

PUBLIC ACCOUNTS COMMITTEE

(1967-68)

FIFTH REPORT

(FOURTH LOK SABHA)

**[Action taken by Government on the Recommendations
of the Public Accounts Committee contained in
their 41st, 42nd and 54th Reports (Third Lok
Sabha) relating to Civil Accounts.]**

VOLUME II



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(1967-68)

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APPENDIX IV

Recommendations/Observations that have been accepted by Government

MINISTRY OF TOURISM AND CIVIL AVIATION

Recommendation

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

[S. No. 1 of Appendix LIII to 41st Report, 1965-66].

Recommendation

The Committee suggest that the Ministry should in consultation with the parties make a realistic assessment of the position and introduce such suitable amendments in the rules as would facilitate quick assessment of dues and their realisation by a definite date. The Committee would like to be informed of the action taken by the Ministry in the matter.

[S. No. 2 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

As suggested, action has already been initiated for the amendment of the Indian Aircraft Rules, 1937 to provide for specific dates

of payment in respect of landing, housing and parking charges as given below:—

- | | |
|---|--|
| <p>(a) Approved regular users
—All air transport undertakings operating Schedule air transport services to which the provisions of sub-rule (1) or (2) of rule 134 apply, State Governments and Flying Clubs.</p> | <p>Not later than 10 of the month following the month of receipt of bills or within 15 days of the receipt of bills, whichever is later.</p> |
| <p>(b) Other regular users—
Air transport undertakings that operate within India and whose principal place of business is in India.</p> | <p>Within 15 days from the date of receipt of bills.</p> |
| <p>(c) Casual users and users other than those mentioned in clauses (a) and (b) above.</p> | <p>At the time of using the aerodrome.</p> |

2. Provision for charging interest has also been included in the proposed amendment to the Indian Aircraft Rules for non-payment of charges by the dates specified.

In order to enforce the levy of interest it is an essential legal requirement to get an agreement executed by the airline operator concerned. An Agreement has been drafted and is under examination in consultation with the Law Ministry. Meanwhile a departmental circular has been issued on 29th July, 1965, enjoining on all the aerodrome authorities concerned that bills for landing, parking and housing charges should be presented to all concerned latest by the 15th of the month following towards charges accrued during the previous month.

FURTHER INFORMATION

The Aircraft Rules, 1937 have already been amended to give effect to the above two recommendations of the Public Accounts Committee (Third Lok Sabha).

Recommendation

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

[S. No. 3 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

A Departmental Committee has been appointed to go into the system of accounting and to suggest modifications considered necessary for making further improvements.

FURTHER INFORMATION

The report of the Departmental Committee which has been received is under examination. Decisions on the recommendations of the Committee will have to be taken in consultation with the Audit and the Ministry of Finance.

Recommendation

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

[S. No. 4 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The recommendation has been noted. Further action on the lines suggested has been taken by deputising an officer of the Civil Aviation Department to go round the Regional Headquarters to examine the procedure that is being followed.

FURTHER INFORMATION

The report of the Departmental Committee set up by the Civil Aviation Department to make an on the spot study of the procedure for assessment/collection of revenue has been received by Government recently and is under examination.

Recommendation

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

[S. No. 5 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

As a result of negotiations with the IAC it has been agreed that the IAC would pay rent for the area taken over by them except the area represented by the "No Construction Belt". The IAC have since made full payment.

Recommendation

The Committee regret to find that due to lack of coordination between Ministries of Works, Housing and Supply and Civil Aviation, the revised rates of rent issued in February, 1961 could not be enforced in time by the Ministry of Civil Aviation and consequently Government had to incur heavy losses. The Ministry of Works and Housing should have specifically requested the Ministry of Civil Aviation in February, 1961 to revise the rents of buildings in their charge in Delhi and New Delhi as was done by them in respect of their own buildings. The Committee regret to note that this was not done. Further the orders of Ministry of Works, Housing and Supply of February, 1961 were received by the Executive Engineer (CPWD) attached to the Department of Civil Aviation. In spite of that, it appears that no action was taken by him to bring these orders to the notice of Director General of Civil Aviation. Even the office of Directorate General of Civil Aviation was not prompt enough to take action when controller of Aerodrome, Bombay brought to his notice orders of February, 1961 of the Ministry of Works, Housing and

Supply in May, 1961. This lack of coordination and delays at different levels resulted in this huge loss. The Committee trust that these pitfalls would be strictly avoided in future.

[S. No. 6 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

Ministry of Works & Housing have in their O.M. No. 27/22/65-Acc. II, dated 7th January, 1966, have issued instructions that in future copies of all orders laying down the rule for revising rents will be endorsed to all Ministries and Departments of the Government of India, and the C.P.W.D. will also be asked to fix or refix the rents accordingly.

Recommendation

They are, however, glad to note that Indian Airlines Corporation have agreed to make payments with retrospective effect from July, 1962.

[S. No. 7 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

Indian Airlines Corporation since made the payments from July, 1962.

Recommendation

From the note furnished by the Ministry, the Committee are inclined to infer that the original contract with the Bhopal Aviation sanctioning lease of hangar No. 10 at Juhu was defective and as such the first lessee could transfer the rights of the hangar to Parekh Agencies without intimating the Controller of Aerodromes and the fact of this transfer was known only when the Department served an eviction notice to Bhopal Aviation. The Committee would expect that in all such cases the terms and conditions of contracts should be finalised after seeking legal advice to ensure that there may not be any lacuna which could be exploited by a party to the contract against the interest of the Government. The Committee are astonished to learn from the note that a private party has been utilising the hangar space allotted to it for over-hauling engines of transport vehicles belonging to the firm. This is in clear violation of the terms of the agreement which stipulates that the said premises should not be used for purpose other than aviation purposes. Such a misuse can take place only with the collusion of the staff of the D.G.C.A. The Committee desire that the matter should be properly investigated, respon-

sibility fixed and action taken against those found responsible. The Committee may also be informed whether the Parekh Agencies have since vacated the hangar.

[S. No. 8 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The Agreement with Bhopal Aviation provided that the lessee 'was not to assign, underlet, transfer or part with the possession of the said premises or any part thereof of any other right or interest therein without previous approval in writing of the Director General'. The action on the part of Bhopal Aviation to transfer the rights of the Hangar to Parekh Agencies was, therefore, in contravention of the Agreement.

Terms and conditions of contract are finalised in consultation with the legal authorities. The Committee's recommendations in this regard are, however, noted.

As desired by the Committee, the circumstances in which Parekh Agencies made use of the hangar accommodation for purposes other than Aviation purposes, in contravention of the Agreement entered into with them, have been investigated by the D.G.C.A. The investigation has revealed that there is no evidence to establish any collusion between the staff of the D.G.C.A. and M/s. Parekh Agencies. It was a case of surreptitious misuse of the lease. Ministry of Home Affairs (Central Bureau of Investigation) have also informed this Ministry that the matter does not require any investigation by them.

Accommodation in Hangar No. 10 at Civil Aerodrome, Juhu has been vacated by Shri M. U. Parekh with effect from 4-1-1967.

Recommendation

From the statement furnished by the Ministry at Appendix III the Committee are surprised to find that even though recoveries of dues in respect of Government Servants are made at the source, yet in the Delhi region the total amount due upto 31st March, 1964 from Government Servants and other parties outstanding on 30-6-1965 in respect of rent, electricity and water was Rs. 43,607.

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

[S. Nos. 9 & 10 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

As recommended by the PAC in para 1.13, a Departmental Committee was appointed to go into the system of accounting and suggest modifications, as considered necessary. The Report of this Committee which has been received is under examination. Decisions on the recommendations of the Committee will be taken in consultation with the Ministry of Finance etc.

Recommendation

The Committee would like to be informed of the progress made regarding the fixation of standard rent in respect of buildings in six aerodromes located in Madras region.

[S. No. 11 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The standard rent in respect of residential and other buildings in six aerodromes located in Madras Region has been fixed. As a result a sum of Rs. 508.11 became due. The amount has also been recovered.

Recommendation

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

[S. No. 12 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The question of revival of the Flying School was considered in 1964. After careful consideration it was felt that the scheme of training in a Government Institution of the type proposed will not only involve considerable expenditure, both capital and recurring, but will also carry with it moral obligations to provide jobs for all the pilots who will pass out of such a school. Since shortage of pilots was only a temporary phase, a revised scheme was worked out whereby the training of commercial pilots to meet the immediate requirements was undertaken at selected flying clubs, under the D.G.C.A.'s supervision. Since the immediate requirements of pilots have been met and in view of the imperative need for economising in governmental expenditure, there is no proposal at present to set up any Government Institution for training commercial pilots. However, a scheme to set up a training school as a joint venture of the two Air Corporations is under consideration in consultation with the Corporations. The School will require more sophisticated equipment

as the requirements of training have advanced a great deal since the Flying School at the Civil Aviation Training Centre was closed down.

As regards the equipment and stores rendered surplus on the closure of the Flying School at Civil Aviation Training Centre, the position has been carefully examined in consultation with the D.G.-C.A. and it has now been decided to dispose them of through D.G.S. & D.

Recommendation

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

[S. No. 13 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The observation of the Committee has been noted. In order to avoid such delays steps have been initiated by the Director General of Civil Aviation to ensure that preliminary surveys are undertaken before an indent for the equipment is placed and for starting action on all requirements such as sitting, finalisation of plans for building/ additional accommodation needed etc.

Recommendation

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

must be ensured. Secondly, only minimum copies should be printed to begin with. The Committee would also suggest that the Ministry should examine if the contents of the Panchang could be rationalised to make it more popular.

[S. No. 14 of Appendix LIII to 41st Report, 1965-66]

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

[S. No. 15 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

(1) Publication of Rashtriya Panchang for 1888 SE (1966-67 AD) was completed well before commencement of the year.

For the year 1889 SE (1967-68 AD) also, copies of all the language editions, excepting Urdu edition, were brought out in time; in the case of Urdu edition, the Pandit to whom the translation work was assigned, did not execute the job and it had to be entrusted to a new Pandit, which entailed some delay.

(2) A review was made about the sale price of the Panchangs and in consultation with the Ministries of Home Affairs and Finance, it has been raised from 25 Paise to 50 Paise per copy from 1889 S.E.

(3) A reduction has also been made in the number of copies printed, keeping in view the possible demand from the public (from 13,000 to about 9,000).

(4) Advertisements from a few parties have been secured to augment the revenues from this publication.

(5) A note setting out the usefulness and value of the Panchangs had been circulated to various Educational institutions, Community Development Centres etc., for popularising the use of Panchang.

(6) Steps have been taken for issue of advertisements in some leading newspapers for giving publicity regarding the availability of the Panchangs.

(7) In regard to the recommendation for rationalising the contents of the Panchangs to make it more popular, the position is that the Rashtriya Panchang already contains all features and details which any private Panchang contains. Other information useful to the general public, such as dates of principal religious festivals and auspicious days for social and religious functions like marriage etc., are also given in the Panchangs. Only astrological information, generally liked by the public is not included in the Panchangs, as these do not strictly form part of the Panchangs.

(8) The necessity for continuing the publication was reviewed when there was a ban on such publications and it was decided in consultation with the Ministry of Home Affairs that the Rashtriya Panchangs should continue to be published in all the languages.

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MINISTRY OF COMMERCE

Recommendation

The Committee trust that the amount (Rs. 2,361.33) in respect of rent from Air India would be realised soon.

[S. No. 16 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The amount of rent of Rs. 2361.33 was recovered from Air India and credited to Government account in September, 1965.

(F. No. 176-Exh. (6)/65-AC).

Recommendation

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

[S. No. 17 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The observations of the Committee have been noted for future guidance and also circulated to all Ministries.

(F. No. 176-Exh. (6)/65-AC).

Recommendation

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

[S. No. 18 of Appendix LIII to 41st Report, 1965-66]

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

[S. No. 19 of Appendix LIII to 41st Report, 1965-66]

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

[S. No. 21 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The above observations of the Committee relate to the case of the establishment of the Government of India Showroom at Baghdad.

2. The establishment of a Government of India showroom in Iraq to promote Indian exports to that country was first mooted by the Indian Trade Delegation which visited that country in 1956. Suitable accommodation in commercial locality in Baghdad required for locating the Showroom was not available. Between November 1958 and April, 1959 there were 4 buildings considered for locating the showroom but none of these could be rented by Government. The establishment of the Showroom at Baghdad became all the more important with the signing of the trade agreement with Iraqi Government in December, 1958. The Ambassador, therefore, exerted his influence in the Iraqi Government circles to obtain suitable premises for the showroom. In April 1959 the premises which were in occupation of the Ford Motor Co., were being vacated. These premises were situated on the principal thoroughfare in the commercial centre of Baghdad. These premises, which were under the custodianship of the Iraqi Government, were however, rented by another party at a very high rent. As a result of making further efforts at Government level, another set of premises in the same locality and on the same road which were to be vacated by a British Motor Co., were assured to the Embassy. These premises consisted of a set of 4 shops adjoining each other. In May 1959 two shops in this set were vacated. Although similar shops in the same locality were let out by the Iraqi Government on a rent of ID 4500 per year, out of goodwill to India and regard for the Ambassador, the Iraqi

Government offered these vacant shops to the Indian Mission on a rent of only ID 3000. The option on the remaining two shops in the premises when they actually fell vacant, was also assured to the Indian Embassy. Considering the scarcity of available accommodation, which had already taken such a long time to procure, and the favourable terms of rent, further postponement of implementing the project for the establishment of the showroom at Baghdad was not considered advisable. Government therefore approved of the renting of these two shops immediately. Over and above the favourable terms of rent charged from the Indian Mission, the Iraqi Government again out of regard for the Indian Ambassador, agreed to bear a part of the expenditure required for the decoration of the two shops so as to make them suitable for locating the Govt. of India showroom. As already stated the premises had been in occupation by a British Motor Co. and were not in a condition requiring repairs or maintenance work. The decoration required was for the essential purpose of making the showroom attractive to visitors and to draw attention of the passerby to the showroom so that they would be induced to step into the showroom and see the exhibits of India's export products. This decoration is, therefore, an essential item of expenditure in the nature of initial outlay involved in setting up every new showroom. As decorations are made to the requirements of the occupant, such expenditure, in the normal circumstances and practices is to be borne entirely by the occupant, in this case the Govt. of India. However, as stated earlier, the Ambassador was able to persuade the Iraqi Government to bear a part of expenditure—equal to one year's rent for the two shops—on this account. In this background of difficult accommodation situation, the concessional rent and their further benefit of sharing of expenditure on decoration of the premises, it would have been embarrassing and unusual to have stipulated in the lease deed that rent would commence only from the date the decoration work was completed and the showroom started functioning in the premises.

3. As for the observations under S. No. 19, it is submitted that Govt. was aware that a significant amount had to be spent on the initial decorations, installations, show cases, furniture etc. required for setting up of a new showroom. As and when suitable accommodation for the showroom at Baghdad was expected to become available, Government made estimates of the initial outlay that might be required. As early as 1957 it was estimated that the initial outlay including essential renovation would be of the order of Rs. 64,000. In December, 1958, it was thought possible that it could be reduced to Rs. 54,000/-. Therefore, it will be seen that Govt. has been anticipating and estimating the expenditure on initial decoration, installations, furniture and show-cases and other equipment required for setting up of the showroom.

The Mission obtained the estimates of costs for the work of decorations and initial installations, fittings and display equipments for the showroom premises amounting to ID 3,146 (Rs. 41,946.67) which was considered reasonable both by the Mission and the Iraqi Government authorities under the prevailing conditions. This estimate was split into two parts, one part costing ID 2,000 (Rs. 26,666.67) to be carried out at the cost of the Iraqi Government, according to the lease agreement and the other costing ID 1,146 (Rs. 15,280.00) to be carried out at the cost of the Government, the latter to be the property of the Government. These items of decoration and display equipments and furniture were considered to be essential and unavoidable by the Mission. On the basis of these estimates, the contract was given by the Mission in order to avoid delays in the opening of the Showroom, in view of the difficult situation prevailing in Iraq, and Government issued the requisite sanction. It was also conveyed to the Mission that they should not have entered into a contract without having obtained the prior sanction of the Government of India to the expenditure.

As already stated during the evidence, because of certain conditions created by the political upheaval, there was scarcity in Iraq of architects, engineers and skilled workmen, which led to the delay in the completion of the work of decoration. Although the Iraqi Govt. itself was interested in this project, because of the above conditions, the work took about a year to complete and the costs also went up. It may be appreciated that this was altogether an unavoidable situation beyond the control of the Govt. of India. It is, therefore, only to be expected that under such conditions the decoration of the showroom has cost us more i.e. Rs. 73,000 against the previous estimates ranging upto Rs. 64,000/-. Despite the interest the Iraqi Govt. had in this project and inspite of the efforts put in by the Mission, the work took one year to complete only because of the difficult conditions obtaining in that country. The same situation arose when the remaining two adjoining shops were rented, as and when they fell vacant in April 1960 and August 1961, and the integration of the four shops and harmonious decoration of the integrated unit was undertaken. However, in the larger interests of promotion of our export trade in which context the showroom has an important part, these difficulties and the delays had to be taken in the stride. Because of the publicity to Indian products achieved through displays in the showroom, new items of export to Iraq, particularly from the engineering industries, have resulted; the Ministry had to implement this project inspite of difficulties in the interest of promotion of Indian exports to Iraq. It is hoped that the Committee would also appreciate this position and the fact that the delay in the completion of the decoration work on the two occasions in 1959-60 and 1961-62 were due to circumstances beyond the control of Government.

Recommendation

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

[S. No. 20 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The above observations of the Committee have been conveyed to the Indian Missions incharge of Government of India Showrooms abroad for strict compliance.

(F No. 176-Exh. (6) /65-A.C.)

Recommendation

The Committee, however, are of the opinion that the maintenance of a consolidated claims register would facilitate the Directorate of Exhibitions in looking into complaints promptly and settling the claims expeditiously. The need for the maintenance of such a Register is supported all the more by the fact that claims, as stated in a written note furnished by the Ministry, amounting to Rs. 96,587.00 i.e. 43.3 per cent of the total claims in respect of goods belonging to the Director of Exhibitions sent for exhibitions held during 1957-58 to 1962-63 have yet remained unsettled.

[S. No. 25 of Appendix LIII to the 41st Report of the P.A.C. 1965-66]

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

[S. No. 26 of Appendix LIII to the 41st Report of the P.A.C. 1965-66]

ACTION TAKEN

A register of insurance claims is now being maintained and the outstanding claims are being pursued vigorously.

Out of the amount of Rs. 96,587 shown outstanding, claims to the extent of Rs. 41,855.25 have since been settled. The settlement of the remaining claims is also being diligently pursued.

(F. No. 176-Exh. (6) /65-A.C.)

MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT & CO-OPERATION

(DEPTT. OF CO-OPERATION)

Recommendation

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

[S. No. 35 of Appendix LIII to 41st Report 1965-66]

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

[S. No. 36 of Appendix LIII to 41st Report of 1965-66]

ACTION TAKEN

The corpus available with the National Development Corporation is being utilised to finance schemes of cooperative development. The Corporation has formulated schemes and is providing assistance to State Governments and national/inter-State cooperative institutions for these programmes, viz. the installation of rice mills, support to debentures floated by the Central Land Mortgage Banks, etc. Assistance has so far been provided for setting up of 445 cooperative rice mills. In 1964-65, Rs. 33.15 lakhs were invested in debentures of the Central Land Mortgage Banks. The opening balance on the 1st April, 1964 was Rs. 8.62 crores, while the closing balance on the 31st March, 1965 was only Rs. 4.70 crores.

The Central Government while releasing funds to the Corporation, takes into account the Central Government's own commitments to the State Governments to give central assistance for implementing approved plan programmes and the corpus available with the Corporation for financing its own programmes. Steps have been taken to ensure that the progress of utilisation of the funds availa-

ble with the Corporation is continued in the coming years, vide enclosed copy of N. C. D. C's. letter No. 7(17)/65-Budget, dated the 17th June, 1965 (not printed).

Recommendation

The Committee desire that efforts should be made in cooperation with the State Governments to remove any procedural difficulties coming in the way of full utilisation by the States of the amounts given to them by the National Cooperative Developments Corporation.

[S. No. 37 of Appendix LIII to 41st Report 1965-66]

ACTION TAKEN

The Corporation has revised the procedure for release of assistance to State Governments and will relate the releases to the progress made in the implementation of the schemes.

Recommendation

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

[S. No. 38 Appendix LIII to 41st Report 1965-66]

ACTION TAKEN

Necessary steps have been taken to ensure that, to the extent possible, loans taken from Government are utilised in time and for the purposes for which they were given.

The progress of construction of godowns has been uneven in different States. This needs looking into. The Committee feels that the questions of appointment of suitable technical staff by the State Governments should be pursued more vigorously.

[S. No. 39 of Appendix LIII to 41st Report 1965-66]

Recommendation

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

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

[S. No. 40 of Appendix LIII to 41st Report 1965-66.]

ACTION TAKEN

Financial assistance for the construction of 8,817 godowns was released upto 31st March, 1964. Upto March, 1965, 6,043 godowns were completed. Out of the 2,144 mandi-level godowns, assisted upto March, 1964, 1,644 godowns were completed by March, 1965 (77%). The question of accelerating the progress of construction and provision of adequate technical staff is being pursued with the State Governments and every effort is being made to see that the tempo of completion of godowns is maintained. State Governments, have been asked to undertake studies with regard to the use of storage capacity and take necessary action in formulating measures for their optimum use.

Recommendation

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

[S. No. 41 of Appendix LIII to 41st Report 1965-66.]

ACTION TAKEN

Observations have been noted for future guidance. 7 societies have been placed under liquidation. None of the societies referred are in arrears of audit.

Recommendation

It was stated during evidence that Government sanction for additional staff to complete arrears of audit of cooperative societies in Delhi would be given within a period of 6 weeks. The Committee hope that necessary action will be taken to strengthen the audit staff for cooperative societies so that arrears in audit of cooperatives are wiped out. As annual audit of cooperative societies is a statutory responsibility of Registrar of Cooperative Societies, any lapse in this regard should be viewed seriously by Government. The Committee desire to be informed of the latest position in this matter. The Committee are surprised to note that according to the Ministry's own admission they are not able to furnish any adequate explanation for the fact that the audit of two cooperative societies mainly of Government employees—the DES&T Employees Society and the P&T Welfare Cooperative Society—also remain in arrears.

[S. No. 42 of Appendix LIII to 41st Report 1965-66.]

ACTION TAKEN

Additional audit staff has been sanctioned. Audit of DES&T Employees Cooperative Society has been completed and P&T Welfare Cooperative Society has been taken under liquidation.

Recommendation

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

[S. No. 43 of Appendix LIII to 41st Report 1965-66.]

ACTION TAKEN

Enquiries are still pending in the following 2 cases:—

1. Auto India Cooperative Supply Society Ltd., 24, South Patel Nagar, New Delhi.

2. Delhi State Central Cooperative Stores Ltd., New Delhi

Enquiries against the other 5 societies have been completed and since the societies have satisfactorily complied with the action points in the enquiry reports, further action against them has been dropped. Enquiry into Rickshaw Pullers Cooperative Transport Society Ltd has been completed and the enquiry report is under submission.

The records of serial No. 1 are with the Police. Arrangements are being made to copy them out after which the enquiry will be taken up. Enquiry against serial No. 2 is held up since the relevant records have been filed before the Magistrates' Courts in criminal cases. The Police investigation on the sale of sub-standard coal by the Store has been completed and the report indicates that no conspiracy could be established. Delhi Administration have requested the Delhi State Central Cooperative Stores for action against the representative at the coal mine whose negligence was partly responsible for this irregularity. They have also taken up with the Ministry of Steel and Mines for necessary action against the Loading Inspector.

Recommendation

The Committee feel concerned to observe that irregularities have taken place even in those cooperative societies in respect of which there is Government participation in the share capital and on the board of directors on which the Government has its nominees. They

are of the view that it is the responsibility of the Government nominee to inform the Registrar of the irregularities noticed in any particular society well in time so that Government money is not wasted or embezzled for want of timely action. In the four cases mentioned in this para, Government had given financial assistance by way of share capital, loans or otherwise and as such the Government should have kept a special watch over the working of these societies. The Committee regret to note that this was not done. They would like to know the final outcome of the four cases mentioned in the Report.

[S. No. 44 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

Observations of the Committee have been brought to the notice of Delhi Administration so that Government nominees may be more vigilant and take timely action as desired by the Committee. The present position of the Four cases is given in Annexure.

Recommendation

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

[S. No. 45 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

Secretary, Ministry of CD&C has brought to the notice of Chief Commissioner, Delhi who has promised to expedite the completion of the police investigation in these cases.

Recommendation

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

[S. No. 46 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

A circular has been issued by the Ministry in this regard. S. No. (UTP&C dated 4-12-65).

MINISTRY OF EDUCATION

Recommendation

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

[Serial No. 47 of Appendix LIII to 41st Report, 1965-66]

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

[Serial No. 48 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The Central Schools Organisation (a registered Body), to administer the Central Schools Scheme, has since been registered on 15th December, 1965 and grants will be routed through this registered body, as soon as the administrative and financial procedures are finalised, in any case not later than the 1st April, 1966.

The Accounts staff has been strengthened to some extent from one Accounts Officer and two Accounts Clerks by the addition of the following posts:—

1 S.A.S. Accountant.

2 Accounts Clerks.

The position is under review again.

FURTHER INFORMATION

The Central Schools Organisation has started working with effect from 1st April, 1966. Administrative and financial procedures have been finalised and the grants for administering the Central Schools Scheme are being routed through this Organisation.

Recommendation

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

[S. No. 49 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The observations of the Public Accounts Committee regarding the necessity to open an adequate number of Central Schools in places of concentration of Central Government employees, such as Calcutta, Madras, Bombay and Delhi, have been noted. There has been difficulty in finding suitable sites schools at these places. This has been partly overcome in Delhi, Madras and Bombay but the position in Calcutta is more difficult still. The Education Ministry has taken up with the Ministry of Works and Housing the question of providing some site accommodation earmarked for Central use.

The position is being kept constantly under review as desired.

FURTHER INFORMATION

Since reporting last year, efforts to establish schools or add seats to the existing schools in Calcutta, Madras, Bombay and Delhi have been intensified.

At Calcutta, the Defence Establishment in Fort William has been persuaded to agree to allotment of a site for building a new Central School and to begin with the existing primary school in that establishment has switched on the Central School course. It is expected that the post-primary classes will be added on to this school in 1968-69. The feasibility of locating a Central School in the suburbs of Calcutta is being explored.

In Madras, the enrolment in the two schools in city proper and the three schools in the vicinity has been raised and the present demand is being met.

In Bombay, three schools are running—two in Colaba Naval Base and one in L.I.T., Fowai. Enrolment in the existing schools has been raised and proposals to start new schools in the Central Government employees colony (Wadala or Koliwada) and at Trombay are under active consideration.

In Delhi, the schools building for Delhi Cantonment, was sanctioned and is under construction. It is expected to be ready by October/November, 1967. More seats would be available when the new building is ready. Steps have also been taken to procure land for the R. K. Puram School and when this land is available, new school building will be constructed for this school.

As desired by the PAC, the position is kept under constant review in consultation with the Ministers concerned so that the educational needs of eligible children are met more fully. It has not been possible, however, in 1966-67 or in 1967-68 to provide for substantial increase in the number of Central Schools due to budgetary restrictions.

Recommendation

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

[S. No. 53 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The Publications Division did not undertake the scrutiny. The Ministry has, therefore, examined the position. Volume I is not of print and before a reprint is issued, the matter will be checked

again. The Ministry have not noticed any objectionable material in this volume. In Volume II, the objectionable portion has been located and will be eliminated from the unsold copies.

Recommendation

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

[Serial No. 56 of Appendix LIII to 41st Report, 1965-66.]

While the Committee appreciate the need for a certain amount of flexibility in the administration of the project, they feel that before deviating from the normal procedure laid down, the project is carefully examined and the advantages anticipated due to such deviations are fully ensured. The Ministry should ensure that the financial interests of the State are safeguarded. Such an action would have avoided the dispute which has arisen in the present case with the printers.

[Serial No. 57 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

The Public Accounts Committee's observations have been noted for future guidance.

Recommendation

The Committee desired to be furnished with a note stating when the Ministry of Finance originally approved payment of five per cent. as overhead expenses, when they subsequently objected to the payment and later when they finally agreed to this payment, with a copy of the comments of the Ministry of Finance. The Committee desire that the information should be furnished to them early.

[Serial No. 58 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

A note regarding 5 per cent. overhead charges with a copy of the comments of Ministry of Finance is enclosed at annexure 'A'.

Recommendation

In view of the fact that the whole scheme was conceived on 'no profit' basis, the Committee find no justification for allowing a discount at the flat rate of 25 per cent. of the sales to the agents, who

in turn paid to trade a discount varying from 8 per cent to 20 per cent. and retained the balance.

[Serial No. 59 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

The observation has been noted. It may be mentioned that the average discount allowed by the Publications Division is also 25 per cent.

Recommendation

The Committee are surprised that the Maktaba are not in a position to furnish the list of contributors to Volumes I and II, who had been paid at the rate of Rs. 40 per thousand words on the recommendation of the Secretary of the Hindustani Cultural Society.

The Committee feel that this matter requires necessary investigations as to how the authors were selected and paid at the high rate of Rs. 40 per thousand words, when articles of same quality for subsequent volumes could be secured at the rate of Rs. 25 per thousand words.

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

[Serial No. 60 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

The matter was looked into but enquiries did not lead to any fruitful results particularly because the records of the Maktaba indicating the choice of authors, etc., are not forthcoming. Steps are being taken to bring out the remaining volumes and the advice of the Public Accounts Committee has been noted for future guidance.

Recommendation

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

[Sr. No. 61 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

Noted.

Recommendation

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

[Sr. No. 62 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

Noted.

Recommendation

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

[Sr. No. 63 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

Noted.

Recommendation

The Committee feel that there should be closer co-ordination between the Ministry of Education and the State Governments in the administration of the Scheme, so as to ensure that the grants are properly utilised and difficulties are avoided.

[Sr. No. 64, Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

To ensure closer cooperation between the States and the Centre, this Ministry calls for the annual progress reports from the State Governments about the administration of the Scheme. The State Governments furnish the number of applications received, the number of awards made and the amount spent for the purpose. This Ministry also keeps detailed information of fresh awards and the renewals. The State Governments have also been asked to utilise the grant fully so that no eligible candidate goes without scholarship. To watch the effect of this, reports from the different States' Accountants-General are also obtained to know the actual amount utilised.

Recommendation

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

[Sr. No. 66 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

The observations of the Committee have been brought to the notice of the State Governments who have been asked to ensure that no delays in payments are allowed to occur. As the revised payment procedure has already been adopted by the States of Gujarat, Jammu and Kashmir, Kerala, Madhya Pradesh, Maharashtra, Mysore and Rajasthan and the others are likely to adopt it from the coming financial year, it is expected that the delays in the payment of scholarship amounts will be eliminated.

Recommendation

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

[Sr. No. 67 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The information regarding the number of cancellations and suspensions of scholarships due to failure in the examination has been asked for from the State Government and is being compiled.

Recommendation

The Committee feel concerned to note the large shortfall in expenditure during the years 1963-64 and 1964-65. The Committee find from the statement given in Appendix XXVII that though in the majority of cases, the applications received were less than the awards allocated to States, there have been some instances where the number of applications was more than the awards allocated. The Committee feel that as the Scheme is to be implemented entirely by the State Governments, the funds may be made available to them according to their demand. The Committee would also suggest that the Ministry should undertake periodical reviews to ensure that no loans are left undischarged due to procedural delays.

[Sr. No. 72 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The total number of awards to be allotted each year is determined by the funds made available for the Scheme. The number of awards which are to be allotted during a year are divided among the States on the basis of population in order to follow an equitable method of distribution for all the States. In some States the number of applications is much larger than the allotted quota. For instance, in Kerala, the number of eligible applicants is four times the number of awards allotted. It would not be possible to make available to Kerala the amount of funds required to award scholarships to all the eligible applicants as the funds are earmarked during the beginning of each financial year to each State and no extra funds are available for any State. However more efforts will be made to redistribute the unutilised quota of scholarships to States where the number of applicants is more than the quota of awards allotted to that State in the ratio of population.

Recommendation

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

[Sr. No. 73 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

During 1965-66, 26,500 scholarships have been utilised, leaving no scholarship unutilised.

Recommendation

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

[Sr. No. 75 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The suggestion has been noted. Necessary information is being collected from the State Governments.

Recommendation

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

[Sr. No. 76 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The suggestion has been noted. The matter has been taken up with the State Governments.

Recommendation

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

[Sr. No. 83 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

No action is called for.

Recommendation

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

[S. No. 77 of Appendix LIII to 41st Report, 1965-66.]

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

[S. No. 78 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

Every effort is made by the Ministry to utilize all the scholarships offered by the foreign countries. This Ministry have, however, no control if the selected candidates drop out at the last moment when it is too late to nominate substitutes. Further, the academic sessions in the foreign universities start on definite dates and the approval of the foreign Govts. concerned about acceptance of the candidates is generally received in the nick of the time and in case of their non-approval of some of our candidates, the Ministry is left with no time to recommend alternatives or make more nominations.

To establish better liaison with the donor country, a representative of the foreign Mission concerned is invariably associated with the selection of candidates for the scholarships offered by the foreign Govts. Apart from this, the Ministry remains constantly in touch with the foreign Missions in India regarding the final acceptance of the candidates recommended by us.

Though the nominations of the selected candidates are sent to the concerned foreign Missions in India, the concerned Indian Missions abroad are also apprised of the recommendations made in order to enable them to pursue the actual placement of the scholars with the foreign Govts.

In the past, only the names of the selected candidates were communicated to the foreign Govts. The names of the candidates on the reserve list were communicated to them only when some of the selected candidates dropped out or were not approved. The practice has since been changed and the names of the candidates on the

reserve list are also now communicated to the foreign Govts. along with the names of the selected candidates, so that their approval to the selection of candidates from the reserve list is also obtained and substitutes sent even in the event of last minute refusal by the selected scholars. In other words, we now make a large number of nominations (in order of preference) against the number of scholarships offered. This ensures the maximum utilization of the scholarships offered.

Recommendation

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

[S. No. 79 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

For the Russian offer of 50 scholarships for Post-graduate studies, we nominated 50 candidates and in addition forwarded the names of 22 more candidates for consideration. This was done to enable the USSR Govt. to indicate to us the names to be kept in reserve in order that if any of the selected candidates owing to some reason or the other failed to avail himself of the scholarship, the reserve candidates could be suggested to them for placement. The suggestion of the Committee, however, would further be kept in view for future guidance. As to the coordination between the two Govts., it may be mentioned that candidates are sent only in those field in which facilities are indicated by the Govt. of USSR when the offer of scholarship is sent to us.

The commencement of the academic year in USSR is constantly kept in mind in the matter of sending our scholars to that country and no effort is spared in this respect.

Recommendation

"The Committee note with satisfaction that efforts are being made to induce the scholars sent abroad to return to India after completion of their studies there. In this connection the Committee

would emphasise the need for betterment of employment opportunities and also for improving their service conditions in the country."

[S. No. 80 of App. LIII to 41st Report, 1965-66].

ACTION TAKEN

Though the recommendation is given under the Central Overseas Scholarships Scheme, it seems to be a general one which applies to all the scholars sent abroad under various schemes. Our effort is to nominate the best student who could benefit by the opportunities of higher studies, research/practical training being made available to him abroad. At the time of selection, preference is given to candidates who are already employed, so that there is no problem of their employment on return from abroad. In respect of the employed candidates, one of the conditions of the bond, which is required to be executed by each selected scholar, is that on return from abroad he/she will serve the institution/organisation where he/she is employed at the time of selection or as directed by the Govt. for a period of three years.

In respect of the other candidates who are not employed, one of the steps already taken by the Govt. is the institution of pool of scientists where the trained scholars on return from abroad are put in the pool straight-away and before they look for job. Ministry of Education also assist the scholars in finding suitable employment wherever possible. The latter can, however, be done to a very limited extent because the appointments in this country are made generally on the basis of selections to be made by the Public Service Commissions.

Recommendation

The Committee would like to be informed of the revised terms and conditions of the French Fellowships Scheme when finalised.

[S. No. 81 of App. LIII to 41st Report, 1965-66].

ACTION TAKEN

The rules have been amended for the offer being made under the 1966-68 scheme, which are reproduced below:—

Course of Study

Fellowships are available for post-graduate study/research/training in any subject for which adequate facilities are available in India. Candidates coming for study/training in fields like music, dance, painting, sculpture, drama, Indian languages, etc., may also be considered for study at under-graduate level.

Qualifications

- (a) *For post-graduate courses of study/research/training.*

Candidates should at least hold a degree or an equivalent qualification in the subject concerned.

- (b) *For Fine Arts, Indian languages, etc.*

Candidates should have adequate academic qualifications and aptitude in the fields concerned. . .

Recommendation

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

[S. No. 82 of App. LIII to 41st Report, 1965-66].

ACTION TAKEN

The observations of the committee have been noted. Every effort is being made and will continue to be made to pursue recovery of the amount of loan and interest from the loanees, vigorously.

Recommendation

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

[S. No. 83 of App. LIII to 41st Report, 1965-66].

ACTION TAKEN

No action is called for.

Recommendation

The Committee suggest that the relaxation of age limit should be incorporated in the Rules themselves, instead of making such relaxation in individual cases. The age limit of 21 to 22 years for post-graduate courses appears to be rigid and restrictive.

[S. No. 84 App. III to 41st Report, 1965-66].

ACTION TAKEN

Necessary amendments have been made in the rules.

Recommendation

The Committee regret to note the abnormal delay in taking a final decision regarding the creation of an autonomous or semi-autonomous board for the administration of all scholarship schemes.

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

[S. No. 85 of App LIII to 41st Report, 1965-66].

ACTION TAKEN

The proposal regarding the establishment of an autonomous body for the administration of national scholarships was examined in the Ministry some time back and it was decided that as the work was being done through the State Governments, the aim of an efficient administration could be achieved equally well by giving financial grants to the State Governments for strengthening their staff for scholarship work. This will be less expensive and better. For the current year the States have been asked to appoint additional staff from funds allotted to them for strengthening of educational administration under advance action programme. Regular financial grants may also be given to the States during the fourth Plan period for this purpose. The matter has been taken up with the Ministry of Finance.

The intention of the recommendations at (a) and (b) will be fulfilled by the system of prompt announcement of selections along with the declarations of results and the system of entitlement cards both of which have already been introduced from the year 1965-66. A Quota for each examination is prefixed in advance on the basis of the number of candidates appearing in the examination in the previous year and is communicated to the examining body who announces the award at National Scholarships according to the quota along with the declaration of results.

As there will be no delay in the selection of candidates the budgeted amount for the Scheme will be utilised in full because the delay in selection has often resulted in short utilisation of the budgeted amount.

As for recommendation (c), it may be stated that the Entitlement Card which is now issued to a student along with his selection letter entitles him to seek admission in an institute of his choice

without payment of registration, admission and tuition fees at the time of admission. The revised payment procedure will ensure that there is no delay in the payment of scholarship amounts after selection. However the Entitlement Card also ensures that even if there is any unforeseen delay in the payment of the scholarship amount, the collection of monthly fees etc., will be held in abeyance by the institution.

Adequate publicity is being given to the various scheme by advertisements and circular letters to the heads of institutions by the State Governments. It is also proposed this year to bring out a folder and a poster under the National Loan Scholarships Scheme. The poster will be exhibited at all examination centres in the country and the folder will be available to intending applicants. However, the State Governments will be asked to issue a circular letter to all schools and colleges giving a brief description of all national schemes of scholarships for the benefit of the intending applicants.

Recommendation

"The Committee suggest that the proposed changes in the rules regarding reciprocal scholarships may be effected early so as to obviate the necessity of making relaxation of rules in individual cases."

[S. No. 86 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The rules have been amended for the offers made under the 1965-67 scheme, which are reproduced as follows:

"Courses of Study:—

Scholarships are available for post-graduate study/research/training in any subject for which adequate facilities are available in India. Candidate coming for study/training in fields like music, dance, painting, sculpture, drama, Indian languages, etc., may also be considered for study at under-graduate level.

Qualifications:—

(a) *For post-graduate courses of study/research/training:*

Candidates should at least hold a degree or an equivalent qualification in the subject concerned.

(b) *For Fine Arts, Indian languages etc.*

Candidates should have adequate academic qualifications and aptitude in the fields concerned."

Recommendation

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

[S. No. 87, Appendix LIII of 41st Report, 1965-66].

ACTION TAKEN

The following pattern of assistance on the lines of Jamia has been adopted in the case of the other 'deemed' universities, viz. Kashi Vidyapith, Varanasi, Gujarat Vidyapith, Ahmedabad, Gurukul Vishwavidyalaya, Hardwar, and the Indian School of International Studies, New Delhi:—

- (a) To give maintenance grants on approved activities on cover-the-deficit basis.
- (b) To provide matching funds towards the development grants sanctioned by the University Grants Commission.

2. The feasibility of routing the grants to the above-mentioned institutions through the University Grants Commission was considered and it was decided that these 'deemed' universities should be assisted by the Commission. The Commission gave the maintenance and development grants to these 'deemed' Universities during 1964-65 and 1965-66. The Indian School of International Studies had been getting the grants from the Commission since 1955-56. On 24-4-1965, the Attorney General of India, however, gave a ruling that the Commission was not competent to disburse the maintenance grants to the 'deemed' universities. It has therefore, been decided that this Ministry would give maintenance grants to the above mentioned 'deemed' universities with effect from 1-4-1966.

