomar, EE J. J. Tolani, AE  R. C. Khanna, AE	1959	6-1-62 11-4-62  11-4-62	Oct. 62 20-11-62  9-8-63
4	1/120/62 1/122/62 1/123/62	(Contractor : (S. S. Duggal) M/S 96 type qrs.	A. T. Nihalaney, A.E.		11-4-62	11-5-62
5		(Contractor :M/s Sharma Kochar.)	K. T. Asnani, A.E.  Harbans Singh, A.E.		11-4-62  20-4-60	16-8-62  19-6-60
6		Training School Workshop (Floor- ing and Amenities Block Contractor Shri Idandas Wadhwani.)	B. S. Satsangi, SO (Now AE) Ran Kishan, S.O.		20-4-60 20-4-60	15-2-61 9-5-61
7		Constn. of Work- shop Building: Contractors: M/s Sharma Kochar.				
8	1/59/59 1/308/60	Pdg. barbed wire fencing for conduits.	Shanti Sarup, A.E. K. M. Saran, S.O. (Contractor: Khub Chand Tyagi).	1959	7-12-60	20-6-61

8	9	10	11
<p>30-3-63 Nov. 63 24-4-63 12-3-64 23-5-63 12-11-63</p>			
<p>(Shri Tomar retired on 16-1-62]</p>		<p>There has been some delay, as after the departmental enquiry was started, case was taken up by SPE for investigations. After the receipt of SPE's report, charges had been framed against the EE. and A. Es. Inquiry has been completed against all the Officers. EE has already been retired on 16-1-62 on reaching the age of 55 and the question of reduction in pension is under consideration.</p> <p>Cases of AEs S Shri Tolani, Khanna which were forwarded to the Central Vigilance Commission in Dec. 64 have since been received with their advice. Final orders are being put up. Minor lapses on the part of certain S. Os. have been brought to their notice and they have been cautioned. One Officer Shri Harbans Singh, AE, has been warned with copy in C.R.</p> <p>Question of disciplinary action against the contractor for defective work was considered by CWAB in their meeting on 21-9-66. As the recoveries on account of alleged defective work was very small and otherwise the contractors were reported to be good, the Board had agreed with the recommendation of SE and ACE that no action should be taken against them.</p>	<p>(3 to 7) When the Ministry was about to issue a chargesheet to the EE, after examining the records the CTE, who had inspected the works furnished his further detailed report in July, 1960 after investigation of the complaint from one Shri P. C. Jain. This case was also discussed between the Min. &amp; SPE in December, 1960 when it was decided to hand over the case to the SPE for further investigation. After considering all the reports, the Min issued Chargesheet to the EE. on 6-1-62.</p>
<p>[Shri Shanti Sarup retired on 19-5-65]</p>	<p>.. ..</p>	<p>The disciplinary case has been finalised. A.E., Shanti Sarup, was punished with stoppage of two increments on 1-3-62. S.O. has deserted his post and has been reported as mentally deranged. Show Cause Notice has been served on him as to why he should not be removed from service for unauthorised absence.</p>	<p>After examination of the case the Min. was requested on 2-11-59 to approve the action of the SE concerned, warning to both the Section Officer and the A.E. The Min. did not agree to our recommendations and a formal disciplinary action under Rule 16 was initiated against the Officers.</p>



1	2	3	4	5	6	7
<b>9 Cases</b>						
9	1/186/60 1/39/61 1/40/62	Constr. of Trunk Sewer 5'-6" dia. along with Najafgarh Road (Use of Water lock).	T. D. Kewalramani, 1960 EE M.C. Bhojwani, AE Mahesh Chandra, AE R. S. Gupta, S.O. & R. S. Yadav, S.O. (Contractor : B. D. Sharma)	21-12-61 9-2-62 9-2-62	Apr. 62 16-3-62 28-5-62	
10	SPE/10/60	Pdg. Electric Sto- rage Water Hea- ters at Irwin Hos- pital.	K.S. Khera, EE. B.C. Dalal, AE. (Contractors : Elecons).	1960 ..	..	
11	1/217/60 1/139/61 1/140/61	Constr. of Road from Narela to Lampur.	K.S. Rajaram, EE. H. Day, AE. R.C. Kataria, SO (Contractors : Hari Chand Mittal)	1960 22-3-61 24-5-61 24-5-61	22-6-61	
12	1/185/60 1/32/62.	Widening and rai- sing of Upper Bela Road.	K.S. Raja Ram, EE T.W. Tehliani, AE (Retd). R.R. Jain, SO. Pramod Kumar, S.O.	1960 22-3-61 1-2-62 .. 25-6-62 20-9-62	22-6-61 20-6-62 13-10-62	

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**Pertaining to the period ending 1960**

<p>.. ..</p> <p>[Shri Kewalramani retired on 13-5-63]</p>	<p>This case has been finalised and following punishments have been imposed on the Officers.</p> <p>T. D. Kewalramani, EE : Stoppage of two increments (He was also compulsorily retired in another case).</p> <p>M.C. Bhojwani, AE: Stoppage of one increment.</p> <p>Mahesh Chandra, AE: Stoppage of one increment.</p> <p>R. S. Gupta, S.O.: Stoppage of one increment.</p> <p>Case of Yadav is in progress with S.E. concerned.</p> <p>Business has been suspended with contractors for three months.</p>	<p>After calling for explanation of E.E. a detailed report with comments sent to the Min. in July, 1961. Charge-sheets against the A.E. and S. Os. were issued after the charge-sheet against the EE was issued by the Ministry. The case of EE was finalised by the Ministry in May, 1963, after consulting the UPSC (The EE retired on 13-5-63 in another disciplinary case pending against him).</p>
	<p>Case against the EE is with the Ministry since 2-5-63 for orders. Departmental action against the AE will be taken after the case against is finalised. Business has been suspended with contractors.</p>	<p>The case was sent to the SPE in June, 1960 for investigation. SPE's report was received in August, 1961 and a report was sent to the Ministry in September 1961 with comments. The matter remained under corres. with SPE and the Ministry for about 1 1/2 years for certain clarifications. Explanation of the AE was called for in April, 1963. Draft charge-sheet against the EE was sent to the Ministry on 2-5-63.</p>
<p>30-1-62</p> <p>11-7-62 Apr. 64</p> <p>11-7-62 Apr. 64</p>	<p>The I.O. has furnished his report. The cases of AE and the S.O. were forwarded to Ministry on 28-12-64 for obtaining the advice of the C.V.C. The case of the EE is under consideration with the Ministry. (EE expired on 3-2-65) Business has been suspended with the contractors and black-listing is being recommended to the Ministry.</p>	<p>Shri M.S. Bhatia, ACE (Now CTE) was first appointed as Inquiring Officer on 11-7-62. On his relinquishing the post Shri O. Muthachen, ACE (Food) was appointed as Inquiring Officer on 27-3-63 who furnished his report after a year (The appointment of Inquiring Officer in the case of A.E. and S.O. was made only after the Ministry had issued orders in the case of EE).</p>
<p>30-1-62 ..</p> <p>29-1-63 ..</p> <p>27-3-63 2-11-63</p>	<p>Report of the I.O. has been received and examined. Case against Shri Jain, SO, has been dropped. Case against S/Shri Raja Ram, EE &amp; T.W. Tehliani, AE (Retd) is under consideration with the Ministry. Cases against the S. Os. are under consideration with the</p>	<p>Detailed report along with a draft charge-sheet against the EE was sent to the Ministry in Feb. 61. In the last week of March, 1961, it was decided by the Ministry that joint inquiry is not to be taken and disciplinary proceedings against the Officers be instituted. As Shri Teh-</p>

1	2	3	4	5	6	7
			K.C. Mittal, S.O. (Contractor : R.L. Hans).		(Shri Tehliani, retired on 14-6-58).	
13	1/414/61 1/170/62 1/172/62	Constn. of weir over River Jamuna.	D.B. Chatterjee, EE.  J.R. Jain, AE  J.J. Mamtani, AE  I.D. Nangia, AE (Retd).  S.K. Chandra, AE (Retd).  (Contractor : Dewan Chand).	1960	21-12-61  26-5-62 26-5-62 28-5-62  Dec., 62	9-10-62  4-12-62 31-4-62  (Shri Nan- gia retired on 15-4-62)  (Shri Chandra, retired on 16-2-61).
14	1/312/60 1/106/61 1/107/61	Link Road between M.M. Road & Pusa Road.	S.V. Motwani, EE  A.K. Kaushik, AE	1960	16-3-61  18-4-61	14-5-62  20-6-61