Recommendation

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

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

[S. No. 88, Appendix LIII of 41st Report, 1965-66]

ACTION TAKEN

The Finance Committee of the Jamia Millia in its meeting held on 26-10-1966 resolved the following:—

"The Committee suggested that the matter regarding payment of loans advanced by the Ministry of Education for the constructions of Hostel buildings and staff quarters may be taken up with the Ministry of Education for regularisation as recommended by the Audit Party of A.G.C.R."

The above meeting was attended by the representative of the Ministry of Finance. The matter has been taken up with the Ministry of Finance for regularising the loans.

The observations made by the Committee have been brought to the notice of Ministry of Finance.

Recommendation

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

[S. No. 89, Appendix LIII of 41st Report, 1965-66]

ACTION TAKEN

The Jamia has intimated that the activities of the Publication Section have been suspended as a result of the decision taken by the Governing Body of the Jamia to wind up Talim-O-Taraqqi. The services of workers of this Section have also been terminated with effect from 1-4-66. The work of completing the stock registers has already been taken up by the Jamia and is expected to be completed by the Middle of June, 1967.

Recommendation

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

[S. No. 90, Appendix LIII of 41st Report, 1965-66]

ACTION TAKEN

The Governing Body of the Jamia at its meeting held on May 28, 1965 approved the rate of commission of 40 per cent of the printed price since 1960 to the Maktaba Jamia on the sale of the books brought out by the publications, proposed by the Compilation Section.

In respect of the rates of the Commission for the sale of Jamia's publications, the Jamia has noted that in future prior approval of the Executive Council will be obtained.

Recommendation

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

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

[S. No 91, Appendix LIII of 41st Report 1965-66]

ACTION TAKEN

The Jamia has stated that the preparation of the list of publications brought out by the Publication Section of the Tameel-U-Taraqqi is still pending due to the sudden termination of the services of its workers. The work of completing the record of books sold and copies still lying in stock has, however, been taken up and it is expected to complete this work by the middle of June, 1967.

The Jamia has also assured that no work of publication will be undertaken henceforth without the prior approval of the Government of India.

Recommendation

Magazine Section.—From the note furnished by the Ministry, Committee cannot escape the conclusion that sale of old issues of the magazine is negligible and does not justify the present heavy accumulation of stock. They suggest that steps should be taken to dispose of surplus copies and prevent their accumulation in future by reducing the print order.

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

The Committee feel concerned over a wide deficit in the magazine section. Against the total expenditure of Rs. 15,939 and Rs. 17,023 incurred on this section, during 1962-63 and 1963-64 the income from subscription amounted to Rs. 2,959 and Rs. 2,464 respectively. The Committee desire that the gap in the income and expenditure of the Magazine section should be reduced to the minimum. With that end of view the Jamia Millia should carefully analyse the reasons for deficit and take suitable steps to reduce the same by increasing the price of magazine, further reduction of free distribution of copies boosting sales and reducing the number of printed copies.

[S. No. 92, 93 and 94, Appendix LIII of 41st Report, 1965-66]

ACTION TAKEN

The Jamia has been advised to take necessary action to dispose of the surplus copies and not to undertake any work of publication of the 'Talim-O-Taraqqi' henceforth without the specific pattern of subsidy having been approved by the Finance Committee of the Jamia and the Ministry of Education.

Accordingly the Jamia has suspended the activities of the Section and further publication of the magazine has been discontinued since April 1, 1966. The Jamia is also referring the method of disposal of the surplus copies of the magazine to its Executive Council for a decision.

Recommendation

The Committee would like to be informed of the findings of the Committee appointed by the Jamia Millia to go into the Audit objections referred to in para 89(b) and action taken thereon.

[S. No. 95, Appendix LIII of 41st Report, 1965-66]

ACTION TAKEN

Audit objections. A copy of the minutes of the Assessment Committee appointed by the Jamia Millia for the assessment of the work done by the different sections of the Talim-O-Taraqqi is attached (Appendix I), as desired.

Recommendation

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

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

[S. No. 96, Appendix LIII of 41st Report, 1965-66].

ACTION TAKEN

Rural Education Centre. On the recommendations of the Assessment Committee appointed by the Governing Body of the Jamia, the Jamia have now closed down the Rural Education Centres. A copy of the minutes of the Assessment Committee is attached (Appendix I), as desired.

While releasing the grant, a provision has been made in the sanction letter that the grant is subject to the condition that assets acquired wholly or substantially out of Government grants would not, without the prior sanction of Government be disposed of, encumbered or utilised for purposes other than for which the grants were sanctioned. The assets acquired wholly or substantially out of Government grants given to Rural Education Centre of Talim-O-Taraqqi are at present in the custody of the Jamia's Steward. The question of disposal of assets will be taken up later after the fresh stock registers have been prepared and are checked up.

Recommendation

The Committee regret to note that total expenditure of Rs. 62,404 (salaries Rs. 46,717 and other expenses Rs. 15,687) which was incurred on the Audio-Visual Section from 1957-58 to 1964-65 has become mostly infructuous. It is also significant that during

the period of 6-7 years, all that the Section has done is the production of 4 film strips, one animated film and some poster (silk screen) etc. While the Committee appreciate that the action had to do some preparatory work, they feel that work done by it during all these years was meagre and not commensurate with the expenditure incurred. What is more surprising is that even in respect of the few films that were produced no arrangement was made for their exhibition anywhere. The Committee find from the Ministry's note that the Section approached only one institution of exhibition of the film in 1963. Although the Section produced one film strip each in 1958-59, 1959-60, 1960-61 and 1962-63; no institution was approached earlier for their exhibition.

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

[S. No. 98 & 99, Appendix LIII of 41st Report, 1965-66]

ACTION TAKEN

Audio-Visual Section.—The Audio-Visual Education work of the Jamia has been merged with the General Education Department of the Faculty of Humanities and Science with effect from April 1, 1964 and it is still working as the Section of this Department. Its assets are being used in the work.

While releasing the grants, a provision has been made in the sanction letter that the grant is subject to the condition that assets acquired wholly or substantially out of Government grants would not, without the prior sanction of Government be disposed of, encumbered or utilised for purposes other than for which the grants were sanctioned.

Recommendation

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

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

[S. No. 102 & 103, Appendix LIII of 41st Report, 1965-66]

ACTION TAKEN

The land measuring 16 bighas and 1 biswas purchased, was in between the plots belonging to the Jamia Millia and was very valuable property for the Jamia, which is in a developing stage and has a plan for the construction of many buildings. The owner of the land was in need of money and intended to sell the land. He would have sold it to any one and the purchaser would have demanded the price at exorbitant rate from the Jamia at the time when the latter would need the land for construction of the buildings. No doubt, the Jamia was aware that the said land was under the tenancy of Shri Karimuddin but could not visualise the enactment of the Urban Tenants Relief Act of 1961 at the time of purchase in 1959. Therefore, there was every reasonable hope that the Jamia could be able to take possession of the land. The purchase of the land was authorised by the Governing Body of the Jamia at its meeting held on 12-3-1959 and 11-8-1959. The Jamia was fully satisfied with the ownership of the land. The seller were the owners of the land and had the documentary proof of their ownership. The sale deed was duly executed in the court and the land was registered in the name of the Jamia Millia Islamia.

The Jamia having failed to evict the tenant through negotiations, instituted a case for taking the possession of land in the court and the case is pending for decision there. The P.A.C. will be informed of the final outcome of the case.

Recommendation

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

[S. No. 106 Appendix LIII of 41st Report, 1965-66].

ACTION TAKEN

The Internal Auditor has been appointed by the Jamia Millia with effect from 19-9-1965.

Recommendation

The Committee are surprised that the rifles were shown in the accounts under assets, without those having been received by the

Jamia. The Committee regard this to be a very serious mistake which contributed to the delay in taking up the question of recovery from the National Rifle Association of India. Such mistakes indicate the need for a system of internal check. The Committee desire the recovery of the advance from the National Rifle Association of India should be pursued.

[S. No. 107 Appendix LIII 41st Report, 1965-66].

ACTION TAKEN

The Jamia has intimated that the amount advanced to the National Rifle Association of India has been transferred to the advance account and the National Rifle Association were asked to return the amount. The rifles have not been shown as an asset this year.

Recommendation

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

[S. No. 110 Appendix III 41st Report, 1965-66].

ACTION TAKEN

Holding of shares. The Jamia has furnished the following reply:—

"According to the Memorandum of Association of the Maktaba Jamia Private Ltd., the Jamia Millia as owner of all ordinary shares must have 3 Directors on the Board and each Director must have 300 shares standing in his name to make his representation of the Jamia Millia valid. At the moment the Jamia Millia has 3 Directors on the Board and they hold 900 shares. The Directors are appointed for a period of 3 years. The shares of all the previous Directors have been transferred to the Jamia Millia. The delay in transfer of the shares has involved no financial loss of the Jamia Millia".

Recommendation

The Committee note that the utilisation of the UNESCO gift coupons for the purchase of printing machinery would have involved setting up of a press. They, however, have not been able to appreciate the delay of over 16 years in utilising these coupons. The gift coupons were received in the year 1948-49 and Jamia Millia should have initiated action immediately for setting up of a printing press. This abnormal delay of over 16 years would now mean that

the Jamia Millia would be purchasing less machinery with the amount of the gift coupons as the prices prevailing in the year 1965-66 are substantially higher than those in the year 1948-49. The Committee hope that these coupons would be utilised now early.

[S. No. 111 Appendix LIII 41st Report, 1965-66].

ACTION TAKEN

The Jamia has intimated that it could not avail of these coupons because much larger assets than those represented by these coupons were required to set up a printing press. Now the Maktaba Jamia Ltd. (all the ordinary shares of which are held by the Jamia) has set up a press and the Jamia proposes to invest the amount of the coupons in buying shares of a corresponding value.

Recommendation

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

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

[S. Nos. 113 & 114 Appendix LIII 41st Report, 1965-66].

ACTION TAKEN

The Jamia has replied that Sundry Creditors include unpaid Provident Fund Amount balances of various earmarked grants and donations. The outstanding Provident Fund amount has already been paid to a great extent. The question of repayment of the earmarked grants and donations and the utilisation of unspent balances thereof is being referred to the Finance Committee of the Jamia. As regards list of creditors, the Jamia is scrutinising it for further action.

Recommendation

The Committee subscribe to the view expressed by the Ministry in May, 1961 that the project of preparation of Eight Graded Book for Neo-literates entrusted to the Hindustani Culture Society, Allahabad was ill-conceived and expenditure thereon a waste of public funds. They also agree with the Ministry's observation made in February, 1962 that the scheme should not have been taken up for consideration until a thorough and searching enquiry about the status of the Society and its past history and experience in the particular field was made. The Committee feel that obviously no such enquiry into the Society's credentials was made in the earlier cases also and too much of reliance was placed in it. In 1962 a building grant was given on a misrepresentation made by the Society that it has acquired land; in the same year the Secretary of the Society was associated with the publication of Gyan Sarovar by the Maktaba Jamia Ltd. which did not progress well; and in 1958 the project of publication of a dictionary was entrusted to it, which flopped. The Committee are left with strong feeling that:—

- (i) a powerful influence was working behind the scheme and that resulted in deviating from the usual standards of test and scrutiny.
- (ii) That because loan was given and was not recoverable it was turned into a grant for a project of doubtful utility involving positive danger of public criticism.

[S. No. 115 of Appendix LIII to 41st Report, 1965-66].

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

[S. No. 116 of App. LIII to 41st Report, 1965-66].

As regards the decision taken by the Ministry in September, 1964 to convert the advance into grants-in-aid, the Committee cannot escape the conclusion that since the Ministry found it difficult to recover the money they had to take recourse to this action. At one time (July, 1962) the society had been directed to return all the assets like paper furniture, typewriters etc. The Committee are in-

clined to take the view that the later opinion of Ministry that the books were useful for neo-literates was only an afterthought to justify the non-recovery of the money.

[S. No. 117 of App. LIII to 41st Report, 1965-66].

ACTION TAKEN

Committee's observations have been noted for future guidance. In Ministry's decision that the books were not of the required standard for issue as Government Publications remained unchanged. When the society put up a request for publishing these books on their own, a request which was accepted by the Government, it was not considered fair to recover all the assets from the society. In the light of experience in this case, the Ministry will exercise still stricter scrutiny in dealing with such cases.

Recommendation

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

[S. No. 118 of App. LIII to 41st Report, 1965-66].

ACTION TAKEN

The Committee's observations have been noted for future guidance. This Ministry's scheme "Assistance to Voluntary Organisations for Promotion of modern Indian Languages" has already been modified in May 1965, in consultation with the Ministry of Finance, to provide assistance upto 50 per cent of the approved expenditure only.

Recommendation

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

[S. No. 119 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The observations of the Committee have been noted for future guidance. It may also be mentioned that the statement of audited accounts was obtained from the grantee concerned in October, 1965. The position regarding printing of the publication is that the first volume has already been printed, the second is in the press and the third volume has been sent to the publishers for printing. The translation work has been completed in three volumes and not in five volumes as originally contemplated.

INDIAN COUNCIL FOR CULTURAL RELATIONS

Recommendation

The Committee desire the Ministry to take suitable steps to reduce the percentage of administrative expenditure.

[S. No. 120 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The Indian Council for Cultural Relations have explained that in addition to the reasons already explained to the Committee and summarised in the report, another relevant factor is that the Council undertake a large variety of programmes and the expenditure on personnel for execution of those programmes is also shown as part of general administration, though such expenditure is normally booked against respective schemes in similar establishments. It is only for administrative convenience that the expenditure on establishment maintained for execution of such programmes and activities, is shown under one unit—General administration

The activities of the Indian Council for Cultural Relations are expanding. The Indian Council for Cultural Relations has, however, been requested on (the 9th February, 1966) to keep the administrative expenditure to the minimum.

Recommendation

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

[S. No. 121 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The Indian Council for Cultural Relations have been requested (on the 9th February, 1966) to be cautious in future and obtain the approval of the Governing Body/competent authorities in time, avoiding ex-post-facto sanctions.

Recommendation

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

[S. No. 122 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The Indian Council for Cultural Relations have intimated that the Service Rules have since been framed and adopted (on 23-2-1965).

Recommendation

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

[S. No. 123 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The Indian Council for Cultural Relations have been requested (on 9-2-66) to be cautious in future and obtain approval of the competent authorities before according sanctions.

Recommendation

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

[S. No. 124 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The Indian Council for Cultural Relations has been requested (on 9-2-66) to ensure that the acknowledgements are properly watched and obtained.

The Council approached the Ministry of External Affairs in this respect. The Ministry have replied that the procedure for despatch of all publicity material to Indian Missions abroad is that a record is maintained of all such material sent and as in the case of any other similar material, the Missions acknowledge receipt of the packages of publicity material, details of which are available in the Despatch Register.

Recommendation

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

[S. No. 128 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The Indian Council for Cultural Relations have noted this.

Recommendation

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

[S. No. 129 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The recommendation has been accepted by the Indian Council for Cultural Relations (on 7-3-67) and it was decided to amend Rule 27 of Chapter V of Finance and Accounts Code of the Council to give effect to this recommendation.

The above notes have been vetted by the Accountant General, Central Revenues, New Delhi.

A. M. D' ROZARIO
Joint Secretary, (C).

Recommendation

The Committee are not satisfied with the present system of Internal check by the Delhi Administration of the accounts of private aided schools to whom large grants are paid every year. Although the number of schools has increased from 49 in 1950 to 128 in 1963-64 and the total grant has increased from Rs. 17.00 lakhs to about Rs. 137 lakhs, the staff employed for the purpose has not been augmented. While the Committee appreciate the Ministry's views that the bulk of the grant (about 85 per cent) related to the salaries of staff and provident fund where there was not much chance to misuse or mis-management, they feel concerned over the inordinate delays in the final adjustment of these grants. They feel that both the size of the annual grant and the delays in their final

adjustment point to the need for subjecting the expenditure both on salaries and contingencies to adequate internal check. The Committee note that the augmentation of the staff for the purpose of internal audit was under consideration. They desire that the matter should be finalised early and it should be ensured that the internal audit parties cover all the aided schools within a specified period to be laid down by the Ministry.

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

[S. No. 130 of Appendix LIII to 41st Report 1965-66].

ACTION TAKEN

The Delhi Administration have made vigorous efforts to finalise the accounts of old grants. They have reported that only 2 cases of grants pertaining to the period prior to 1960-61 are now outstanding. Both of them relate to Ramjas Higher Secondary School No. 3 and are reported to be with the court in some legal proceedings. There is no case pending in respect of the accounts pertaining to the year 1961-62. There is only one pending case for 1962-63 and one for 1963-64. Both these cases related to the Gandhi Harijan Middle School and the Administration is taking action to get the accounts through the Delhi Municipal Corporation.

The first cycle of internal check has been completed by the Delhi Administration in respect of all the aided schools except 3 schools. The work has been done by the Directorate of Education by making internal adjustment of the existing staff. In order to ensure the internal check of all the aided schools within a period of 2 years, the Delhi Administration has been asked to appoint adequate additional staff.

The managements of all aided schools have been warned by the Administration on 16-5-1967 that in future they will not be paid advance grants unless they furnish the audited accounts in respect of the grants released in the previous year.

The finalisation of the accounts of the past grants is being followed up vigorously by Delhi Administration. The number of outstanding cases in which finalisation of accounts is still to be completed is as follows:—

1964-65—3,
1965-66—22,
1966-67—151.

(Finalisation will be taken up in September, 1967).

FURTHER INFORMATION

The Delhi Administration has sanctioned on 26-7-1967 one post of Auditor and one post of Lower Division Clerk.

Recommendation

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

[S. No. 131 of Appendix LIII to 41st Report 1965-66].

ACTION TAKEN

As stated already, the works of the Regional Engineering College, Warangal were entrusted to the contractor with the lowest tender and the work started on 1-5-1960 and the work was to be completed by October, 1962. In the agreement signed with the contractor, it was stipulated that the entire work would be executed in three stages as under:

I STAGE: (to be completed within a period of nine months, i.e. by the end of January, 1961).

- (i) Two College buildings.
- (ii) Principal's Bungalow.
- (iii) One unit of Hostel with Dining Halls.
- (iv) Workshop, Laboratory, Cycle Shed, and Lavatories.
- (v) Over-head Tank and other auxiliary works required for the immediate occupation of the above buildings.

II. STAGE: (To be completed within a period of twenty months from the beginning, i.e. by the end of December, 1961).

- (i) Two College Buildings.
- (ii) Two Laboratory Buildings.
- (iii) One Workshop.
- (iv) Two units of Hostel buildings with Dining Halls.
- (v) Doctor's Quarters and Hospital.
- (vi) Governors Rest House.
- (vii) Administrative Buildings and other auxiliary works required for the immediate occupation of the above buildings.

III. STAGE: (To be completed within a period of 30 months i.e. by the end of the October, 1962).

- (i) Hostels.
- (ii) Different quarters and other auxiliary works.

The understanding with the architects, which was later incorporated in an agreement signed between the College and the architects *inter alia* stipulated that the architects would prepare all necessary working plans, drawings, etc. and would supervise the construction of the said buildings after which the buildings would be handed over to the employer.

The annexure to this note contains a statement giving the description of the buildings, the dates by which the work should have been completed according to the agreement signed with the contractor, the date on which the plans were given to the contractor, the date by which the work was actually completed and the time taken by the contractor to complete the buildings after he has furnished with the plans etc. Depending upon the size of each of the works, the architect was expected to supply the plans and drawings in time, so that the scheduled dates for completion of works might be achieved. The progress involved—the submission in the first instance of the plans and drawings to the authorities of the college, modifications that might be desired by the authorities of the college, submission of final plans and drawings to the authorities and their approval by the authorities.

Ordinarily, a fair size building, it is estimated, would require about 9—12 months for its completion from the date of starting provided all the materials for construction were available to the contractor. In the case of smaller buildings, such as the hospital, the

period would be somewhat shorter. The furnishing of drawings to the contractor was to be regulated accordingly.

It will be observed from the statement that in so far as buildings in Stage I were concerned, the drawings were furnished to the contractors between May and July 1960. The buildings were however completed very much behind schedule and not only by three or four months, considering the date on which the drawings were supplied and this was due to the unforeseen situation caused by the control of cement which made the supplies position difficult. However, payment to the contractors was made in accordance with the tendered rates. In the first month after the award of the contract when cement was uncontrolled supplies of cement were secured from the open market to the extent of about 150 tonnes. An additional 2000 tonnes was required to complete the first stage of construction. Due to shortage, an allocation of 1400 tonnes only could be made and an actual supply of only 1000 tonnes could be effected. This put the schedule completely out of gear.

In so far as the second stage of the construction is concerned, there was considerable delay in furnishing of drawings to the contractors in respect of college buildings and laboratory buildings and workshop No. 2. The delay has been investigated, but it may be stated that despite the delay in the furnishing of drawings, no extra payment had to be made to the contractor, in respect of college buildings and workshop building No. 2 for which supplies of cement could be secured with special effort and the buildings completed in a period of twelve months. In respect of laboratory buildings, however, the drawings of which were supplied at about the same time, due to unavailability of cement, the construction work, although undertaken at the same time, could not be completed and had to be stopped at the plinth level. Later, when cement became available, these buildings were completed, but this was possible only after February, 1963, when the rates for payment to the contractors were revised in the upward directions.

In so far as the hospital building is concerned, the first drawings were ready in November, 1961, but again due to unavailability of cement, the decision was taken to defer the construction of the buildings and therefore the drawings were actually furnished to the contractors in February, 1963 when the position in respect of supplies became somewhat less difficult.

In the case of Stage III buildings originally scheduled to be completed by October, 1962, acknowledging the difficulties in the completion of the buildings included in the previous stages, the

college authorities had no option but to defer their construction to a later date.

As far the delay in furnishing of plans and drawings to the contractors for college buildings, laboratory buildings and workshop buildings, the architects requested the Principal to furnish information in regard to space allocation for workshops and laboratories on 24-9-1960. The information was furnished by the Principal to the architect on 8-5-1961 whereupon the architects submitted the sketch plan on 29-6-1961 and the Principal furnished his comments to the architects on 7-8-1961. On receipt of the comments the architects submitted drawings for building on 29-9-1961. The Buildings and Works Committee consider the estimates for the drawings and returned the same to the architects with directions on 3-11-1961. The architects carried out the directions of the Committee and resubmitted the plans and estimates on 22-11-1961, to the Building Committee. The Building Committee thereafter approved this and authorised the commencement of the works on 19-1-1962.

The delay in finalising the plans and drawings was in the main due to the fact that the College in the early stages of establishment did not have adequate senior staff and the Principal had to consult persons outside the college at that level for the purpose. As already stated, even if this had not been caused and the drawings were made available to the contractors earlier, the difficulties in obtaining the supplies of cement would have prevented the fulfilment of the original schedule.

Recommendation

In view of the fact that the contractor was not responsible for delay in completion of the work, the Committee agree that in equity there was justification for some additional payment to the contractor due to a general increase in the rates of materials and labour. But they feel that the increase of 25 percent allowed to the contractor was excessive, for according to the revised schedule of rates of the State P.W.D. there was an over-all increase of only 17.2 per cent.

[S. No. 132 of Appendix LIII to 41st Report 1965-66].

ACTION TAKEN

In regard to the observation that the increase of 25 per cent. allowed to the contractor was excessive as according to the revised Schedule of Rates for the State P.W.D. there was only an over-all increase of 17.2 per cent., it may be stated that the Governing Body had before it three alternatives for the completion of the construction programme of these buildings. The first was to call for fresh tenders; the second to ask the State P.W.D. to carry out the construction; the third to arrive at a working agreement with the then contractors. The idea of calling of fresh tenders was abandoned as this would have caused further delays and would have seriously impeded the activities of the college. Further, there was no knowing what the fresh tenderer would quote for the completion of the buildings. In regard to the question of State P.W.D. being asked to execute the works, it may be stated that in accordance with the State P.W.D. Code, the State P.W.D. had to be paid 16½ per cent above the Schedule of Rates. This would have meant a payment of 34.5 per cent over the old rates. The contractors had actually asked for an increase of 33 per cent and as a compromise, it was decided that 25 per cent may be given to the contractors. It will thus be seen that if the contract had been given to the State P.W.D. 34.5 per cent would have had to be paid to that organisation. Expeditious completion of the works was ensured by awarding the contract to the old contractor instead of tendering for a fresh contract.

Recommendation

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

[S. No. 133 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

The directions that the opinion of the Law Ministry should be taken whether the contractor is entitled to an increase, has been noted for future guidance. The construction work of all the buildings was completed in September, 1964.

Recommendation

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

[S. No. 133 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

A consolidated register has been prepared.

Recommendation

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

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

The Committee feel that had Institute acted more promptly and called tender well in advance before the completion of the building in December, 1962 the electric and sanitary fittings could have been fitted simultaneously and the building utilised on its completion. They desire that such works should be carried out in coordinated and well planned manner and the pit-falls as revealed in this case, like delay in calling for tenders, delay in execution of the work etc. will be strictly avoided in future.

[S. No. 140—142 of Appendix LIII to 41st Report 1965-66.]

ACTION TAKEN

The observation made by the Public Accounts Committee has been brought to the notice of officers and staff dealing with Civil

Works in the National Laboratories/Institutes of the CSIR for information and guidance vide CSIR letter No. 30/5/66-Engg. dated 16-3-1966.

Recommendation

The Committee feel that the number of terminated Research Schemes is large (during the period 1957-58 to 1963-64, 446 schemes were terminated). They desire that the Council should examine whether the machinery to review the progress of the schemes at periodical intervals was adequate or whether it needed strengthening. Where a scheme is not likely to progress and had been terminated, recoveries of unspent balance should be made promptly.

[S. No. 145 of Appendix LIII to 41st Report 1965-66.]

ACTION TAKEN

The Research Committees of the Council of Scientific and Industrial Research appointed by the Governing Body from time to time to cover various disciplines of science and technology review the progress of the various research schemes periodically and make suitable recommendations for continuation/termination of such schemes in the light of the progress made. This is a continuous process. Recommendations of these committees are finally considered by the Board of Scientific and Industrial Research and Governing Body of the CSIR which are high-powered bodies with the Prime Minister as the President and eminent scientists, industrialists, etc. as members. It would thus be seen that the machinery to review the progress of the research schemes at periodical intervals was quite adequate.

As on 21-12-1966, the amounts of unspent balances and the wanting audited statement come to Rs. 21,563.95 and Rs. 34,966.91 respectively in respect of 29 terminated schemes upto 1963-64.

Recommendation

The Committee feel concerned over the delay in receipt of audited statements of accounts in respect of the grants-in-aid issued by the Council, specially those paid during the years 1958-59 to 1961-62. The Committee desire that the Council should take special steps for speedy issue of utilisation certificates in respect of old grants and avoid accumulation of outstanding utilisation certificates in respect of current grants. The Committee would like to watch the progress through future Audit Reports.

[S. No. 146 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

The observations of the Committee have been noted. The grantees have been requested to expedite the utilisation certificates. The latest position in this regards is given below:—

Year	Total No. of cases in which grants were paid	Total amount of grant paid (in lakhs of rupees)	No. of cases in which audit accounts not received	Amount for which audited accounts are awaited (in lakhs of rupees)
1959-60	384	26.87	148	7.93
1959-60	572	46.76	290	14.60
1960-61	690	43.33	257	16.24
1961-62	981	60.11	277	15.63
1962-63	1158	71.14	598	23.69
1963-64	1952	76.54	1316	53.38

The above information was checked by the A.G.C.R. party in January, 1966.

Recommendation

The Committee cannot appreciate the Council's action in withdrawing the police case against the cashier who had misappropriated an amount of Rs. 6965.

They also feel that prima-facie the punishment meted out to the individual i.e. demotion from the post of the Upper Division Clerk to Lower Division Clerk was not adequate. The punishment in such cases should be deterrent enough to prevent recurrence of such cases. The Committee would like to be informed about the action taken against the supervisory staff.

[S. No. 147 of Appendix LIII to 41st Report 1965-66.]

ACTION TAKEN

The PAC's recommendation has been noted. In respect of the case under consideration, as a result of energetic, personal efforts made by the Administrative Officer, Central Road Research Institute and his colleagues and after an informal undertaking that a lenient view will be taken of his misdemeanour, the Cashier was persuaded to report for duty and to make good the entire amount lying with him as per the balances in the Cash Book.

In view of the above, the question of abscondence and misappropriation as such did no longer exist in the strict legal sense. Cashier had agreed to make good the amount on a gentleman's undertaking that a lenient view of the case will be taken. The Council was, therefore, faced with the alternative of either losing the money by prosecuting the person or of recovering the amount by taking a lenient action. For obvious reasons the latter course was preferred.

It was felt that under the extenuating circumstances of the case, the ends of justice could be met and the interest of the Council would be served by charge-sheeting the delinquent official for departmental action for violating the rules of good conduct, and that is what was done.

By keeping the human angle fully in view in dealing with this case while also keeping faithfully to the spirit of the Law, it has been possible to reclaim an erring human being again as a useful citizen which seems to be the indication in view of his previous good record, as well as his record after the incident. In the result, the loss to the Council was also avoided which might not have been the case, if the other alternative course of handing him over to the police straightaway had been adopted. In addition, there were practical difficulties. Police were handicapped in preferring a charge sheet against him in the absence of specific proof of embezzlement which we were unable to furnish since one of the keys of the safe was with the cashier and without it the safe could not be opened and no checking of the cash was feasible.

Since his reinstatement after suspension and his demotion to the lower grade as punishment, his work and behaviour have been reported to be very satisfactory, and there is good reason to assume that the erring individual has been permanently re-claimed as a useful citizen. Consequently it may also be argued that the punishment has been adequate.

As regards supervisory lapses it may be mentioned that the officer concerned was charge-sheeted and the statement of defence submitted by him was fully examined. He was, of course, found

guilty of the charge but taking into consideration his past record of service in the CSIR stretched over a period of about 25 years being never in doubt and also the fact that he is now due to retire within the next few years, the Disciplinary Authority took a compassionate view of the whole case and felt that a formal censure would meet the ends of justice. The officer concerned has thus been formally 'Censured'. It may be worth mentioning that it was due to this officer's untiring efforts that C.S.I.R. could recover the so called misappropriated amount.

The above replies have been vetted by the Audit (A.G.C.R.), (Note No. 18(8)/66-PU) copy attached.

Recommendation

The following table shows the value of purchases of accessories and consumable stores made during the three years ending with 1962-63 and value of such stores consumed during the same period:—

(Amounts in lakhs of Rs.)

Year	Opening Balance	Purchases	Consumed	Balance
<i>Accessories</i>				
1960-61	12.71	1.68	0.77	13.62
1961-62	13.62	1.46	0.66	14.42
1962-63	14.42	0.93	0.64	14.71
		Write off	0.30	

NOTE.—The value of the stock held on 31st March, 1963 was about 20 times the average annual consumption (0.9) lakh. Purchase was therefore made without due regard to the balance held in stock and the rate of consumption of accessories.

Consumable Stores

1960-61	7.90	1.54	1.15	8.29
1961-62	8.29	2.33	..	10.62
1962-63	10.62	1.54	2.11	10.05

NOTE.—The value of the stock held on 31st March, 1963 was about 10 times the average annual consumption (1.08) lakhs.

4.433. The Institute informed Audit in March, 1964 that the closing balance included cost of non-stock items (nearly Rs. 5 lakhs) mostly ferrous and non-ferrous materials purchased from the Directorate General of Supplies and Disposals, which were reserved for future use by the Institute especially in view of the high prices of the materials in the market.

4.434. It was mentioned in para 25 of the 24th Report of P.A.C (1963-64), that a list of surplus stores worth Rs. 4,89,623 had been prepared by the Institute in March, 1961. Out of these, surplus articles worth Rs. 84,757 have since (January, 1964) been disposed of. The list of surplus stores has been forwarded (July, 1963) to the Directorate General of Supplies and Disposals by the Ministry of Scientific Research and Cultural Affairs for necessary action.

In addition, stores worth Rs. 10,115, were declared surplus during the year 1962-63. No action has so far (November, 1963) been taken for the disposal of the stores. Out of these, stores worth Rs. 9,780 had been purchased between the periods 1953 and 1954 in anticipation of the starting of a course on Paper Technology which was subsequently postponed as per Reviewing Committee's Report dated 31st March, 1959. In this connection, the representative of the Ministry stated that some of the consumable stores had already been declared surplus and action had been taken for the disposal. The Committee enquired about the reasons for the heavy accumulation of stores.

The witness stated that a good deal of the stores obtained from D.G.S.&D. was war surplus which was made available to educational institutions at concessional price. The Institute had obtained these stores after scrutiny of lists sent to them in good faith thinking that they would be useful. But subsequently it was not found so.

The Committee feel, concerned over the heavy accumulation of stores with the Indian Institute of Technology, Kharagpur. The value of accessories at the end of the year 1962-63 was approximately 20 times the average annual consumption and in the case of consumable stores it was approximately 10 times. In para 25 of their 24th Report (Third Lok Sabha), the Committee have already commented upon the purchase of stores by the Institute without proper assessment of the requirements and about the inordinate delay in taking action to review the stores and disposal of surplus items. The Committee desire that the entire stock of the stores with the institute, the bulk of which according to the Ministry were war surplus stores, should be carefully screened and the items which were not likely to be utilised in foreseeable future should be disposed of, in order to avoid further loss resulting from deterioration.

[S. No. 161 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN**Para—4: Re. Surplus Stores**

The position had been fully explained by the Institute in reply to the Audit Report for 1962-63 and the Accountant General, West Bengal, accepted the Institute's following explanation:

Accessories

"The Institute has in Stock Equipment & Machinery worth about Rs. 1.84 crores and in order to get full use of these equipment, tools and accessories are essential. Such tools/accessories are not actually direct expendable items their normal life varying widely from few months to 10/15 years. Naturally every year a small portion of tools/accessories will exhaust their lives and may be treated as consumed. In case of costly accessories having long lives it is usual to have them written off in the normal way.

With the gradual development of activities the Institute has to purchase equipment, as well as accessories which bear no direct relation to the rate of consumption (exhaustion due to full usage/or write off).

Consumable Stores

Annual balances of stock of consumable stores as shown in the Balance Sheet do not represent stock of standard item only. These figures include value of various stores (mostly ferrous & non-ferrous) purchased during the years 1950 to 1952 from out of Govt. Surplus disposal stock at concessional rates—the approximate cost being Rs 5 lakhs. A major portion of such stock has already been declared Surplus and action for disposal of those items is in hand. Based on the recommendation of Special Committee consisting of departmental experts the Institute has retained portion of the disposal stock for future use.

Besides, for convenience of Institute's work, certain amounts of construction materials are occasionally transferred to the account of Central Stores which have also been included in the Closing Balances of Consumable Stores. The amount of such transfer in year 1961-62 is 1.98 lakhs and in 1962-63 Rs. 3.671 lakhs.

Excluding the aforesaid two figures from the annual Closing Balances of Consumable Stores it will be observed that value of stock of Consumable items carried over from year to year is almost equal to the amount of annual consumption and also that of annual purchases.

Thus it will be apparent that the Institute does not actually keep a stock of Consumable Stores of about 10 times the average annual consumption as stated by Audit."

Regarding the review and disposal of Surplus Stores it may be stated that a Committee of Experts was formed for this purpose by the Institute and action has been taken on their recommendations as stated above.

However, as recommended by Public Accounts Committee, the Director set up a Standing Committee (subject to the approval of the Senate which is awaited) to review the position of Stores periodically for ascertaining the items which are not likely to be utilised in the foreseeable future and disposal action will be taken on the basis of the recommendation of the Committee.

The latest position of disposal of Surplus Stores is given below:—

1. Stores and equipment worth Rs. 1,43,236.38 have already been disposed of upto date. Out of the same, a sum of Rs. 1731.35 is however due on account of Stores issued to Heavy Vehicles Factory, Avadi.
2. Plants & Machinery worth Rs. 1,24,952.22 have already been reported to the D.G.S. & D for disposal by auction.
3. Stores worth Rs. 68,770.34 have been kept earmarked for issue to the M.G.O., Army Head-quarters, New Delhi. A firm indent is awaited therefor.

During the Indo-Pak Hostilities, stores worth Rs. 1,37,410.15 were offered for fruitful utilisation by various units of the Indian Army. Upto date firm indent for stores worth Rs. 1731.35 has been received and issue thereof duly made. This is included, in the figure reported in item 1 above. Indents for other stores are likewise awaited from the Army authorities.

A statement showing the position as on 11-3-66 is enclosed (Annexure). It will appear from the said statement that the value of residual Surplus Stock held on date amounts to Rs. 1,40,629.18 which excludes the value of equipment (Rs. 10,115) found Surplus during 1962-63 for which disposal action is being taken separately.

[U.O. No. 20/7, 66-T. 6 dated]-

ANNEXURE

*Surplus Stores & Equipment held by Indian Institute of Technology, Kharagpur
as on 11-3-1966*

	Plants & Machinery	Ferrous & non-ferrous stores	Elect. stores & Equipment Photo-cine stores etc.	Hardware & workshop, sun dries & other stores	Tools & Implements	Laboratory equipment	Medical Stores & equipment & Manures	Elect. Com. Stores & equipment	TOTAL
Initially declared surplus	2,41,751.27	1,09,715.01	36,001.97	40,601.30	25,205.57	446.25	13,887.08	19,651.67	487,260.12
Subsequently declared surplus	1,17,293.00	—	—	—	—	—	—	—	1,17,293.00
Withdrawn for use in Instt.	87,636.55	3,699.53	12,176.04	6,087.51	4,132.75	71.25	11,165.35	2,006.02	1,26,965.00
Total Surplus as per revised list	2,71,407.72	1,06,015.48	23,825.93	34,513.79	21,082.82	375.00	2,721.73	17,645.65	4,77,588.12
Disposed of	1,41,505.03	1,731.35	—	—	—	—	—	—	1,43,236.38
Barmarked for Indian Army	—	56,885.16	—	10,849.01	1,036.17	—	—	—	68,770.34
Reported to DGS&D	1,24,952.22	—	—	—	—	—	—	—	1,24,952.22
Balance available	4,950.47	47,198.07	23,825.93	23,664.78	20,046.65	375.00	2,721.73	17,645.65	1,40,629.18

Note : — The difference (Rs. 2,362.88) between the amount of Rs. 4,82,523 being the value of stores previously declared as surplus by the Institute and the correct figure of Rs. 4,87,260.12 shown in the above statement as the total value of stores initially declared as surplus, has been due to rectification of certain errors in addition, subtraction and other calculations which could not be detected previously by the Institute."

Recoverable amounts

A sum of Rs. 21,196 was pending collection on 31st March, 1963 on account of rent recoverable from Institute staff (Rs. 6,000)—and private parties (Rs. 15,130) from the year 1960-61 onwards as indicated below:

	Due from private parties	Due from Staff
	Rs.	Rs.
1960-61	4,335	206
1961-62	4,736	1,215
1962-63	6,059	4,639
TOTAL	15,130	6,060

The Committee enquired what action was being taken to realise these amounts before they become irrecoverable. The witness stated that on 31st March, 1964 the house rent outstanding to the end of 31st March, 1963 was Rs. 14,990. On 31st March, 1965 the outstanding according to the Institute, to be verified by audit, was Rs. 14,534. The break up was as follows:—

- Rs. 2,621—due to revision of pay scales, to be recovered at the time of drawing of arrears from staff.
- Rs. 1,011—recoverable from staff mainly from their last salary.
- Rs. 1,198—recoverable from N.C.C. staff.
- Rs. 5,651—from C.P.W.D.
- Rs. 4,500—from other private parties.

The Committee feel that adequate steps have not been taken by the Institute for realisation of arrears of rent. Vigorous steps may now be taken to realise for outstanding rents. The Committee would watch the progress of realisations through future Audit Report.

[S. No. 162 of Appendix LIII to 41st Report 1965-66]

ACTION TAKEN

House Rent Pending Collection

The present position (as on 1-4-1966) of the outstanding dues up to the year 1962-63 stands at Rs. 14,387.00. It may be mentioned in

this connection that necessary action is being taken to realise the dues by the Institute.

[U.O. No. 20/7/66-T8, dated 26-5-66]

Recommendation

The value of land has been shown as Rs. 28 lakhs in the Assets side of the Balance Sheet. Neither the Institute's title-deed for the land nor any Register of assets showing the aforesaid value of land was made available for verification by Audit. The Institute has stated that arrangement is being made to open a register.

The Committee enquired as to the nature of technical difficulties being faced by the Institute in regard to the transfer of the land measuring 1400 acres in respect of which the title-deeds were not available.

The witness stated that the Institute had not yet taken over the property from the Government. The land originally belonged to the West Bengal Government from whom the transfer to the Government of India had already been made. The present value of the land had been computed on the basis of Rs. 2,00 per acre. When the title-deed was drawn up the exact value would be put down, because in the case of transfer to autonomous corporate bodies it was necessary to state the exact value.

The Committee would like to be informed whether the title-deeds of the land have since been executed.

(S. No. 163 of Appendix to LIII of 41st Report, 1965-66)

ACTION TAKEN

Value of land

Deed of Transfer from the Government of India to the Institute which has been duly signed by both the parties was registered on 30-3-66.

[U.O. No. 20/7/66-T6, dated 26-5-66]

Recommendation

As a result of physical verification of stores conducted in 1962-63, the following shortages were noticed:

	Quantity	Value Rs.
Cement	19.50 M.T.	3,000
Steel	24,000
Electrical goods.	Yet to be assessed (Dec. 64)

The discrepancies in respect of steel were reported to be under reconciliation.

The Committee enquired as to the present position regarding reconciliation of final figures of shortages. The witness stated that since the Institute made a report in March, 1965, there had been no other report to indicate how much of it had been reconciled.

The Committee would like to be informed of the latest position regarding the reconciliation and working out of final figures of shortages. They also suggest that cases of shortages should be scrutinised thoroughly with a view to find out if there were pilferages, etc.

[Serial No. 164 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

Re. reconciliation of shortages:

Position regarding shortages after reconciliation is as under:

	Value of Shortage	How disposed of
Cement	Nil.	A surplus of 7.625 M.T. has been found after reconciliation and this has been taken into stock register.
Steel	Rs. 145 only	This has been written off under orders of competent authority.
Electrical goods.	Rs. 11 only	Written off under orders of competent authority.

It has been verified that these shortages were not due to pilferage.

The Accountant General Madras who has been apprised of the position has verified the above position and has found to be correct.

[U.O. No. 2-6/66-T.6, dated 25-5-1967]

MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND COOPERATION (DEPARTMENT OF AGRICULTURAL

Recommendation

The Committee are constrained to observe that the amount of interest payable according to the terms of the contract was not recovered periodically from the Federation but allowed to accumulate. They are also sorry to note that even the Federations plea that the payment of interest charges was not covered by the

margins of remuneration allowed to them was not examined promptly to arrive at a definite conclusion. They hope that an early decision will now be taken in this case.

[Serial No. 169 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

According to the terms of the old agreement the Federation was liable to pay interest charges @3½ per cent on the price of stock of Fertilisers supplied by Government vide clause 10 of the Agreement reproduced below:—

"That the Second party (the Federation) shall pay interest on the price of all stocks of fertilisers that are received by them from or on behalf of the first party (Delhi Administration) at such a rate and in such manner as the Chief Commissioner Delhi may determine and the decision of the Chief Commissioner in this behalf shall be final".

The Federation however failed to pay the interest charges and the amount of interest due from them upto 27th December, 1964, was stated to be Rs. 20,000. The Delhi State Cooperative Federation requested for waiver of the interest charges on the following grounds:—

- (i) The Federation distributed fertilisers as agents of the Government and unsold stocks remained the property of the Administration. It would be unfair to recover interest charges on value of fertilisers till these are sold and sale proceeds realised.
- (ii) Element of interest was not included in the margin of distribution allowed to the Federation under the Agreement and the Federation had also not charged it from its member societies. Therefore, the charging of the interest would result in heavy loss to the Federation.

Local Administration was also inclined to support the request of the Federation which they consider reasonable. In support of the contention of the Federation at (ii) above, the Delhi Administration stated that distribution margin of Rs. 30 per tonne which was allowed to the Federation was made up of the following items:—

1. Rs. 10 P.M.T. Transport and Labour Charges.
2. Rs. 8 P.M.T. Commission paid to the primary Societies.
3. Rs. 7 P. M.T. Storage Admn. and handling.
4. Rs. 5 P.M.T. Octroi.

In the above margin there was no provision for payment of interest charges by the Federation.

In this connection it may be stated that the distribution margin of Rs. 30 which was fixed by this Ministry was exclusive of Octroi and Local Taxes. The breakup into various elements was left to be decided by the State Governments. If the Delhi Administration had allowed the distribution margin of Rs. 30, exclusive of Octroi, it would have given sufficient cushion to the Federation to pay interest charges. The question of waiving interest charges was considered by the Ministry in connection with the examination of the agreement to be executed between the President of India and Delhi State Cooperative Federation. It was intended to provide a clause in the new agreement waiving interest charges on unsold stocks from 26th December, 1957, till the execution of the agreement. The Finance Ministry did not however agree to such a provision and suggested that this question may be decided separately. Thus the new agreement also provides a clause for payment of interest charges on unsold stocks from 26th December, 1957. The Delhi Administration have now reported that recovery of cost of fertilisers from Delhi State Cooperation Federation is progressing satisfactorily and the unrealised amount which was Rs. 3.51 lakhs on 26th December, 1964, has now come down to Rs. 2.48 lakhs as on 1st April, 1966. As regards payment of interest charges the Federation have deposited Rs. 10,000 on this account pending detailed calculations. The Federation has also been asked to deposit the balance amount of interest into the Treasury.

Recommendation

In the course of evidence it was stated that the Ministry had no organisation to check or ensure that the Fertilisers reached the cultivators in time and at proper prices. The Committee feel that if the Fertilisers do not reach the cultivators in time and at proper prices than the whole purpose of distribution of fertilisers through the Federation is defeated. They therefore desire that some suitable device should be evolved to enable the Ministry to satisfy itself that there is proper and timely distribution of fertilisers to cultivators at proper prices.

[S. No. 172 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

Under clause 2 of the agreement, the Agents (Delhi State Cooperative Federation) shall handle all chemical fertilisers and sell/distribute the same in accordance with the directions of the Development Commissioner, Delhi. In accordance with the above clause the Development Commissioner, Delhi has devised suitable

methods to ensure that this instruction about the distribution of fertilisers to the cultivators are carried out by the Federation.

The Cultivated area in Delhi is limited and the complaints of the cultivators regarding distribution, etc., are brought to the notice of the Administration through the monthly meetings of the Block Panchayat Samities or the Rural Advisory Committee's meetings. The Chairman of all the Five Panchayat Samitis meet the Development Commissioner every Monday and complaints of the cultivators are brought to his notice on these occasions and remedial measures are taken immediately.

As regards prices at which fertilisers are to be sold to cultivators, this Ministry have fixed the ceiling rates for different fertilisers in each State under a notification issued under the Fertiliser Control Order, 1957. The present prices are given in notification No. G.S.R. 158, dated 29th January, 1966. Sale of fertilisers at rates higher than the ceiling rates will be a contravention of the Fertiliser Control Order, 1957 and Delhi Administration is competent to take action against the parties who sell fertilisers at higher rates.

Recommendation

During evidence the Committee were informed that in 1961, the Delhi Administration came to know that some clauses of the agreement had not been properly observed. The Committee regret to note that inspite of irregularities committed by the Federation and the fact that the old agreement had expired in 1960 no fresh tenders were invited but the present Federation was allowed to function till this day without any remedial action. This shows slackness on the part of Delhi Administration and failure to abide by the wholesome practice of system of tenders. They feel that had the Delhi Administration taken timely action and kept a watch on the working of the agreement these lapses would not have occurred. They trust that with the past experience the Delhi Administration/Ministry of Food and Agriculture (Department of Agriculture) would in future be on their guard and keep a watch over the working of the agreement with the Federation.

[S. No. 173 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

Distribution of Fertilisers in most of the States has been entrusted to Cooperative Societies by the State Governments. This arrangement is in conformity with the policy to encourage the Co-operative Movement in the country. The Delhi Administration has, therefore, decided to continue the agency of the Cooperative

Federation for a period of three years from the day the new agreement came into force, i.e., 9th February, 1966, vide clause 28 of the agreement. It has been reported by Delhi Administration that out of four other Cooperative Societies functioning in Delhi State, three do not have adequate storage capacity to handle fertilisers. One Cooperative Marketing Society though possessing storage capacity has not been managing its affairs well. In view of this the Delhi Administration did not consider it advisable to entrust the distribution of fertilisers to any other Cooperative institution. An effective watch on the working of the agreement with the Federation can be exercised by the Administration as they are directly concerned with it and have the necessary field machinery. The Delhi Administration has confirmed that a proper watch is being kept over the working of the agreement.

Recommendation

The Committee regret to note the abnormal delay that has occurred in renewing the old agreement which expired in December, 1960, and hope that the new agreement would come into force soon and all the loopholes found in the old agreement would be plugged.

[S. No. 174 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The question of executing a new agreement was taken up by the Delhi Administration with Delhi State Cooperative Federation after the expiry of the old agreement on 27th December, 1960. The Federation did not agree to the provision included in the draft agreement regarding liability in respect of outstanding dues pertaining to the fertiliser distributed by Government prior to entrusting the work to the Federation. The dispute was settled as a result of series of discussions held between Delhi Administration and Delhi State Cooperative Federation and also by this Ministry.

The draft agreement as finally settled after these discussions was sent by the Delhi Administration to this Ministry on the 30th July, 1965, and was returned by this Ministry after scrutiny by the Ministry of Law and Finance on the 30th December, 1965, with the request to have it executed. The agreement was executed on 9th February, 1966.

Recommendation

From the note furnished by the Ministry, the Committee find that only 50 sites which were originally earmarked for installation of diesel engines were electrified. The Committee feels that the reasons of electricity becoming available in the areas where diesel engines were intended to be installed does not hold good for non-utilisation of all the 233 diesel engines. They would like to know whether, at the time when 233 diesel engines were imported, any planning was done about their installation, and if so, the reasons for the failure of that plan.

[S. No. 175 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

In the initial stages of the Ground-water Exploratory Investigation Programme no specific planning as to the places where exploratory drilling was to be undertaken, was done.

Recommendation

The Committee also regret to note that 108 engines were allowed to remain idle for a period of 6 to 8 years when there was a great need for similar engines in different parts of the country.

[S. No. 176 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

Observations of the Committee have been noted.

Recommendation

The Committee are perturbed to learn that several aspects of this case were overlooked. Firstly 108 engines remained idle for about 6 to 8 years. Secondly, the defects pointed out by the Inspector of the India Supply Mission in some of the engines were also not looked into. Thirdly, the project as a whole was carried out in the halting manner without any planning. The Committee hope that important irrigation projects will be carried out in a better planned and coordinated manner in future.

[S. No. 177 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

Observations of the Committee have been noted.

With regard to above, it is mentioned that the programme of work has been more carefully planned in the 2nd project in the 3rd

plan period and now in 4th plan. With the advanced knowledge and experience in the technical know-how the project is by and by being planned in a better way.

Recommendation

The Committee are surprised to find that Government had been giving grants to the Indian Central Oilseeds Committee year after year even when it had been holding large amounts of accumulated balances. They are unhappy to learn that the Indian Central Oilseeds Committee did not do as much as they could have for schemes for improvement and development of oilseeds and oilseeds products while cess continued to be levied. It is really unfortunate that Government did not look into the working of the Indian Central Oilseeds Committee earlier inspite of the fact that unspent balances with them were continuously increasing since 1956-57. In the light of this case, the Committee would suggest that Government should keep a careful watch over the activities of all Commodity Committees and ensure that they fulfil the objectives for which they were constituted and for which cess is levied and funds given to them.

[S. No. 186 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

According to Section 3 of the Indian Oilseeds Committee Act, 1946 (9 of 1946), Government of India are obliged to pay the entire cess collected as a result of the various levies indicated in the Act, to the Indian Central Oilseeds Committee, after deducting the collection charges only. No portion of the cess collected could be withheld without first amending the Act suitably.

That there was a large unspent balance accumulated in the Committee, which was mainly due to the Committee having no regular Research Station under it, came to the notice of the Government of India during April, 1963, and it was decided in January, 1964 that in addition to the normal expenditure of the Committee for running its office and financing non-plan research schemes normally met out of cess funds, the Category 'A' Plan Schemes concerning agricultural and technological research schemes on oilseeds which was being met out of Plan provision should be met out of cess funds, thereby releasing the equivalent amount of Plan money for utilisation elsewhere.

Four Commodity Committees, set up under Government of India Resolutions have already been abolished. The remaining four Committees, viz., Indian Central Oilseeds Committee, Indian Central Cotton Committee, Indian Central Coconut Committee and the

Indian Lac Cess Committee will be abolished with effect from 31st March, 1966 (A.N.) when the Acts under which the Committees were set up, will stand repealed. The work of the Committees which have been abolished has already been taken over by the Indian Council of Agricultural Research. After all the Committees are abolished, the research work will be taken over by the Indian Council of Agricultural Research and the work relating to development, marketing, etc., will be taken over by the Department of Agriculture gradually.

No provision has been made in the Budget for the next financial year for making payment in respect of current Plan Schemes on oilseeds. The expenditure is to be met out of cess accumulation.

Recommendation

The Committee desired that the decision regarding suspension of research on camphor should be reconsidered in the light of the price of indigenous synthetic camphor rather than the price of imported synthetic camphor, if our natural resources justify.

[S. No. 188 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The matter has been reconsidered. It is proposed not to continue research on camphor in view of the following considerations:—

1. The price of the indigenous synthetic camphor is at present about Rs. 88/- per Kg. The price of the indigenous natural camphor is also practically the same.
2. The quantity of natural camphor produced in the country at present is very small, i.e. between 200 to 250 Kgs. only.
3. As the camphor tree (*Cinnamomum camphora*) takes about 10 years, after planting, to yield any camphor of commercial value, it is not considered desirable to take up cultivation of this tree.
4. The quantity obtained from camphor yielding *Tulsi* is also very small and un-economical.
5. The areas suitable for cultivation of camphor tree are in Kerala, Assam Hills, Mysore and some parts of Madras State, where the climate is tropical, warm and humid. There is a lot of competition in these areas with other crops, specially rubber, spices, teak, oil palms and fruits

like oranges, pineapple and banana, which yield much higher return per unit area. It will, therefore not be advisable to plant camphor trees, which take long time to give any economical return and cannot stand competition with other crops.

6. The modern technology for the production of indigenous synthetic camphor is, improving day by day and it is expected that there will be substantial reduction in the manufacturing cost of the synthetic camphor in future.

Recommendation

The Committee regret to note that the Indian Council of Agricultural Research took more than 2½ years to implement the decision of the Governing Body of the Council to prepare proforma accounts of journals. They hope that such delays would be avoided in future.

[S. No. 189 of Appendix LIII to 41st Report 1965-66].

ACTION TAKEN

The recommendation of the P.A.C. is noted.

The reasons for the delay in the preparation of the proforma accounts for journals have been examined. In 1961, the Financial Adviser of the Council suggested in the Standing Finance Committee that "the Council might consider keeping the accounts of its publications on commercial basis. More details regarding the cost of production, etc., might be given". This recommendation was accepted by the Governing Body also in 1961. The proforma accounts in respect of the various books published have been prepared every year from 1962-63 in accordance with this.

The Audit raised the question of preparing proforma accounts for the journals also in the Audit Report for the year 1962-63 which was received in the Council in August 1963 and the Governing Body directed that the matter should be examined further. The case was referred to the Financial Adviser who clarified that the intention of his suggestion of 1961 "was to maintain commercial accounts in respect of the publications of the Council. Maintenance of accounts in respect of journals was not contemplated". The matter was placed before the Standing Finance Committee of the Council in August 1964 together with the views of the Financial Adviser. The Standing Finance Committee, however, recommended that the journals should also be included in the proforma accounts and this was

accepted by the Governing Body in September 1964. The proforma accounts of the journals were prepared from the year 1964-65 onwards.

Recommendation

From the statement furnished by the Ministry of Food & Agriculture (Deptt. of Agri.) the Committee find that out of Rs. 1.57 lakhs, about Rs. 1.36 lakhs is due for one year or more. They desire that vigorous steps may be taken to recover this amount and to avoid such accumulation of arrears in future.

[S. No. 190 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

As a result of vigorous steps taken for the recovery of the amount the outstanding amount of Rs. 1.36 lakhs due for one year or more has been reduced to Rs. 1.26 lakhs. Further efforts for recovery are being continued.

Recommendation

The Committee would like to be informed about the final decision taken regarding the question of rationalisation of journals.

[S. No. 191 of Appendix LIII to 41st Report 1965-66].

ACTION TAKEN

Two journals viz., 'Indian Livestock' and 'Pashupalan' have been merged with the journals 'Indian Farming' and 'Kheti' respectively. Three other journals viz., 'Agricultural Research', 'Indian Potato Journal' and 'Rice News Teller' have been discontinued. Thus in all five out of eleven journals have ceased to be published.

Recommendation

The Committee would like to be apprised of the decision taken as to whether the price of costly books could be reduced for students and teachers.

[S. No. 192 of Appendix LIII to 41st Report 1965-66].

ACTION TAKEN

Students are now eligible to get a discount of 25 per cent on the value of books purchased by them. Extension of this concession to teachers also is under active consideration of the Council.

The Committee desire that prompt action may be taken to clear the outstanding utilisation certificates.

[S. No. 193 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

Vigorous efforts are being made to obtain the outstanding Audit and Utilisation Certificates from the State Governments, Accountants General etc. Besides issuing reminders regularly, the following steps have been taken to ensure that the Audit and Utilisation Certificates are received in this office within the prescribed time limit:—

- (i) A condition has been imposed that further grants in respect of the schemes would be stopped if the Audit and Utilisation Certificates are not received within a period of two years after the end of the financial year during which the grants had been made.
- (ii) Teams of officer are being sent to the major defaulting States to get the arrears cleared by personal discussions.

As a result of the above measures, a number of Audit and Utilisation Certificates have been received from the State Governments, Accountants General, etc.

As against Rs. 159.88 lakhs (in respect of the grants paid upto 31st March, 1963) mentioned in the Audit Report, the outstandings of Audit and Utilisation Certificates are only Rs. 76.37 lakhs on 31-3-66. The amount for which the certificates in respect of grants aggregating Rs. 111.88 lakhs paid during the 1963-64 and 1964-65 were awaited as on 31-3-1966 was Rs. 68.43 lakhs.

Recommendation

The Committee desire that vigorous steps should be taken by the Indian Council of Agricultural Research to assess the total value of remaining assets left over with the grantees and to make necessary adjustments/recoveries early.

[S. No. 194 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The matter is being pursued vigorously with the Authorities concerned.

2. The Institutes, Universities, etc. have been asked to furnish in future the requisite information regarding the residuary assets along with the Audit and Utilisation Certificates.

Recommendation

The Committee feel that a period of 2 years taken to ascertain the form of balance sheets from other autonomous bodies and another period of 3 years in taking the decision on preparation of balance sheet was too long. They trust that in future the Indian Council of Agricultural Research would act more promptly when some commission are pointed out by Audit.

[S. No. 195 of Appendix LIII of 41st Report, 1965-66]

ACTION TAKEN

The observations are noted.

Recommendation

The Committee hope that henceforth the balance sheet would be prepared regularly by the Indian Council of Agricultural Research.

[S. No. 196 Appendix III to 41st Report 1965-66]

ACTION TAKEN

The Work on the preparation of the Balance Sheet has already been started. The balance sheet will be prepared by the Council every year commencing from the year 1965-66.

Recommendation

The Committee feel unhappy to note there was duplication of research effort through the I.C.A.R. & Government.

[S. No. 197 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

Every effort is made to avoid duplication of research. I.C.A.R. scrutinises all research programmes through the Scientific Committees appointed for the purpose. Government representatives are also associated with it. The reports of institutes for their past year and the technical programmes for the next year for normal work as well as for all research projects are discussed threadbare and care taken to see that no duplication either between I.C.A.R. and Government or between different institutes occurs.

Recommendation

The Committee are, therefore, of the view that the proposed transfer of the N.D.R.I. to the I.C.A.R., needs a further detailed examination before a final decision is taken in the matter as it is necessary to examine whether there would not be complications when research wing of the N.D.R.I., would be financed by the I.C.A.R., whereas the scheme for breeding programme would be financed direct by the Ministry. The Committee would like to be informed of the final decision in this case.

[S. No. 198 of App. LIII to 41st Report, 1965-66.]

ACTION TAKEN

The transfer of N.D.R.I. to I.C.A.R., is a part of the step taken by Government in order to ensure maximum freedom for research workers and to create a proper scientific atmosphere for research. This has been examined in considerable detail not only in so far as the transfer of the N.D.R.I. to the I.C.A.R., is concerned, but for all the research institutes in the country in which agriculture, animal husbandry and dairy research is carried out. There is no intention to divide the activities of the N.D.R.I., between the Ministry and I.C.A.R. The breeding programme as well as extension and teaching work would all, according to the present decision, be financed entirely by the I.C.A.R.

Recommendation

From the note, the Committee find that during the last 5 years (1961-65) only two Scheduled Castes/Tribes students were admitted to the Institute. In the note, it is also mentioned that the minimum number of marks required to be secured by the candidates are reduced by 5 per cent in the case of Scheduled Castes/Scheduled Tribes candidates. As over 60 per cent of candidates are State nominees and as such State send only 1-3 candidates, Scheduled Castes/Tribes are seldom included. The Committee feel that the existing procedure does not give much chance to Scheduled Castes/Scheduled Tribes candidates to get admission in the Institute to the extent envisaged, i.e. 20 per cent. They desire that this procedure may be examined and suitably revised to enable more Scheduled Castes/Scheduled Tribes Candidates to get admission in the N.D.R.I.

[S. No. 199 of App. LIII to 41st Report, 1965-66.]

ACTION TAKEN

Every effort is made by the Institute to admit as many Scheduled Castes/Scheduled Tribes students as possible. The measures taken by making a special concession in respect of marks applies to State nominees as well as direct applicants. It is true that the candidates of Scheduled Castes/Scheduled Tribes are not forthcoming for such training. Scholarships and Fellowships are also offered to students. The State Governments would be urged to give increased weightage to the applications of Scheduled Castes and Scheduled Tribes candidates as recommended by P.A.C.

Recommendation

The Committee are sorry to note that the preparation of profit and Loss Accounts and Balance Sheet was dispensed with without framing the Accounting rules, procedure and forms for the proper maintenance of accounts. They feel that the existing system should not have been discontinued till the new system was introduced. Now that an expert officer has been posted the Committee hope that the accounting rules, procedure and forms would be finalised soon and annual accounts prepared according to the new procedure.

[S. No. 200 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

The Institute was declared non-commercial in February 1961. As such the preparation of 'Profit and Loss Account' and 'Balance sheet' which are to be prepared by commercial undertakings was dispensed with on the advice of the Director of Commercial Audit. The accounting rules, procedures and forms prescribed in the General Financial Rules, Central Treasury Rules and other account codes for the proper maintenance of accounts in non-commercial organisations are being observed in the N.D.R.I. Only a Departmental Manual incorporating different set of rules and orders issued from time to time remains to be compiled. For this purpose a post of Proforma Accountant was transferred from the Southern Regional Station, Bangalore, to the headquarter of the Institute at Karnal. In spite of best efforts no suitable person could however be obtained from the A.G., Punjab, Simla to man this post. A Junior Accounts Officer has now been appointed and he has been entrusted with this work.

Recommendation

The Statement furnished by the Ministry shows that there was no increase in the total production of milk during 1963-64 as compared to the previous year at the S.R.S. of the N.D.R.I., Bangalore, although the total No. of cattle had increased there in that year. The total production remained at 276 metric tons in both the years whereas the No. of cattle was 376 in 1962-63 and 427 in 1963-64. The Committee, therefore would like to know the reasons for the milk production remaining the same in 1963-64 as in 1962-63, even though the No. of animals was more in the year.

[S. No. 201 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

The total No. of animals in the period does not give true picture of milk production as it includes bulls and heifer for distribution to State Government for breeding purposes and also for experimental work, as well as dry stock. An attested copy of Farm of S.R.S. of N.D.R.I., Bangalore from July to June each year duly vetted by the A.G., Mysore, Bangalore is enclosed. Out of the total No. of 376 animals in 1962-63 only 115 were milch animals. In 1963-64, the No. of milch animals was only 114 out of the total 427 and in 1964-65, the No. of milch animal was 129. The total milk production as compared with the No. of milch animals was as under:—

	No. of milch animals	Production of milk (in m. tons)
1962-63	115	290.22
1963-64	114	322.06
1964-65	129	331.06

This indicated that there was an increase in milk production per milch animal during 1963-64 and 1964-65 as compared with 1962-63.

REMARKS OF AUDIT

The reply furnished was verified with reference to the relevant records of the Institute. The number of milch cows shown in each year is correct. This represents the average for each year. The total quantities of milk production for 1962-63 and 1964-65 are also correct. But during 1963-64, the quantity has been shown as 322.06

MT whereas the actual quantity is 302.06 M. Tons. Based on the actual yield of milk, the average yield per milch cow will be as under:—

1962-63	2.52 M. Tons per annum
1963-64	2.65 M. Tons per annum
1964-65	2.56 M. Tons per annum

Recommendation

From another statement furnished, the committee find that while the production of cows milk at the farm during 1963-64 was 4,54,040 litres, it came down to 3,16,799 litres in 1964-65. This of course resulted in more purchase of buffalo milk by open tender at 74 P. per litre as the production cost of cow milk at the farm was 50 paise per litre, purchase of extra buffalo milk from market in view of cow milk meant a substantial extra expenditure. The Committee would like Government to examine if this extra expenditure cannot be reduced by suitably augmenting supplies of cows milk at the farm itself for such remedial measures as they consider necessary.

[S. No. 202 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

The purchase of buffalo milk from outside was not made on account of the fall in production. The Expert Committee appointed by the Government of India for reviewing Dairy Technology, made a recommendation that a training centre conducting Dairy Technology classes must have a dairy, handling a minimum of 10,000 lbs. (about 4,500 liters) of milk per day. Although nearly 1,100 animals are maintained at Karnal, the number of milch animal is about 225-250 at a time. (Many of the animals are maintained with a view to distributing improved stock to State Governments). The farm can therefore produce on an average only 1500—2000 litres of milk per day. Production of buffalo milk is very little. Hence even under best of conditions, it is necessary to purchase milk from outside to meet the needs of teaching and research to supplement farm production. In addition research on market milk is being conducted at this Institute and this can only be done by purchase of milk from outside. Milk was purchased from the market at the lowest competitive rates ranging from Rs. 56.50 per quintal to Rs. 72.50 per quintal. All possible efforts are, however, being made to augment the production of cow's milk at the farm by increasing the number of milch animals but as this involves a lot of capital expenditure of milch animals but as this involves a lot of capital expenditure

Recommendation

The Committee are unhappy to observe the delay at different stages in this case. It brings credit neither to the Ministry of Food and Agriculture (Department of Agriculture) nor to the Directorate General of Supplies and Disposals. They are sorry to note that from the very beginning the whole case was dealt with in a haphazard and halting manner. From the evidence, the Committee find that none of the parties namely the Department of Agriculture, the Directorate General of Supplies & Disposals and the firm knew what exactly was required to be done and naturally it resulted in prolonged correspondence.

[S. No. 205 of App. LIII to 41st Report, 1965-66.]

ACTION TAKEN

The observations made by the Public Accounts Committee have been noted and will be kept in view while making such purchases in future.

Recommendation

They are unable to appreciate the fact that the order was placed by the D.G.S. & D. with the firm without the finalisation of terms and conditions of the contract.

[S. No. 206 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

The observations of the P. A. C., have been noted and are being communicated to the D.G.S. & D.

Recommendations

It was also stated in evidence by the representative of the Ministry of Food & Agriculture (Department of Agriculture) that they had placed order of the spare parts according to the catalogue numbers available with them. Usually as the firms change their catalogue number and Government were not informed the orders had to be changed many times. The Committee feel that the delay of about 8 months could have been avoided if the indenter (Department of Agriculture) had placed the order according to the latest catalogue number or given the year of the catalogue from which the number was quoted. They feel that had the order been placed directly with the foreign supplier giving the numbers of the spares and the year of the catalogue, the Government would have saved not only lot of time (a few years) but also valuable foreign exchange. The Com-

mittee cannot appreciate this waste of time and money lost mainly due to lack of knowledge and vision of officers concerned.

[S. No. 207 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

The observations made by the Public Accounts Committee have been noted and will be kept in view while making such purchases in future.

Recommendation

The Committee regret to observe that though the Delhi Milk Scheme has been functioning for more than five years, it has not been able to meet in full the requirements of people of Delhi and that its plant has been working much below its capacity. The losses of DMS have also been increasing year by year. The amount of losses was Rs 5.01 lakhs during the period November, 1959 to March, 1961, Rs. 6.00 lakhs in 1962-63 and Rs. 23.00 lakhs in 1963-64.

The Committee feel that Delhi Milk Scheme should make every effort to increase the procurement of milk and also to reduce its losses. They also trust that with the increase in procurement of milk, the Ice Cream Plant would also work to its full capacity.

[S. No. 209 of App. LIII to 41st Report, 1965-66].

ACTION TAKEN

There has been improvement in collection of milk as month by month comparative figures for the first five months of the last three financial years will show (*vide statement appendix below*). (The figures for the year 1966-67 shown in the enclosed statement are yet to be verified by the Audit and the comments if any arising out of the verification will follow). The Incentive Cattle Development Projects for increasing milk production around Delhi which will benefit the Delhi Milk Scheme have been sanctioned. Cold Stores and other facilities in the Delhi Milk Scheme Plant are being increased so that it may handle a larger quantity of milk with a view to serving more customers in Delhi. The financial loss in 1965-66 was estimated to Rs. 28.99 lakhs as against Rs. 97.77 lakhs in 1964-65. In 1966-67 it is expected that the DMS will make a profit of Rs. 8.14 lakhs allowing for increase in establishment charges, price of stores, price of milk procured. Utilisation of Ice Cream Plant is considered secondary to liquid milk distribution. Since procurement of milk to fulfil the requirement for liquid milk distribution has not so far been possible, operation of this Plant has been limited, 4.98 per cent capacity of this Plant was utilised in 1965-66. It is anticipated that with the increase in milk procurement, it would be possible to utilise the Ice Cream Plant to a larger extent in the near future.

STATEMENT OF TOTAL PROCUREMENT OF ALL TYPES OF MILK
(RECEIPTS OF B.M. I C.O. WM)
(quantity in litres)

Month	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67
April	18,81,697	29,59,013	43,38,715	30,90,356	34,79,563	45,67,995
May	21,22,379	26,36,624	36,90,735	27,11,867	28,54,306	37,12,738
June	19,30,494	24,04,944	34,29,841	26,42,740	26,32,713	33,75,551
July	23,31,018	26,94,917	36,15,751	29,19,896	31,24,309	43,51,643
August	24,08,178	32,30,072	43,06,275	33,85,373	40,23,298	49,47,129
September	25,31,096	36,33,676	40,08,258	27,78,261	47,39,128	—
October	27,38,289	41,70,651	40,14,594	27,04,01	48,86,652	—
November	29,98,102	42,62,499	39,68,960	31,66,732	49,50,667	—
December	30,81,330	47,64,921	42,64,572	32,81,159	53,64,172	—
January	32,78,882	48,85,416	43,05,554	40,73,407	52,56,760	—
February	30,71,581	43,00,377	38,77,232	37,90,877	48,13,695	—
March	33,03,068	49,38,259	45,10,904	45,16,969	55,15,556	—
TOTAL	3,16,81,114	4,48,00,369	4,83,31,391	3,90,12,149	5,16,40,819	—

Recommendation

The Committee also hope that with the conversion of Delhi Milk Scheme into a Company there would be an all-around improvement in its working.

[S. No. 210 of App. LIII to 41st Report, 1965-66].

ACTION TAKEN

The Directors of the Company, and the Chairman and Managing Director of the Company have been selected. The Memorandum and Articles of Association have also been printed. A decision has been taken as to the capital. It has not yet been possible to come to any agreed decision regarding the status of the present employees who are Govt. servants.

Recommendation

The Committee are distressed to note that unhygienic unwholesome and adulterated milk is brought to Delhi in larger quantities by Milk Vendors. It is all the more disquieting to note that with their dubious methods, these milk vendors resort to unhealthy competition with D.M.S. Further, supply of such milk is a source of danger to the health of public. The Committee feel that the steps taken by the Min. of F. & A. and Delhi Municipal Corporation to prevent this sad state of affairs have not been adequate. They desire that immediate and effective steps should be taken to prevent the import of unhygienic unwholesome and adulterated milk in the city.

[S. No. 211 of App. LIII to 41st Report, 1965-66].

ACTION TAKEN

This is primarily a matter for the Corporation, N.D.M.C. and the Delhi Administration. These authorities have assured us that they will increase the tempo of enforcing quality control standards. They have agreed to step up their programme of sampling and prosecutions and maximising the enforcement of sanitary and hygienic standards.

Recommendation

During evidence, the Committee were informed that the Kurien Committee had pointed out that the DMS was supplying sub-standard milk. The Committee consider this to be a serious matter, especially when a Govt. undertaking are responsible for such lapses which are more likely than not to undermine public confidence in the purity of their products. They hope this would be given serious consideration and all remedial steps taken forthwith.

[S. No. 212 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

Buffalo Milk containing 6 to 6.1 per cent fat, after standardisation, was being issued prior to the appointment of the Expert Team. Comments of Expert Team Page 1 (Para 1) in Section entitled 'Processing' of their report are as follows:—

"The practice of putting out buffalo milk and cow milk by addition or removal of fat or solids non-fat, or by making recombined milk and putting it out as buffalo milk or cow milk is illegal."

The Expert Team objected to issue of the reconstituted milk as "Buffalo Milk". This was immediately corrected, during the visit of the team. Subsequently, the provision of Food Adulteration Act was amended w.e.f. 30-11-1965. Milk from which some portion of fat has been removed has been renamed as "Standardised Milk" and is being issued with 5 per cent fat. This is in conformity with the provisions of the Prevention of Food Adulteration Act.

Recommendation

The Committee reiterate their earlier recommendation made in para 30 of their 35th report (3rd Lok Sabha) that more effective steps should be taken to obtain audit certificates and grant-in-aid statements promptly, the committee desire that if even after vigorous efforts, the Indian Central Coconut Committee is not able to

obtain audit certificates and grant-in-aid statements the question of stopping further grants may be considered.

[S. No. 213 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

The concerned Accountants General and Directors of Agriculture were repeatedly reminded by the Indian Central Coconut Committee for the arrear audit certificates and grant-in-aid statements. These reminders were also followed up with D.O. letters and telegrams wherever necessary to the concerned heads of departments. It may be added that out of the audit certificates and grant-in-aid statements covering amount of Rs. 6.90 lakhs and 5.97 lakhs respectively pending receipt in December 1964, audit certificates and grant-in-aid statements covering amount of Rs. 4.10 lakhs and 3.22 lakhs have been received till the end of July, 1966. Thus every effort has been made to obtain the audit certificates and grant-in-aid statements. Further, as directed by the Public Accounts Committee payment of Committee's share towards grant-in-aid schemes in respect of which audit certificates were in arrears for more than two years, was also deferred.

Recommendation

The Committee desire that ways and means to promote the sale of publications may be found out. In this connection they would like the Indian Central Coconut Committee to examine the feasibility of reducing the price of such publications which are not much in demand so that their sale may be pushed up.

[S. No. 214 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

The Coconut Committee was publishing a quarterly 'Indian Coconut Journal' and three monthlies Coconut Bulletin (English), Nalikera Bulletin (Malayalam), and Thengina Bulletin (Kannada) and certain other *ad hoc* publications.

The publication of the 'Indian Coconut Journal' was stopped after October—December, 1964 issue. The instructions contained in para 5.178 has been examined. The reduction of price may result in a slight increase in the sale: the present rate itself is a subsidised one. It is, therefore, proposed to resort to an incentive campaign and advertising like taking part in exhibitions, melas and festivals etc. to boost up the sale as was done by the erstwhile Indian Central Coconut Committee at the early stages of publication of these bulletins.

Recommendation

The Committee feel that the suitability of the site for the establishment of this Research Station was not properly examined before setting it up that was why there was heavy loss of seedlings. They hope such losses will be strictly avoided and site for Research Station of this type will be selected after proper survey.

[S. No. 215 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The recommendations of the Public Accounts Committee have been noted for future guidance. It may be mentioned in this connection that selection of sites for Research work is being done by a Sub-Committee consisting of a State Director of Agriculture, Agronomist, Soil Chemist and the specialist on the subject, as already decided by the Government of India.

Recommendation

The Committee are constrained to observe that in this case delay had occurred at every stage. Initially the expectation that the power would be available soon did not materialise and as such an expenditure of Rs. 11,000 on the purchase of electric motor was rendered infructuous temporarily. Later, when diesel engine was purchased at a cost of Rs. 10,691 in July, 1964, the pump house, surge tank and irrigation pipe line were not ready. The CPWD also took abnormally long period in furnishing estimates for pump house etc. The execution of the work was thus not planned properly. The Committee hope that the work will now be completed promptly and such delays strictly avoided in future.

[S. No. 216 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

According to the estimates prepared by the C.P.W.D. the work was to be completed within a period of 3 to 9 months from the date of deposit of the money with the C.P.W.D. Funds for Pump House and Operator's quarter were deposited by the erstwhile Indian Central Jute Committee in the month of May, 1965 and for construction of surge tank and laying irrigation pipe line in the month of July, 1965. The place where the work is to be executed is situated at a remote locality away from the town and the main road. Moreover, according to works procedure, C.P.W.D. have to prepare a detail estimates which has to be technically sanctioned by a competent engineering officer. Tenders have to be invited and given publicity and then a contractor has to be fixed. This generally takes time before the work is actually entrusted to a contractor. Additional Chief Engineer (Calcutta) has since informed this office in their letter No. 20(2)65-W(P) dated the 5th July, 1966, that about 70 per cent of the works have been completed and the remaining works are expected to be completed very soon.

Recommendation

The Committee hope that with the abolition of the various Commodity Committees it would be ensured that all duplication of work and efforts in research and development would cease and there would be proper co-ordination with the State in this matter.

[S. No. 218 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

With a view to assuring adequate coordination and in the interest of consolidating the Central Agricultural Research Programme, the Indian Council of Agricultural Research is being presently re-organised and suitably strengthened to enable it to adequately promote, guide, coordinate and direct Agricultural and Animal Husbandry Research throughout the country. With the abolition of the following five Central Commodity Committees on the 30th September, 1965, their research functions (including the administrative control of their Research Institutes/Stations) have been taken over and integrated in the I.C.A.R. Society with effect from the 1st October, 1965:—

- (i) Indian Central Sugarcane Committee;
- (ii) Indian Central Tobacco Committee;

- (iii) Indian Central Jute Committee;
- (iv) Indian Central Arecanut Committee; and
- (v) Indian Central Spices & Cashewnut Committee.

The functions of these Committees in the field of development and marketing of the respective crops have also been taken over by the Indian Council of Agricultural Research from the above date, pending their final transfer to the Department of Agriculture from next financial year viz., 1966-67. In order to continue the association of the various official and non-official interests connected with the Development of these crops and to have the benefits of their continued advice, Development Councils consisting of the various interests have been constituted for Jute and Sugarcane Development. Similar Councils will be constituted for other crops shortly.

2. The remaining four Statutory Committees viz., Indian Central Cotton Committee, Indian Central Oilseeds Committee, Indian Central Coconut Committee and Indian Lac Cess Committee, are proposed to be abolished on the 31st March, 1966. The alternate arrangements referred to in para 1 above will be made in respect of these crops also for carrying on the functions handled by these Committees.

3. Every effort is being made to ensure proper coordination in regard to the intensification of Research and Development programmes of the Central Government in respect of these crops with the programmes of the State Governments.

[No. 1-2/66-Reorgn. (CC)].

Recommendation

From the figures, furnished in evidence, the Committee find that the percentage of storage losses in 1963-64 was 0.186 which was no doubt less than the previous year but was still higher than the figure of 0.182 for 1961-62. The quantity of foodgrains lost in transit, storage and due to theft etc. was 42,649 tonnes in the year 1962-63 and 29,439 tonnes in the year 1963-64. In view of the prevailing shortage of the foodgrains in the country, the Committee desire that losses in transit and storage should be reduced to the minimum.

[S. No. 219 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

All possible measures are being taken to avoid losses in transit

and in storage. The question was the subject matter of para 34(i) (S. No. 32 of Appendix XII) of the 35th Report of the Public Accounts Committee (3rd Lok Sabha). In pursuance of the recommendations contained in the said para of the Public Accounts Committee, we had detailed the measures already being adopted by the Department to ensure minimisation of losses of foodgrains in storage and in transit. The note embodying the measures was forwarded to the Lok Sabha Secretariat under this Department U.O. No. 23065-66/BFCI/35th Report dated 2nd August 1965. The measures already being taken are again reproduced below for ready information of the Public Accounts Committee.

A. *Transit Losses:*

- (i) Greater vigilance in packing and handling of foodgrains and avoiding rough handling;
- (ii) Tightening up of security measures at the time of loading and unloading of foodgrains by appointment of Tally Clerks wherever possible and supervision of loading/unloading so that the Railways grant clear RRs and shortage/damage certificates on the basis of which the Department can file claims for such shortages on the Railways;
- (iii) Private seals of the Department of Food are being used since 5th February 1963 in sealing the rail wagons loaded in Bombay for despatch to certain major depots with a view to facilitating fixation of responsibility for shortage *en route*, if any.

B. *Storage Losses:*

- (i) The godowns now being constructed are made rodent as well as damp-proof. Provision for proper ventilation is also made in the godowns;
- (ii) All the stocks of foodgrains are provided with dunnage (wooden or polythene) in order to avoid losses through ground dampness;
- (iii) The foodgrains are given insecticide treatment whenever found necessary;
- (iv) Research on insecticides and methods to use them in the most effective manner is being conducted at the Grain Storage and Research Institute, Hapur. The results of research are being extensively employed in the godowns;

- (v) Training in the scientific methods of preservation and storage of foodgrains is being regularly imparted to our staff in the Institute at Hapur.

2. Further instructions have also been issued to the Regional Directors (Food) to see that losses in transit and storage are avoided to the maximum extent possible by use of other preventive measures.

3. The Department of Food handles and stores millions of tonnes of foodgrains. It will, therefore, be appreciated that in such huge transactions some losses in transit as well as in storage are inevitable. However, our efforts are always directed towards ensuring that such losses are kept to the barest minimum.

[U.O. No. 23 65-66/BFCI/41st Report dated 9.3.1966].

Recommendation

The Committee would reiterate their earlier recommendation made in para 34 of the 35th Report (3rd Lok Sabha) and desire that the Ministry should show separately the element of subsidy and the value of grain lost in transit and distribution under the column 'Losses on transactions' in the Proforma Accounts.