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respective S.Es. (EE expired on 3-2-65).

liani had then retired from service. A draft charges for taking action under Article 351A of the C.S.R. was sent to the Ministry in June, 1961 and that the Ministry instituted the proposed action in Jan., 1962. The disciplinary action against the Section Officers were instituted by the respective S. Es. but the same could not proceed with as the relevant records were engaged in the cases of other officers.

Shri M.S. Bhatia, ACE (now CTE) was first appointed as I.O. on 11-7-62 on his relinquishing his post, Shri O. Muthachen, ACE (Food) was appointed as I.O. on 27-3-63, who furnished his report after a year (the appointment I.O. in the case of AE and S.O. was made only after the Ministry had issued orders in the case of EE).

Mar. 63 6-1-64 ! The I.O. has furnished his report which has been examined and forwarded to the Ministry to decide the case against the EE. Case of the AEs will be finalised after the decision in the case against the E.E. is finalised by the Ministry. Case is pending with UPSC since 31-3-64.

Business has been suspended with the contractor.

The case was examined after obtaining the records from the SPE who had investigated the case. Draft charge-sheet against the EE with a detailed report sent to Min. in May, 1961 together with a suggestion to hold a joint inquiry. Ministry issued the charge-sheet against the EE on 27-12-61 and ordered that separate inquiry may be held against each officer. The chargesheet against the EE was issued by the Ministry. The Inquiring Officer in the case of EE was appointed by the Ministry on receipt of his statement of defence in March, 63. As the same Inquiring Officer was to be appointed in the cases of A. Es. the cases were held up. The delay on the part of EE was due to difficulty in getting various records he wanted to see.

27-4-63 2-12-64 The Inquiring Officer has completed his enquiry. He has furnished his report in

23-12-62

Detailed report was sent to the Min. in Feb. 61—When the charge-sheet was issued

1	2	3	4	5	6	7
			D.S. Arora, AE	..	18-4-61	30-12-61
			(Contractor : P.B. Roy Chau- dhuri)			(Shri Motwani retired on October, 1963)
15	1/74/61 1/148/61 1/149/61	Constn. of Raised Link over Bridge on Delhi-Mathura Road.	K.S. Raja Ram, BE H.N. Maheshwari, AE  Surjit Singh, S.O.  J.S. Ahluwalia, S.O.  (Contractor :] Hardyal Singh).	1960	22-3-61  30-5-61  31-5-61  31-5-61	22-6-61  22-11-62  27-1-62  21-11-61
16.	1/74/61 1/241/62 1/242/62 1/243/62	Widening of Delhi-Mathura Road (Phase II)	K.S. Raja Ram, EE H.N. Maheshwari, AE H. L. Khazanchi, AE P. N. Ghoshal, S.O. (Contractors : C. D. Kapur).	1960	22-3-61  30-5-61 30-5-61 11-7-62	22-6-61  19-11-63 17-10-61 19-11-62