[S. No. 220 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The recommendations of the Committee made in para 34 of the 35th Report (3rd Lok Sabha) that the element of subsidy and the value of the grain lost in transit and distribution should be shown separately in the proforma account was implemented in July, 1965 vide Ministry's U.O. No. 23/65-66/35th Report dated the 5th July, 1965. This could, therefore, be given effect to only in the proforma accounts for the year 1964-65 to be included in the Audit Report 1966. Necessary particulars in this respect have accordingly been furnished already to the Accountant General C.W.&M., New Delhi vide Ministry's d.o. letter No. 3-2/65-BFC.II dated the 23rd December, 1965 and the figures of losses in transit and storage have actually been shown separately in the proforma accounts for 1964-65 as desired by the Public Accounts Committee.

[U.O. No. 23/65-66/BFCI—41st Report dated 9th March, 1966].

Recommendation

The Committee feel that it is not quite correct to show a stock

which does not physically exist in the closing balance. They desire that Ministry should further examine this point in consultation with the Comptroller and Auditor General with a view to exhibiting these non-existing stocks separately in the Proforma Accounts.

[S. No. 223 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

It has been decided in consultation with the Comptroller and Auditor General, that the "opening stock" and the "closing stock" in the Proforma Accounts of the Scheme for the purchase of foodgrains should exclude the quantities representing storage/transit losses awaiting regularisation, so that these non-existing stocks may be exhibited separately in the proforma accounts and that the "opening stock" and "closing stock" may show the quantity and value of stocks on the basis of their physical availability, as recommended by the Public Accounts Committee. The losses in foodgrains awaiting regularisation will accordingly be shown in the Proforma Accounts under a separate head: "Differences in stock pending adjustment/regularisation". A revised form (copy enclosed) for the preparation of the Proforma Accounts has accordingly been drawn up to be enforced w.e.f. the accounts of 1966-67.

Necessary instructions in this respect have been issued to the Regional Directors (Food) vide Ministry's letter No. 6/1/66-BFC. IV dated the 11th January, 1967.

[U.O. No. 23/65-66/BFC-I 41st Report dated 16th January, 1967].

Recommendation

The Committee do not feel happy with the system of accounting as a substantial quantity of foodgrains which was either unfit for human consumption or of sub-standard quality was shown at full value and to this extent an element of unreality was accepted and allowed to be shown in the accounts. They would, therefore, desire that the Ministry should consider the feasibility of evolving a method whereby these apparent inconsistencies can be avoided and the accounts may present a more realistic picture.

[S. No. 227 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The matter has been considered in detail in consultation with the Accountant General (CW&M), New Delhi and the Chief Pay 1745 (Aii) LS—7.

and Accounts Officer, Ministry of Food and Agriculture, New Delhi, and it has been decided that the value of the damaged grains included in the closing stocks at the end of each financial year, as shown in the proforma accounts should be worked out on the basis of the average sale proceeds of damaged grains realised during the preceding *three* years. However, such of the damaged grains included in the closing stock at the end of a financial year, as are disposed of by the 30th June of the next financial year, would be valued on the basis of the actual sale proceeds. Steps have also been taken to introduce this procedure in the Proforma Accounts for 1965-66 which are under compilation.

[U.O. No. 23/65-66/BFCI 41st Report, dated 18.6.66].

Recommendation

The Committee regret to note that out of the total balance of Rs. 44.85 lakhs, of an advance given to the State Government of West Bengal during 1955-56, a sum of Rs. 26.43 lakhs still remains to be settled. That the matter had been delayed for such a long time obviously indicates that enough care was not taken to settle the issue. The Committee would like to stress that immediate steps should be taken to recover the amount without further delay.

[S. No. 229 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The outstanding balance against the State Government amounted to Rs. 26.43 lakhs. The Food and Supplies Department, West Bengal, have made the payment of Rs. 12 lakhs in January, 1966. With this payment, the balance left will be Rs. 14.43 lakhs against which the State Government have counter claims more or less for a similar amount.

2. One of the claims of the West Bengal Government relating to pre-partition supplies to Defence Services for Rs. 20.46 lakhs, of which only Rs. 7.20 lakhs (being 35.2 per cent according to the partition settlement) will be payable to West Bengal, is under consideration with the Ministry of Defence. The balance amount is likely to be adjusted against certain bills of the State Government which are under examination with the Ministry and the Pay and Accounts Officer, New Delhi. This work will be completed shortly. After the adjustment of the above claims the entire outstanding amount is expected to be cleared.

[U.O. No. 23/65-66/BFCI/41st Report dated 10.2.1966].

Recommendation

The Committee hope that the 3 Accounts Teams would be able to deal with the old cases more expeditiously and ensure that accumulations are not piled up. They also desire that the Regional Director of Food should keep an effective and continuous watch over the claims and should pursue them vigorously so that the pending cases are settled without delay.

[S. No. 231 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

Consequent on the transfer of Central Storage Depots in the Southern Region to the F.C.I. with effect from 1st April, 1965, it became necessary to post some staff for looking after the residuary work relating to the Accounts of these depots. For this purpose 3 Accounts Teams, one for depots in Andhra Pradesh, second for depots in Kerala State and the third for the depots in Madras and Mysore States were formed. From the progress report received in this connection from the Regional Director, Madras, it is seen that the work is progressing satisfactorily. However, further progress is being watched and as per assessment of the work involved, it is likely to be completed by the end of the year 1966.

[U.O. No. 23 65-66/BFCI 41st Report, dated 26.3.1966].

Recommendation

The Committee note with grave concern that a Ministry with long years of experience in dealing with private contractors, continued with a system of tendering which according to their own admission was basically defective and gave rise to irregularities, malpractices and speculations. The situation becomes all the more serious when the Committee find that the Ministry were aware of the defects inherent in the system of tendering as early as 1960 and yet they did not deem it necessary to move quickly in the matter, with the result that the system was permitted to continue till June, 1963. During the intervening period of 2½ years the tenderers exploited the situation in their own favour thus causing a huge loss to the public exchequer which was perhaps quite avoidable.

[S. No. 236 of Appendix LIII to 41st Report 1965-66].

The Committee suggest that the Ministry should keep under constant watch the new system of tendering based on Departmental

schedule of rates with a view to remove any defects found in its working.

[S. No. 240 of Appendix LIII to 41st Report, 1965-66].

The Committee may be informed whether any financial survey of working this system (departmental) has since been made at Bombay. In case the survey has revealed some advantage over the contract system, they desire that the Ministry should examine whether the same system can be made applicable to big inland depots also.

[S. No. 240 of Appendix LIII to 41st Report, 1965-66]

From the note furnished by the Ministry as also from the evidence tendered, the Committee note that steps are being taken to check and investigate the cases where complaints/allegations are made regarding corruptions etc. During 1962—65 the Committee, however, find that only 19 cases involving some allegations were examined by the Department and in addition some specific cases were also referred to SPE for investigation.

[S. No. 241 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

Handling and transport contracts in the Department of Food were entered into initially only for the ports. In 1954 when several inland depots were opened, a tender form was adopted indicating the services of unloading, loading, weighment, transport, standardisation etc. which were required to be performed. Contracts were awarded at competitive rates on the basis of tenders received. Since there were a large number of services, every tenderer was at liberty to quote his rates against each service. It was, however necessary to lay down the manner in which the evaluation of such diverse offers could be done to ascertain the actual lowest offer. To evaluate different quotations for various items, some pattern of work had to be assumed. Since it was not possible to forecast the actual pattern of work during the prospective period, the only pattern of work which could be assumed for the purpose of comparative evaluation of different tenders was to go by actuals of the past years, together with notional changes, if any, in the conditions. This system worked more or less satisfactorily for some years. It was only around 1960, and mainly in the Northern Region, that instances of tenderers quoting either absurdly low or abnormally high rates for various services,

came to notice. Thereafter serious attention was given to the resolving of this difficulty in consultation with the Regional Directors, Ministry of Finance and the Ministry of law. It was considered that the announcement with tender enquiries, of the pattern of work on which tenders could be evaluated would remove the defect which had crept into the system and would also put all the tenderers on an equal footing, in so far as the evaluation of tenders was concerned. It was by no means intended that the pattern of work announced would be a firm one as no accurate forecast was feasible or practicable. The decision to announce the pattern was in fact delayed, precisely because all its pros and cons had to be fully considered in consultation with the Ministry of Law and also whether such an announcement would not entail claims from contractors if the actual pattern of work differed from that announced. A decision could be taken only in May, 1962, to announce the pattern, clarifying, however that "the particulars are intended merely to help the tenderers to form their own idea of the approximate quantum of work involved.... They are warned not to rely on the particulars.....No guarantee is given that all the items of work as shown in the pattern of work will be required to be performed..... or that the quantum of work shown in various items in the pattern of work will not be increased or decreased." The question that with the announcement of pattern of work the tenderers could still secure a contract as they had been doing in the past—by quoting abnormally higher rates in respect of certain items and abnormally low rates against certain others and that with the pattern of work varying considerably on actual execution, the cost of operations might actually prove much higher than that computed at the time of tender, was however, not examined at that time. This action of announcing the pattern of work did not therefore yield the desired results. The variations in the quantum of work still persisted. After careful examination it was decided to evolve a new system under which a rational schedule of rates was given in the tender itself and the tenderers were required to quote a uniform percentage above or below such schedule of rates. The new tender form, which rectifies the defects in the former tender system was evolved after detailed consideration and in consultation with the Ministries of Law and Finance and put into effect from 1st June, 1963.

The new tender system has been well received and Regional Directors have reported that it is working quite satisfactorily and has come upto expectations. Nevertheless a close watch will be kept as desired by the Public Accounts Committee.

Financial assessment of the departmental clearance and handling of foodgrains at Bombay docks for the initial period 1st August, 1964 to 31st July, 1965 has been made. During this period, the average daily clearance has been of the order of 7,408 metric tonnes. This is about 48 per cent higher than the daily average of about 5,000 metric tonnes during the previous five years. The overhead charges for the departmental working compare favourably with those of the earlier period. It has been revealed that the Unit Cost—per 100 metric tonnes—to Government on the extra establishment and all other miscellaneous expenses arising from departmentalisation, has been about Rs. 31.78, which works out to be about 63 per cent and 66 per cent of the margins available to the contractor for meeting their overhead expenses and for profits during the preceding two contract periods, in spite of the fact that the cost on labour has gone up considerably during the period since a number of demands having substantial financial implications had to be conceded and the Central Wage Board for Port & Dock Workers' recommendations for payment of 'dearness allowance' and 'interim relief' to the workers implemented. In overall assessment, departmentalisation has been economical while also serving a larger social objective.

As regards the question of extending departmental handling to big inland depots, it may be stated that the work in these depots is not continuous in nature as the same are mainly used for storage purposes and the activity there is only at the time of arrival of grains from outside or at the time of despatches. The availability of labour in these inland depots is also not very regular and is not organised or listed as in the port towns. In view of these circumstances and also due to the fact that these depots will shortly be taken over by the Food Corporation of India, this Department are, for the present continuing with the existing arrangements.

All the complaints received in the Department are duly and properly examined at the appropriate levels and, where considered necessary, cases are referred to SPE for investigation.

[U.O. No. 23/65-66/BFC-I/41st Report, dated 19th July, 1966].

Recommendation

The Committee are not happy to find that the Department had rejected without verifying the facts fully, the proposal of the Regional Director to make a tender enquiry for combined services for which the latter had positive indications of getting lower rates. The suggestion made by the Regional Director for a combined contract was basically sound and proved to be correct, in so far as a tender for a combined services in August 1962 brought lower rates than

those which were being paid for the two services separately and the Ministry finally accepted the combined system from August, 1962. The delay of one year in accepting the suggestion of the Regional Director resulted in an extra expenditure of Rs. 1 lakh which could have easily been avoided. It is inconceivable that the contractor would have accepted the extension without a murmur if the labour cost had in fact gone up and the contract had become uneconomic to him. The Committee hope that such cases would be examined in greater detail in future before extending the contracts.

[S. No. 243 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

This issue has already been examined in detail and instructions have been issued vide letter No. 7 (1) 3 65-PDI, dated the 7th April, 1965 laying down a policy that open tenders would invariably be invited and the market tested before exercising the right of extension in the case of handling and transport contracts in future. This would ensure that at the time of extension, each of these cases would be fully gone into.

2. The recommendation of the Committee having been implemented by the Government, the matter may be treated as closed.

[U.O. No. 23/65-66/BFC-I/41st Report, dated 3.2.1966].

Recommendation

The Committee feel that the department should have pointed out the comparative cost of clearing per 100 tonnes of foodgrains in respect of all the 3 contractors to Audit when the draft para was sent to them. It appeared that the department did not furnish the complete information to Audit at the time of receipt of draft para. In this connection they would like to draw for strict compliance the attention of the Ministry of Food and Agriculture to their earlier recommendations contained in para 9 of Forty-Second Report (Second Lok Sabha) wherein they have already urged upon the Ministries to verify the facts contained in Audit paras fully, within the prescribed period. If, in exceptional cases, it is not possible to do so, the correct position should be brought to the notice of the Committee through Audit as soon as possible, so as to enable them to arrive at proper conclusions without any waste of time.

The Committee trust that all these defects have been removed in the programme for clearance of foodgrains and the system is perfect now.

The Committee would like to be informed of the recovery of this extra cost of Rs. 5,000.

[S. Nos. 244, 246 and 247 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

Para 6.90

The contents of this para have been noted for compliance in future.

Para 6.94

The defects in the 'programme of clearance' of foodgrains given to the contractors were rectified as soon as these were detected. The work of clearance and handling of foodgrains at Bombay docks has been departmentalised since 31st July, 1964 and the rate of clearance has reached a very satisfactory level.

Para 6.96

The accounts of the contractors are under finalisation and the extra cost involved is being recovered from them.

[U.O. No. 23/65-66 BFC.I/41st Report dated 1.3.66.]

Recommendation

The Committee are constrained to find that a substantial amount of money viz., Rs. 4.39 lakhs remains to be realised by the Government as octroi charges and terminal tax even after the lapse of five years when it was pointed out to the Ministry in September, 1959. They wonder how the orders for the recovery of terminal tax were withheld over a telephonic message and even though the reference of the telephonic order was available in the file of the Regional Director, the original file was missing in the Ministry. They would, therefore, urge that suitable instructions should be issued to all concerned that whenever any verbal orders are given, those should also be confirmed in writing and files dealing with important matter should always be kept under safe custody.

The Committee are further surprised to learn that the Department had never considered the question of making recoveries from the fair price shops either when the original order was suspended in 1957 or in 1960 when revised price was fixed for flour mill.

[S. Nos. 248, 249 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

Para 103.—Instructions to all the Regional Directors (Food) and to all concerned in the Ministry to the effect that, whenever any verbal orders are given those should be immediately followed by written instructions confirming them and also that the

the D.G.S.&D. to ensure speedy procurement of supplies to hospitals. They would also like to know the progress of finalisation of rate contracts with the suppliers as was deposed by the witnesses in evidence.

[S. No. 16 of Appendix XV to 42nd Report 1965-66]

ACTION TAKEN

(1) In order to enable the D.G.S.&D. to initiate procurement action, all the indentors are required to place their indents sufficiently in advance, say in July of a particular year for supplies to be made in the next financial year. Because of the various authorities involved in processing an indent namely the Hospital, the Medical Stores Depot and the Directorate General of Health Services in according necessary financial sanction after scrutiny, it has not been possible to adhere to this time schedule and indents are placed as late as October. In some cases, supplementary demands are placed on the D.G.S. & D. from time to time.

(2) A Committee consisting of the representatives of (i) the Ministry of Health, (ii) the Directorate General of Health Services; and (iii) the D.G.S.&D. was set up in January, 1965 to suggest ways and means of **streamlining** the existing procedure and methods of indent and procurement of stores/medicines for Hospitals/Dispensaries. *A copy of the Committee's report is attached. (Not Printed)* The recommendations made by the Committee are briefly given below:—

- (1) Open advertised tenders should be used sparingly and instead tender notices issued only to selected firms to ensure speedy and quality supply.
- (2) M.S.Ds. should be delegated authority (i) to incur foreign exchange for import items without obtaining clearance from the Ministry of Finance and (ii) to place orders directly with the State Trading Corporation for purchases from rupee areas.
- (3) A medical stores organisation should be set up in Delhi.
- (4) For bulk purchases, rate contracts should be concluded and orders placed directly by hospitals.
- (5) M. S. D. should store proprietary medicines.
- (6) Local purchases be kept to the minimum and made according to the needs of the situation without building up stocks.

(7) Safeguards suggested against purchase of sub-standard drugs.

The recommendations at S. No. (1) and (4) above have been referred to the Ministry of Finance and the Ministry of I.&S. on the 4th March, 1966, for approval of the suggestions made therein. Action on other recommendations is similarly in hand.

The recommendations at S. No. (4) above, and that of Public Accounts Committee suggesting that rate and running contracts should be entered into with the manufacturers for supplies through their local agents has been noted. So far as C.G.H.S. is concerned, we had recommended 339 items for concluding rate contracts. The D.G.S.&D. have so far concluded rate contracts for 246 items only operative for a period of two years ending 31st March, 1967, and running contract for one item. The matter about rate contracts for additional items is being pursued with the D.G.S.&D.

Recommendation

The Committee regret to note that there should have been even isolated instances of injections whose life had expired or which were found to be sub-standard having been used in a routine manner. They are, however, glad to note that the lacuna of not recording the life of medicines in the stock Register, which existed for a long time, has been plugged. They trust that strict care would be exercised in the use of such drugs and that medicines which are either sub-standard or whose life has expired will not be issued in a routine manner.

[S. No. 17 of Appendix XV to 42nd Report, 1965-66.]

ACTION TAKEN

Noted. Suitable instructions have been issued vide this Ministry's letter F. No. 8-2/66-H, dated the 9th March, 1966.

Recommendation

The Committee regret to note that inadequacy of the financial power delegated to the Medical Superintendents for making local purchases of medicines was not rectified by the Ministry earlier with the result that an irregular procedure of splitting up the orders was adopted. They have now been informed that the powers of the Medical Superintendents have been suitably enhanced for incurring, recurring and non-recurring items of expenditure. They hope that

with the enhancement of the powers of the Medical Superintendents, such irregular procedure of splitting up the sanction will be strictly avoided.

[S. No. 18 of Appendix XV to 42nd Report 1965-66]

ACTION TAKEN

Splitting up of orders for making local purchases within the powers previously delegated in this behalf were brought to the notice in the Audit Report. These powers have been suitably enhanced on the 11th May, 1965 in the case of Medical Superintendents, Willingdon and Safdarjang Hospitals by this Ministry as per the comparative figures given below:—

	Old powers	New powers
(i) Recurring	Upto Rs. 15/- p.m. per item.	Not exceeding Rs. 500/- per annum in each case.
(ii) Non-recurring	Rs. 200/- in each case	Not exceeding Rs. 1,000/- in each case.

The Medical Superintendents have also been instructed that they should not split up orders to avoid sanction of higher authorities vide this Ministry's letter No. F. 8-2/66-H. dated the 26th May, 1966.

Recommendation

The Committee are hardly convinced by the justification advanced for the purchase of sterilizers at much higher rates. If the Health authorities intended to purchase the equipment only from a firm which had a local agency and could provide service facilities, they should have indicated this condition to the D.G.S.&D., at the outset, so that this could be included in the tender notice. If on the other hand, orders were to be placed on a firm included in the approved list of the D.G.T.D., there was no need to call for tenders. It is also unfortunate that neither the Health authorities nor the D.G.S.&D. enquired from the other firms if they could provide service facilities. Had it been done, there was a possibility of avoiding extra expenditure incurred on this purchase.

[S. No. 19 of Appendix XV to 42nd Report 1965-66]

ACTION TAKEN

Instructions have been issued *vide* this Ministry's letter No. F. 8-2/66-H, dated 9th March, 1966, that the suggestions made in this para should be borne in mind while purchasing such equipment in future.

Recommendation

The Committee can hardly appreciate the contention of the Ministry that due to the tight foreign exchange situation they were hesitant to demand foreign exchange worth about Rs. 500 only and postponed the installation of the equipment worth Rs. 25,000. They are also surprised to learn that the equipment was not even checked but allowed to remain in the crates for more than seven years. Had it been checked immediately on receipt the broken and missing parts could have been detected and the matter could have been taken up with the suppliers and the shipping Company for replacement.

[S. No. 21 of Appendix XV to 42nd Report 1965-66]

ACTION TAKEN

Sanction for the release of foreign exchange equivalent of Rs. 735.00 has been issued on the 9th March, 1966.

The views expressed in the above recommendation have been communicated to the concerned authorities on 9th March, 1966 for future guidance.

Recommendation

From the cases reported in para 2.31 of Report and earlier paragraphs the Committee are constrained to observe that the Hospital authorities had not been prompt in the installation of costly equipment. It is also unfortunate that machines were not checked in time. They trust that the Ministry of Health will issue suitable instructions to avoid such cases in future.

[S. No. 22 of Appendix XV to 42nd Report 1965-66]

ACTION TAKEN

Suitable instructions have been issued *vide* this Ministry's letter No. F. 8-2/66-H, dated the 9th March, 1966.

Recommendation

The Committee are surprised to note that there has been wide variation in dietary scales in the 3 hospitals viz. Irwin Hospital on

the one side and Safdarjang and Willingdon Hospitals on the other. The daily diet of a patient in Irwin Hospital includes 30 gms. of vegetable ghee whereas the other two Hospitals have prescribed 55 gms. of desi-ghee. The diet of a child patient at Irwin Hospital was the same as that of an adult. There were also variations in the scales of atta, rice, vegetable, milk, and sugar supplied to each patient at the Irwin Hospital as compared to that with other two hospitals. The Committee regret to note that such an important matter as the disparity in diet scales in Government Hospitals remained un-noticed by the Health Authorities and action was initiated only after this was brought to their notice by Audit. They hope that the uniformity will now be brought about in the dietary scales in all the 3 hospitals.

[S. No. 23 of Appendix XV to 42nd Report 1965-66]

ACTION TAKEN

Necessary orders regarding adoption of uniform scale of diet in the hospitals have been issued vide this Ministry's letter No. F. 12-43/65-H, dated the 10th August, 1965—copy enclosed (not printed).

Recommendation

The Committee cannot accept that satisfactory arrangements are possible anywhere these days for laundry at the rates given to these dhobies either on monthly basis or on contract basis. The Committee feel that even if the Safdarjang and Irwin Hospitals were bigger than the Willingdon Hospital, there appeared to be no reason why the method of employing dhobies on monthly basis, which had proved successful in one Hospital could not be tried in the other two Hospitals.

In the opinion of the Committee no serious attempt was made to improve the laundry arrangements in the Safdarjang and Irwin Hospitals with the result that the situation deteriorated to such an extent that the arrangements became a source of danger to the patients. In spite of such unsatisfactory laundry arrangements then existing, the Committee regret to note that the machinery for the laundry plant received up to July, 1963 at the Safdarjang Hospital was installed and started functioning only in January, 1965 resulting in an avoidable expenditure on the staff. They hope that the laundry arrangements in these Hospitals would be satisfactory with the setting up of mechanical laundries.

[S. No. 24 of Appendix XV to 42nd Report 1965-66]

ACTION TAKEN

Safdarjang Hospital:—

The D.G.S.&D. finalised the contract for the procurement of a laundry equipment on 27-2-1963. The equipment was supplied on 6-8-1963 and installed on 13-1-1965. The delay in the commissioning of the equipment was due to the fact that electrical connections to the steam boilers could not be given in time by the C.P.W.D. for want of high tension cables and cable boxes.

The staff was recruited in the belief that there would be no delay in commissioning the plant. They were however sent to the Snow-white to learn techniques of running a power laundry. They were also utilised in distribution of linen etc. to the various wards which hitherto was supervised by nursing personnel.

Willingdon Hospital:—

An order has been placed for the boiler and as soon as it is received, the machinery will be installed in a temporary shed pending construction of a building.

Irwin Hospital:—

The equipment has been received on the 2nd November, 1965. Sanction has been accorded for construction of a building to instal the Laundry and the work has already been awarded to a contractor. The machine is not being used at present for want of suitable space.

Recommendation

The Committee feel that the preparation of Proforma accounts, which was recommended in para 38 of their 20th Report (Third Lok Sabha) may be started without further delay. They may also be informed of the results of the proposed reorganisation of the Ministry and the D.G.H.S. and other action taken in this regard.

[S. No. 26 of Appendix XV to 42nd Report 1965-66].

ACTION TAKEN

Necessary steps have been taken for maintaining Proforma accounts. Regular Proforma accounts bringing out the financial results will be compiled for the financial year 1966-67 and onwards.

As regards re-organisation of the Ministry of Health and the Directorate General of Health Services, the position is that the Staff Inspection Unit has completed investigation of staff requirements of the Ministry of Health and the recommendations made by this Unit

have been implemented. The Staff Inspection Unit is expected to undertake the examination of staff requirements of the Directorate General of Health Services as well. The question of introduction of Officer-oriented pattern of work in the Ministry of Health according to the decision taken by the Cabinet is also under consideration.

Recommendation

The Committee would reiterate their recommendation made in para 39 of their 20th Report (3rd Lok Sabha) suggesting that in appropriate cases D.G.S. & D. should enter into rate and running contracts with the manufacturers for supplies through their local agents. They would watch the results of the steps taken in this regard.

[S. No. 27 of Appendix XV to 42nd Report 1965-66].

ACTION TAKEN

The Central Government Health Scheme recommended 339 items (333 in October 1964 and 6 items in July 1965) out of 638 items of medicines, for concluding rate contracts. The D.G.S. & D. have concluded rate contracts for 252 items for a period of two years ending 31-3-67 and running contract for two items. For the remaining 85 items, the D.G.S. & D. had not concluded rate or running contracts for the following reasons:—

- (i) Manufacturers discontinued the supply of medicines required.
- (ii) Firm's inability to quote due to difficulties in production and supply.
- (iii) Items in short supply and requiring foreign exchange.
- (iv) No offers received.
- (v) Offers were not for the required stores.
- (vi) Estimated annual drawal too low.

The rest of the items numbering 299 (i.e. 638—339) have not been recommended to D.G.S. & D. for arranging rate contracts for the following reasons:—

- (i) V. M. S. items of low consumption value are indented upon the Medical Stores Depot Organisation; and
- (ii) The D.G.S. & D. do not accept those items for rate contract whose individual total consumption value is below Rs. 5,000.

Recommendation

From the statement printed in para 2.58 of Report the Committee note that more than 50 per cent of the dues to be recovered from semi-Government Organisations and Autonomous Bodies were still outstanding. If, as stated by the Secretary, Ministry of Health, there were only procedural difficulties, the Committee desire that early steps should be taken to streamline the procedure and effect recoveries which are long over due.

[S. No. 28 of Appendix XV to 42nd Report, 1965-66]

ACTION TAKEN

The latest position of recoveries from semi-Government Organisations and Autonomous Bodies has been shown in the last column of the statement given below. The position has since improved considerably:—

As reported in the P.A.C.'s Report

Year	Amount due	Already recovered	Still to be recovered	Present position as compared to the previous col.
1961-62	46,000·00	24,000·00	22,000·00	Nil.
1962-63	1,88,000·00	95,000·00	93,000·00	12,642·00
1963-64	2,59,000·00	80,000·00	1,79,000·00	30,673·00

To streamline the procedure for recovery of expenditure from semi-Government Organisations/autonomous bodies it has been decided that the staff position on the 1st of September in a year be taken as a representative of the average staff position in that year in relation to a semi-Government Organisation/autonomous body for the purpose of realising C.G.H.S. contribution from that organisation for that financial year instead of asking for monthly statements.

A copy of the orders issued by Directorate General of Health Services is attached. (Not printed).

Recommendation

The Committee feel that the non-inclusion of a warranty clause in the contract for supply of DDT was a lapse. They trust that with

the measures now adopted by the Health authorities such cases of loss will not recur. The Committee are also surprised that the cause of deterioration of DDT could not be found out.

[S. No. 29 of Appendix XV to 42nd Report, 1965-66]

ACTION TAKEN

Keeping quality clause has been included in the specifications for DDT 50 per cent w.d.p. as indicated below:—

"The material shall retain its susceptibility not less than 45 per cent at the end of 6 months from the date of its manufacture".

The State Govts. were advised "through the State Malariologists" on 26-9-63 and subsequently to provide suitable storage accommodation for all material and equipment supplied to them under the National Malaria Eradication Programme. They have also been advised to use older stocks before consuming fresh stocks.

It has, however, not been possible to find out the exact cause of the deterioration in the susceptibility of DDT despite the chemical test, that were carried out. The observations made by the Committee have been noted.

Recommendation

The Committee are not satisfied with the efforts stated to have been made by the Department to ensure proper up-keep and maintenance of vehicles by the State Governments. They also regret to observe that while a consolidated statements of spare parts required for the vehicles was prepared in June, 1964, an indent was placed on the D.G.S.&D. only in March, 1965. Even though the proper upkeep of vehicles was the responsibility of the State Government, the Committee feel that the break-down of a large number of vehicles must have affected the efficacy of the programme. Further 50 per cent. of the extra expenditure on operational cost incurred in 1957-58 is to be borne by the Central Government and as such the Deptt. should have ensured proper upkeep of vehicles. The Committee trust that the Deptt. will take suitable steps to improve the position.

[S. No. 30 of Appendix XV to 42nd Report, 1965-66].

ACTION TAKEN

All the State Governments were requested on the 23rd October, 1962 to establish State Health Transport Organisations so that all

the Health vehicles including that of the National Malaria Eradication Programme may be maintained properly.

State Health Transport Organisations have since been established in Andhra Pradesh, Bihar, Maharashtra, Mysore and Orissa and are working satisfactorily. In Gujarat, Kerala, Madras, Punjab and West Bengal although the State Health Transport Organisations have been established and are looking after the repairs of the vehicles, they have not yet been established according to the standard pattern. In Uttar Pradesh the Transport Officer has been appointed. However, the Organisation is not functioning for want of staff. The Govts. of Assam and Rajasthan have agreed to establish State Health Transport Organisations. Proposals for the establishment of State Health Transport Organisations in Jammu & Kashmir and Madhya Pradesh are under the consideration of the respective State Govts. 98 vehicles as detailed below are lying off the road in Assam, Jammu & Kashmir, Rajasthan, Madhya Pradesh and Uttar Pradesh for want of repairs:

Name of the State	No. of vehicles lying off the road
1. Assam	24
2. Jammu & Kashmir	3
3. Rajasthan	23
4. Madhya Pradesh	30
5. Uttar Pradesh	18

Necessity for the early establishment of the State Health Transport Organisations is being stressed on the defaulting State Governments.

Quarterly reports on the condition of the vehicles are being received by the Director, National Malaria Eradication Programme from all the States. These are scrutinised and the State Govts. concerned are advised to take expeditious action for repairs of the vehicles which are off the road.

Sanction has also been accorded for the establishment of a Central Health Transport Organisation with the following primary objectives:—

- (a) To develop a training centre for the purpose of training State Health Transport Organisation personnel,
- (b) To organise Central spare parts storage for the distribution of parts on priority basis for the various health programmes to the States,

- (c) To coordinate the activities of the motor vehicles maintenance organisation at the Health Directorates of various States,
- (d) To undertake repairs and maintenance of vehicles of all offices under the Ministry of Health as well as those of Union Territory of Delhi, and
- (e) In course of time to take up repairs or various health equipment.

Steps are being taken to appoint staff for the Central Health Transport Organisation.

FURTHER INFORMATION

The Central Health Transport Organisation has been set up temporarily at Najafgarh vide Ministry of Health and Family Planning letter No. 21-32/64-IHF dated 21-4-65.

The State Health Transport Organisations have been set up in the following States only: —

1. Andhra Pradesh
2. Bihar
3. Gujarat
4. Kerala
5. Madras
6. Maharashtra
7. Mysore
8. Orissa
9. Punjab
10. Uttar Pradesh
11. West Bengal.

The information regarding the number of vehicles "off road" is not available with this Directorate. However, it is understood from the UNICEF that according to the assessment made in December, 1966 the percentage of off road UNICEF vehicles allotted to the State Government was 12 per cent.

[U. O. No. 6-20/67-PH(CH) dated 3-8-67].

Recommendation

In the opinion of the Committee the commencement of construction work without ensuring the provision of water and electricity disclosed lack of forethought and planning. The fact that the buildings remained unoccupied for two years after completion indicates lack of coordination between the Health Authorities and the Civic bodies. Further the explanation given to Audit that there had been no loss to Government as the buildings had been utilised for running the Children's Home can hardly justify the initial lapses on the part of the administration. The Committee trust that suitable steps will be taken to avoid such cases of defective planning and that construction work involving large amounts will be undertaken only after proper investigation and ensuring the provision of ancillary services in time.

[S. No. 32 of Appendix XV to 42nd Report, 1965-66].

ACTION TAKEN

The recommendation of the Committee has been noted for future guidance. Copies of the recommendation have also been forwarded to all Ministries/Departments of the Government of India, Delhi Administration etc., for their information and guidance vide this Ministry's O.M. No. 13-5/65-MPT, dated the 17th March, 1966 (Copy enclosed). (Not printed).

Recommendation

The Committee desire that the circumstances under which the quarters were allotted to the staff free of rent may be investigated and a report sent to them.

[S. No. 33 of Appendix XV to 42nd Report, 1965-66].

ACTION TAKEN

The matter has been investigated. The position is explained below:—

Before the Children's Home, Shahdara, was started, the quarters in question were lying vacant in an abandoned state. There were no proper floors, doors and windows, and essential amenities like water and electricity were not available. The officials had to stay on the premises because it was considered necessary for them to do so in the interest of the Institution, keeping in view the type of children who were to be accommodated in the Children's Home. Although no assurance was given by any officer to the members of the staff that the accommodation would be free of rent, the question of giving rentfree accommodation to such essential staff had been

under consideration of the Delhi Administration since the inception of the Institution. As the presence of these officials in the institution at all hours was considered necessary, they were allowed to continue there pending final decision by the Government in the matter. It was decided in May, 1965, to charge rent from the occupants of the quarters with retrospective effect from the date of occupation of the quarters by them.

Recommendation

Earlier in this Report the Committee have discussed the matter of local purchases made by the Hospitals in Delhi, and the CGHS, and have impressed on the need for evolving a suitable procedure regarding purchases to ensure closer liaison between the indentors and the Supply Organisation as well as to reduce to the minimum all avoidable extra expenditure on local purchases. They trust that the matter would be expedited and the procedure thus evolved would be made applicable to the Medical Stores Organisation as well.

[S. No. 47 of Appendix XV to 42nd Report, 1965-66].

ACTION TAKEN

The recommendation has been noted and proposals are being formulated to implement it.

Recommendation

The Committee trust that the manufacture of drugs in the Stores Organisation would continue to be reviewed periodically and wasteful expenditure on the manufacture of items which can be obtained from the market at a lesser cost, would be avoided.

[S. No. 48 of Appendix XV to 42nd Report, 1965-66].

The Committee are of the opinion that under the present system of pricing on the basis of cost of production there could be no loss at any time. The system was defective in that it would not be known whether the units were working efficiently or not. They, therefore, desire that periodic reviews should be undertaken to compare the costs of production of various items with the products of other firms both in the public and private sector to keep a watch on the efficient working of the factories attached to the Medical Store Depots.

[S. No. 49 of Appendix XV to 42nd Report, 1965-66].

ACTION TAKEN

The manufacturing depots have been asked to adopt the following procedure:—

A rate enquiry should be issued for all the items which are being manufactured in the factories attached to the Medical Store Depots so as to assess the current market rate. For purpose of issuing rate enquiry, quantities within the financial limit of Rs. 10,000/- may be taken into account. After receipt of the rate enquiries the lowest rate for acceptable quality be taken as a guide for comparing the rates. On this basis, the Factory Manager should ascertain if the item can be manufactured in the Factory at competitive rates so that issue price of the item is at par with market rate ascertained as above.

Recommendation

According to the yearwise figures of purchase of Quinine since 1947-48 to date, the Committee regret to observe that no effort was made to link the purchases either with the stock in hand or the quantities sold. This resulted in accumulation of the unwanted stores. The Committee hope that earnest efforts would be made to dispose of the surplus stock, as early as possible.

[S. No. 50 of Appendix XV to 42nd Report, 1965-66].

ACTION TAKEN

After the fall of Java in 1943, the import of Quinine from that source suddenly stopped. On account of the acute shortage of Quinine during the World War II, the Government of India, in collaboration with the Governments of West Bengal and Madras, undertook a scheme of cinchona cultivation by a special method called 'Russian Method of cultivation'.

2. Further planting under the scheme was discontinued in West Bengal and Madras from 1946 and 1947 respectively. The War, however, ended earlier than anticipated and the Quinine situation eased. In West Bengal, the scheme was terminated within a period of three to four years by complete uprootal of plants. Harvesting of trees belonging to Government of India in Madras was completed by 1957-58.

3. The Government of India's share of Cinchona bark and the root bark were extracted and processed at the Anamallais Quinine Factory which was run exclusively on behalf of the Government of India from the day it started functioning i.e. 14-5-1955 upto the end of 1961-62 when the extraction was completed. The Quinine salts

extracted and processed at the Anamallais Factory were sent to the Medical Store Depots for disposal.

4. As regards the disposal of Quinine stocks held at the Medical Store Depots, the old stock of Quinine have now been sold by the D.G.S.&D. by inviting global tenders to a German firm M/s. Boehringer & Soehne Gmbh for Rs. 18,79,410.33P against the book value of Rs. 5,59,336.38P as indicated in the enclosed statements (No. I and II). (Not printed)

5. The present stock position of Quinine and its salts held at Medical Store Depots is given in the separate four enclosed statements (No. III to VI), (not printed). Considering the acute shortage of Quinine in the International market, it has been decided to retain at Medical Store Depots Quinine powder and tablets for the present. But as there are no demands for Cinchona Febrifuge, Cinchona Rubra Cartex, Totaquina and Cinchona Bark, the stocks of these items have been reported to the D.G.S. & D. for disposal by global tender.

MINISTRY OF HOME AFFAIRS

Recommendation

The Committee have not found adequate justification for modification of the terms of engagement of the Counsel within a short period of the appointment. The Government were very well aware of the possible repercussions of the large scale acquisition of the land and therefore the argument that the condition in 1961-62 was extraordinary and unprecedented is hardly convincing. The Committee are not convinced that increase in the quantum of work was an adequate ground for the lawyer to give notice. The Government should not have entertained it in any case. Further the Committee cannot appreciate the plea that by modifying the terms of contract the Administration had actually benefited. It had been urged that when the Counsel gave notice for being relieved, the other alternative was to dispense with the services of the Counsel and engage a new one from the panel but this would have cost the Administration much more. The Committee feel that this argument is untenable as it is based on hypothesis.

[S. No. 60 of Appendix XV to 42nd Report, 1965-66].

The Committee are of the opinion that when the terms of engagement were modified, the Administration should have considered it as a fresh appointment and made the appointment in consultation with the U.P.S.C. The Committee hope that normal procedure laid down in regard to appointment will be followed in future.

[S. No. 61 of Appendix XV to 42nd Report, 1965-66].

ACTION TAKEN

The concerned Legal Adviser and Standing Counsel submitted his resignation which was accepted by the Chief Commissioner with effect from the 26th February, 1966. However, the observations of the Public Accounts Committee would be kept in view while making appointment in his place.

Recommendation

The Committee regret to note that no proper stores accounts of tools and plants were maintained in Central Jail, Delhi and attempts were made only after the audit objection. No action seems to have been taken against any officer for this lapse. The Committee hope that suitable measures will be taken by the Administration to put the accounts in proper order.

[S. No. 62 of Appendix XV to 42nd Report, 1965-66].

ACTION TAKEN

The Punjab Jail Manual (paras 1130 and 1136) prescribe the following registers:—

1. 42—Inventory of Misc. Property.
2. 45—Register of Manufactory contingent charges.
3. 47—Raw Materials of stock registers.

The tools and plants are normally purchased either through D.G.S. & D., or from local market after inviting quotations. These articles are initially entered in register No. 45 (Control Manufactory Register) with a view to make payments under para 1130 of the Punjab Jail Manual. Thereafter these are taken in stock register No. 42 i.e. Inventory Register. The articles of tools and plants have been entered in Register No. 42 as prescribed *vide* para 1136 of the Manual since second quarter of year 1961.

Stores Accounts of tools and plants are also maintained in the prescribed register namely No. 42 in respect of the other units viz:

- (i) Carpentry.
- (ii) Durries.
- (iii) Chicks.
- (iv) Amar Charkha.
- (v) Phenyle.
- (vi) Weaving Shed.
- (vii) Book Binding.
- (viii) Dye Shed.
- (ix) Brass.

The Stores accounts of the paper unit (including tools and plants) for the years 1962-63, 1963-64 and 1964-65 have since been completed and have also been checked by the Audit Party at the time of the last Audit conducted during August/September, 1965.

The Operator Incharge of the paper unit had been called upon to explain the lapse. The operator undertook on 27-5-1965 in writing to improve his work. He was ultimately warned on 1-12-1965 for not discharging his duties satisfactorily. Thereafter, the operator tendered his resignation on 9-12-1965, which was accepted and he was relieved of his duties with effect from 8-1-1966.

The duties of the operator incharge are indicated in the enclosed annexure. It is clear therefrom that the operator was primarily responsible for the maintenance of records etc. The person next above who was required to supervise the work of the operator was Asstt. Supdt. incharge of factory (who has since been transferred back to Punjab). The default of the operator was well within the knowledge of the Asstt. Supdt. on whose verbal reports the operator

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incharge was charge sheeted in May, 1965. No failure was detected on the part of any other supervisory official, calling for disciplinary proceedings against him. The matter is, however, being brought to the notice of the Government of Punjab, who were controlling the Central Jail during the relevant period, for suitable necessary action.