8	9	10	11
13-12-62	..	the case of the EE to the Ministry, which is under consideration. His report in the case of A.Es. is still awaited.	to Shri Motwani,* he was reverted as AE on 29-3-61 in another disciplinary case for a period of two year and remained on earned as well as medical leave till 30-9-61. Thereafter, he had asked for perusal of records, which he completed only in April, 1962. The Inquiring Officer was appointed in Dec. 1962 by the C.E. when Shri Motwani was A.E. He was again promoted as EE in March, 1963 and the previous orders of appointment of I.O. were modified and fresh orders for the same were issued by the competent authority, i.e., Ministry. Meanwhile he was retired from service in October, 1963 at the age of 55.
30-1-62		I.O. has furnished his report which has been examined.	Draft charge-sheet against EE with a detailed report was sent to the Ministry suggesting joint inquiry against all officers involved. On receipt of Ministry's decision to hold separate inquiry in March, 1961 charge-sheets against the A.E. and S.Os. were issued in May, 1961. There was delay as certain records were taken away by the SPE. Shri M.S. Bhatia, ACE (now CTE) was first appointed as I.O. on 11-7-62. On his relinquishing the post, Shri O. Muthachen, ACE (F) was appointed as I.O. on 27-3-63 who furnished his report after a year (The appointment of Inquiring Officer in the case of AE and S.O. was made only after the Ministry had issued orders in the case EE).
11-7-62	19-5-65	Case against Shri Surjit Singh, SO was dropped on 9-11-64. Case against the EE is under consideration with the Min. Case against Shri Maheshwari, AE which was forwarded to the Ministry on 28-12-64 for obtaining the advice of Cent. Vigilance Commission. has since received. Final orders are being put up. Shri J. S. Ahluwalia, SO has expired (E.E. expired on 3-2-65).	
11-7-62	24-4-64		
11-7-62			
30-1-62	July, 64	I.O. who was appointed to inquire into the charges agt. these officers has furnished his report. The case of EE is under consideration with the Ministry. Cases agt. the A.Es and the SOs which were forwarded to the Min. on 24-12-64 for obtaining the advice of the C.V.C. have since received. Final orders are being put	Draft-charge-sheet agt. EE with a detailed report was sent to the Ministry suggesting joint inquiry against all officers involved. On receipt of Ministry's decision to hold separate inquiry in March, 1961, charge-sheets against the AE and SOs were issued in May 61. There was delay as certain records were taken away by the SPE.
11-7-62			
11-7-62			
11-7-62			

1	2	3	4	5	6	7
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17.	1/298/60	Constn. of Second Runway at Amritsar.	G.G. Bhatia, EE R. N. Bhagat, AE Sunder Lal, SO  (Contractors : Harbajan Singh Roshan Singh)	1960	10-3-61  6-2-64 26-3-64	(Explanation called for) 18-12-64  (Shri Bhatia retired on 25-5-64)
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#### 7 Cases Pertaining to the

18.	Para 7 of the Inspection Report on the accounts of the C.E. Divn. II for the period 23-4-56 to 2-5-56.	R.L. Bhatnagar, ASW Prabhudayal, AE Raghubir Singh, SO S. Sen, AE	..	..
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19.	Consting. offices for Administration and at Tis Hazari	local Courts	R. Ranghachari, AE (now EE) S. D. Pathak, EE (now SE) R.S. Sharma, AE (Now EE) R.C. Rohilla, AE V. P. Vohra, S.O. J.S. Lal Gupta, S.O.
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up. (EE expired on 3-2-65).  
Enlistment has been cancelled on account of death of Contractor.

Shri M.S. Bhatia, ACE (now CTE) was first appointed as I. O. on 11-7-62. On his relinquishing his post, Shri O. Muthachen ACE (F) was appointed as I. O. on 27-3-63 who furnished his report after a year (The appointment of I. O. in the case of AE and SO was made only after the Min. had issued orders in the case of EE.)

Disciplinary case against EE has been finalised. He was warned on 6-2-64 with copy in CR and he has also been retired on 25-5-64 at the age of 55. Sh. Bhagat has been charge-sheeted under Rule 16. His defence statement has been received and is under examination. Shri Uppal has died. The case against S. O. Shri Sunder Lal is in progress with the EE concerned.

Contractors are not registered with C.P.W.D. Orders have been issued not to issue any tenders to these contractors.

The observations of the CTE remained under correspondence with ACE and CTE. Thereafter preliminary explanation of the officers were called and the case was examined and a report was sent to the Ministry in Nov. 61. It was intimated to the Ministry that disciplinary action could be taken after the observations were finally settled by ACE and CTE. In July, 1962, final report was sent to the Ministry suggesting action against the various Officers. Ministry agreed to issue a warning to EE in Sept. 1963. The cases agt. the AE and SO were processed only after a warning to the EE has issued.

#### Period ending 1961

Explanations of all the officers were called for on 20-6-61 and report sent to the Ministry on 22-8-61. After examining the explanations of all the officers, case was referred to the Ministry on 7-5-62. Decision from the Ministry received on 8-4-63. All the Officers were warned on 7-6-63.