Recommendation

The Committee regret to note that a number of cases of erroneous payments were made on the basis of false identification. They suggest that the feasibility of making the identifier liable to make good the loss in the event of identification found incorrect, may be examined in consultation with the Ministry of Law. The Committee also suggest that early steps should be taken against the persons who had given false identification.

[S. No. 63 of Appendix XV to 42nd Report 1965-66.]

ACTION TAKEN

The suggestion to make the identifier liable to make good the loss in the event of identification being found incorrect was referred to the Ministry of Law. They advised that Government interests could be secured by obtaining a bond from the payee and his identifier making them liable to refund the amount of compensation in the event of payee's right to receive the amount proving to be false. The advice tendered by the Ministry of Law was given due consideration by the Chief Commissioner. He concurred in the view that the adoption of the proposed indemnity bond would cause hardship to the payees who are mostly illiterate. He accepted the Deputy Commissioner's alternative proposals of making disbursements on the spot on the basis of identification by Patwari and other local notables. Requisite amendments to Rules are being processed accordingly.

There are altogether 12 cases of wrongful payment. In 11 of them, one Shri Mohan Sunder Dass, Advocate, was the identifier. In the remaining case, the payee was identified by Shri Mulakh Raj, Advocate. Criminal proceedings had been initiated in all the 12 cases. Two cases resulted in acquittal. The Court held that the accused had identified the claimants of compensation in good faith believing them to be the correct persons. The Administration has gone in appeal against one of these judgements. It may, however, be mentioned that Shri Mohan Sunder Dass, Advocate, who was involved in 11 out of the 12 cases, has died and the cases, in so far as he was involved, will abate.

Recommendation

The Committee consider the unsatisfactory maintenance of accounts in the Malkhana yet another case where proper supervision

has not been exercised by the officers concerned. The Committee view with concern the action of the successive Deputy Commissioners who did not take necessary steps to enforce the rules and only tried to postpone the work. The Committee hope that such instances will be strictly avoided in future.

[S. No. 64 of Appendix XV to 42nd Report 1965-66.]

ACTION TAKEN

The Malkhana accounts have since been brought into proper shape. Steps were taken to comply with the rules regarding physical verification of the articles in the Distt. Malkhana. The first verification was carried out in 1964 and the second was completed during January, 1966. The quantum of articles lying in the Nazir's store has been reduced from 30,000 articles last year to 800 articles only as on 31-1-1966. After proper checking and physical verification, the bulk of articles were disposed of by auction or otherwise, according to rules. The items that are still lying in the Malkhana comprise of case property. No item valued at Rs. 2,000/- or more is now being taken in the Malkhana. During the year 1965 all such valuable articles were directly deposited in the Treasury. All gold and silver jewellery has since been disposed of.

A complete record is also being maintained to show currency-wise stock position of the confiscated foreign currency notes, their disposal and deposits in the State Bank of India. The amounts received and credited into the Treasury in exchange of these notes have also been properly accounted for.

Recommendation

In this report the Committee have dealt with several cases which disclose a very unsatisfactory state of accounts in the Delhi Administration. The para mentioned above indicates the unsatisfactory state of accounts of the Malkhana. In another para the Committee have found that no proper store accounts of the tools and plants were being maintained in the Central Jail, Delhi. Yet in another case, erroneous payments of compensation have been made. Even lam-lardari accounts in the D.D.A. have been in arrears for quite some time and this has also resulted in non-recovery of rent from some lam-bardars. During evidence, the Chief Commissioner, Delhi accepted that the accounts of the Delhi Administration were unsatisfactory and required to be set right. The Committee feel that the unsatisfactory condition of accounts has already assumed serious proportions. They, therefore, suggest that the Ministry of Home Affairs should appoint immediately a special officer, well versed in accounts, if necessary, by getting an officer on loan from the Compt-

roller and Auditor General of India. He should look into the state of accounts of the Delhi Administration as a whole and suggest ways and means of setting them right.

[S. No. 65 of Appendix XV to 42nd Report 1965-66.]

ACTION TAKEN

An officer has been taken on loan from the Office of the Comptroller & Auditor General of India (who assumed charge of his office on 30th May, 1966 F. N.) to look into the state of accounts of the Delhi Administration as a whole and suggest ways and means of setting them right.

MINISTRY OF LABOUR, EMPLOYMENT & REHABILITATION

(DEPARTMENT OF LABOUR AND EMPLOYMENT)

Recommendation

The Committee hope that vigorous steps would be taken to overcome the difficulties mentioned in para 5.48 of the Report with a view to expeditious completion of the schemes/projects.

[S. No. 97 Appendix XV to 42nd Report 1965-66.]

ACTION TAKEN

The difficulties in question and the steps taken towards overcoming them are mentioned below:—

(i) *Delay in land acquisition process:*

The Ministry of Works and Housing had set up a Committee *inter alia* to go into the question of land acquisition proceedings and suggest legislative and other measures which would speed up the acquisition of land for housing schemes. The Committee submitted its report in May, 1965 in which it has *inter alia* recommended that State Governments should frame rules to ensure that land acquisition proceedings are completed within a period of 18 months. It has also observed that State Governments should amend section 17 of the Land Acquisition Act to ensure that urgent possession of land is taken for slum clearance and urban housing schemes. The report of the Committee has been commended to the State Governments for appropriate action.

The Ministry of Food and Agriculture, Community Development and Cooperation (Department of Agriculture) which is administratively concerned with the subject of land acquisition, has also appointed a Group of Experts to review the entire question of acquisition of land for public purposes.

The Coal Mines Labour Welfare Fund, for its part, has requested State Governments that provision of section 17 A of the Land Acquisition Act (acquisition of land under emergency procedure) should be given effect to for acquisition of land for construction of houses under the New Housing Scheme of the Fund. Replies from some of the State Governments are awaited. The Government of West Bengal have agreed to the proposal subject to the condition

that the Fund will certify in each individual case that the acquisition of land is necessary in public interest and that the land to be acquired is waste and available.

The Fund also gives assistance to colliery owners for acquisition of land for construction of houses, by taking up the matter with the State Governments etc., as and when requests for such assistance are received.

(ii) *Difficulty in securing accommodation from colliery managements for implementation of certain schemes:*

Persuasion is the only means possible, and by personal contacts etc. managements are persuaded to provide necessary accommodation.

(iii) *Difficulty in procuring building materials like cement, iron, A.C. sheets etc.*

The matter has been taken up with the concerned authorities. The position in regard to cement and A.C. Sheets is satisfactory at present. As regards iron and steel, certain sections of steel are not available. The matter has been taken up with the Ministry of Iron and Steel.

(iv) *Shortage of technical staff:* The Engineering side of the Coal Mines Labour Welfare Fund has now been reorganised and the construction works have been distributed among three Executive Engineers each in charge of a separate division. For water supply schemes, a separate Public Health Engineering Division has been set up under a Public Health Engineer. The Executive Engineers and the Public Health Engineer have their complement of ancillary staff. Steps have been taken to fill the vacant posts.

(v) *Inability of colliery owners to lease out land to the Housing Board for a period of 40 years as required under the New Housing Scheme.*

The New Housing Scheme has been amended to enable colliery owners to lease out their lands to the Housing Board for the unexpired portion of the lease period subject to a maximum of 40 years.

(vi) *Non-availability of suitable sites for construction of houses.*

The difficulty experienced has been in regard to non-availability of non-coal bearing land. On the recommendation of a tripartite Committee, it has been decided that in addition to the available non-coal bearing land, sites for construction of houses may be

selected also on coal bearing land subject to the approval of the Chief Inspector of Mines in order of the following preference.

- (a) barriers.
- (b) railway sidings/roads.
- (c) river banks.
- (d) spaces available where there is already a colony.
- (e) over faults and dykes.
- (f) where extraction of coal can be carried out on any future date without damaging the surface.
- (g) where the life of the colliery is more than 50 years and the coal underneath the houses is to be locked up for a period of 50 years.
- (vi) *Lack of desired response from colliery owners for construction of houses specially under the Low Cost Housing Scheme due to low ceiling cost.*

The ceiling cost was increased from Rs. 1300 to 1600 per house and from 2600 to Rs. 3200 per barrack, effective from 18th February, 1963. Even with the permission to construct the houses on coal bearing land and increase in the ceiling cost the response to the Scheme was not encouraging. The workers also did not like these houses. In the circumstances orders were issued in February 1966 for converting on proportionate cost basis. 20,000 of the 40,000 houses sanctioned under the Low Cost Housing Scheme to 8,000 under the New Housing Scheme. In view of the difficulty in procuring suitable land, Government also approved the construction of double storeyed houses under the New Housing Scheme. Their ceiling cost has also been increased from Rs. 3,300 to 4,000 in Bihar, West Bengal and Madhya Pradesh, from Rs. 3,100 to Rs. 4,000 in Orissa, Andhra Pradesh and Rajasthan and from Rs. 3,800 to Rs. 4,250 in Assam.

Recommendation

The Committee would invite in this connection the attention of the Ministry to their earlier observation contained in para 17 of their 20th Report (Second Lok Sabha) and point out that if the fund collected with the object of financing welfare schemes for the coal miners remain unutilised, the continuance of the levy will be looked upon as an unnecessary burden by the tax payer. The Committee trust that the Organisation and the Ministry will address themselves more earnestly to utilise the funds increasingly for the purpose intended.

[S. No. 98 Appendix XV to 42nd Report, 1965-66]

ACTION TAKEN

As explained under Recommendations No. 96 and 97 funds available are already committed for expenditure on priority welfare schemes, which are under implementation. Steps have already been taken for a speedier implementation of the schemes which in its turn would lead to an increased utilisation of the funds available. Against an income of Rs. 3,47,81,923 in both the accounts during the year 1964-65 the expenditure on the Welfare Scheme for the year was Rs. 3,82,62,611, the expenditure thus exceeding the annual income. The financial powers of the Chairman and the Vice-Chairman of the Coal Mines Labour Welfare Fund Advisory Committee for sanctioning schemes have been enhanced in November, 1965 from Rs. 50,000 non-recurring and Rs. 5,000 per annum recurring to 1,00,000 non-recurring and Rs. 10,000 per annum recurring in the case of the Chairman and from Rs. 20,000 non-recurring and Rs. 2,500 per annum recurring, to Rs. 50,000 non-recurring and Rs. 5,000 per annum recurring in the case of the Vice-Chairman. The Coal Mines Labour Welfare Fund Bill, 1965 was introduced in the Lok Sabha in September, 1965 for making the Coal Mines Labour Welfare Fund Organisation a corporate body so as to enable it to function more effectively free from the restrictive long distance control of the Government. Due to heavy legislative programme the Bill however could not be passed. Steps are being taken to re-introduce the Bill in the New Lok Sabha.

MINISTRY OF FINANCE
(DEPARTMENT OF ECONOMIC AFFAIRS)

Recommendation

The Committee are surprised to learn that when the funds were disbursed to the various States Citizens Councils, etc., no condition was laid down regarding preparation and submission of audited accounts. A decision to get audited accounts was taken only about two years after the disbursement of the funds. The Committee desire that the question of obtaining audited accounts from such of the Citizens Councils as have not yet forwarded the audited accounts and also the Indian Red Cross Society and the individual mentioned above should be pursued vigorously. ..

[S. No. 1 of Appendix I to the 54th Report, 1965-66.]

ACTION TAKEN

The observations of the Committee have been noted and necessary action has been taken.

Recommendation

The Committee desire that the review suggested in para 8 of their 36th Report (3rd Lok Sabha) indicating how far the various projects financed from the foreign loans were (a) already remunerative (b) likely to become remunerative after some years, and (c) likely to continue unproductive so far as can be foreseen, should also include the results of the study as to how far the Governments expectations have been realised in respect of earning/saving the foreign exchange as a result of commissioning such projects.

[S. No. 2 of Appendix I to the 54th Report, 1965-66.]

ACTION TAKEN

A note indicating the position is enclosed*.

Recommendations

The Committee feel concerned over the quantum of commitment charges (Rs. 425.09 lakhs) paid by Government to the International Bank for Reconstruction and Development upto 1964-65 in respect

*Not printed being voluminous.

of the loans taken by the Government, public Undertakings and companies in the private sector. The Committee note the Ministry's explanation that the bulk of the commitment charges were unavoidable, as most of the IBRD loans finance imports of capital plant and machinery which necessarily involve long delivery periods, say two or three years, and thus even utilisation of loans according to the original schedules and within the terminal dates involves payment of commitment charges over a long period. All the same, the Committee desire that every effort should be made to minimise the commitment charges that are avoidable, by utilisation of the loans within the original time schedule and by not embarking upon loan agreements for doubtful schemes, involving the possibility of the cancellation of loan agreement later. Even in case of loans for capital equipment involving long delivery period—more realistic time schedule should be prepared taking into consideration the time factor, etc.

[S. No. 3 of Appendix I to the 54th Report. 1965-66]

The Committee also desire that an early decision should be taken on the suggestions made in para 19 of their 39th Report (1964-65) regarding the feasibility of the industries taking loans direct from the World Bank on a guarantee of the Government which would lessen the burden on Government. The Committee are not impressed by the argument that it does not matter whether the Government or the private party pays the commitment charges. In the opinion of the Committee it very much matters and therefore it should be ensured that in cases where the World Bank is not in a position to give loans direct to the industries concerned and Government have to step in as an intermediary, Government should make available the foreign loans received to the parties concerned on such terms and conditions as will not result in a loss to the Public exchequer. This principle should be made applicable both in the case of public undertakings and companies in the private sector.

[S. No. 4 of Appendix I to the 54th Report. 1965-66]

ACTION TAKEN

In para 19 of the Thirty-Ninth Report (Third Lok Sabha) the Public Accounts Committee made certain observations about the payment of commitment charges to the World Bank, in respect of a loan taken by Government for meeting the foreign exchange requirements of private sector collieries. In paras 1.25 and 1.26 of the Fifty-Fourth Report, the Committee has made further observations regarding the payment of commitment charges in general and about the particular case.

2. In para 1.25 of their Fifty-Fourth Report, the Committee had expressed a desire that every effort should be made to minimise the commitment charges that are avoidable, by utilisation of the loans within the original time schedule and by not embarking upon loan agreements for doubtful schemes, involving the possibility of the cancellation of loan agreements later. The Committee have also added that even in the case of loans for capital equipment involving long delivery period, and more realistic time schedule should be prepared taking into consideration the time factor etc. There can be no disagreement about the objectives recommended in these recommendations. The observations of the Committee will be brought to the notice of the agencies responsible for implementing the projects or programmes. As regards the care to be exercised when loan proposals are under consideration, the observation of the Committee is noted.

3. In regard to the case of the loan taken by Government for financing the foreign exchange cost of imports for private sector collieries, the Committee have recommended that "in cases where the World Bank is not in a position to give loans direct to the industries concerned and Government have to step in as intermediary, Government should make available the foreign loans received to the parties concerned on such terms and conditions as will not result in a loss to the exchequer". The Committee has said that the principle should be made applicable both in the case of public undertakings and companies in the private sector. This principle will be kept in view and when such cases arise in future, efforts will be made to devise a suitable arrangement by which the incidence of the charge will fall on the project which is the beneficiary and not on the public exchequer. This also covers the observations of the Public Accounts Committee made in Para 19 of their 39th Report.

Recommendations

The Committee note that pursuant to their recommendation, Government have issued instruction (October, 1964) to the State Governments that with effect from the accounts of 1965-66, the final adjustment of Central assistance to State Governments for plan schemes would be on the basis of the audited figures of expenditure. The Committee hope that each State Government will publish a statement of schemes included in its annual plan arranged under the heads of development indicating the provisions made for each scheme under the various budget heads of accounts and also furnish the requisite data to the Accountant-General concerned to enable him to check that the grants were actually spent for the purpose intended and also economically. The Committee desire that the system should be kept under review by the Ministry of Finance in consultation with the Comptroller and Auditor-General with a view

to effecting improvements and making the control of the Central Government over the utilisation of the assistance effective. The Committee would watch the results through future audit reports.

[S. No. 5 of Appendix I to the 54th Report, 1965-66].

The Committee also suggest that the Ministry should discuss with the Comptroller and Auditor-General about the other lacunae pointed out by Audit in this regard and send a report to the Committee.

[S. No. 6 of Appendix I to the 54th Report, 1965-66].

ACTION TAKEN

The other lacunae pointed out by Audit are:

- (i) The necessity for the State Governments themselves taking steps to refund, as soon as possible after the close of the year, the amount of Central assistance drawn but not utilised during the year for expenditure on approved schemes;
- (ii) The need to issue instructions specifying that the State Governments should obtain specific prior approval of the Government of India cases where the revised estimates are more than 100% higher than the original estimates, or if there are likely to be considerable alterations in the targets to be achieved;
- (iii) The desirability of stipulating that any special procedure followed in multi-purpose projects for making payments, submission and compilation of accounts and internal check should be subject to such directions as may be given by the Government of India; and
- (iv) The need for formal approval and regularisation by the Government of India in cases where Central assistance passed on by the State Governments to various autonomous bodies, cooperatives or other local bodies entrusted with execution of schemes has not been utilised in time.

2. As desired by the Committee, the matter has been discussed with the Comptroller and Auditor General. The following conclusions were agreed to in respect of items (i) to (iv) above:

- (i) In view of the fact that the figures of actual expenditure incurred by the State are available only after a period of four to six months after the close of the financial year

and also that the State Governments are given a degree of discretion in the utilisation of the assistance, the present procedure of finalising the accounts of a financial year towards the close of the next financial year (or earlier depending on the accounts becoming available) is adequate. Specific instances of the drawal of amounts on abstract contingent bills and inclusion of such expenditure in the Plan expenditure for the purpose of Central assistance and cases where the State Governments draw the amounts only to transfer them to Funds without actually spending them may be reported by the Accountants General to the Government of India. In such cases the Government of India would consider asking the State Governments to refund the amounts of Central assistance in respect of these schemes forthwith. Instructions have been issued by the Comptroller and Auditor General on this point to the Accountants General.

- (ii) As far as the approval of increases in the cost estimates of the projects is concerned, instructions have already been issued to the State Governments indicating that in cases where the estimated cost of the project as originally approved increases by more than 10 per cent, the projects must be submitted for the approval of the revised estimated cost.
- (iii) On the question of the directions to be issued by the Government of India in respect of the special procedure followed for multi-purpose and other projects for making payments, submission and compilation of accounts and internal check, specific cases of large projects where deficiencies are noticed may be taken up for consideration between the Government of India and the Comptroller and Auditor General. It is not necessary to extend this to all the Plan Schemes.
- (iv) The Government of India will issue a suitable letter to the State Governments in cases where the amounts are released to the autonomous bodies for execution of Plan schemes, requiring that the formal approval of the Government of India will be necessary in cases where the execution has been unduly delayed.

3. This note has been seen by Audit.

Recommendation

The Committee desire that a study of the Audit Reports of the State Governments and the Reports of the Public Accounts Committees thereon should be undertaken by the Finance Ministry on a regular basis. This would enable the Ministry to know whether the Grants/Loans given by the Centre to the State Governments, for specific schemes were being properly utilised for the intended purpose. This will also be helpful in watching the actual utilisation of Central assistance and applying the correctives where necessary:

[S. No. 7 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

Steps have been taken by the Ministry of Finance to obtain copies of the Audit Reports of State Governments and Reports of the Public Accounts Committees. The study of the Reports is being undertaken, as suggested.

Recommendation

The Committee feel concerned to find that the misappropriation of the investors' money was continued by the District Organiser concerned over a period of three years without being detected. The Committee desire that the system should be examined with a view to making it foolproof. They hope that necessary measures have been taken to tighten up supervision in order to prevent recurrence of such cases. The Committee would like to know the outcome of the prosecution launched against the District Organiser.

[S. No. 9 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

Misappropriations in this case resulted from a multiple failure:—

- (i) of the investors, to report non-receipt or certificates in time;
- (ii) of the Assistant Regional Directors to check the District Organisers' receipt books periodically as required; and
- (iii) of the Regional Director, to check the receipt books himself periodically as required.

If the procedure prescribed by the National Savings Commissioner had been followed by the Assistant Regional Directors and the Regional Director, then the misappropriations would have come to notice earlier and consequently the District Organiser could not have continued to misappropriate investors' Moneys. However, after the misappropriations came to notice, several steps have been taken

to tighten up supervision in order to prevent recurrence. They are as under:—

- (i) instructions have been issued on 13th September, 1963 to all Regional Directors calling upon them to—
 - (a) maintain the 'Receipts' and 'Issue' registers of District Organisers receipt books;
 - (b) strictly to adhere to the prescribed instructions relating to checking of District Organisers' receipt books; and
 - (c) enforce inspection of Districts Organisers' Offices by Assistant Regional Directors.
- (ii) A register of District Organisers receipt books to be maintained by the Assistant Regional Directors has been prescribed.
- (iii) In October 1964, forms for the inspection of Assistant Regional Directors' offices by the Regional Directors and of District Organisers by Assistant Regional Directors were prescribed and sent to all Regional Directors.
- (iv) While conducting "Vigilance" inspections of Regional Directors' offices, an inspecting officer from National Savings Commissioner's office inspects the registers of District Organisers' Identity Cards and Receipt books and also conducts a test check of District Organisers' used receipt books.
- (v) The earlier procedure has recently been revised. A copy of the revised procedure is enclosed.

The District Organiser expired on the 31st August, 1966 when the prosecution case launched against him was still under trial. The case will consequently have to be withdrawn. The question of recovery from the insurance Pool the sum of Rs. 5,000 being the maximum risk covered and also whether any recoveries could be made from the death-cum-retirement gratuity admissible to the District Organiser is under consideration.

Recommendation

The Committee desire that apart from the conditions included in the tripartite agreement with the State Bank of India M/s. Richardson & Gruddas Ltd. for protecting the interests of Government the Ministry should review whether any further measures are necessary to have controlling power in the management of the Company to safeguard the financial interests of Government. The Committee are

also of the view that a clear stipulation should be made in the agreement that during the currency of the guarantee the management would be in the hand of the Court/Government nominee.

[S. No. 10 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The management of M/s. Richardson and Gruddas Ltd. is under the control of the Calcutta High Court. The Chairman of the Board of Directors is a former Solicitor to the Government of India and has been appointed by the High Court. Further, four of the seven Directors of the Board are either Government officers or officers of Government companies. Recently, an officer of the Indian Audit and Accounts Service has also been appointed as a full time Financial Adviser of the company. Any change in the management set-up is also invariably made after consultation with Government.

The guarantee given by Government is co-extensive with the scheme of management approved by the Court, which is in operation. The guarantee may also be revoked by Government at any time. Further, under the tripartite agreement between the President, the State Bank and the company, the State Bank is prevented from releasing any securities given to it on account of the loan guaranteed by Government, without the Government's consent.

Thus, Government's interests have been sufficiently protected and it does not seem necessary to consider any further safeguards at this stage. It might be added that the assets of the company exceeded its liabilities, other than the State Bank loan, by over Rs. 228 lakhs on the 30th June, 1965 and therefore offered sufficient cover for the guarantee for Rs. 95 lakhs given by Government.

Recommendation

The Committee appreciate the position explained by the Secretary Department of Economic Affairs that in the case of Public Sector companies, the guarantees given by the Government would be progressively withdrawn as and when those companies went into production and were able to stand on their own feet. The Committee would like the Government to adequately safeguard the financial interests when they decide to give guarantees to private bodies, co-operative societies etc.

[S. No. 11 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

Noted. The Ministries have been advised to bear in mind the recommendations of the Committee while furnishing guarantees

in favour of public sector undertakings, private bodies, cooperative societies etc.

Recommendation

The Committee also find that some procedural questions are involved in this case, viz:—

- (a) *whether it was justifiable to grant deputation allowance when the officer held only the additional charge of the ex-cadre post;*
- (b) *whether it was not unusual that an officer of a regularly constituted service should hold the full charge of another ex-cadre post but hold the additional charge of this regular post.*

The Committee suggest that these issues should be determined by the Ministry of Finance for future guidance.

[S. No. 17 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

Suitable instruction have been issued to Ministries indicating the correct procedures to be observed in such cases vide the Deptt. of Exp. O.M. No. F. 6(5)-EIII (B) 66 dated 12th September 1966.

PLANNING COMMISSION
(RURAL INDUSTRIES PLANNING COMMITTEE)

Recommendation

The Committee note with surprise from the Review of Progress 1964-65 that though the programme for intensive development of small industries in rural areas was sponsored in 1962, actual implementation started only from 1964-65.

[S. No. 18 of Appendix I to the 54th Report, 1965-66]

The Committee feel concerned over the slow progress of the rural industries schemes. The Committee would urge that the Planning Commission should ensure that the administrative and financial procedures coming in the way of the speedy execution of the programmes should be simplified suitably. The Commission should also ensure that adequate and timely technical guidance is made available to the project organisations.

[S. No. 19 of Appendix I to the 54th Report, 1965-66].

ACTION TAKEN

As regards the comments of Public Accounts Committee on the delay in the actual implementation of the programme in the project areas, it may be pointed out that the Rural Industries Planning Committee in its Review of Progress of the Rural Industries Projects Programme for the year 1964-65 has stated clearly and convincingly the reasons for the delay. There were several processes to be gone through for initiating the programme. Firstly, the approval of the areas suggested by the State Governments was conveyed to them in September-October, 1962 and the States were requested to appoint necessary staff. Selection and appointment of suitable personnel is known to be a time-consuming process particularly the various formalities connected with the selection of personnel, including the advertisement and final selection by the State Public Service Commissions have to be observed. This process took about two to three months. Thereafter, the State Government were asked to depute the Project Officers and Planning-cum-survey officers for an Orientation Course, arranged by the Planning Commission. This course was started in November, 1962 and completed in December, 1962. The next step was to draw up realistic and feasible development programmes for the projects and it was suggested to the State Governments that they should carry out surveys of the areas with a view to assessing surveys, which had to be fairly detailed, took about more than six locally available physical, financial and human resources and determining the possibilities and potentials of development. The

months to complete. The programmes were then formulated on the basis of the data and facts thrown up by the surveys. Consideration and examination of the programmes and the final approval of agreed schemes by various State Departments took another 2-3 months. As the next step, financial and administrative procedures and formation of Project and State level Committees had to be finalised for this new programme. All these processes took up one whole year of 1963-64. Actual implementation of the schemes and programmes, therefore, started only during the year 1964-65.

2. The Planning Commission has made various suggestions to the State Governments in regard to simplification of financial and administrative procedures to avoid delays. Some States have accepted the suggestions and issued necessary orders. However, the modifications have not found favour in several cases with the Audit as well as Finance on constitutional grounds. The Rural Industries Planning Committee is considering other measures to eliminate delays but acceptance or otherwise of the suggestions rests with the State Governments.

3. It is a fact that adequate and timely technical advice and guidance was not available to entrepreneurs, cooperative societies and other artisans in the Project areas in the beginning of the programme. To remove this lacuna, it was suggested to the State Governments to appoint at least two technical officers for each project area. Experience since 1964-65 has shown that suitable personnel were not available on the pay scales offered. It was accordingly suggested to the States that the pay scales may be revised and technical personnel recruited on either the maximum of the earlier pay scales or higher scales. The fact, however, remains that suitable technical personnel are not available for going to some of the rural project areas for various reasons. The Small Industries Service Institutes are helping project areas with technical advice to the extent possible. However, these Institutes are not in a position to devote adequate time from day to day to this work due to other demands on their time and paucity of technical staff. The Rural Industries Planning Committee also maintains liaison with various research laboratories, universities etc. and Central Small Industries Organisation for solution of certain technical problems and evolution of appropriate technologies. This work will be placed on proper footing and developed when the proposed Institute of Technology is set up under the auspices of the Central Small Industries Organisation. The difficulties are thus real but the Planning Commission is giving continuous attention to the means by which the position may be improved.

MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND COOPERATION

(DEPARTMENT OF COMMUNITY DEVELOPMENT)

Recommendation

From the above, the Committee note that even though this programme was started in the year 1960-61, it has not reached the stage of stability as is evident from the report of the P.E.O. The Committee feel that the Government should make an attempt to have a systematic employment planning over a number of years rather than having ad hoc system from year to year as in this case. Extension of this scheme from year to year has not been conducive to its successful functioning. Further, schemes included in this programme should not only be labour-intensive but also provide for training to the labourers so that they may be self-supporting in due course. The Government should also try to avoid duplication of the schemes undertaken by the State Governments as part of their normal activities and the schemes taken up in this programme.

[S. No. 20 of Appendix I to the 54th Report, 1965-66].

ACTION TAKEN

The Third Five Year Plan envisaged, tentatively, an expenditure of Rs. 150 crores under the Rural Works Programme. This was a national outlay and no firm provision was made for the programme within the financial limits of the Plan. In the circumstances, allotment of funds for the programme proceeded on a year to year basis, which introduced an element of uncertainty about the scale and stability of the programme.

The programme has now been incorporated, as a definite and integral part, in the Fourth Five Year Plan and a provision of Rs. 90 crores has been indicated in the Draft Outline of the Fourth Five Year Plan for the works programme proper, with annual phasing of the outlay and the likely employment generation. In addition, a provision of another Rs. 5 crores has been indicated for imparting skills to rural youths.

It may be mentioned, however, that, in view of the continued financial stringency, slightly under two-thirds of the funds assured for the programme over the first two years of the current Plan could

only be made available; nor is it possible to make a firm forecast at this stage about the likely resources position over the succeeding years.

As for the training of labourers an outlay, as already stated, is envisaged under the Draft Outline of the Fourth Five Year Plan. The Draft Outline refers to the proposed programme, *inter-alia*, in the following terms:

"In addition to expenditure on works a provision of Rs. 5 crores has been made for imparting skills to rural youth in the age group 15-25 years. These resources will be supplemented by funds available under the Plan of the Ministry of Labour and Employment which makes a provision of about Rs. 4 crores for rural training institutes. Through this programme of skill formation, by providing on-the-job training in development projects, it is hoped to build up corps of young trained workers in rural areas, who can serve as task forces for new works. It is expected that such workers will be able to find employment in various works programmes undertaken by Government and Panchayat agencies and can work on a continuing basis with labour cooperatives. A proportion of these skilled workers may also be able to find work on their own."

The training programme is under discussion with the Directorate General of Employment and Training and the Planning Commission. It will be taken up in the light of the operational details agreed upon.

The Committee's observation that duplication between projects undertaken under normal Plan schemes and the programme of Rural Manpower should be avoided is already the accepted approach and efforts will continue under the Fourth Five Year Plan to secure proper dovetailing on the basis of integrated local plans.

Recommendation

The Committee also observe from the note furnished by the Ministry that a lump sum provision of Rs. 148 crores has been made for special areas, hill areas, Rural Manpower Works Programme in the Draft Fourth Plan. The exact amount to be provided in the Fourth Five Year Plan had not yet been finalised. In this connection, the Committee would like to point out that even in the Third Five Year Plan the target of Rs. 150 crores was fixed for this scheme and as against this an expenditure of about Rs. 16 crores is only expected to be incurred. The Committee are not sure whether the

necessary administrative/executive machinery was existing to carry out these projects on such a large scale, or that the Planning Commission was not satisfied with the employment potential generated by these projects. Further, the Government have also not examined how far they have been able to make a saving in expenditure by entrusting these works to the Block Samitis and Panchayats etc. It is also necessary that the administrative delays are avoided at different stages. The methods and forms for the preparation of account also require simplification so that they are easily understood by the Panchayats. In this connection, the Committee would also like to draw the attention of the Ministry to para 12 of 55th Report (Third Lok Sabha) of the Estimates Committee 1963-64 wherein the Estimates Committee had observed that "The Rural Works Programme should primarily be devoted to increasing agricultural production, development of village industries, construction of link roads and creation of remunerative assets....."

[S. No. 22 of Appendix I to the 54th Report 1965-66].

ACTION TAKEN

As has already been explained in reply to the Committee's observation at Serial No. 21 para 1.119 the main difficulty during the Third Plan period was not administrative or organisational deficiencies, but lack of adequate funds for the programme; with the limited resources available, the employment generated had been somewhat better than the proportionate physical targets in accordance with the norms envisaged in the Third Plan document. For the Fourth Five Year Plan, the Draft Outline has since specified a provision of Rs. 95 crores for the programme.

Although no comprehensive cost benefit analysis of the programme has so far been made in the States, the emphasis on payment of wages at prevailing slack season rates, non-involvement of contractors and local contribution is fully expected to result in saving in expenditure as compared to the cost of normal departmental execution. Classified data for the schemes executed under the programme during the Third Five Year Plan and the costs have, so far been furnished by the States in respect of an expenditure of Rs. 9.48 crores or about half of the total investment; the works carried out, through people's institutions in the main, it is reckoned, would have cost around Rs. 12.83 crores, or some 35% more under the conventional agencies. The issue of cost-benefit ratio was considered, *inter alia*, at the last Annual Conference on Community Development and Panchayati Raj and it recommended that the State Governments should undertake an assessment of the investment-output ratio under the programme. They are seized of the recommendation.

In most States, steps have been taken to avoid delays; the power of according administrative and technical sanctions has been devolved on the district and block authorities and funds are placed at the disposal of Panchayati Raj institutions at the beginning of the year; in a number of States, these institutions incur initial expenditure over this programme even from their own general purpose funds subject to subsequent recoupment. As for forms for the preparation of accounts under the programme, they conform to those prescribed and commonly used and understood in the States for all similar programmes undertaken at the block level.

As the main focus of the programme is on employment generation, labour-intensive schemes designed to create productive community assets, particularly in the fields of agriculture, and village communications, and capable of being undertaken during the agricultural slack season without involving higher technical skills or costly material, are undertaken. As village industries are not generally confined to the slack season, even when they do not involve costly materials and skilled operation, they have, as a rule, not been covered under the Rural Works Programme; where, however, the other basic considerations are met, as for instance, in the case of brick-kilns, these can be taken up on a seasonal basis.

Recommendations

As substantial amount is proposed to be spent in the Fourth Five Year Plan for Rural Works Programme, the Committee suggest that the following points may be kept in view while sanctioning these works:

1. As far as possible the expenditure on such programmes should be on productive assets to avoid any inflationary impact on the economy.
2. There should be a proper machinery to execute such works
3. There should be a proper accounting and audit arrangements for such expenditure.
4. As far as possible, the employment should be training-oriented so that unskilled workers get skilled and become self-supporting.

[S. No. 23 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

The suggestions will be kept in view while drawing up programmes to be undertaken during the Fourth Five Year Plan period.

Recommendation

The Committee hope that the Ministry will take all necessary steps to safeguard the financial interests of Government.

[S. No. 40 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The recommendation of the P.A.C. has been noted for guidance.

Recommendation

The Committee regret to note that notwithstanding the provisions of the Delhi State (Aid to Small & Cottage Industries) Rules which restricted grant of loans to the extent of Rs. 50,000/- in such cases and the advice of the State Government that the society had no tangible assets to offer, the Ministry of Industry thought it proper to give direct a loan (Rs. 2.50 lakhs) to the Society. if, despite these limitations, the loan was given to the Society in the larger interest of rehabilitation of a large number of people who would otherwise have been thrown out of employment, the Committee feel that steps should have been taken to safeguard the financial interests of Government by way of obtaining adequate security for the amount of the loan advanced.

[S. No. 41 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The circumstances under which the loan was given to the society have already been explained in a comprehensive note submitted to the P.A.C. (vide Appendix XI of the Fifty-fourth Report of P.A.C. 1965-66). It has also been explained therein that the failure to obtain adequate security was not likely to adversely affect Government's ability to recover the amount due, as Government's dues have got the first charge over the assets of the Society (vide Appendix X of 54th Report of P.A.C., 1965-66). The observations of the Committee are, however, noted.

Recommendation

The Committee regret to note that in spite of their recommendation for a proper inquiry made last year, no steps have been taken to undertake such an inquiry.

[S. No. 42 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

As recommended by the Committee a Joint Secretary in this Ministry has since been appointed as enquiry officer for conducting an

enquiry. He has already started looking into the case. The result of the enquiry committee will be intimated to the P.A.C.

FURTHER INFORMATION

Shri A. K. Roy, Joint Secretary who was appointed Enquiry Officer to conduct enquiry into this case has submitted his report to the Secretary of this Ministry and copies thereof will be sent to Lok Sabha Secretariat after Secretary has perused it.

Recommendation

In the opinion of the Committee it was very unusual for the Government to give loan to the society without executing the necessary documents. The Committee find no justification for this decision.

[S. No. 43 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The steps taken by the Ministry in getting the documents executed and the circumstances in which these could not be executed have already been explained in a note submitted to P.A.C. (vide Appendix X, 54th Report of P.A.C., 1965-66). The observations of the Committee are, however, noted.

Recommendation.

They are also not convinced of the reasons advanced for non-execution of agreement for such a long time, while the loan was sanctioned on 25th October, 1956 without executing any agreement, the society approached the Government on 25th January, 1957 for a copy of the agreement. But Government had not been able even to finalise the form of agreement till August, 1961, when a defective agreement was attempted to be got signed. Agreement was finalised only on 30th June, 1962. Even after finalising the agreement on 30th June, 1962 it could not be executed till 29th January, 1963 when a decision was taken that the society should go into liquidation in view of (1) the financial position of the society; (2) the defective working of the society; (3) the society was reluctant to sign the Mortgage Agreement. On 4th March, 1963 the decision to liquidate the society was communicated to the Development Commissioner, Delhi.

[S. No. 44 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

The steps taken by this Ministry in getting the documents executed and the circumstances in which these could not be executed

had already been explained in a note submitted to the P.A.C. (vide Appendix X of Fifty-fourth Report—P.A.C., 1965-66).

Recommendation.

The Committee regret to observe that notwithstanding the fact that the society approached Government in January 1957 for a copy of agreement to be executed by them, Government could not get the agreement signed during the period of 6 years i.e. between 25-1-1957 and 4-3-1963 by the society to whom a loan of Rs. 2.5 lakhs had been sanctioned on 25-10-1956. In the opinion of the Committee the responsibility for the long delay of 6 years lies primarily with the Ministry. The Committee cannot understand this failure to get the agreement executed particularly because the Society was already under the influence of the Government and at least for some time the full control of its affairs was in the hands of Government nominees. This, in the opinion of the Committee, is a clear case of negligence and dereliction of duty. The Committee hope that in future Govt. will take necessary steps to avoid such long delays in execution of agreements.

[S. No. 45 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

The recommendation of the P.A.C. has been noted for future guidance.

Recommendation.

The Committee are not happy at the manner in which unusual concessions were given to the society and the failure to take proper steps to safeguard the financial interests of Government.

[S. No. 46 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The observation made by the P.A.C. has been noted. A Joint Secretary in this Ministry has been appointed as an enquiry officer to conduct enquiry into this case and he has already started looking into the facts. The result of this enquiry will be intimated to the P.A.C.

Recommendation

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

- (i) During the period from 1956 to 1962 cases of mismanagement and other irregularities such as pledging of finished

goods worth Rs. 80,000/- in favour of a private bank against a cash credit of Rs. 52,000/- were reported to Government. Adequate efforts were not made by the Ministry to look into the affairs of the society and to set them right.

- (ii) Charges of mismanagement and irregularities were levelled against the society even when the management had as its Chairman a Government nominee. Further in spite of the fact that officials of Government on the Managing Committee were reporting to the Ministry about the unsatisfactory state of affairs of the society, no action was taken to get the hypothecation deed signed in time so as to safeguard the financial interest of Government.

[S. N. 47 of Appendix I to 54th Report 1965-66].

ACTION TAKEN

The observations made by the P.A.C. have been noted. A Joint Secretary in this Ministry has been appointed an enquiry officer to conduct enquiry into this case. He has already started looking into the case. The result of this enquiry will be intimated to the P.A.C.

Recommendation

The Committee may be informed of the further developments in this case.

[S. No. 51 of Appendix I to 54th Report 1965-66]

ACTION TAKEN

(a) On 18-8-65 the Company Law Board informed this Ministry that a change had occurred in the management of the M/s. Faridabad Industrial & Quarrying Co. and the present management of the company was interested in carrying on the business by installing further machinery in the factory and in view of this the Board had decided to drop the action regarding winding up. The case was again referred to the Ministry of Law who advised that in order to find out the reactions of the new management of the firm, fresh legal notices may be served before deciding future line of action. Accordingly two separate notices were issued by registered post on 20.11.1965 in respect of two loans granted to the firm, calling upon it to discharge full liabilities to the Govt. within a period of one month from the date of receipt of the notices. These notices were re-issued on 1.2.1966 as there was no evidence with the Ministry regarding the receipt of the earlier notices by the firm.

(b) In reply, it was stated by the firm that mainly due to the non-finalisation of the lease for quarrying of the hill by the State Govt. and non-availability of Railway siding, the machineries installed could not be made use of and as a result the company had to incur a loss of Rs. 5.00 lakhs. They, however, offered to repay the entire amount due to the Govt. within a period of 7 years by way of 14 equated half-yearly instalments. They further asked for the release of balance out of Rs. 1.00 lakh originally sanctioned to the firm by the Ministry of Rehabilitation.