Explanation of all the officers were called for on 31-7-61. After examination of the case, the file was sent to the Ministry in June, 1962 for approval of our findings. The Ministry warned Shri Pathak on 18-12-62. The remaining officers were warned on 30-5-63.



1	2	3	4	5	6	7
20.	1/73/61	Constn. of approaches to the Rly. Over-bridge on Ring Rd. Ph. V near Azadpur (over-payment)	S. D. Pathak EE (now SE) P. L. Dewan, AE  R. K. Vaid (Contractor : Lachman Singh Gill)		Mar. 61 (C.T.E. reported to Min. in Dec. 60)	7-5-64  7-5-64  7-5-64
21.	1/191/61	Constn. of Delhi— Mathura Road (Ph. I)	K.S. Raja Ram, EE July 61 H. N. Maheshwari, AE H. L. Khazanchi (Contractor : Chandra Bhan)			
22.	1/247/61	S/R to 33 Runway at Civil Aerodrome, Palam	J.P. Jain, AE Pritam Singh, SO  (Contractor : Gokal Chand Sharma)		19-8-61  (Shri Jain 19-6-64)	23-12-61  retired on
23.	1/405/61 1/206/62 1/207/62	Defective painting & A/R & M. O. to AWH Bldg. (Central Stores)	P. L. Dutta, EE 1961 Walaiti Singh, AE Tek Chand, SO (Contractor : Channan Singh)			17-4-64 17-4-64 17-4-64  (Shri Tek Chand retired on 10-10-65)

Joint inquiry under rule 17 is being held by the Min. against these officers. All the officers have been charge-sheeted under Rule 15. Their defence statements are awaited.

Disciplinary action against the contractor was considered by C.W.A. Board in their meeting on 21-5-62. Action against the contractor has been postponed till the result of arbitration case and disciplinary action against the officers is finalised.

There has been delay in issue of charge-sheet as certain papers are with the SPE in connection with another court case against some officers. However, E.E. expired on 3-2-65.

Business has been suspended with contractors.

31-12-62 28-6-63

I.O. who was appointed to inquire into the charges framed against Shri J. P. Jain, A.E. has not yet furnished his report. (Shri Jain has retired on 19-6-64 on reaching the age of 55 years). Case against the S.O. is in progress with the S.E. concerned.

Business has been suspended with contractors.

10-6-64

(Shri Dutta retired on 29-1-1965)  
(Shri Walaiti Singh retired on 23-9-64)

A joint inquiry under Rule 17 is being held by the Min. All the officers have been charge-sheeted under Rule 15. Defence statements of the A.E. and the S.O. are awaited. E.E. (Sh. P. L. Dutta) has been retired on

Explanations of the officers were called for in July, and August 1961. After examination of the explanations, report was sent to the Ministry on 2.4.62. After receipt of decision to charge-sheet the E.E., a draft charge-sheet was forwarded to the Ministry on 21-5-62. Thereafter the matter remained under correspondence and personal discussion till April, 1964.

The SPE who took up the investigation, completed their investigation and sent their report through the Ministry in June, 1963. After examination a detailed report was sent to the Ministry on 28-8-63. After examination in the Ministry a draft charge-sheet against E.E. called for by the Min. in Nov. 1963 which was sent in January 64. The charge-sheet against the other officers will be served only after the charge sheet against the E.E. is issued. However, E.E. expired on 3-2-1965.

Charges framed against the A.E. and charge-sheet issued in Dec. 1961. The Officer after delaying submission of his reply finally gave his reply in Jan. 1963. A Commissioner for Departmental Enquiries was appointed as Inquiring Officer in Dec. 1962. The Officer relinquished charge and thereafter another Commissioner for Departmental Enquiries was proposed to be appointed. This officer was also transferred and the case was withdrawn and entrusted to an officer of the Department in June, 1963. The accused officer thereafter remained on leave for sometime and retired from service on 19-6-64.