In order to appreciation properly the offer made by the firm, a representative of the firm was called to the Ministry for discussion, and it was made clear to him by the Deputy Secretary incharge that at the present juncture when the rehabilitation problem itself had ceased to exist, it would not be possible to give a fresh loan on that basis. Regarding repayment of the amount due to the Govt., he was told that the phased payments suggested by the firm would not be acceptable to the Govt., particularly in view of their past performance. The representative gave us to understand that the machinery mortgaged to the Govt., was never used by the firm and that it would fetch only Rs. 20,000/- if sold in the market. In order to determine whether it would be advisable to take over the mortgaged machinery and sell it off, two officers of the office of the Development Commissioner, Small Scale Industries were deputed to make a on the spot study. They reported to this Ministry on 23.5.1966 the machinery was in very bad condition.

FURTHER INFORMATION

Shri C. P. Wadhawan, Assistant Director; Small Industries Service Institute, Okhla, who has been appointed as Receiver to take over the possession of the mortgaged property of the Faridabad Industrial & Quarrying Co. has intimated that he has taken over possession of the mortgaged property on the 1st May, 1967. Action to dispose of the machineries etc. is being taken up by him.

Recommendation

The Committee desire to be informed of the latest position regarding the recovery of amounts due from the Indian Hardware Industries, Faridabad.

[S. No. 52 of Appendix I to the 54th Report, 1965-66]

ACTION TAKEN

In June, 1965 M/s. Indian Hardware Industries Ltd., Faridabad, was warned by this Ministry that if they did not make immediate arrangements to liquidate the arrears, Government would be cons-

trained to take recourse to law for the recovery of the outstanding amount instalment of Rs. 10,000/- on 26-6-1965 and promised to pay similar amounts every month regularly till the full loan was liquidated. This arrangement suggested by the firm was accepted by the Ministry as a special case. The firm was, however, warned that in the case they failed to honour their commitments, necessary legal action would be taken for the recovery of the loan without giving any further notice.

(b) From June, 1965, the firm paid the instalments regularly, although there was some delay in the payment of instalments for December 1965 and January 1966. As the firm again defaulted in the payments of instalments for February and March 1966, it was warned on 21-4-1966 that the payment of arrears should be made within a fortnight failing which the Ministry would be constrained to take legal action under the relevant clauses of mortgage deeds. The firm explained that the delay in payments of instalments in recent past was owing to severe power cuts imposed on them which created difficulties in their normal working schedules. They also reported that the cheque regarding instalment for January, 1966, was being sent by them and it promised that the remaining instalments would be paid in usual manner. The Ministry warned the firm on 31.5.1966 that appropriate legal action will be taken if all the outstanding amounts are not paid immediately. In response, the firm intimated vide their letter dated 11.6.66 that they had already sent a cheque for Rs. 10,000/- to Audit representing the instalment for February, 1966. It has been informally understood from the firm that a further amount of Rs. 20,000/- representing instalments for March & April 1966 was sent by them to the Audit on 9.7.1966. The firm has now intimated vide their letter dated 29.7.1966 that they have since deposited instalment for May 1966 also.

(c) Against the total loan of Rs. 7,99,981/- advanced to the firm, the firm had repaid upto 31.3.1966 Rs. 2,68,949.63 (principal Rs. 1,37,263.72 and interest Rs. 1,31,685.91).

Recommendation

The Committee trust that vigorous steps will be taken to effect recovery of the outstanding amounts from the defaulters. They would like to be informed of the progress made in this regard.

[S. No 53 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

Appropriate steps to effect early recoveries of the loans have been taken by the Delhi Administration and the latest position in this

regard is indicated in the statement received from the Delhi Administration. (Annexure.....).

Recommendation

The Committee feel that unless utilisation certificates are received in time and the Inspectorate staff of the Director of Industries submitted Inspection Reports regularly the Govt., will not be able to know whether the money has been utilised for the purpose for which it was advanced. The Committee are surprised how such an unsatisfactory situation was allowed to continue for such a long time. They trust that steps would be taken to ensure that utilisation certificates are furnished by the loanees in time and they are properly scrutinised.

[S. No. 54 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

Consolidated records for watching and checking of the utilisation of loans are being properly kept by the Delhi Administration since the financial year 1962-63. Every attempt is being made by that Administration to check the utilisation of the loans advanced. Any deficiency, the Delhi Administration say, in this regard is attributable exclusively to the acute paucity of staff.

Most of the 2,000 factories have been visited by the Inspectorate staff. Recoveries in instalments are being made from the loanees, whose utilisation is satisfactory and lump-sum recoveries have been ordered in the cases where the utilisation is not found satisfactory.

Recommendation

As regards the clearance of arrears; in view of the fact that the C & AG has agreed to do post-audit instead of pre-audit the Committee hope that the High Powered Committee would now be able to move quickly in the matter and liquidate the arrears without any further delay.

[S. No. 56 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

The question of pre-audit instead of post-audit cropped up when the question of Audit's association with the High Powered Committee set up to finalise the outstanding claims of subsidy, surcharge, etc., was being discussed in the PAC. The C & AG then pointed out that Audit could not take executive responsibility, he could agree to a post-audit.

The matter has since then been carefully examined. Apart from the fact that the system of pre-audit ensures double check before payment, the point for consideration was whether in view of the revised position of the claims in relation to the firms like M/s. Aminchand Payarelal Group, M/s. B. R. Herman and Mohatta and M/s. J. S. Cohen, which formed a substantial and the difficult portion of the outstandings, being proposed to be sent to Arbitration, the system of pre-audit should at all be dispensed with.

After a careful consideration of all the aspects, it has been decided by Government to continue with the present system of pre-audit and not to switch over to the system of post-audit.

MINISTRY OF IRON, STEEL AND MINES AND METALS

Recommendation

The Committee take a very serious view of the cheques having been issued in this case without any balance in the accounts of the Coal Board. The Committee feel that this appears to have been done primarily with a view to exhaust the funds at the close of the year and in that haste the Coal Board did not even have in view the balance to their credit in the bank. The Committee would suggest that the case should be investigated thoroughly and responsibility fixed for this lapse. They further hope that such mistakes will be strictly avoided in future.

[S. No. 65 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

The recommendation of the Committee has been noted. The Chairman, Coal Board, has been requested to institute a through enquiry into the case so that responsibility could be fixed for this lapse. A further report will be submitted to the Public Accounts Committee in due course. Necessary steps have also been taken to ensure that such mistakes on the part of the Coal Board are strictly avoided in future.

[Dated 8-2-67].

FURTHER INFORMATION

The Chairman, Coal Board has looked into the matter and has held the then Deputy Financial Adviser and Chief Accounts Officer, responsible for the lapse. He has since been reverted from the Coal Board to his parent Department, from where he came on deputation to the Coal Board.

[Dated 1-5-1967]

Recommendation

The Committee were informed by Audit that the colliery had since refunded the irregular payment.

The Committee further understand from Audit that the Ministry had stated that the Chief Inspector of Mines reported in August, 1964 that the colliery did not comply with the orders to introduce cap lamps before July, 1961 and hence assistance was not payable for the period upto July, 1961.

The Committee fail to understand why the Chief Inspector should have taken three years to detect this non-compliance and to report on it. They hope that proper steps will be taken by the Board to avoid recurrence of such cases in future.

[S. No. 66 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

The Chief Inspector of Mines has informed the Board that the mistake had occurred in his office and that he had since issued instructions to his office to ensure that such mistakes did not recur.

[Dated 18-11-1966]

Recommendation

The Committee find that the losses suffered in this case was because of multiple lapses for which the administration alone is to be blamed.

It is surprising that the usual practice of making a provision in the contract that in case a work is abandoned it should be completed at the risk and cost of the original contractor was not followed in this case and the contractor had drawn a huge sum as advance from the colliery before the completion of the work and the authorities did not consider it worthwhile to safeguard their own position by obtaining adequate security from the contractor as a result of which recoveries could not be effected.

The Committee would like to be informed of the results achieved by doing the work departmentally and progress made in regard to the introduction of any unified control over the protective work.

[S. No. 67 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

Adequate provision has since been made in the sanction letter to safeguard the interest of the Board. In this connection a copy of the standard form of the sanction letter [clauses (vii) and (viii) of Para 4 refer] is enclosed. (Not printed).

It has not yet been possible for the Coal Board to set up a full-fledged organisation for carrying out all protective works departmentally. A small wing has, however, been formed and placed in charge of an Inspecting officer on an experimental basis. This wing is generally entrusted with such protective works where the mine is an abandoned one or the management is reluctant to take up the job. At

present the protective works which are taken up departmentally are executed through contractors who are usually one of the neighbouring collieries. It is hoped that these works will be executed without appointment of contractors once the necessary machinery and equipment are purchased (much of which will have to be imported) and the operating staff appointed.

[Dated 18-11-1966]

Recommendation

The information regarding the interest liability in foreign exchange and interest on the investment so far made in regard to the three Central Ropeways is still awaited.

[S. No. 68 of Appendix I to 54th Report, 1965-66]

REPLY OF THE GOVERNMENT

The approved capital estimates of the three ropeways, the installation of which has been entrusted to the Coal Board and the foreign exchange element thereof are indicated below:—

	(In Rupees—Lakhs)	
	Total cost	Foreign exchange element
1. Area 'D' Ropeway	345.42	143.72
2. "J & K" Ropeway	689.33	340.69
3. Area "F" Ropeway	677.43	357.16
	1712.18	841.57

2. The foreign exchange costs of Area 'D' Ropeway and 'J.&K.' Ropeway are being covered by allocations from the £ 30 million and £ 13 million U.K. Credits respectively, while the foreign exchange cost of Area 'F' Ropeway has been covered by the specific AID loan of \$7.7 million.

The terms and conditions of the above foreign exchange loans are as below:—

	Date of signing of the Agreement	Rate of interest	Moratorium on repayment of principal	Terms of Repayment
1. £30 million U.K. Loan	1-5-61	As applicable to loans of comparable duration taken by the British Treasury from the Consolidated Fund of U.K. plus $\frac{1}{4}$ % per annum.	7 years	In 37 semi-annual instalments commencing from 31-5-68.
2. £13 million U.K. Loan	4-9-61	As applicable to loans of comparable duration taken by the British Treasury from the consolidated Fund of U.K. plus $\frac{1}{4}$ % per annum.	7 years	In 36 semi-annual instalments commencing from 30-11-1969.
3. \$7.7 million AID Loan	21-10-63	3 $\frac{1}{4}$ % per annum payable semi-annually.	10 years	In 61 semi-annual equal instalment's 1st instalment falling due 10 years after date of disbursement.

The liability for payment of interest on the foreign exchange rests with the Government of India as they are the borrowers. The Coal Board are not required to pay any interest directly on these foreign exchange loans.

3. Government have decided that the funds to be made available to the Coal Board for meeting the cost of the three ropeway projects should be treated as a 'Loan' on terms and conditions applicable to loans to statutory Corporations from time to time. Including the escalations provided for in the respective contracts, it is anticipated that the total cost of the three projects would be of the order of Rs. 2,200 lakhs. The expenditure incurred on the projects in 1961-62 and 1962-63, amounting to Rs. 157.86 lakhs, was met by the Coal Board from the balance available in Coal Mines (Conservation & Safety) Fund. Government would, therefore, have to advance approximately a total loan of Rs. 2,042 lakhs to the Coal Board. The total loans advanced by Government to the Coal Board till the end of the year 1965-66 are Rs. 1,186.67 lakhs. The rate of interest at present applicable to the loans to the Coal Board which are repay-

able within 15 years, is 5½ per cent per annum. The loans carry a period of moratorium for the repayment of the principal amount which is two years from the date of commissioning of all the ropeways or a total period of five years from the date of disbursement whichever is less. Assuming that the loan capital on an average per annum during the currency of the loan, which as stated earlier is 15 years from the date of their drawal would be 50 per cent of the total loan, the interest liability of the Coal Board on these loans would, on an average be of the order of Rs. 56 lakhs per annum. The actual annual liability of the Coal Board on account of interest cannot be worked out at this stage as the entire funds for the completion of all the ropeways have not yet been drawn by the Coal Board and the exact period of moratorium for the repayment of the principal amount cannot be determined at present.

4. This note has been seen by the Ministry of Finance and has also been vetted by Audit.

Recommendation

In view of the very heavy amount of loan (viz. Rs. 21 crores approximately) earmarked for 3 ropeways, the Committee would like to know the final decision taken by Government to ensure timely repayment of this loan and the details worked out for this purpose.

[S. No. 69 of Appendix I to 54th Report 1965-66]

ACTION TAKEN

The loan is to be repaid in 15 years. One of the conditions governing the grant of loan is that a moratorium of two years from the date of commissioning of all the ropeways or for a total period of five years from the date of disbursement of loan, whichever is less, will be allowed for the repayment of the principal of the loan. The principal will be repaid in equal annual instalments commencing from the expiry of the said period of moratorium, during the remaining currency of the loan, interest being paid annually from the date of drawal of the loan. The first loan having been granted in the year 1963-64, the repayment of principal will start from the year 1968-69. Government proposes to increase the excise duty on coal and coke to enable the Coal Board to repay the loan. It may be mentioned in this connection that when Government approached Parliament in 1961 for increasing the ceiling of excise duty, leviable under the Coal Mines (Conservation and Safety) Act, of Re. 1/- per ton to Rs. 4/- per ton, financing of the ropeways was one of the grounds included in the objects of the Bill.

[Dated 18-11-1966]

Recommendation

The Committee are not convinced by the arguments advanced by the representative of the Coal Board in this case. The retention of the amount could have been justified only if there were any occasion for doubt that the amount of Rs. 60 lakhs which was to be paid to the contractor within a month of his depositing the security money, would not be available within that period. Nothing was stated during evidence to substantiate such an apprehension. The amount retained was bearing an interest of 5 per cent which of course, was neutralised to some extent by short term investment. The Committee feel that even the resultant loss could have been avoided if the Board instead of drawing the amount much in advance of the requirement had done it at the proper time. The Committee hope that the Board should in future exercise better control on their borrowings and avoid infructuous expenditure.

[S. No. 70 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

The recommendation of the Committee has been noted by the Coal Board for guidance and compliance.

[Dated 18-11-1966]

Recommendation

The Committee regret to note that the statement on the following points have not been furnished by the Ministry:

(a) the basis on which the amount of assistance given under the head "Assistance to collieries handicapped by adverse factors etc." vide item E of the Statement of Receipts and Expenditure of the Coal Board for the year ended 31st March, 1964 (Appendix XIII) was determined; (b) how it was verified that the amount of money given as assistance was spent economically and for the purpose for which it was given; (c) the names of collieries to which assistance amounting to more than Rs. 2 lakhs—

[S. No. 71 of Appendix I to 54th Report 1965-66]

ACTION TAKEN

The delay is regretted. The information is furnished below:

[Dated 18-11-1966]

Item E of the Statement of Receipts and Expenditure of the Coal Board for the year ended 31-3-1964: Assistance to collieries handicapped by adverse factors.

(i) Assistance is determined after satisfying that the adverse factor for which assistance has been claimed does exist. Different rates

of assistance have been fixed for different adverse factors. These are given in Annexure I. (Not printed) Assistance is paid on the basis of raisings minus colliery consumption.

(ii) Assistance is granted for reimbursement of expenditure already incurred on raising the coal. The question of verifying the amount actually spent (subsequently) for the purpose for which it was given does not, therefore, arise.

(iii) A statement indicating names of collieries to which assistance amounting to more than Rs. 2 lakhs was given during the last three years 1962-63, 1963-64 and 1964-65 is given in Annexure II (Not printed).

MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION

(DEPARTMENT OF REHABILITATION)

Recommendation

The Committee note with regret that cases registered in 1953 are still pending for disposal. They hope that 882 cases pending at present will be cleared within the proposed time limit i.e. 30th June, 1967.

[S. No. 72 of Appendix I to 54th Report 1965-66]

ACTION TAKEN

As desired by the Public Accounts Committee every endeavour will be made to finalize the pending Compensation and Rehabilitation Grant Applications by the 30th June, 1967. The question of expeditious disposal of these cases was discussed at the meeting of the Regional Settlement Commissioners held in February, 1966 and the importance of early finalization of these cases was impressed on them. To ensure that the work is completed expeditiously, target dates have been fixed for each region taking into account the volume of work pending and the other relevant factors. Special instructions have also been issued on 30-5-1966 to the Regional Settlement Commissioners bringing to their notice the recommendations of the Public Accounts Committee. They have been informed that it would be their responsibility to ensure that the target dates are strictly adhered to. In order to keep a close watch over the progress in the disposal of the Compensation and Rehabilitation Grant cases, the Regional Settlement Commissioners have been asked to send weekly progress reports.

The number of Compensation and Rehabilitation Grant Applications pending finalization as on 15-7-1966 was 350. It is hoped that these cases will be finalized by the end of June, 1967.

[Dated 12-8-1966]

Recommendation

The Committee desire that the Ministry should impress upon the beneficiaries that 9908 statements of Account involving a liability of Rs. 1.10 crores at the end of November, 1965 should be utilised at an early date. The Committee would like to watch the progress of utilisation of statements of Account by the persons concerned through future Audit Reports.

[S. No. 73 of Appendix I to 54th Report 1965-66]

ACTION TAKEN

In the course of evidence before the Public Accounts Committee, it was stated that the law did not provide for the lapsing of the statements of Account which remain unutilized by the holders indefinitely. The Department of Rehabilitation have, however, in the past taken several steps for the liquidation of this item of work. The question of early liquidation of the statements of Account was also discussed in the meeting of the Regional Settlement Commissioners held in February, 1966 when certain decisions were taken to accelerate the utilization of the statements of Account. The measures taken in this direction are indicated below:—

- (i) Instructions have been issued on 3-5-1966 to all Regional Settlement Commissioners that all fresh compensation cases should be processed for the issue of Zamindari Abolition Bonds and that no statement of account should be issued.
- (ii) The last date for association of claims/statements of Account has been extended upto 30th September, 1966. This date had earlier been fixed at 31st March, 1966.
- (iii) The restriction of association of claims/statements of Account on regional basis has been removed except in the case of claims pertaining to Bombay region. The transferees/purchasers of pool properties or the loanees or persons against whom any public dues or outstanding can now pay the full/part price of the properties, or the amount of public dues by adjustment against compensation payable in respect of the verified claim of any other person.
- (iv) The question of making amendment in the law to invalidate statements of account which are not utilised within a certain specified period is also being examined in consultation with Ministry of Law.

It is hoped that with the above decisions, the pace of utilization of the Statements of Account would be accelerated.

[Dated 12-8-1966]

Recommendations

The Committee find from the statement that out of 801 cases where properties were put to auction twice, only in 117 cases, the subsequent bids were more than the first bid. In 187 cases subsequent bids were less than the first bid and in 31 cases, no bids were offered in subsequent auctions. Number of properties which were put to auction more than twice was 466. In view of this experience,

the Committee feel that Government have to exercise care in coming to a conclusion as to whether bids in the first auction were really less than competitive or not. The additional administrative expenditure involved in retaining custody of these properties for a longer duration should also be borne in mind before rejecting a bid in the first auction.

[S. No. 74 of Appendix I of 54th Report 1965-66]

The Committee also desire that effective steps should be taken to dispose of the remaining evacuee properties expeditiously.

[S. No. 75 of Appendix I of 54th Report 1965-66]

ACTION TAKEN

Instructions have since been issued on 29-6-1966 to all the Regional Settlement Commissioners to the effect that while considering the bids received at the first auction, they should keep in view the recommendations of the Public Accounts Committee and should exercise their discretion to accept the bid where it was within their competence. The Regional Settlement Commissioners have also been told that where the acceptance of the bid received in the first auction is not within their power and it is considered that the bid should be accepted, the case may be referred to the Chief Settlement Commissioner giving complete facts and their recommendations.

As for the expeditious disposal of the properties, this question had been receiving the attention of the Department from time to time. During the conference of the Regional Settlement Commissioners and the Custodians of Evacuee Property held in February last, great emphasis was laid on expeditious disposal of these properties. Target dates were fixed for each region for completion of the work. Most of the properties pending settlement belong to the category of saleable properties. The Regional Settlement Commissioners have been asked on 23-3-1966 to finalise auction programmes with utmost promptitude so that there is no delay in the disposal of these properties. The progress is being watched through periodical returns prescribed for the purpose. The review of the statements of auction programmes received from certain regions reveals that Regional Settlement Commissioners are giving priority to the work relating to disposal of properties. The progress is also watched by the Central Office through monthly returns and where the progress is found to be below the prescribed target, the matter is brought to the personal notice of the Regional Settlement Commissioner concerned. It is hoped that considerable progress would be made in the disposal of the properties during the year 1966-67.

[Dated 18-7-1966]

Recommendation

The Committee note with regret and surprise that on the basis of outstanding shown in the registers, the Government is not in a position to state the effective arrears of rent out of outstanding amount of Rs. 3.85 crores. The Committee feel that the Ministry should work out the extent of effective arrears so that efforts are concentrated for recovery of the same.

[S. No. 76 of Appendix I to 54th Report 1965-66]

ACTION TAKEN

The figure of Rs. 3.85 crores mentioned as outstanding arrears as on 30-11-1965 is based on the entries in the Rent Demand and Collection Registers. This however, does not depict the correct picture. The rents adjusted against compensation payable to the displaced persons have not in all cases been entered in the registers. According to the 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 1-10-1966 where they paid the initial instalment of 20 per cent towards the cost of the property before 1st November, 1959. This factor has also not been taken into consideration in some of the cases while entering the demand.

2. The pressure on the Settlement Organisation in regard to assessment and payment of compensation and sale of evacuee properties has been very heavy and the officers were, therefore, giving priority to this work and were unable to devote the same attention to the maintenance of rent records and recovery of arrears of rent. However, realizing that unless the real arrears were known, the recovery was bound to present difficulty, the following steps have been taken to sort out the real and unreal arrears:—

- (i) The Managing Officers were asked on 21-4-1962 to depute their officials to the Settlement Units within their region with a list of the claimants whose compensation cases according to their registers are still unfinalized and verify from the compensation file or Appendix 'C' Register whether any of those had already been finalized and then carry out necessary amendments in Rent Demand and Collection Registers on the basis of adjustments of rent arrears already made against the compensation payable.
- (ii) Managing Officers were also required whenever possible 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 Compensation Application Forms, and then to make necessary corrections in the Rent Demand and Collection Registers on the basis of the verification conducted.

- (i.) If an allotable 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 effect recovery of rent if otherwise due.
- (iv) To bring the Demand & Collection registers up to date in the case of properties transferred to non-claimants and those sold by auction etc.
- (v) *Introduction of Squad System.*

Squads were formed to undertake *inter-alia* 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 of or not transferred in the records of Managing Officers.
- (b) To have the necessary corrections made in the Demand & Collection Registers as a result of the facts collected by the Squad by spot enquiries and to dispose of objections filed by the defaulters.
- (c) To make enquiries regarding the rent of the defaulters whose whereabouts were not known.
- (d) To inquire and report on the financial condition of the defaulters, particularly of those who claimed to be destitute 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.

3. The work of correction of demand through squads has since been intensified in Punjab and Delhi. In Punjab during the last about three months, the following results have been achieved by

the squads which functioned at Ludhiana, Jullundur and at Amritsar (constituted in June, 1966):—

	Rs.
(i) Total number of defaulters contacted	16,302
(ii) Amount of arrears involved in these cases.	222,58,44
(iii) Actual recoveries made	90,818
(iv) Unreal arrears deleted	3,18,706
(v) Irrecoverable arrears recommended for write off	6,51,156
TOTAL	10,60,680

(The balance of Rs. 11,65,164 is still to be tackled).

It will be seen that over 43 per cent of the arrears due from the rent defaulters contacted by the staff were either unreal arrears or were irrecoverable. This position may hold good also in respect of the arrears outstanding in regard to other towns. Work has also since been started in Amritsar.

4. In Delhi also, squads have been functioning in various wards and it has been noticed that the percentage of unreal demand varies from 2 per cent to about 25 per cent. The work of tackling the defaulters through squads is however, in progress and it is expected that this work will be completed in a short time.

5. In States other than Punjab, Maharashtra and Madras, the work relating to the recovery of arrears of rent has been transferred to the State Government on agency basis. The arrears intimated to the State Governments are by and large real but the possibility of certain percentage being unreal cannot be ruled out. The extent of unreal arrears will be known only after all the defaulters have been contacted by the said authorities.

6. Instructions are, however, being issued to the State Governments concerned to make efforts to verify the real and unreal arrears of rent to have an idea of the extent of unreal arrears.

[Dated 13-9-1966]

Recommendation

"In view of the fact that outstanding (Rs. 60 to 70 lakhs) against widow and destitutes are distributed over a large number of people,

the Committee feel that per capita writing off would be very small. To expedite scrutiny of these cases as also writes off, the Committee suggest that the Ministry of Rehabilitation should consider the desirability of delegating some limited powers to their junior officers for write off.

[S. No. 77 of Appendix I of 54th Report 1965-66]

ACTION TAKEN

The Government have accepted the above suggestion of the Public Accounts Committee and issued sanction on 29-6-1966 (Annexure VIII) delegating powers to the Managing Officers/Asstt. Custodians to write off irrecoverable arrears of rent up to the limit of Rs. 250 in each case. The Regional Settlement Commissioners/Custodians of the evacuee properties were already delegated such powers on 5-4-1963 up to the limit of Rs. 2,000 in each case.

[Dated 21-7-1966]

Recommendation

From the note the Committee observe that an amount of Rs. 20.70 lakhs had been collected from private parties during 1963-64, 1964-65 and 1965-66 (upto 12/65). The question of recovery of arrears of rent to the tune of Rs. 3.67 lakhs outstanding against Government Deptts. has already been taken up with the various Deptts. The Committee desire that vigorous efforts may be made to recover the outstanding arrears of rent both from private parties as well as from Government Deptts.

[S. No. 78 of Appendix I to 54th Report 1965-66]

ACTION TAKEN

The total amount of arrears in respect of Government built properties in Delhi outstanding on 31-5-66 was Rs. 19.48 lakhs against Rs. 26.74 lakhs on 31-12-65 as detailed below:—

	31-12-65	31-5-66
Rent	Rs. 9.72 lakhs	Rs. 7.09 lakhs.
Ground Rent	Rs. 12.74 lakhs	Rs. 0.69 lakhs.
Instalment money in respect of properties sold on hire-pur- chase basis.	Rs. 4.28 lakhs.	Rs. 1.80 lakhs
	<hr/> Rs. 26.74 lakhs	<hr/> Rs. 19.48 lakhs.

It will be seen that in a period of 5 months, a reduction of Rs. 7.26 lakhs has been effected. This comprises actual recoveries Rs. 5.68 lakhs, correction of demands Rs. 1.52 lakhs and waiver of recoveries Rs. .06 lakhs. This was due to vigorous efforts made by the Department in liquidating the arrears in as short a time as possible. Two special Cells have been created for the liquidation of the outstanding arrears, one for rent and the other for ground-rent and instalment money. During the period 1-1-66 to 31-5-66, 4 Squads headed by the Managing Officers were organised in the marginally-noted localities on the dates noted against each in order to make personal contacts with the occupants as a result of which a sum of Rs. 70,000 approximately was collected towards the arrears of ground-rent/instalment money. In spite of the difficulties arising out of the fact that many of the occupants have left the quarters or let them out, it is hoped that the concerted efforts and vigorous drive launched through these Squads will accelerate the pace of recovery.

As regards arrears of rent due from Government Department, the steps which have been taken or are being taken to liquidate these arrears are indicated in the annexure to this note. (Not printed).

[F. No. 16(48)/L&R/66, Dated: 18-7-66].

Recommendation

The Committee would like to be apprised of the progress of recovery of outstanding arrears from the Delhi Municipal Corporation on account of compensation in respect of evacuee properties acquired by it.

[S. No. 79 of Appendix I to the 54th Report 1965-66]

ACTION TAKEN

The Municipal Corporation of Delhi in their letter dated 18-1-66 (Annexure) informed the Ministry that they were arranging to make the payment of the balance amount of compensation of Rs. 1,62,324.12 in respect of 1066 acquired evacuee properties transferred to the Delhi Municipal Corporation for slum clearance purposes and an *ad-hoc* payment of Rs. 1 lakh against balance of Rs. 60,322 in respect of 245 evacuee Katras and 127 properties in Basti Jameel transferred to the erstwhile Delhi Improvement Trust in 1956 and other properties subsequently transferred to the Municipal Corporation. This position was explained to the Public Accounts Committee at their meeting held in January, 1966.

2. As no payment was made by the Corporation as promised in their letter dated 18-1-66, they were remained on 14-2-66, 15-3-66,

18-5-66, 1-6-66 and 9-6-66. In their letter No. SE/6/66/1485/50 dated 16-6-66 (Annexure), the Municipal Corporation has informed the Ministry that on account of certain difficulties they could not make the payment earlier. In addition to the above properties, 338 evacuee properties were transferred to the Corporation from 1-1-62 to 1-9-65 and compensation in respect of these properties works out to Rs. 6,11,352.08. Thus a sum of Rs. 8.34 lakhs has become due from the Municipal Corporation of Delhi. The Corporation in their letter dated 16-6-66 informed the Ministry that the Commissioner has been requested by them to make the payment of a sum of Rs. 4.6 lakhs and that as regards the payment of the balance amount the Corporation has agreed to pay the amount after physical verification of the remaining properties jointly by the staff of the Municipal Corporation of Delhi and the Regional Settlement Commissioner, Delhi.

[dated 11-8-1966]

Recommendation

The Committee hope that the Ministry would be able to settle the dues of Delhi Municipal Corporation expeditiously after scrutinising the bills received by them.

[S. No. 80 of Appendix I to the 54th Report 1965-66].

ACTION TAKEN

The Bills received from the Municipal Corporation of Delhi have since been scrutinised. The Corporation sent bills amounting to Rs. 10.22 lakhs on account of house-tax in respect of acquired evacuee properties for the period from 1-1-1956 to 6-4-1958. As only service charges are payable in respect of acquired evacuee properties at 75 per cent of the house tax leviable on the basis of the Municipal Assessment Rates of 1947, the demand of the Delhi Municipal Corporation worked out to Rs. 7.67 lakhs. Out of this demand, the claim for service charges to the extent of Rs. 4.34 lakhs was accepted. A sum of Rs. 1.34 lakhs was paid, in cash, to the Delhi Municipal Corporation in March, 1966, and the balance amount of Rs. 3 lakhs was set off against the *ad-hoc* payment of Rs. 3 lakhs made to the Delhi Municipal Corporation in 1961-62. The claim for the remaining amount of Rs. 3.33 lakhs was rejected on account of certain discrepancies viz. on account of calculation mistakes and inclusion of demand against properties which had either been transferred to the Corporation for Slum Clearance or development schemes or were not acquired evacuee properties and demand for the period prior to 1-1-1956 was excluded because the payments

made to Delhi Municipal Corporation upto 31-12-55 were treated as final. These were explained to the officials of the Corporation who were deputed for the purpose.

2. The Municipal Corporation submitted bills amounting to Rs. 23.22 lakhs on account of service charges in respect of Government built properties. These bills were scrutinised. The claim of the Corporation to the extent of Rs. 10.86 lakhs was admitted and the claim for the balance amount of Rs. 12.36 lakhs was rejected on account of certain discrepancies viz., on account of calculation mistakes, inclusion of demands in respect of plots in Jheel Kuranja, Ramesh Nagar, Tihar, etc. against which no service charges were payable and also demand for the period prior to 1-1-1956 was excluded because payments made to Delhi Municipal Corporation upto 31-12-55 were treated as final. These were explained to the Officials of the Municipal Corporation who were deputed for the purpose. Out of the claim of Rs. 10.86 lakhs, a sum of Rs. 23,377.30 had been paid as service charges to the Corporation during the year 1962-63 and after setting off this amount, the balance amount of Rs. 10.63 lakhs was paid to the Municipal Corporation of Delhi in March, 1966.

[Dated 11-8-1966]

Recommendation

The Committee would like to know the result of the review.

[S. No. 81 of Appendix I to the 54th Report 1965-66]

From the evidence, the Committee note that there was nothing available on record to show that the U.P. Govt. was not in a position to take up this work as was claimed by the representative of the Ministry of Rehabilitation.

[S. No. 83 of Appendix I to 54th Report 1965-66]

The Committee also regret to note that the Ministry did not receive quarterly reports in time from the State Government of U.P. The Ministry have also not yet calculated the extent of reduction in expenditure resulting from the transfer of this work to the State Government of U.P. The Committee feel that Ministry should have taken prompt measures to effect reduction in their staff on transfer of work to the U.P. Government. The Committee would like to be informed of the reduction in expenditure, if any, as a result of transfer of the work to the Government of U.P.

[S. No. 84 of Appendix I to 54th Report 1965-66]

ACTION TAKEN

The residuary work was transferred to the State Government with the object of winding up of the Settlement Organisation in U.P. The Managing Officers had not been able to make much headway in the disposal of rural properties because their limited staff was unable to cover the widely flung areas in their charge. It was felt that the work could be disposed of quickly and effectively only by the State Government through its large revenue staff in the districts. With a view to completing the residuary work and to wind up the Settlement Organisation in U.P. the work was transferred to the State Government on commission basis.

2. The position of work was reviewed at a meeting held with the representatives of the State Government on 21st March, 1966, when the observations of the Public Accounts Committee in regard to the slow disposal of work and delayed submission of half-yearly progress reports was brought to the notice of the State Government. As regards the slow progress in the disposal of work by the State Government, the representative of the State Government explained that the residuary work transferred to the State Government was of colossal magnitude and of a difficult nature and that the plots transferred for disposal were situated in remote villages and were in occupation of local persons, who raised various types of objections at the time of disposal. Some of the commission agents who were appointed to do this work had since resiled finding the work difficult and uneconomical. He further explained that the State Government had taken over the work not to earn any profit but to assist the Central Government in completing their residual work but at the same time it will have to be appreciated that the State Government could not allow its own normal functioning to be effected by giving priority to the Settlement Organisation's work. He also explained that where the State Govt. had suspended its own recovery on account of drought or scarcity conditions, the Central Government could not, in fairness, ask for their dues to be realised in full and it would not be advisable to be rigid in making recoveries and it was, therefore, necessary that there should be proper mental attitude towards the problem. The representatives of the State Government urged that the Central Government should be liberal in judging the results when a steady progress was being maintained and there was no stagnation. It was explained to the representatives of the State Government that there was no intention to withdraw any item of work already transferred to the State Government but the Central Government was anxious that the work should be completed as early as possible. The representatives

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of the State Government assured that wherever there was any scope for improvement steps would be taken to complete the work as expeditiously as possible. The need for prompt submission of half-yearly reports was also emphasised on the representatives of the State Government. They have submitted progress reports upto the period ending 30th September, 1965. The half-yearly report for the period ending 31st March, 1966, is still awaited. The information collected from the Board of Revenue U.P. in regard to the progress of work done by the State Government is given as under:—

(a) *Recovery of instalments.*

The work relating to the recovery of instalments in respect of 472 acquired evacuee properties and 884 Government built properties was transferred to the State Govt., at 10 per cent on the actual amount collected by the State Government.

Against the total demand of Rs. 8.31 lacs in respect of acquired evacuee properties, the State Government has recovered a sum of Rs. 3.26 lacs upto 31st March, 1966. Similarly against the total demand of Rs. 9.13 lacs in respect of Government built properties the State Government has realised a sum of Rs. 6.18 lacs upto 31-3-1966.

(b) *Recovery of rent of urban properties.*

Against the demand of Rs. 13.35 lacs, the State Government has recovered a sum of Rs. 2.49 lacs (In addition a sum of Rs. 44,395 written off). The State Government has issued instructions to all the Collectors to launch a drive for the recovery of arrears of rent in respect of urban evacuee properties vide their letter No. 10126/2-Cell/28/63 dated 9-6-66.

(c) *Recovery of rent in respect of rural plots groves and rural houses.*

The State Government has to get a commission of 15 per cent on the collection of arrears of rent and other dues of rural properties. The State Government has so far realised a sum of Rs. 3.61 lacs against the total demand of Rs. 85.83 lacs. This also includes a sum of Rs. 45,415 written off.

The slow progress of recovery was brought to the notice of the State Government at a meeting held on 21-3-66. As the demand pertained to a very long period starting from 1947, it was felt that it would be beyond the capacity of the ordinary cultivator to pay it in lump-sum. The State Government was requested to step up the recovery work.

(d) *Disposal of properties.*

49,423 properties comprising 46,995 agr. plots, 766 groves and 1662 rural houses have been transferred to the State Government for disposal at 3 per cent of the sale proceeds realised. Upto 30-9-65, only 554 properties had been disposed of. No progress could be made in this behalf as the procedure to be adopted by the Tehsildars in disposing of the properties had not been finalised. The procedure has since been finalised and sent to the State Government for circulation amongst the Collectors and Tehsildars engaged on this work.

(e) *Verification & correction of demand of rent of rural properties.*

Out of 212 Tehsils, verification work has since been completed in respect of 200 Tehsils and the verification work in respect of remaining 12 Tehsils is yet to be completed by the State Government. Out of 200 Tehsils, Jamabandis in respect of 141 Tehsils have since been sent to the District Officers for effecting recoveries and in respect of remaining 59 Tehsils, the Managing Officers are preparing the Jamabandis.

3. The work relating to the disposal of evacuee share in composite properties was also proposed to be transferred to the State Government and this matter was discussed with the representatives of the State Government at the meetings held on 18-8-64 and 24-2-65 but later on the State Government declined to take over this item of work as it was felt that it would not be possible for the Tehsildars to follow the intricacies of the provisions of the Evacuee Interest (Separation) Act, 1951 and the Rules framed thereunder. On this basis, a statement was made that the State Government was not in a position to take up the work. There is no intention to withdraw any item of work already transferred to the Uttar Pradesh Government on commission basis. The State Government has been requested to take effective steps to speed up the recovery of instalments and arrears of rent and to step up the disposal of properties.

4. The progress of recovery of dues in respect of compensation pool properties by the State Government of U.P. was slow on account of drought and scarcity conditions. The State Government has now issued instructions to all the Collectors in the State to take strict measures for effecting recovery of instalments and arrears of rent. As the demand of rent in respect of rural properties related to a very long period starting from 1947, it was felt that it would be beyond the paying capacity of the ordinary cultivator to pay the amount in lump sum. It was decided in consultation with the State Government that in addition to the current demand, if any, arrears for two years should be recovered each year and in respect of properties which had been sold the entire arrears of rent be recovered before the sale is finalised. The State Government is making efforts to speed up the work and it is hoped that appreciable progress would be made in the coming months. There is no intention to take back the work from the State Government. The progress of work will again be reviewed after a period of three months.

5. As regards reduction in staff and expenditure as a result of transfer of residuary work to the State Government of U.P., the position has already been explained in the note sent to the Lok Sabha Secretariat under Memorandum No. 4/9/66-Bud dated 5-7-1966.

Recommendation

The Committee regret to state that the information is still awaited.

[S. No. 82 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The requisite information desired by the Public Accounts Committee has been compiled and indicated in the attached statement (*Not printed*). The category-wise number of posts sanctioned as in May, 1963 and those in January, 1966 have been shown in columns 4 and 5 thereof respectively. The posts which were in existence during the year 1962-63 (as in January, 1963) have also been indicated in Column 3 of the statement to give a comparative position, since major reduction in the strength was made in January, 1963, in view of the impending transfer of work to the State Governments *w.e.f.*, 1st April, 1963 by reducing from February, 1963 the posts considered surplus. The year-wise reduction effected since May, 1963 is shown in columns 6, 7 and 8 of the statement.

2. There has been a common head of office for both the Settlement and Custodian Wings of the Office of Regional Settlement Commissioner, Uttar Pradesh. Consequent on the abolition of the institution of the Assistant Custodians in the districts, the functions of the Managing Officers also include the supervision of the work on the Custodian side. The reduction in strength has, therefore, been worked out on a combined strength of both the units.

3. Another statement (*Not printed*) shows the percentage of reduction in the expenditure as a result of the transfer of residual work to the Uttar Pradesh State Government. Since there was increase in expenditure on allowances due to various reasons, such as enhancement in the rate of D.A. from time to time during these years, upgrading of certain cities from 1st January, 1964 resulting in the payment of house rent allowance at higher rates and additional expenditure on account of the introduction of the scheme of the reimbursement of tuition fees and children education allowance, the percentage of reduction in expenditure shown in Annexure 'B' in respect of Settlement Wing has been worked out on the basis of pay of staff (Gazetted and Non-Gazetted) only.

4. It will thus be apparent that there has been saving in expenditure on pay of Establishment as a result of the reduction in staff in pursuance of the orders issued for the transfer of work to the U.P. State Government, *w.e.f.*, 1st April, 1963.

[dated 29-6-1966.]

MINISTRY OF HOME AFFAIRS

Recommendation

From the evidence, the Committee observe that due to lack of coordination between the Ministries of Rehabilitation, Food and Agriculture, Law and Planning Commission, the difficulties of the Ministry of Rehabilitation could not be taken into account while formulating Central Government's comments on the proposed State Legislation before its enactment.

[S. No. 85 of Appendix I to 54th Report, 1965-66]

The Committee also suggest that the Ministry of Home Affairs should issue instructions, which should be clear and comprehensive for the guidance of various Ministries as regards the correct procedure to be followed in such matters.

[S. No. 87 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

Necessary instructions in respect of the above recommendations of the Public Accounts Committee have been issued in this Ministry O.M. No. 17/12/66-Judl. 1, dated the 27th June, 1966 (Annexure).

Recommendation

The Committee feel that the Ministry of Rehabilitation should have pointed out to the sponsoring Ministry, viz., the Ministry of Food and Agriculture the desirability of excluding the evacuee's lands from the proposed legislation to be enacted by Rajasthan Government. The Ministry of Food and Agriculture was also not vigilant enough as otherwise, they themselves should have consulted the Ministry of Rehabilitation or even suggested exclusion of evacuee lands from the proposed legislation as had been done in the case of other States.

[S. No. 86 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

The directions of the Public Accounts Committee have been noted for future guidance.

Recommendation

The Committee observe that the Crankshaft Grinder 60" was purchased on the basis of the urgency which did not exist. Tenders

were invited in July, 1959, and supply order was issued only in May, 1960. The machine received in October, 1960 was installed in August, 1962 after the expiry of the guarantee period of one year. The delay in the installation has been attributed to non-receipt of inspection manual and to non-availability of power required to commission the machine. In view of this the Committee feel that there was no urgency in purchasing this expensive machine if the Project authorities were not equipped with the necessary facilities to operate it. The Committee, therefore, feel that an extra expenditure of Rs. 12,000 could have been avoided as there was no urgency in this case.

[S. No. 90 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The Committee's observations have been noted for guidance.

[Dated 20th July, 1966]

Recommendation

The Committee are constrained to note the delay in placing the Audit Reports on Employees' State Insurance Corporation on the Table of the House in time. This delay in presenting the report tantamounts to deprivation of the right of the Parliament to receive the accounts in time. The Committee take a serious view of this delay and hope that in future the Audit Reports will be presented to Parliament soon after they are submitted by Audit, so that, they are available to the members of Parliament and the Public Accounts Committee for examination without delay.

[S. No. 102 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

Recommendation of the Public Accounts Committee has been noted. With a view to avoiding delay in the transmission of the Audited accounts of the Corporation to the Parliament, steps will be taken in future to convene a meeting of the Standing Committee Corporation soon after the audit report is received.

Recommendation

The Committee would like to be informed of the progress made in the decentralisation of further items of work to local offices.

[S. No. 103 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

Work under Regulation 103-A of the Employees' State Insurance (General) Regulations, 1950 (i.e., determining the title of Insured

Persons to medical care and debarring those who are not eligible to Medical Benefit) has been decentralised to Local Offices of Sholapur and Poona in Maharashtra Region for a period of one year on experimental basis. The general question of decentralisation of work under Regulation 103-A in all the regions is under detailed examination by the Headquarters' Office of the Employees' State Insurance Corporation.

Recommendation

The Committee desired that break-up of arrears of Rs. 11 lakhs which represented the employees' contribution, and the replies received from the employers when this demand was made, might be furnished to the Committee. The Committee regret to note that the information is still awaited.

[S. No. 104 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

The information required by the Public Accounts Committee regarding the break-up of arrears of Employees' Contribution amounting to Rs. 11.33 lakhs and the replies received from the employers when the demand was made had to be obtained from the various Regional Offices. Regional Offices in turn had to consult each and every employers' file for the past several years before furnishing the above information. This accounts for the delay in submission of the required information to the Committee, which is regretted.

The information has since been sent vide Memo. No. 4/36/65-HI, dated 14th July, 1966 by the Ministry of Labour, Employment and Rehabilitation to the Lok Sabha Secretariat. (Not printed.)

Recommendation

The Committee regret to note that large amounts representing the employers' and employees' contributions to the Corporation, still remain to be recovered from the employers and that these outstandings are showing a progressive increase. This clearly shows that the Corporation had not taken effective steps to recover these arrears. The Committee would therefore like the Corporation to take special measures to realise these arrears and also to ensure that such arrears do not accumulate in future.

[S. No. 105 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

The accumulation of the arrears is not so much due to the lack of action on the part of the Corporation as due to the slow process

of the recovery under Section 73D of the Employees' State Insurance Act, 1948. The existing procedure regarding the recovery of Employers' Special Contribution and the Employees' Contribution is substantially stringent to ensure timely action. The procedure lays down a drill for sending of regular reminders to the defaulters and for taking immediately legal action in case of non-compliance under Sections 73D and 75 of the Employees' State Insurance Act. The Regional Directors have instructions to initiate and take legal action against defaulters as soon as the amount becomes due and to ensure that no amount of the Corporation is allowed to become barred by limitation. Apart from the civil action taken to recover the arrears, prosecutions are also freely launched under Section 85 of the Employees' State Insurance Act, against the persistent defaulters. At places where the process of realisation of arrears through the Collectors has been rather slow, the matter has been brought to the notice of the State Government/Collectors concerned.

Keeping in view the observations of the Public Accounts Committee, the Regional Directors have once again been advised to re-invigorate the process of recovery. In bigger Regions, the Regional Directors have also been advised to set up a special Recovery Cell charged with the duty of taking expeditious action in respect of dues outstanding for long time.

FURTHER INFORMATION

The entire arrears of employers' special contribution amounting to Rs. 8.17 lakhs have been recovered from the Rajasthan State Electricity Board.

Recommendation

The Committee also take a serious view of the practice on the part of the employers in collecting the employees' contribution but not crediting it to the Corporation immediately. Even though such cases are stated to be few in number, the Committee feel that firm and deterrent action is called for as this results in the Employers deriving irregular and unintended benefits from the contribution of the Employees and depriving the Corporation of the use of funds which are legitimately theirs.

[S. No. 107 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

The employers are required to pay the Contributions within the time limits specified. In cases where payment is not made in time legal action to recover the arrears of Employees' Contribution is taken under Section 75 of the Employees' State Insurance Act.

Prosecutions under Section 85 of the Employees' State Insurance Act are also freely launched in case of persistent defaulters. Interest is also claimed on delayed payment of Employees' Contribution. Since the award of interest is only at the discretion of the Employees Insurance Court, the Corporation had suggested an amendment of the Act for taking powers to levy interest, and there is a provision in the Employees' State Insurance (Amendment) Bill, 1965 now pending in the Parliament to this effect on contributions due, but not paid.

Recommendation

The Committee are not satisfied with the action taken by the Corporation in adjusting the outstanding accounts pending for the last seven to eight years. The Committee would like to suggest that in cases of advance payment to State Governments, the Corporation should fix the targets for the completion of construction work as well as for the finalisation of accounts etc. and it should be adhered to as far as possible.

[S. No. 108 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

Noted. Since the State Governments are executing the projects, they have been apprised of the recommendations and conclusions and requested to fix target dates, both for completion of work and finalisation of accounts.

Recommendation

In view of the magnitude of the construction work (Rs. 30 crores) sanctioned by the Corporation, the Committee feel that greater supervision and control over the construction work is called for on the part of the Corporation. They desire this matter to be examined carefully and suitable measures taken.

[S. No. 109 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

Recommendations of Public Accounts Committee have been noted. As desired by the Committee, the matter will be examined further carefully.

●

FURTHER INFORMATION

The matter has been further examined by the Employees' State Insurance Corporation. It was considered by the Standing Committee of the Corporation at its meeting held in December, 1966, when it was felt that it would be extremely difficult to arrange for greater supervision and control over the construction of hospitals/

dispensaries, etc. by the Corporation without making in roads into the responsibility at present placed on the State Governments and other constructing authorities. It was further felt that the Corporation's interests would appear to be adequately safeguarded since the actual construction is undertaken by the State Governments through Public Works Departments as deposit works. However, at a subsequent meeting held in April 1967, the Standing Committee has approved of a proposal to set up an engineering cell in the Headquarters' office of the Corporation so as to facilitate the technical examination of the proposals/estimates etc. relating to construction received from State Governments and other construction agencies. The proposal is being processed further.

Recommendation

As regards repayment of principal, the witness promised to verify whether the repayment of principal was to begin after the last instalment was drawn. The information is still awaited.

[S. No. 110 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

An attested copy of the sanction letter issued in connection with the grant of loan is enclosed alongwith an extract of G.F.R. 241 (Not printed) which states that the 1st half yearly repayment shall not be demanded until six months after the last instalment is taken. The State Government has also been informed recently that in case they do not draw the balance of the loan immediately the Corporation shall have no alternative but to treat the same as closed.

Recommendation

The Committee do not approve of the practice of the Corporation granting big loans outright. The Committee feel that in such cases the Corporation should study the building programme for which the loan is asked for and issue the loan in instalments—depending on the progress of the building work. Such phasing of the loans would not only prevent the amount being locked up, but also ensure its proper utilisation.

[S. No. 111 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

Noted. Loan has so far been granted only to the Government of Maharashtra and that too in instalments as and when the State Government's demand therefor is received. The State Government have been requested by the Corporation to indicate (i) the expenditure incurred and (ii) the progress in respect of project being financed out of the loan.

.. Recommendation

From the note submitted at the instance of the Committee it is clear that there was undue delay at every stage in this case which resulted in locking up of the amount of Rs. 1 lakh sanctioned for the construction of a hospital. What is more surprising is that all correspondence in adjusting this amount against the dues to be paid to Delhi Administration, remain unattended to. The Committee would like that this matter be taken up at a higher level and finalised without further delay.

[S. No. 114 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

Noted. The matter has been taken up at the highest level by issue of D.O. letter from the Director General, Employees' State Insurance Corporation to the Chief Commissioner, Delhi.

[Dated 31-10-66]

Recommendation

The Committee are not convinced with the explanation that limited tender was issued because of the urgency of the demand. They feel that the present Indent was placed on 3rd December, 1962 after the issue of the 28th October, 1962 letter so that the Defence Ministry placed this Indent with the full knowledge of their requirements and this was not to be governed by their general letter of October, 1962 i.e. before the Chinese aggression. Even if the Department wanted to be doubly sure a letter course would have been to refer it back to the Defence Ministry and ask them whether they wanted it to be treated as an operational Indent or whether the Directorate General of Supplies and Disposals was to take the dates given in the Indent as operative.

In view of the facts placed before the Committee and the fact that the Defence Ministry did not raise the question of delay in supplies, the Committee are of the opinion that there was no urgency involved in this case.

[S. Nos. 115 & 116 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

The observations made by the Committee have been noted.

[No. 43 (II)/64-81, dt. 7-4-1967]

Recommendation

The Committee note that disciplinary action has been taken against the defaulting officer.

[S. No. 119 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

No reply to this observation of the P.A.C. appears to be called for.

[D.O. No. 26/21/67 PI dt. 31-7-1967]

Recommendation

The Committee would like the constitutional point raised by Comptroller & Auditor General to be examined thoroughly and the decision taken in the matter communicated to the Committee at an early date.

[S. No. 121 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

The accounting procedure in such cases is that payments to the contractors are made from the moneys lying in the public account of the Government of India. After the payments are made demand notices in respect of such payments plus departmental charges are sent through Weekly Accounts to the parties who are required to reimburse such sums to the Pay & Accounts Officer concerned within 7 days of receipt of the said demand notices. The payments made on behalf of the Corporations etc. are booked in the Pay & Accounts Offices under the Head:

Part III—Public Account

D. Deposits and Advances.

Part IV—Suspense

A. Suspense Account

(b) P.A.O. Suspense.

and remain under this Head till they are reimbursed by the undertakings concerned.

2. The Ministry of Law who were consulted in the matter have advised on 25-8-66 as under:—

"Since the payment is said to be made from the Public Account as opposed to the Consolidated Fund of India no appropriation by Parliament would appear to be necessary. The difference between the Consolidated Fund and the public account lies in that for the appropriation of any money out of the Consolidated Fund, there is the constitutional limitation as to authority and procedure, as in clause (3) of Articles 226, 114 and 204. But no such specific Legislative Authority is required for drawing moneys from the public account. Since it does not form part of the Consolidated Fund disbursements from the public account do not require the vote of Parliament [Articles 112(2), 113]. The reason, broadly, is that none of the money lying in the public account belongs to Government. They have to be paid back at some time or the other to the public as in the case of State Provident Funds, Postal Savings Bank, Postal Cash Certificates, Life Insurance Funds, etc. can be utilised by Government in an agreed manner.

In view of the above, the absence of a vote of Parliament would not amount to a violation of the Constitution.

The fact, however, remains that large sums are advanced on behalf of the non-governmental parties out of the Public Account. The Public Accounts Committee has only stated that in view of the magnitude of the amounts involved especially the loss of interest, the Government should consider the question of reverting to the old deposits system and also streamline the procedure for recovering the advances.

No constitutional illegality appear to exist in the government advancing money on behalf of the non-governmental parties from the Public Account. Such advances amount to loans made to the Corporations from the Public Account and are recoverable. The only point is that recovery is not made within the stipulated time. This does not amount to any violation of the Constitution if the making of the advance in the first instance is itself not illegal."

Recommendation

From the statement, the Committee find that the amount outstanding at the close of each month on an average during 1963-64 was Rs. 5,64,54,556 and loss of interest for one month on an average was

Rs. 1,76,420. Loss of interest for the year 1963-64 was Rs. 21,17,040 or Rs. 16,23,064.00 after taking into account the period of seven days allowed to the Parties for effecting payment.

[S. No. 122 of Appendix I to 54th Report, 1965-66]

The Committee are perturbed to note the magnitude of the amounts involved, especially the loss of interest which amounted to more than Rs. 21 lakhs during 1963-64 alone. (This amount has been calculated the nominal rate of interest of 3.75 per cent only. If the amount is calculated at the market rate of interest, it would be much higher). The Committee feel that it is high time that Government reconsidered the whole matter and reverted to the old system of obtaining a deposit from local authorities, in advance, so that Government may not continue to lose huge sums of money annually. Simultaneously the procedure of making recoveries from these non-Government parties should be so streamlined as to ensure payment within a period of seven days of the receipt of demand and charging penal interest in cases of default.

[S. No. 123 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

With regard to the liquidation of existing outstanding amounts and ensuring prompt payments in future, a number of measures have been taken from time to time. For example, it was decided in November, 1964 that if payments remain outstanding for a month, the Pay & Accounts Officer would bring such cases to the notice of the Chief Pay & Accounts Officer, who will write to the Chief Accounts Officer/Financial Adviser of the defaulting party. In case there is no response from the party concerned, within a period of 60 days the Chief Pay & Accounts Officer will bring such cases to the notice of DGS&D/Department of Supply, who will, in turn, write to the concerned Administrative Ministries/State Governments.

General Instructions have been issued in August, 1965 to all concerned that unpaid amounts should be paid immediately failing which interest @ 12 per cent per annum would be charged from the day the amounts fell due for payment. It has also been impressed upon all concerned that a claim raised against them, in future, should be paid within the specified period of 7 days of receipt of the demand notice from the Pay & Accounts Officer concerned and to settle discrepancies, if any, at a later date.

It has also been made clear that in case of consistent defaults, post deposit facility would be withdrawn without any further notice.

Encouraging replies have been received from several Ministries/States that large sums have been paid by them in respect of the outstanding amounts.

It has been decided on 9th November, 1966 to withdraw the post-deposit facilities from ten parties from whom a sum of more than Rs. 5 lakhs each was due against claims preferred upto 31st March, 1966. It has further been decided on 21st January, 1967 to withdraw the post-deposit facilities from eight parties from whom a sum of more than Rs. 1 lakh each is due for a long time. The decision to withdraw the facilities from the parties from whom a sum of more than Rs. 5 lakhs each is outstanding has already been given effect to by issue of suitable instructions by the DGS&D on 26th November, 1966 (copy enclosed) (*Not printed*). Similar instructions to withdraw facilities from parties from whom more than Rs. 1 lakh is due will be issued shortly.

As regards extending of post deposit facilities to the new Corporations, etc. recent requests received from them through Ministries/State Governments or directly from Companies, etc. are not being acceded to. They have been asked to avail themselves of pre-deposit facility if they so desire.

[No. 43 (9)/64-PI]

[Reference S. No. 122 & 123]

AUDIT OBSERVATION

It has been stated that payments of the cost of stores to the suppliers are, pending recovery from the public undertakings, classified under a suspense head in Part III of Government accounts, and that, therefore, there is no appropriation from the Consolidated Fund of India which may require a vote of Parliament. This statement, however, does not alter the position that payment for the cost of stores on behalf of the public undertakings and their retention in Government accounts for considerable periods without corresponding recovery from the public undertakings, amount to extending authorised financial accommodation to these bodies, otherwise than as regular advances from funds voted by Parliament.

2. Among the measures stated to have been taken to improve the position are the decisions that:—

- (i) If payment remained outstanding for a month the Pay & Accounts Officer will bring such cases to the notice of

Chief Pay & Accounts Officer who will write to Chief Accounts Officer/Financial Adviser of the defaulting party;

(ii) in case there is no response from the party concerned within a period of 60 days the Chief Pay & Accounts Officer will bring such cases to the notice of the Director General of Supplies and Disposals/Department of Supply who will, in turn, write to the concerned Administrative Ministries/State Governments.

(iii) in case of persistent defaults, post-deposit facilities would be withdrawn without any further notice.

The decisions mentioned above were taken in meeting held in the Ministry in November, 1964 nearly two years ago. The number of defaulters who have not yet cleared their earlier dues, however, still continues to be large, but the post-deposit facilities have not yet (November, 1966) been withdrawn even in a single case.

Sd. - M. P. SINGH JAIN.

Accountant General.

Recommendation

The Committee are of the opinion that since the Department has a technical Branch with fully qualified technical officer, they should have known that there is difference between electrolytic copper and fire-refined copper and the possibility of price differential should have attracted the notice of the technical organisation in the DGS & D. Had this price differential been taken note of in time, extra expenditure of Rs. 59,400 could have been avoided. The Committee hope that such cases will not recur.

[S. No. 126 of Appendix I to the 54th Report, 1965-66].

ACTION TAKEN

The observation made by the P.A.C. has been brought to the notice of all the Officers concerned in the DGS&D for guidance on 23rd June, 1966.

[No. 43 (13) /64-PI. dt. 25-1-67]

(MINISTRY OF TRANSPORT & SHIPPING)

Recommendation

The Committee desired that a note might be furnished giving all facts from the beginning as to how the loan was given to the society; why agreement was not executed, why the society went into liquidation; what were the assets of the society; what were the chances for

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recovering the money and what action, if any, was taken against the officers. The Committee also desired that a copy of the bye-laws of the society might be furnished. The information is still awaited.

In this case the Committee are perturbed to find that a number of irregularities had been committed which are summarised as follows:—

1. Loans had been advanced to the society without entering into any agreement.
2. Most of the members of the society had not deposited their share money which was Rs. 1,000 per head.
3. The members of the society had been taking advances without any genuine purpose.
4. The trucks were being plied in places like Gorakhpur and Kanpur without the income being regularly credited to the accounts of the society.
5. The members of the society incurred haphazard expenditure on miscellaneous repairs to vehicles at various places and submitted chits which could not be verified.
6. Obligation to repay loan in instalments had not been fulfilled.

The Committee regret that Government failed to watch the working of the society and ultimately the Society went into liquidation. The Committee consider it a serious lapse on the part of the authorities to have advanced a loan to this society without entering into an agreement with them.

[S. Nos. 131, 132 & 133 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

A note explaining the position is at Appendix VII.

Recommendation

The Committee desire that thorough investigation should be made in this case and the possibility of launching prosecution against the members of the society should be examined. They should be informed of the action taken in due course.

It is most regrettable that a society formed of the educated unemployed should give such a poor account of itself. The Committee are sorry to observe that this example would discourage Govt.

from launching any such project for helping the educated unemployed persons.

[S. No. 134 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The Auditor of the Co-operative Department, Delhi, recently examined the accounts of the Society and six cases of embazzlement were detected by him. These cases have been referred to the Dy. Inspector General of Police, Delhi for investigation. Departmental action against the senior scale stenographer of the Delhi Administration, who worked as Manager of the Society, has already been taken, as indicated in para 14 of the annexed note. With regard to recovery of loan/interest outstanding, all the liable members of the Society have been called upon by the Liquidator, under Section 59 (b) of the Bombay Co-operative Societies Act, as extended to Delhi to discharge their liability by contributing towards the losses of the Society. It has, however, been possible to locate only 8 persons so far. The Liquidator has requested the Collector to recover the amounts from these persons as arrears of land revenue. In regard to other members, the Asstt. Registrar (Industrial) has been requested by the Liquidator of the Society to ascertain their whereabouts. Necessary action will be taken as soon as these persons are traced.

MINISTRY OF WORKS, HOUSING & SUPPLY

Recommendation

The Committee would watch the effect of the revised procedure consequent on the revision of the C.C.S. Rules through subsequent Audit Reports. They may be informed of the position regarding appointment of a whole time officer for conducting departmental inquiries against non-gazetted officers, which was stated to be under consideration of the Ministry.

[S. No. 158 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

A temporary post of Superintending Engineer (Inquiries) was sanctioned by the Chief Engineer, Central Public Works Department, on the 4th June, 1966. The post has been created for the

period ending the 28th February 1967 in the first instance. A suitable officer is being posted to take charge of the post.

[Dated 24th August, 1966]

Recommendation

In the opinion of the Committee, this case reveals lack of proper planning which resulted in the costly machines and equipment remaining idle for periods ranging from 1 to 12 years. Had the matter been pursued promptly the delays in obtaining administrative approval for the setting of the Press, acquisition of land and construction of buildings could have been minimised. The Committee are surprised that the plan for the construction of a building for a Rotary (form) Wing was not included in the original scheme and approval for the same was obtained 2 years later although its setting up was also approved in 1949. The Committee trust that the Ministry will ensure better planning and proper co-ordination in the setting up of such projects in future.

[S. No. 170 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The recommendation made by the Public Accounts Committee has been noted for future guidance.

[Dated 24th May, 1967]

APPENDIX V

Recommendations/observations which the Committee do not desire to pursue in view of the Government's reply

41st REPORT

MINISTRY OF EDUCATION

Recommendation

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

[S. No. 65 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

This Ministry agrees with the Public Accounts Committee that the funds for this Scheme should be in one place i.e. with the Ministry of Education, because this is an educational Scheme. This Ministry has already taken up the matter with the Department of Social Security.

Recommendation

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

[S. No. 68 of Appendix LIII to 41st Report, 1965-66].

They are however glad that actually 1498 scholarships were awarded during 1964-65 (resulting in an expenditure of Rs. 9,52,000). The committee, however, find from the Ministry's statement that for the year 1965-66 again a provision for only 1000 scholarships has been made, but it has been stated that effort would be made to give as many more scholarships as possible. It is not clear why a provision for at least 1500 scholarships could not be made on the analogy of the equivalent number of scholarships having been awarded in the previous year. The Committee hope that the number

of scholarships under this scheme will be suitably increased as necessary to give encouragement to higher studies in Hindi for persons from non-Hindi speaking areas.

[S. No. 69 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

In view of the national emergency it has not been possible to award more than 1000 scholarships under this Scheme during 1965-66.

Recommendation

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

[S. No. 70 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The suggestion of the Public Accounts Committee regarding the award of 50 scholarships has been noted. It is however pointed out that the number of scholarships for the year 1965-66 has been reduced from 50 to 25 because of National Emergency. This scheme is meant for talented performing artists who may not have high academic qualifications but are excellent in performance in their respective fields. Imposition of restriction regarding academic qualifications will not help to promote and retain the cultural heritage of India as envisaged in the Scheme. It is therefore not considered desirable to prescribe minimum educational qualifications.

Recommendation

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

[S. No. 71 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

Under the Scheme there is a provision of 10 per cent reservation for the backward classes (7½% for Scheduled Castes and 2½% for

Scheduled Tribes). This is a Merit Scholarship Scheme and merit is the sole criterion for selection. Amongst the candidates who reach the qualifying standard, all scheduled Castes/Scheduled Tribes candidates upto 10 per cent of available awards are picked out and selected for awards. It is not educationally sound to select those who do not attain qualifying standard as they will not be able to cope with students in the public schools and will fail in the examinations leading to the cancellation of scholarships.

Recommendation

The Committee feel concerned to note that the percentage of the copies of 'Indo-Asian Culture' and 'Cultural News from India' sold during the years 1961-62, 1962-63 and 1963-64 was negligible, while the copies distributed free, ranged from 66 per cent to 92 per cent and those in stock from 5 per cent to 34 per cent. They hope that the setting up of a Sales Unit by the Council will help in boosting sales and avoiding accumulation of copies in stock.

[S. No. 125 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The Indian Council for Cultural Relations have pointed out that the "Cultural News" became a free distribution journal from the year 1963-64. The question of its sale during and after that year, therefore, did not arise. The position about the stock of copies of the "Cultural News" is as under—

Total number of copies printed from January, 1965 to November, 1965:—

Issue—6017.

Copies in stock—98.

The figures for 'Indo-Asian Culture' show that the subscription list has overtaken the free distribution list and it now stands 46 per cent. Due to the various steps taken by the Council, the demand for the journals has increased and the accumulated stock now ranges between 5 to 10 per cent. A statement (Annexure I) indicating the position of the number of copies of the journals ('Indo-Asian Culture' and 'Cultural News' lying in stock as on 31-3-67 out of these in stock as indicated in Audit Report/Public Accounts Committee Report) and also indicating the position of the copies in stock as on 31-3-67 out of those printed in 1964-65 and 1965-66 is enclosed. It is hoped that when the proposed Sales Unit is set up, the position will further improve. The Sales Unit could not be set up due to lack of funds during 1965-66. The Ministry of Finance also did not agree to provide funds during the financial years 1966-67 and 1967-68.

Recommendation.

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

[S. No. 126 of the Appendix LIII to 41st Report, 1963-66].

ACTION TAKEN

The Indian Council for Cultural Relations has stated that action will be taken on the suggested lines to achieve the desired results.

A statement (Annexure II) showing the latest position as on 31-12-66 regarding the number of copies in stock; of the books mentioned in the Audit Report, is enclosed. As regards the setting up of a Sales Unit in the Indian Council for Cultural Relations, it may be stated that as no separate provision was made in this Ministry's budget for this item no funds could be made available during 1965-66. For the years 1966-67 and 1967-68, Ministry of Finance was approached for funds for this item along with some other proposals, but no provision was agreed to.

Recommendation

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

[S. No. 127 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The Governing Body of the Council considered this recommendation at its meeting held on the 7th March, 1967. As regards the Summer Camps, it was felt that the Camps served a useful purpose. They should continue and their number should be increased whenever possible. It was decided that in the present circumstances any increase in the Camp fee chargeable from the students, was not justified. The amount of camp fee should not exceed Rs. 200 per head, balance to be met by the Council by way of subsidy.

As regards the Council's Hostels, the Governing Body decided that the present rate of subsidy should continue. The standard of

amenities should be improved at these Hostels even if it entailed higher subsidies.

Recommendation

The Committee noted that the block grants for the Central Universities for the years 1961-62 to 1963-64 are now being fixed retrospectively on the basis of not approved deficit. They feel that it would be more appropriate for the Commission to fix the grants in advance, after the careful scrutiny of the budget proposals, instead of making 'on account' payments and then fixing the grants ex-post-facto.

[S. No. 148 of Appendix LIII to 41st Report, 1965-66].

The Committee feel concerned that block accounts for 1963-64 for Aligarh, Banaras and Delhi Universities have not yet been settled because the required information is still awaited from the Universities. The Committee feel that if the delay in getting the requisite data had been avoided the necessity of making on account payment to the tune of Rs. 6.12 crores for the years 1961-62, 1962-63 and 1963-64 to four Central Universities would not have arisen. In this connection the Committee would like to invite the attention of the University Grants Commission to the provision in section 12 which empowers it to get such information as may be needed relating to the financial position of any University. On this subject, the Committee are in entire agreement with the observation of the Sardars Committee appointed by the University Grants Commission viz. "There is no inherent conflict between the principle of accountability and the idea of autonomy". (There recommendation No. 114) keeping in view these observations, the Committee desire that the University Grants Commission should impress upon the universities the need to supply the required information promptly in future.

[S. No. 149 of Appendix LIII to 41st Report 1965-66].

ACTION TAKEN

The question of fixing block grants for the quinquennium 1961—66 was undertaken by a Reviewing Committee. Because of certain uncertainties and delay in the finalisation of various schemes which were to be taken into account in determining the Block Grants, the report of the Reviewing Committee could not be finalised in time. The Reviewing Committee had recommended that posts which were sanctioned during the Second Plan period and were effectively filled up on 31st March, 1961 should be treated as committed expenditure thereafter. The revision of scales of pay of both

academic and non-academic staff, higher rates of allowances, conversion of 20 per cent posts of lecturers to those of Readers, etc., also contributed to the delay in fixing the Block Grants for 1961-66. In these circumstances, it was finally decided that for the years 1961-64, grants for the Central Universities should be determined on the basis of the actual approved deficit of the Universities and that in respect of the years 1964-65 and 1965-66 Block Grants were to be fixed after examining the Budget Estimates of the Universities concerned each year. On this account, grants to the Central Universities could not be fixed in advance and *ad-hoc* 'on account' grants had to be paid for the years 1961-62 to 1963-64. A committee has since been appointed to work out and finalise the amounts to be paid to the Central Universities for these three years. The Committee consists of representatives of the Ministry of Education, Ministry of Finance and the University Grants Commission. The grants due to the Visva-Bharati University and Banaras Hindu University for the years 1961-62 to 1963-64 have already been finalised.

The grants due to the Aligarh Muslim University and the Delhi University for the years 1961-62 to 1963-64 have since been worked out and intimated to the Universities for confirmation of the figures. These will be finalised before 31st August, 1967.

The Universities have since been advised to complete their accounts as soon as possible after the close of the financial year. It is now proposed to prescribe a date by which the accounts of the Universities must be ready and the Universities are being consulted in the matter.

Recommendation

The Committee do not find any justification in the argument of the Department that the grants for the year 1963-64 to Aligarh Muslim University were much in excess of those during the year 1962-63 because the adjustment in the earlier years viz., 1961-62 and 1962-63 got reflected in the grants for the year 1963-64. They find that whereas a grant of Rs. 71.65 lakhs was given in the year 1963-64 to this University, a grant of Rs. 73.00 lakhs was given in the year 1964-65 and a grant of Rs. 76.00 lakhs is being given for the year 1965-66. The reasons for enhancement from 52.00 lakhs in 1962-63 to Rs. 71.65 lakhs in 1963-64 and Rs. 76.00 lakhs in 1965-66 have not been fully explained. The Committee would like to be informed of the main reasons which led to the sudden increase of grants from the year 1963-64 onwards.

[S. No. 150 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

Grants paid to the Central Universities including the Aligarh Muslim University for the years 1961-62 to 1963-64 were on an *ad hoc* 'on account' basis. For 1961-62, an amount of Rs. 52 lakhs was paid to the Aligarh Muslim University. A similar amount was paid for the year 1962-63 as well. The University did not ask for any increase in the 'on account' maintenance grant, presumably in view of the fact that they had an opening balance at the beginning of the year. On a tentative basis it has now been worked out that the University had with them on 1st April, 1962 an opening balance of Rs. 19 lakhs. This amount along with the 'on account' grant of Rs. 52 lakhs paid in 1962-63 gave the University an amount of Rs. 71 lakhs for expenditure in 1962-63. In the year 1963-64, while *ad hoc* 'on account' instalments of grants were being released to the Aligarh Muslim University, the University represented against the inadequacy of the funds being released to them. Therefore, further amounts had to be released keeping in view the actual expenditure incurred by the University till the end of January, 1964, and anticipated expenditure during the rest of the financial year. Thus a total amount of Rs. 71.65 lakhs was released to the University for the year 1963-64.

Against an 'on account' grant of Rs. 71.65 lakhs paid for the year 1963-64, the Block Grant fixed for the year 1964-65 was Rs. 73 lakhs. As such, there has not been considerable increase in the amount, the extra amount being only to take care of the normal increase. For the year 1965-66, the Block Grant originally fixed was Rs. 76 lakhs which included the expenditure on normal increases. Subsequently, an amount of Rs. 7.80 lakhs was paid to meet the expenditure on additional dearness allowance/House Rent Allowances which was sanctioned to the Central Universities. A further amount of Rs. 1.75 lakhs was also sanctioned to the Aligarh Muslim University to meet the urgent requirements on minor items. Thus the final Block Grant fixed for the University for the year 1965-66 was Rs. 85.55 lakhs.

Recommendation

The Committee note that for fixation of the grants to the Central Universities from the year 1964-65 onwards, the University Grants Commission has made a departure from the formula suggested by the Reviewing Committee, which was initially accepted by the Commission, and has decided, instead to proceed on an annual basis by examining their annual budget estimates. They would like to be informed whether in actual practice, this has proved conducive to economy.

[S. No. 151 of Appendix LIII to 41st Report, 1965-66]

The Committee would emphasise that the annual Block Grant for the Universities should be fixed after getting full information from the Universities and after a thorough scrutiny of the demands made by the Universities. They would also like to know the steps, if any, taken by the University Grants Commission to ensure that the figures of annual grants fixed for Central Universities are reasonable and not inflated.

[S. No. 152 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

It is felt that fixation of grants on an annual basis after scrutiny of the Budget Estimate of the Universities is conducive to economy in expenditure. It may also be added that annual Block Grants are fixed by a Committee consisting of the Chairman of the University Grants Commission, Finance Secretary and Education Secretary. It is very difficult to say what the expenditure would have been had not the annual budget of the Universities being examined and Block Grants fixed on that basis. As such, it is not possible to estimate the actual economy effected. In any case, the Universities would have restricted the expenditure after taking into account the Block Grant that would have been payable for the period.

It may also be observed that it is always possible to estimate the requirements of the universities most realistically a year in advance.

The Budget Estimates of the Central Universities are considered by the Finance Committee of the Universities before they are submitted to the Executive Council and subsequently transmitted to the University Grants Commission. Amongst the members of the Finance Committee are two Nominees of the Visitor who are generally officers of the Ministry of Finance and Ministry of Education. These officers scrutinise the budget proposals of the Universities before they go before the Executive Council. Sometimes an officer of the University Grants Commission is invited to the meeting when budget proposals are considered by the Finance Committee. The universities have also now to make a reference to the Commission in respect of the following matters which act as a control over expenditure:

- (a) Creation of posts, the maximum of whose scale is beyond Rs. 500.
- (b) Grant of more than five increments over the initial salary at the time of appointment to different posts;

- (c) Revision of scale of pay of any post and the basis of fixation of pay in the revised grade; and
- (d) Payment of allowances to staff other than those approved by the Commission.

The Budget Estimates of the Central Universities are examined by a Committee consisting of the Chairman, University Grants Commission, Finance Secretary and Education Secretary and thus it is seen that only reasonable grants are released to the universities.

Recommendation

From the note furnished at the instance of the Committee, it is observed that the disparity on the per capita recurring expenditure for the year 1960-61 in the various Universities of the country was very wide. Whereas it is Rs. 340 in the case of Burdwan University, it is Rs. 5029 in the case of Visva-Bharati. As between the Central Universities also the disparity is wide. It is Rs. 1323 in the case of Aligarh Muslim University and Rs. 2034 in the case of Banaras Hindu University and Rs. 1124 in the case of Delhi University and Rs. 5029 in the case of Visva-Bharati University. While the Committee note that the per capita expenditure in Universities depends to a certain extent on the total enrolment, the state of its development and whether a University in residential type or affiliating type, they do feel that the disparity in the per capita expenditure is very wide. They would like the Ministry to examine the reason for these wide disparities with a view to minimise them as far as possible.

[S. No. 153 of App. LIII to 41st Report, 1965-66].

ACTION TAKEN

The average annual cost per pupil in a University depends upon various factors such as:—

- (i) Total enrolment in the University;
- (ii) No. of teaching staff in the University (staff-student ratio);
- (iii) Salary scales of teachers;
- (iv) Development Programmes of Universities and their colleges;
- (v) Distribution of enrolment in various faculties;
- (vi) Enrolment in Postgraduate and Research Courses;
- (vii) No. of subjects and variation of courses allowed in a University;
- (viii) The amount of grant received by a university or college from the State Government for its maintenance and other expenditure.

For that matter the Commission's grants for the State Universities are meant for development purposes only under Section 12 of the U.G.C. Act.

The information was collected for the year 1960-61 about total recurring expenditure in the Indian Universities. On the basis of these statements, cost per pupil was worked out for each university. For the following 9 Universities, the cost per pupil is more than Rs. 1,000/- per annum:

University	Cost per pupil in Rupees (1960-61)
1 Aligarh	1323.61
2 Annamalai	1114.52
3 Banaras	2034.55
4 Jadavpur	1394.09
5 Delhi	1123.99
6 Kurukshetra	2346.61
7 Roorkee	3482.37
8 U.P. Agricultural	1448.50
9 Visva-Bharati	5029.48

Following nine Universities having low cost per pupil are taken for comparison:

University	Cost per pupil in Rupees (1960-61)
1 Agra	520.44
2 Bhagalpur	329.22
3 Bihar	387.93
4 Burdwan	340.04
5 Calcutta	443.81
6 Gauhati	478.86
7 Gorakhpur	443.03
8 Gujarat	521.92
9 Jammu & Kashmir	377.36

A statement giving information on some of the factors referred to in para (1) for these Universities is attached. (Annexure I). From the statement it can be seen that the Universities in which the cost per pupil is high have better pupil-teacher ratio, larger proportion of students in professional courses and more postgraduate and research enrolment than the universities where the cost per pupil is low. The expenditure per pupil on the salaries of teaching staff is also high in the first group.

The following steps have been taken to minimise the disparity between the *per capita* expenditure of various universities.

- (1) The Commission is providing grants to the Universities for the recruitment of additional staff, provision of library and laboratory facilities, purchase of books, furniture and science equipment, construction of hostels and other essential buildings, etc. Visiting Committee are appointed during every Plan period to examine and discuss with the Universities their development plans.
- (2) Within the financial resources available to the Commission, every effort is made to improve quality and raise standards. Grants are being provided to universities where the cost per pupil is low.
- (3) The Commission's recommendations for the revision of the salary scales of University and college teachers during the Fourth Plan period have been accepted and the Government of India has decided to give special assistance to the State Government to the extent of 80 per cent of additional expenditure involved for a period of five years for implementing these recommendations.
- (4) The Committee on Standards of University Education appointed by the University Grants Commission recommended that the number of students admitted to the universities and colleges should be limited in the light of the available resources and facilities. Methods have also to be evolved to ensure that only those students are admitted who have the necessary aptitude and ability for higher studies. For those who are not considered fit for proper higher education alternative courses have to be provided in technical schools, polytechnics, etc. These recommendations have been brought to the notice of the universities for their consideration.

- (5) The fourth Plan requirements of the University with a low per capita expenditure are being assessed by the Visiting Committee appointed by the University Grants Commission and the question of the quantum of assistance to be made available to these universities is under the consideration of the Commission.

The measures described above, will, to some extent, help in raising the per capita recurring expenditure in the Universities where it is low and minimising the disparity between the per capita expenditure.

Recommendations

The Committee feel that there has been abnormal delay in obtaining the accounts from the Calcutta University for grants paid as early as 1957. They are surprised that grants were continued to be paid year after year without settling the accounts in respect of grants already paid in the previous years.

[S. No. 154 of Appendix LIII to 41st Report, 1965-66].

Since the grant of Rs. 81.37 lakhs given by the University Grants Commission was for a specific purpose viz. upgrading the salary scales of the teachers in affiliated colleges, the Committee are unable to see the reasons for delay in the submission of accounts. The Committee would like to be furnished with a detailed note indicating how and when the grant was disbursed by the Commission and how and when it was utilised by the University. The Committee would also like to be informed on the steps proposed to be taken by the Commission to avoid such delays in (a) utilisation of grants for a specific purpose; and (b) rendering accounts thereof.

[S. No. 155 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The historical background of the case is that the Calcutta University decided to implement the scheme of revision of salary scales of college teachers with effect from 1st April, 1957 and forwarded the claim worth Rs. 6.85 lakhs in March, 1958 for the period from 1st April, 1957 to 28th February, 1958. Against this demand an amount of Rs. 4.43 lakhs was initially paid to the University for disbursement to the colleges in June, 1958. Since then every year more and more colleges joined the scheme and as such during the period from 1958 to February, 1963 the grant totalling over Rs. 79.74 lakhs had been paid to the University on this account. The details regarding the dates of the sanctions of different amounts to the University

For the purpose are shown in the statement attached (Annexure I). The *modus operandi* of the payment of these grants to the Calcutta University was that the University would prepare statement of requirements of various colleges based upon their disbursement statement and forward the claim to the University Grants Commission which paid the amount on 'on account' basis to be disbursed to the colleges which were finally to be accounted for by the University on receipt of Utilization Certificate from the colleges as certified by Chartered Accountant, etc. Thus, any delay in the utilization could have been at the college level which attributable to the following factors:

- (i) Initially the work of fixing the pay of teachers in the revised scales, checking and verification of statement of actual disbursement made to the individual teachers etc. was being undertaken by the Office of the Commission itself. With the progress of the scheme more and more colleges adopted the revised scales. On account of huge volume of work thus generated, it was decided that it would not be possible for the Commission's Office to undertake this work and, therefore, it was transferred to the Calcutta University in 1962 with the request to release the grant to college after checking and verifying their request and in doing so the University naturally took some time.
- (ii) Since the scheme was not implemented by all the colleges of the Calcutta University simultaneously, Commission's period of assistance in respect of some colleges came to an end in 1962-63 and in case of others in 1963-64 and so on. The Commission during the period from 1958-1963 released grants amounting to Rs. 79.41 lakhs to the Calcutta University for the purpose and the Calcutta University started forwarding Utilization Certificates from the colleges from 1964 onwards. Most of the Utilization Certificates were received by 1965; but some had to be returned to the University either because something was found lacking in the Certificates or they were not on prescribed proforma. This also was a contributory factor in the delay in finalisation of Utilization Certificates.
- (iii) In most of the colleges there had been disputed cases and unless these cases were decided, payment had to remain in abeyance, which directly affected the issue of Utilization Certificates in respect of grants released to a particular college.