After obtaining explanations of the officers, charge-sheets against the A.E. and S.O. were issued in June, 62. Explanation of the EE with comments was sent to Ministry in August, 62. As desired by the Ministry in Feb. 63, draft charge-

1	2	3	4	5	6	7
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24	1/409/61	A/R. & M/O E & F Blocks at C.A. Palam.	J. P. Jain, A.E. Pritam Singh, SO  (Contractor : Baldev Kishan & Bros.)	1961	19-4-62	22-11-62  (Shri Jain retired on 19-6-64)
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#### 5 Cases Pertaining to Period

25	1/53/62	Const. of Adjt. Duct Gravity from Kilokri Station to Okhla	A.K. Sengupta, EE B.B. Mahalan, A.E. M.P. Jain, S.O. (Contractors : Uttam Singh Duggal & Co.,	Feb., 1962	(Shri A.K. Sengupta retired on July, 1958)	
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26	1/129/62	Constn. of Studio-cum-office Bldg. for AIR at Bhopal SH : Compound wall with gate.	R.R. Tomar, EE B.K. Nijhawan, Divi. Acett. (Contractor : U.S. Duggal & Co.)	April, 1962	(Shri Tomar retired on 16-1-62)	
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8	9	10	11
		reaching the age of 55.	sheet was sent in March '63. Thereafter, the case remained in the Min. for considering a joint enquiry in the case (EE retired from service on 29-1-1965).
		Enlistment has been cancelled due to death of the contractor.	
28-6-63	..	I.O. who was appointed to inquire into the charges framed against Sh. J.P. Jain, AE has not yet furnished his report (Sh. Jain has retired on 19-6-64 on reaching the age of 55 years). Case against the S.O. is in progress with the S.E. concerned.	Same as indicated against item No. 22.
		Business has been suspended with the contractor.	
<b>from January, 1962 to March, 1963</b>			
		Case has been finalised. E.E. Sh. Sen Gupta, has retired in July, 1958. Question of reduction in pension, as he is also involved in some other case is already under consideration of Govt. Lapses have been brought to the notice of the A.E., and the S.O. has been warned.	After examination of the case a detailed report was sent to the Min. on 3-9-62. Explanation of Shri M.P. Jain, S.O. was called for on 3-3-62. After examining his explanation, explanation of the A.E., Shri Mahajan was called for on 23-7-63. After considering the explanations of both these officers, a further report sent to the Min. on 27-8-63. Thereafter the case remained in the Min. under consideration till Nov. 1963. On receipt of Min.'s decision, both the officers were warned.
		E.E. has already retired on 16-1-62 and question of issue of show-cause notice for reduction in his pension is under consideration of Govt.	After examination of the case explanations of the E.E. & Divl. Accountant were called for on 14-5-62 and a report sent to the Ministry on 16-5-62. Explanation of the E.E. received and examined in July, 1962 and thereafter sent to the Min. on 2-8-62 with the suggestion to process the case under Article 470(b) of the C.S.R., as he had then retired from service. Ministry had called for a draft charge-sheet against the E.E. in Oct. 1962, which was forwarded on 7-11-1962. The case is still under consideration with the Ministry.
		As regards Divl. Accountant, matter was reported to the Accountant General.	Explanation of the Divl. Accountant received in Nov. '62, examined and forwarded to the

1	2	3	4	5	6	7
37	1/179/61	Annual Repair & Maintenance of 88 CII Qrs. & 40 CII Qrs. at Pandara Road.	P.N. Raisinghani A.E. Padam Sen, SO (Contractor: S.K. Pandit, N.A. Siddiqui)	..	23-3-64 23-3-64	10-11-65
38	1/206/63	(a) 100/1300/1500 type III Qrs. in 130 acres area to the South of Ring Road.  (b) Mahatma Gandhi Memorial at Rajghat-Ph. I, SH : Samadhi Court & Other ancillary struc- tures.	V.G. Kulkarni, A.E. H.P. Gupta, SO (Contractor: Ram Lal Hans)  Kailash Chandra, A.E. Kunwar Narain, A.E. (Contractor: Om Prakash Baldev Kishan)	July, 1962.	24-6-63	April, 64

A.G.C.R., on 22-3-1963 with comments for further action.

Both the officers were charge-sheeted under rule 15 on 23-3-64. Joint Inquiry under Rule 17 is being held. Defence statement awaited.

Business with contractors (S.K. Pandit) has been suspended in another case.

Warning has been issued to contractors, N.A. Siddiqui in another case. Question of blacklisting is under consideration.

The case was initiated on the basis of a complaint received in this office as well as by S.P.E. in July 1961. While the case was under examination during Nov. 1961, C.T.E. took up the investigation and furnished his report through the Min. in April, 1962. After examination of the CTE's report, the S.E. concerned was requested to furnish his report on certain points, which was received in August, '62. A report was sent to the S.P.E. on 2-2-63, as desired by them, with the suggestion that the departmental action will be processed after a detailed report is received from them. SPE's report was received through the Min. in August, 1963. After obtaining the records, the report of the S.P.E. was examined. It was decided in Feb. 1964 to institute departmental proceedings against the concerned officials.

Jan., 1965

(a) S.O. was charge-sheeted under rule 15. His defence statement has been received. I.O. to inquire into the charges framed against the S.O. appointed. Action against Sh. Kulkarni, A.E. is still to be taken.

(a) Explanations of the A.E. and S.O. were called for in August, 1962 which were received in Sept. 1962 and Jan. 1963 respectively. After examination of the case, a detailed report was sent to the Ministry on 4-3-63 and charge-sheet was issued on 24-6-63.

(b) Case has been finalised. Both the A.E.s have been warned.

(b) Explanations of the A.E.s were called for in August, 1962 which were received in Sept. /October, 1962. After examination of the case, a detailed report was sent to the Min. on 4-3-63 and a warning was issued to both the A.E.s on 24-6-63.

1	2	3	4	5	6	7
29	1/343/62	Constn. of Delhi side approach to the raised link on Delhi-Mathura Road.	K.S. Raja Ram, EE H.N. Maheshwari, AE Amrjit Singh, SO (Contractor:  B.L. Grover, R.L. Arora)	Sept. 1962		

8	9	10	11
	Officers and the contractors are being prosecuted in the Court of Law.		In Dec. 1961, the SPE registered a regular case. They sent their report through the Min. which was received on 3-10-63. After examination, the SPE's report was sent to the Min. on 28-10-63. As desired by the Min. a further report was sent to them on 12-12-63. After examination of the case, in details, the Ministry had issued orders on 7-4-64, suspending the E.E. Simultaneously, the orders in respect of A.E., S.O. and the contractors were issued by the competent authorities. Thereafter, the case is being tried in the Court of Law by the S.P.E.
	Business had already been suspended with contractors.		



### Recommendations

(i) *The Committee may be informed of the final disposal of balance stock worth Rs. 26,000.*

[S. No. 66 (Para 69) of Appendix XXVII to 39th Report.]

(ii) *The Committee may be informed of the disposal of the balance miscellaneous stores worth Rs. 1.32 lakhs.*

[S. No. 67 (Para 70) of Appendix XXVII to 39th Report.]

(iii) *The Committee note that the balance of the stocks of electrical fittings has come down to Rs. 2,01,804 as on 6th February, 1965. They hope that this balance of stores will be liquidated soon and such accumulation of stores will not arise in future.*

*The Committee may also be apprised of the final disposal of these surplus electrical stores.*

[S. No. 68 (Para 71) of Appendix XXVII to 39th Report.]

### ACTION TAKEN

(i) Some surplus sanitary fittings have been issued for utilisation in maintenance and construction works of the Department and the present value of stocks still in hand is Rs. 24,994. The Additional Chief Engineer concerned issued general instructions on the 3rd August, 1964 to the departmental officers under him that, wherever possible, in future contract for construction work it should be stipulated that these stocks lying in balance should be drawn upon.

(ii) The Additional Chief Engineer concerned has reported that the value of the miscellaneous stores reported by Audit as standing at Rs. 1.32 lakhs is actually Rs. 1.84 lakhs. To the extent possible, utilisation of these stores has also been stipulated in construction work. On 13th November, 1965, the value of these stores was Rs. 1.59 lakhs.

(iii) The surplus stores are being gradually used up. On 25th November, 1965 the value of the stores had been reduced to Rs. 1.74 lakhs. The Department is constantly taking steps to avoid accumulation of stores and it is unlikely that stores of this kind will accumulate in future.