- (iv) There was also a special problem in the Calcutta University i.e. it had certain sponsored colleges. In these colleges, the teachers' salary was fixed by the Director of Public Instructions, West Bengal, who in a number of colleges abnormally delayed such fixations which in turn delayed the utilization of grant and finalization of account and issue of Utilization Certificate.
- (v) Again, the erstwhile Calcutta University was split in Calcutta University, North Bengal University and Burdwan University. This entailed transfer of colleges from the jurisdiction of the old University to the new ones. The grants initially paid by the Commission to the old Calcutta University in respect of these colleges were also likewise transferred to new Universities and the accounts were also transferred. This has naturally caused delay in the submission of the Utilization Certificate.

Despite these obstacles, the accounts have been finalized and the Utilization Certificate issued to the extent of over Rs. 67.81 lakhs which makes about 93 per cent of the grant which came to the share of Calcutta University (about Rs. 72.75 lakhs) after transfer of the grant totalling to Rs. 6.7 lakhs to the newly created Burdwan University and the North Bengal University. The Calcutta University has thus to forward Utilization Certificate for the balance amount of Rs. 4.94 lakhs only. Even out of this amount Utilization Certificate worth over Rs. 3.13 lakhs had been received which were returned to the University for certain reasons. It is hoped that this amount will be adjusted shortly.

Recommendations

The Committee are distressed to note that audited statements of accounts for the period from 1953-54 to 1957-58 and 1962-63 have not been received from Osmania University, even in July, 1965. In view of the persistent default on the part of the University, the University Grants Commission should have taken more effective steps than routine correspondence and reminders to the University. The Committee are at a loss to understand how these accounts, if received after a lapse of more than 7 to 12 years could be checked or verified.

(S. No. 156 of Appendix LIII to 41st Report, 1965-66).

The Committee fail to understand why even a formal warning to the Osmania University was considered to be excessive and no action

was taken even when the University had failed to carry out the directive regarding regular submission of audited accounts. The Committee would like to draw attention of the Government to Item 114 of the summary (Page 189) of the Report of the Standards Committee which says inter alia, "There is no inherent conflict between the principles of account ability and the idea of autonomy...." The Committee fully agree with these remarks. They hope that the University Grants Commission and the Government will keep them in view while asking for accounts from the Universities. The Committee would also like to be informed of the latest position in regard to the receipt of audited statements of accounts from th's University in respect of the period 1953-54 to 1957-58 and 1962-63. The Committee desire that the University Grants Commission should take effective steps to ensure that the Universities do not delay the preparation and submission of accounts. They suggest that the Universities, like the public corporations should prepare their accounts within a specified period after the close of the year.

[S. No. 157 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

Since the receipt of the Public Accounts Committee's findings, the matter was taken up with the University, Examiner Local Funds and the Accountant General, Andhra Pradesh in regard to the audited account for 1953-54 to 1957-58 which was no doubt received from the Accountant General, Andhra Pradesh but in an incomplete form. An officer of the Commission had a discussion with the Assistant Accountant General, Andhra Pradesh and Examiner Local Funds. It was pointed out that in the absence of proper and complete Certificates in the audited accounts already received from the Accountant General's Office it had not been possible to issue Utilization Certificates by the Commission. The Accountant General's Office agreed with this and decided to reaudit the accounts for these years in order to rectify the audited documents already issued by them. Accordingly they undertook to reaudit the accounts from 1954-55 to 1958-59 (Examiner Local Funds became the audit officer of the University with effect from the accounts of 1959-60 as a result of the amendment of the Osmania University Act).

The reaudited accounts relating to grants for Engineering and Technology have since been received. The audited accounts for 1962-63 were already received from the Examiner Local Funds. The Utilization Certificates issued by the Commission on these audited accounts amount to Rs. 12,20,653. Further action is being taken.

As stated under Sr. No. 156, the audited accounts which had been received in Commission's Office, could not be acted upon. There was, therefore, no delay on the part of the University in submitting its annual accounts. No warning therefore is considered necessary. Attention is also invited to reply under Serial Nos. 148-149 wherein steps taken to have the accounts ready from the universities by a specific date has been taken up.

Recommendation

The Committee note from evidence that the University Grants Commission now proposes to insist on getting Utilisation Certificates from each University and that an inquiry has been instituted in regard to the Osmania University. They would like to know the results of this inquiry.

The Committee also regret to note that Utilisation Certificates upto the year 1962-63 in respect of Rs. 34 crores covering a total of 8695 cases are still pending. In this connection they would like to draw the attention of the Ministry to their recommendations made in Para 65 of the Twenty-ninth Report (Third Lok Sabha). To enforce financial discipline in the cases of persistent defaults without valid reasons, the question of withholding further grants till the utilisation certificates are furnished, should be seriously considered. The desirability of issuing of formal direction to this effect by the Central Government to the University Grants Commission under Section 20 of the University Grants Commission's Act may also be examined.

[S. No. 158 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

By taking special steps detailed below, the back-log of issue of Utilisation Certificates in respect of grants paid upto 1962-63 has been reduced to 27.43 crores covering a total of 3,532 cases.

The special steps taken for obtaining the audited accounts and to facilitate the issue of utilisation certificates are enumerated below:—

- (1) Immediately after the close of the financial year statements showing details of grants paid during the preceding year are forwarded to the various universities and their respective audit officers with the request that the submission of the audited accounts relating thereto may be expedited.

- (2) Sometimes the issue of Utilisation Certificates is held up as the audited statements of accounts are not in the proper form and do not indicate all the relevant data required to ensure the proper utilisation of grant. For that matter, a uniform performa for the compilation of accounts in respect of grants-in-aid paid by the University Grants Commission has been devised and the Universities/Colleges have been required to submit their accounts in the said performa.
- (3) Correspondence has also been initiated at a suitable level with regard to the old items and the progress of clearance of such items is watched through the periodical progress reports prepared in the office.
- (4) A Utilisation Certificate Cell has since been created within the sanctioned existing strength of the Commission to deal specifically with outstanding Utilisation Certificates.

As regards the Osmania University, the Accountant General, Andhra Pradesh has conducted the re-audit of the accounts from 1954-55 to 1958-59. The audit report in respect of the grants relating to Engineering and Technology has since been received.

To enforce financial discipline in case of persistent default, a circular memorandum has since been issued under which the Universities/Institutions concerned have been advised that the Commission would have to consider seriously the steps to be taken under Section 14 of the University Grants Commission Act towards withholding further grants till the audited accounts and utilisation certificates in respect of grants-in-aid paid earlier are furnished by the universities/institutions concerned.

Recommendation

The Committee are surprised to note that the irregularity which came to notice of the Commission in September, 1956 was allowed to continue for over 8 years and the University Grants Commission continued to give the grant every year, though it was known that a part of it was being utilised for a purpose other than that for which it was sanctioned. The Committee feel that the University Grants Commission has not been able to take effective action in this matter as the University continued to employ the staff in spite of repeated

objections and ultimately the University Grants Commission had to give an ex-post-facto sanction to regulate the payment. The Committee take a serious view of this type of indiscipline and irregularity particularly in a university. They hope the University Grants Commission and the Ministry would take necessary steps to ensure that such cases do not occur again.

[S. No. 159 of App. LIII to 41st Report, 1965-66].

ACTION TAKEN

Instructions to Universities in this regard have since been issued vide letter No. F.9-1/66 (Cdn.), dated 18.3.1967 to the effect that only sanctioned staff should be appointed under the scheme approved by the University Grants Commission and that the Commission would not pay towards the salary, etc., of any additional staff if appointed by the University.

Recommendation

The Committee would like to be informed whether the P.W.D. certificates required under the rules have since been furnished to the University Grants Commission by the Gauhati University and the balance amounting to Rs. 85,000 paid by the University Grants Commission. The Committee would like the University Grants Commission to take steps to ensure that the grants are released for specific schemes only when they are mature enough to be implemented expeditiously.

[S. No. 160 of App. LIII to 41st Report, 1965-66].

ACTION TAKEN

The P.W.D. Certificate with regard to the reasonableness of rates adopted in the estimates for the construction of Science block No. I has since been received in the Commission's Office as submitted by the Gauhati University vide its letter No. V/2/84560, dated the 23rd June, 1965. As regards the balance grant, the Commission had released a further instalment of Rs. 75,000/- for the purpose. The balance in this regard will be paid to the University on receipt of the completion certificate.

The Commission has also noted the suggestion made in the Memo in regard to the payment of grants for specific schemes when they are mature enough to be implemented expeditiously.

MINISTRY OF FOOD AND AGRICULTURE

(DEPT. OF AGRICULTURE)

Recommendation

The Committee feel that the system of security deposit is a whole-some one and should not be done away with without a thorough examination of the pros and cons.

[S. No. 170 of App. LIII to 41st Report, 1965-66].

ACTION TAKEN

In the old agreement which was in operation till 27th December, 1960, there was a clause regarding security deposit of Rs. 5,000/-. In actual practice, the security was not deposited by the Federation. The Delhi Administration is of the view that the security of Rs. 5,000 to be deposited by Federation is disproportionately small as compared to the value of the stocks held by them. Moreover the Delhi Administration could, if necessary, realise the amount due from the Federation as arrears of Land Revenue. In view of these considerations the clause relating to security deposit has been omitted from the new agreement which has been approved by this Ministry for execution with the Federation.

It is true that a security deposit is desirable for safeguarding Government interests against any financial loss. In the present case, however, the object in view can be achieved by taking recourse, if necessary, to recovery of the dues from the Federation as arrears of Land Revenue as per clause 15 of the draft agreement. The decision to omit the clause has been taken by this Ministry in the light of the above.

Recommendations

The Committee are of the opinion that for the efficient working of this scheme of distribution of fertilisers through co-operative Societies/Federation there should not be monopoly of one institution. In their view more than one institution should be assigned this work wherever feasible to inculcate spirit of competition even among the Cooperatives.

[S. No. 171 of App. LIII to 41st Report, 1965-66].

ACTION TAKEN

According to the present agreement, the Cooperative Federation shall handle all chemical fertilisers allotted by the Government of India to the Delhi Administration or otherwise acquired by Delhi Administration. The Federation thus holds the sole monopoly of distribution of chemical Fertilisers in Delhi State. The total allotment of different kinds of fertilisers to Delhi Administration during 1965-66, was 3004 tonnes. During the current year in 1966-67 the quota of Delhi State is likely to be of the order of 5,000 tonnes. In assigning distributorship of fertilisers to more than one agency it has also to be considered whether the quantities to be handled by each agency will bring adequate returns to enable the agency to function efficiently. It is felt that distribution of 4000/5000 tonnes in a year by two agencies may not prove an economical proposition to either party. Moreover Delhi Administration has pointed out that in addition to the Delhi State Cooperative Federation which is an Apex institution, there are four other Marketing Societies at Shahdra, Mehrauli, Najafgarh and Narela.

Shahdara, Mehrauli and Najafgarh Cooperative Marketing Societies do not have adequate storage capacity to handle the fertilisers. The Narela Cooperative Marketing Society has some storage capacity but of late it has not been managing its affairs well. In view of the above, Delhi Administration has stated that it is not possible to entrust the distribution of fertilisers to any other Co-operative institution for the present.

It may also be stated in this connection that the Cabinet has recently approved free trade for new factories in the private sector. Even the factories in the Public Sector are to be gradually released from control so that free trade is established by 1968-69 subject to the Government's right to take over 30 per cent of their production at negotiated price. Implementation of this decision will automatically introduce an element of competition in-as-much as fertiliser factories will set up their own distribution agencies in various States including Delhi Administration.

Recommendation

The Committee feel unhappy to note that there was lack of co-ordination in the 'Pircom' in taking note of the work done by State Laboratories and farms which resulted in duplication of work. This, in the opinion of the Committee, calls for a comprehensive review in consultation with the State Governments, of the various research programmes being done under the aegis of the Indian Council of Agricultural Research in order to ensure that such duplication and lack of co-ordination do not exist in other fields.

[S. No. 187 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

1. As desired by the Committee a Scrutiny of the existing Research Programmes in operation with the Council has been undertaken and no case of duplication or lack of coordination has been found.

2. In order to achieve effective maximum possible coordination between the Centre and the States in the field of Agriculture and Animal Husbandry research, a number of teams appointed for the purpose—Parker Committee (Agricultural Research Review Team) and First and Second Joint Indo-American Team went into this matter and made some suggestions. As a result thereof I.C.A.R. decided that in future research on animal husbandry and on the major food and commercial crops should be undertaken under All-India Coordinated Research Projects. These coordinated projects intend to cover (i) Fruits, Vegetables, (ii) Potatoes, Tuber crops, (iii) Rice, Wheat, Barley, Maize, Millet, Sorghum and Pulses, (iv) Cotton, Jute, Oilseeds, Coconut and Arecanut, Tobacco, Spices, Sugarcane and Soyabeans, (v) Forage Crops and (vi) Cattle breeding, Dairying, Poultry and Fisheries etc.. A number of Research Projects on items mentioned above have already been drawn up and copies thereof are attached. The Projects on the remaining items are being drawn up. The projects are to work under the Administrative control of the States and the Centre/I.C.A.R. is to meet full expenditure on these. These research projects take an All-India view of the organisation of Research on the particular crops and other items and as such are intended to eliminate all duplication between the research efforts of the Centre and the State Governments. Under the broad features of the Plan, a suitable Memorandum of Understanding is being negotiated between the participating agencies such as the State Government/Universities and other institutions defining the cooperative nature of projects and detailing in clear terms their respective role and responsibilities. A copy of the Memo is enclosed. Details of these and allied matters are being worked out.

3. In addition to the above projects, a number of other institutional arrangements exist for the purpose of coordination between the I. C. A. R. and the States. Some of the important arrangements through which this coordination is at present being attempted are:—

- (i) Periodical meetings convened by the Union Minister of Food & Agriculture, Community Development and Co-operation with State Ministers of Agriculture and Animal Husbandry to discuss problems of common concern, including those relating to agricultural Research.

- (ii) State Ministers of Agriculture and Animal Husbandry are members of the I. C. A. R. Society. In this connection a copy of the revised rules of the I. C. A. R. as applicable from 10th January, 1966 is enclosed for ready reference.
- (iii) State Directors of Agriculture and Directors of Animal Husbandry or Veterinary Service as also representatives of Agricultural Universities are members of the Advisory Board of the I. C. A. R. In this connection kindly refer to para 59 to 73 of the Rules.
- (iv) Discussions on the Annual Plans of the States held, once a year in New Delhi also provide opportunity for exchange of views and information.

In view of the position stated above, there appears no need for further review as suggested by the Committee.

Recommendation

The Committee would like to be apprised of the decision taken to control licensing of milk producing units which have less than Rs. 25 lakhs as capital.

[S. No. 208 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

Licensing of industrial units with capital investment of less than Rs. 25 lakhs is a means for increasing milk supply for the Delhi Milk Scheme. The Government of Punjab passed an order banning the manufacture of Khoa and milk sweets w.e.f. 10-9-1965. Extending over a large part of the D.M.S. milk-shed this order resulted in immediate improvement in raw milk procurement by the D.M.S. In fact, largely because of this order, the Delhi Milk Scheme could meet its obligations in summer, 1966. Central legislation covering the area in Rajasthan from which D.M.S. draws milk is unnecessary because the problem there is one of transport through trackless desert and fast movement before the procured milk gets sour. Consultation with the Ministry of Law for devising suitable legislation to support Delhi Milk Scheme is not yet complete, but is making progress.

FURTHER INFORMATION

Permanent measures to control licensing of milk producing units with capital investment of Rs. 25 lakhs have not been considered feasible.

[D. O. No. 2-27/65/DMS/DP Dated 28-7-67.]

Recommendation

The Committee would like to know why the recommendations of the Review Committee appointed in 1956 were not fully implemented by 1959. They would also like to know if the recommendations have since been implemented in full.

[S. No. 217 of Appendix LIII to 41st Report 1965-66].

ACTION TAKEN

The Review Committee appointed in 1956 to inspect the working of the Indian Lac Research Institute made 35 recommendations in their Report submitted to the then Indian Lac Cess Committee in September, 1956. The Committee considered the recommendations at its meeting held in January, 1957 and approved the same. Out of these recommendations, 15 related to staff etc. The staff recommended by the Review Committee could be approved by the Committee/Govt. of India, as the case may be, only in 1959. Many of the staff recruited left the service of the Indian Lac Research Institute which mainly accounted for the non-implementation fully of the recommendations of the Review Committee by 1959. Out of the remaining, action on nine recommendations which related to establishment of field Stations, intensification of lac cultivation work, maintenance of the entire plantation by the Lac Extension Officer, establishment of Regional Testing Laboratory etc. had been completed by 1959. The rest of the recommendations were either not accepted or action on those was deferred at that time.

Since 1959, most of the recommendations of the Review Committee have been implemented in some form or the other. The only two items which have still not been fully implemented are (i) construction of a Technological Block and (ii) Supply on hire of Sand Separating Machine. The former has now been provided in the proposals for the Fourth Five Year Plan. The working of the Sand Separating Machine has been demonstrated in all the major lac refining centres of the Country and those interested have got fabricated their own machines on the model supplied by the Institute for which full technical assistance was extended.

Recommendation

The Committee regret to note that only 812 cases out of a total of 1,112 outstanding claims pertaining to the period prior to 1959 were settled upto 1-6-1965 and that the number of cases pending still remained 300. It is all the more distressing to note that out of 812 claims amounting to Rs. 3,30,647, 109 claims amounting to Rs. 21,343 have only been accepted by Railways for payment and

the rest of 703 cases have been dropped. Apparently this shows that the cases were not pursued promptly and with the passage of time it become all the more difficult to settle them. No wonder in some cases the Railways took a stand that the claims had not been pursued for a long time and that the records had been destroyed by them and it was difficult for them to settle the claims. The Committee suggest that the Ministry should examine the causes for rejection of 703 claims involving an amount of Rs. 3,09,304 with a view to find out the defects in the procedure and also fixing responsibility for not pursuing them vigorously. They also desire that all outstanding cases should now be pursued vigorously and an effective watch should be kept over the outstanding claims. The Committee hope that with the centralisation of work of preferring claims in the Regional Director's Office, the claims would be got settled more expeditiously.

[S. No. 225 of Appendix LIII to 41st Report 1965-66.]

ACTION TAKEN

A note for the Public Accounts Committee in respect of the above-said para was forwarded to the Lok Sabha Sectt: vide Department of Food U.O. No. 23 65-66/BFC-I 41st Report, dated the 11th February, 1966—Para 4 of that note may please be substituted by the following in view of the latest position now being reported:—

"4. As for the causes for rejection of 703 claims involving an amount 3,09,304.00 as already stated, 174 claims involving an amount of Rs. 37,548 were accepted by the Railways for payment. The remaining 638 cases involving an amount of Rs. 2,93,099 had to be dropped in the circumstances and for the reasons given below:—

Nature of Claim	No.	Amount	Causes
(Rs.)			
1. Missing Wagons	19	74,561	The delivery of these consignments to the Deptt. of Food was connected subsequently and as such the Food Deptt. did not suffer any loss.
2. Shortage of complete Bags.	411	1,45,774	(i) In 373 cases (amounting to Rs. 1,43,105) the consignments were booked

Nature of Claim	No. Amount	Causes
	Rs.	
		on "said to contain" Railway Receipts. Hence these claims were untenable. In some of these cases in the eastern Region the shortage in weight of several sound bags as well as in cut and torn bags had been added up and wrongly claimed for as shortage of complete bags.
		(ii) In 23 cases (amounting to Rs. 1878) the Railways, had destroyed records as the claims were not pursued after being lodged. This lapse on the part of staff is under investigation for fixing responsibility and taking such disciplinary action as may be necessary.
		(iii) In 13 cases (amounting to Rs. 663) the wagons, loaded with cargo landed in bulk in Madras Harbour, reached the destination with seals of the forwarding station intact. In such cases, claims are not tenable.
		(iv) In 1 case (amounting to Rs. 79) the shortage was claimed at a place where no Railway staff was provided for witnessing unloading. Railway staff engaged at the cost of Department of Food for counting the number of bags and to grant a certificate for shortage, if any, is not provided wherever it is uneconomical to do so.

Nature of Claim	No.	Amount	Causes
			(Rs.)
3. Shortage from cut and torn bags.	32	8469	(v) In 1 case (amounting to Rs. 49) more number of bags has been mentioned in the Railway Receipt due to wrong tally. As the wagon reached the destination with seals of the forwarding station intact, the number of bags received was accepted to be the number of bags despatched from the booking point. In this case responsibility is not definitely determinable.
			(i) In 27 cases (amounting to Rs. 7597) the shortage occurred due to bleeding from bags through wagon door crevices due to non-provision of dunnage by the Deptt. of Food. In some cases the packing was defective hence claim were not tenable. The expenditure in providing dunnage is not commensurate with losses sustained in bags cut and torn and, damaged by rain, near the wagon doors. The Deptt. of Food have therefore, obtained exemption from the Railway from providing dunnage on the condition that claims under these circumstances will not be lodged. The claims were therefore not tenable.
			(ii) In 5 cases (amounting to Rs. 872) the Railways had destroyed the records as the claims were not pursued. This lapse on the part of staff is under investigation for such disciplinary action as may be necessary.

Nature of claim	No.	Amount	Causes
Rs.			
4. Damag: by Rain	176	64,295	(i) In 172 cases (amounting to Rs. 64,001) the damage occurred due to non-provision of dunnage and in wagons found watertight at the destination. Railways as bailees of the goods took all reasonable care but had not control over rain water entering through wagon door crevices. The reasons for non-provision of dunnage have been explained in remarks against item 3 (1) above.
			(ii) In 4 cases (amounting to Rs. 294) the Railways had destroyed the records as the claims were not pursued.

There were no defects in the procedure for lodging and pursuing claims. Cases of lapses on the part of individual officials are taken up for suitable action. However, elaborate instructions on the subject were issued in July, 1960. Suitable amendments to these instructions are made as and when found necessary. As the machinery in the Depots to pursue the claims was not considered adequate, the claims work has already been centralised in the offices of each Regional Director (Food). The concerned staff are being guided from time to time to lodge tenable claims only. In order to reduce the incidence of untenable claims, stricter supervision at the loading and unloading points is being insisted upon."

[U.O. No. 23/65-66 BFC-I. 41st, Report, dated 22nd April, 1966.]

Recommendation

The Committee are not happy about the system of physical verification which is in vogue, as it fails to provide the correct picture of the stock verification. They would, therefore, urge that the Ministry should consider the possibility of introducing more satisfactory procedure either of raising the percentage of bags to be

weighment of 100 per cent bags which may be done periodically in case of each godown.

[S. No. 226 of Appendix LIII to 41st Report, 1965-66.]

ACTION TAKEN

1. Physical verification of stocks of foodgrains involves two operations, viz.:—

- (a) Counting of bags.
- (b) Weighment of the bags.

The counting of bags is done on a cent per cent basis. As regards weighment, keeping in view the requirements of staff and the expenditure involved on handling and weighment as also to obviate operational difficulties, the requirement of 5 per cent of the stocks in a Depot or 5,000 tonnes, whichever is higher, was fixed for weighment as already indicated in Para 6—30 of the 41st Report. This minimum requirement was considered adequate as nearly 45 per cent of the Central Storage Depots in the country are of the capacity of about 6,000 tonnes or less and taking into account the space required for the storage of gunnies, dead stock articles, etc. the stocks in these depots do not generally exceed 5,000 tonnes. Thus, in about 45 per cent of our depots physical verification is already being carried out by weighment of cent per cent stocks once every year.

2. It has now been desired that either the quantum of weighment be increased or we may have a weighment of 100 per cent bags periodically in each godown. As indicated above, 45 per cent of the Depots already come under 100 per cent weighment. It is only the remaining 55 per cent Depots, which have larger capacity, which require consideration. There may be no objection to cent per cent weighment in principle, but the work of weighment of thousands of tonnes of foodgrains on ordinary beam scales would be such an enormous operation that the normal operations of receipts and issues would have to be suspended for the duration of such verification. Moreover, the expenditure on weighment for the purposes of physical verification would run into prohibitive figures. It has been found that, on one beam scale, 800 bags, i.e., about 74 tonnes can be weighed in a day under normal conditions. The physical verification of 5,000 tonnes of grain on two beam scales would therefore take nearly 42 days. The staff employed on the work would be a Deputy Director (half time), one Chief Physical Verification Inspector, two Verification Inspectors, two Godown

Clerks and two gangs of labourers, the cost of which would approximately work out to Rs. 7,000 as indicated in the enclosed statement. In the case of depots having storage capacity of more than 5,000 tonnes, the staff required and the expenditure involved would be very much larger. Moreover, the Physical Verification work in a depot dislocates considerably the normal operations of issues and receipts which have to be given priority for obvious reasons. It has, therefore, been felt that any further increase in the quantum of weighment would not only involve very heavy financial burden but would cause dislocation in the day to day working of the Depots. Such a situation during times of heavy imports and procurement, resulting by itself in a tremendous strain on the Depots, would have disastrous effect on the work of receipts and issues in the Depots. However, keeping in view the recommendations of the Public Accounts Committee, it has been decided to have, in future, Physical Verification on the following lines:—

- (a) The counting of bags will be done cent per cent, as heretofore,
- (b) if 5 per cent weighment, as prescribed at present, shows that, in any particular stack or consignment there are abnormal variations, weighment will be increased to 20 to 25 per cent or even more, if necessary, and
- (c) once in five years cent per cent weighment will be carried out at each Depot.

[U.O. No. 23/65-66/BFC-I, 41st Report, dt. 10.6.1966].

J. A. DAVE,

Director General of Food and
Joint Secretary to the Govt. of India.

MINISTRY OF FOOD & AGRICULTURE

(DEPARTMENT OF FOOD)

Recommendation

The Committee would like to be informed in due course of the economies effected as a result of transfer of godowns and staff to the Food Corporation of India.

[S. No. 230 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The additional items of work which have been transferred to the Food Corporation from the Food Department after the last note given at Appendix XLIXA to the Report submitted by the Department to the Committee are:—

- (i) Port clearance work at the ports in Kerala and in Tuticorin with effect from 1st October, 1965.
- (ii) Storage work in Rajasthan (Northern Region) and in Orissa (Eastern Region) with effect from 1st January, 1966.
- (iii) Post-procurement operations (Quality control in respect of stocks of rice earmarked for export, payment of cost of this rice and its movement to deficit States in accordance with the allocations made by the Central Government) in Orissa with effect from 1st January, 1966. (Procurement of rice was being done by the Central Government, but this operation has since been taken over by the State Government).

2. Most of the field staff employed by the Food Department on the above mentioned items of work have also been transferred along with the work to the Corporation. About 18 Gazetted Officers and about 849 Non-Gazetted staff have been transferred to the Corporation. Necessary reduction has therefore been made in the organisations operationally concerned with the items of work transferred to the Corporation.

3. The field organisations so far handed over to the Food Corporation are few and their transfer has not yet resulted in any

significant reduction in the work at the Headquarters of the Food Department. There has in fact been on the whole an increase in the work at the Secretariat partly on account of the several problems which have arisen out of the transfer of functions and staff from the Department to the Corporation and partly on account of an overall spurt in the activities of the Food Department in the context of the present-day unsatisfactory food situation in the country and necessity for heavy import of foodgrains under PL-480 etc. No staff at the Secretariat level has yet been found to have become surplus. However, the post of Director (Procurement) at the Headquarters of the Department has been kept in abeyance.

[U.O. No. 23/65-66/BFC-I/41st Report, dated 18-4-1966]

Recommendation

The Committee are of the view that in the accounts of the Corporation from next year onwards, from strictly accountancy point of view, the stocks transferred to the Food Corporation should be shown at the cost price of the Ministry and the subsidy given shown separately.

[S. No. 233 of Appendix LIII to 41st Report, 1965-66]

The Committee would like to be informed of the action taken in the matter.

[S. No. 234 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The Recommendations of the Public Accounts Committee have been fully examined and after discussing the matter with the Accountant General (C.W. & M.) and a representative of Comptroller and Auditor General of India it has been decided to adopt the following procedure:—

(i) For the stocks of imported foodgrains transferred to the Food Corporation of India, the Government of India would recover the cost of foodgrains at the issue prices fixed by them from time to time. The Food Corporation would also recover the cost of sales made by them to the recipient State Governments and other parties to whom the allotments may be made by the Food Department at the same issue price. The incidental charges incurred by the Food Corporation of India on handling, storage and distribution of foodgrains would be paid by the Government of India to the Food Corporation of India at a rate to be mutually agreed upon at the beginning of the Financial year, with such agreed modifications as may be necessary from time to time.

(2) In the Explanatory Memorandum on the Budget of the Central Government under the Grant for the Purchase of Foodgrains, the economic cost of foodgrains and their issue prices together with subsidy, if any, expected to be borne by the Government of India on the distribution of foodgrains during the year would be indicated.

(3) In the Proforma Accounts for the Scheme for the Purchase of Foodgrains, the sales made through the Food Corporation of India would be shown separately from the sale made by the Government of India direct to the recipients.

(4) In the case of procurement of indigenous foodgrains through the Food Corporation of India, the difference, if any, between the economic cost of the Food Corporation of India and the issue price fixed by the Government would be recovered from the Food Corporation of India wherever the issue price is higher than the economic cost. In cases where the issue price is less than the economic cost, the difference will be paid to the Food Corporation of India and treated as "reimbursement to the Food Corporation of India of consumer subsidy initially borne by the Corporation" which will be shown separately in the Budget of the Central Government.

The decisions at (1) to (4) above are being implemented with effect from the 1st April, 1967.

(U.O. No. 23/65-66/BFC-I/5th Report, dated the 24th April, 1967).

Recommendation

Two statements, one showing the details of the contracts entered into with 89 contractors for handling and transport of foodgrains at the Central Storage Depots which were still under the Ministry of Food and another showing the total amount paid to 89 contractors annually since 1955-56, are awaited.

[S. No. 235 of Annexure LIII to 41st Report, 1965-66]

ACTION TAKEN

1. The Committee presumably wish to be informed as to how many of the total number of 89 contracts for handling and transport, (these include 11 contracts at Port towns) in operation in July, 1965 are continuing in the old tender form and how many have been concluded in the new tender form (introduced with effect from 1st June, 1963); period of contracts and rates and terms/conditions thereof.

2. In so far as the number of contracts running in old and new form is concerned, region-wise break up is given below:—

Region	No. of contracts running in old form	No of contracts concluded in new form	Total
Western Region	10	18	28
Eastern Region	8	31	39
Southern Region	..	3	3
Northern Region	1	18	19
TOTAL	19	70	89

3. Seven separate statements in respect of the contracts running in each region in old form and new form, showing necessary details such as, name of the Depot, capacity of the Depot (at the time of award of contract), name of the contractor, period of contract, mode of placement of contract and contracted rate in respect of contracts in new form, are placed below*. Copies of the relevant rate sanction letters in respect of contracts in old form and that of schedule of rates in respect of contracts in the new form are appended to each statement. In respect of contracts in the new form, it may be explained that payments are required to be made *vis-a-vis* the contracted rate shown in the statements, that is, at a percentage above/below or at par with (as the case may be) the rates mentioned in the respective 'Schedule of rates for Services'.

4. As regards the actual commitments made under the contracts these are embodied in the contract form by way of terms and conditions governing the contract. Generally the terms and conditions are identical in all the contracts. Three specimen copies each of the Agreement pertaining to the contracts in the old and the new tender forms are enclosed.

5. Four statements showing necessary details and the figures of payments made in respect of the past contracts at the Depots/Centres situated in Western Region, Northern Region, Southern Region and the Eastern Region are also enclosed. The information regarding deficiencies in respect of Annexure VIII is not readily available with the Pay & Accounts Officer, Bombay. Efforts are still being made to get the information and the same will be furnished to Lok Sabha Secretariat as soon as available.

6. It may be stated that all the 89 Depots/Centres were not in operation in the year 1955-56 and as such the details given in the

*Not printed.

statements pertain to the contracts entered into after the respective depots came into operation.

7. Figures of payments made, indicated in the statements, have been collected from the respective Pay & Accounts Officers, and, in respect of certain contracts for the earlier period, such as contract at CSD, Delhi during the period 1955-56, the information in regard to payment made is not available either with the Pay & Accounts Officer, or with the Regional Director (Food) at this distant date, and hence the same has not been indicated in the statement. Further, it may be mentioned that in the Accounts Offices, the record of payments is maintained contract-wise and, not year wise. Hence the figures of payments have been indicated contract-wise, and, where information about year-wise payments was available, the same have been indicated separately under the 'Remarks' column. It may also be added here that, at certain Depots, one party held contracts successively and in such cases the Pay & Accounts Officers have given the figures of payment against the group contracts and they have stated that figures in such cases are not susceptible of segregation against each contract.

[U.O. No. 23/65-66/BFC-I/41st Report. dated 16-6-1967].

Recommendation

The Committee cannot but deprecate the delay on the part of the Ministry in introducing the necessary reform. The Committee are not at all impressed by the argument put forward by the Ministry that any change in the system would have caused interruptions in the working of the godowns, nor do they feel happy that the scope of negotiation with tenderers where the rates quoted were either too high or too low should have been restricted to a single (Meerut case) case only.

[S. No. 238 of App. LIII to 41st Report, 1965-66]

In this connection the Committee would like to suggest that the Ministry should examine whether a Departmental cell should be created to keep a special watch over cases where malpractices or collusion are suspected. Such a cell could also examine cases in different contracts where wide variations have taken place in the different items of work and satisfy themselves that those wide variations were justified. The Committee feel that instead of waiting for complaints to come which furnish facts about the cases of collusion, the Ministry should organise their own machinery in such a way as to eliminate the chances of collusion and also their early detection. In any case the onus should rest with the Ministry and not with the complainants in regard to detection of cases of collusion.

[S. No. 242 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

In so far as the delay in revision of the tendering system is concerned the position has already been fully explained against para 6.62 above. It will be appreciated that the new system had to be carefully evolved after detailed examination of all the aspects of the tender system and evaluation of the repercussion of the announcement of the likely pattern of work, besides the time required for switching over to an entirely new system involving the preparation of rate schedules for various services based on local market conditions in each depot area.

As regards negotiations with tenderers where the tendered rates received were irrational, it is not considered a healthy practice to resort to negotiations as a matter of course after invitation of open tenders, since apart from tendering to vitiate the sanctity of the tender system, it along gives rise to avoidable complaints from the contractors. Recourse to negotiations is thus not had as a rule but only in exceptional cases where the overall rates are considered abnormally higher than the market rates.

The cases relating to important depots in Northern Region, where the contracts contained irrational rates and in respect of which any collusion could be suspected, have already been referred to the SPE and they have since started their investigation. Only after receipt of the report of SPE it would be known as to whether or not there was actually any collusion necessitating investigation of the cases at other depots and setting up of a separate cell to deal with such cases. At this stage, the setting up of an additional cell would simply result in avoidable expenditure; since investigation, if any called for, would be in respect of past contracts in the old form because in so far as the future contracts are concerned, which will invariably be concluded under the new system, there will be no scope whatsoever left for any speculation or manipulation by the contractors or connivance/collusion in that respect of any Government Officer.

(U.O. No. 23/65-66/BFC-I/41st Report, dated 19th July, 1966).

Recommendation

The Committee would like to be informed about the recovery of the balance amount of Rs. 3.36 lakhs. The Committee note that the explanation that the increase in the demurrage charges was largely due to reduction in the number of berths at the Bombay port from four to three, does not fully take into account the fact that the number of ships handled after this contractor took up the work (79 in 1962-63 and 65 in 1963-64 upto November 1963) was much less than the number handled at the port during earlier

periods (e.g. 104 in 1959-60 and 131 in 1960-61). It is not clear why steps were not taken by the Department for changing the ports of destination for some of the vessels, if such a course was justified by the reduction of number of berths. The Committee find that the shortage of berths at port of Bombay is contributing heavily towards demurrage charges being paid by the Government. They feel that the Ministry should take immediate action in consultation with the Ministry of Transport and the Bombay Port Trust to remove this difficulty.

From the statement of demurrage paid by Government on the shipment of foodgrains furnished at the instance of the Committee, they find that a sum of Rs. 1.21 crores has been paid as demurrage from January 1961 to May 1965. As the amount paid to shipping Cost is mostly in foreign exchange and it constitutes an avoidable drain on our scarce foreign exchange, the Committee feel that the department should examine in detail causes which lead to payment of such heavy demurrage charges and take suitable remedial measures in consultation with the Ministry of Transport. Cases where demurrage of more than Rs. 10,000 is paid should invariably be examined in future with a view to fixing responsibility.

[S. No. 245 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The contractors have been held finally liable for an amount of Rs. 7.17 lakhs on account of ship and shed demurrage, against which a recovery of Rs. 4.25 lakhs has already been made from their admitted bills, leaving a balance of only Rs. 2.92 lakhs. The Government's outstanding claims against the contractors on other accounts amount to Rs. 4.79 lakhs. The total amount thus outstanding from the contractors, inclusive of Rs. 2.92 lakhs on account of ship/shed demurrage, amounts to Rs. 7.71 lakhs. The Insurance Company which stood surety for the contractors' liability upto the extent of Rs. 8 lakhs arising out of their contract, has been called upon, as per the advice of the Ministry of Law, to pay this outstanding claim of Rs. 7.71 lakhs to the Government.

The Committee have inquired why steps were not taken by the Department for changing the port of destination for some of the vessels. It may be stated in this connection that feasible diversions are always considered. However, the position in respect of Bombay is that most of the foodgrains are received there in tankers. In 1962-63 Kandla was the only other port which could handle tankers and since Kandla was to handle only one tanker per month as during 1962-63 Kandla usually received one tanker each month, there was no scope for diversions from Bombay even on operational grounds, the question of requirements apart.

Regarding modification of the import programme, it may be pointed out that, since ship fixtures are made one or two months before the shipment period and since ships take a further period of 1 to 2 months to arrive/discharge, any change in the import programme alters the position at the discharge ports only 3-4 months hence. However, shipment programmes are reviewed periodically and, while deciding on the shipment schedule, port capacities are also taken into consideration in addition to other relevant factors such as requirements from the distribution angle. In this particular case, while all possible steps had been taken to the extent feasible consequent on the reduction in the number of berths, it is conceded that the unsatisfactory performance of the contractor also contributed to the incurrence of demurrage; his liability in respect of the demurrage has already been assessed, and, as already stated, steps are being taken to effect recovery of the amounts due.

The question of more priority berths at Bombay has been taken up with the Transport Ministry and the Bombay Port Trust on several occasions in the past. The matter has been considered a number of times at high levels also. The main argument of the Transport Ministry has been that they have to take care of the general cargo interests also. However, the Transport Ministry have now agreed to give 4 berths for foodgrain vessels and one have now agreed to give 4 berths for foodgrain vessels and one of course imports of foodgrains show a sharp decline.

The question of the causes of demurrage is already being looked into closely and all feasible steps are being taken to minimise demurrage. Some of the steps taken or contemplated to minimise demurrage are indicated below:—

- (a) Whenever possible ships are diverted from one port to another to relieve congestion and to minimise demurrage.
- (b) To accelerate grain discharge from vessels and for more expeditious turn-round of ships, a number of pneumatic discharging machines have been purchased and installed at Bombay, Kandla, Madras and Calcutta ports.
- (c) To improve grain clearance at major ports, the system of clearance through contractors has been abolished at Bombay, Madras and Visakhapatnam, and this operation is being done departmentally.
- (d) Pneumatic discharge on grain tankers has also been introduced at Madras.
- (e) A marine Leg has been installed at Calcutta and is functioning there.

- (f) To accelerate unloading, various alternatives such as installation of silos, high-speed unloading equipment etc. are under consideration.

It is already the practice that all cases of demurrage, irrespective of the amount involved, are scrutinized with a view to seeing whether any official connected with discharge clearance or any shipowners/agents or any handling/clearing contractor was responsible for the demurrage. However the Committee's direction has been noted and necessary further instructions have been issued.

(U.O. No. 23/65-66/BFC-I/41st Report, dated the 13th April, 1966).

Recommendation

The Committee would like to be informed of the progress made by the Department in making recoveries to the extent possible.

[S. No. 250 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

The question of making recovery of terminal tax for the period from 1957 to 1964 from the fair price shops was examined in March 1964 when orders for effecting recoveries were issued, but it was felt that it would not be possible to effect recovery of the terminal tax with retrospective effect viz. from April 1957 as the fair price shopkeepers would not be in a position to pass on the charge to the consumers and that these recoveries would, therefore, have to be waived. In the circumstances, the question of the further progress made in effecting the recoveries from the recipients at this stage would not arise. The question of regularisation of the loss involved is under examination in consultation with the Ministry of Finance.

(U.O. No. 23/65-66/BFC-I/41st Report, dated 18th March, 1966).

FURTHER INFORMATION

The total amount of terminal tax on fodgrains issued to flour mills, fair price shops etc. ex the Central Storage Depot, Delhi during May, 1957 to March, 1964, which could not be recovered works out to Rs. 5,22,369.82. It has been decided to write off this loss and a sanction to this effect has been issued in consultation with the Ministry of Finance vide this Ministry's letter No. 22/37/63-BFC-IV dated the 23-9-1966.

U.O. No. 23/65-66/BFC-I/41st Report, dated 1st December 1966

Recommendation

U.O. No. 23/65-66/BFC-I/41st Report, dated 1st December 1966).

From the evidence tendered and also from the note furnished by the Ministry, the Committee find that under the existing procedure Government cannot prefer their claims against a defaulting contractor unless the claims of the Government and the contractor are re-

MINISTRY OF HEALTH & FAMILY PLANNING

Recommendation

The Committee are not happy at the manner in which the work of the construction to accommodate the disinfector was handled both by the Development Commissioner, Kandla Port and the C.P.W.D. The delay at different stages had resulted in the costly equipment not being utilized for the last six years. The Committee are not convinced that this delay was not avoidable. The Committee trust that the Ministry of Health were examining the feasibility of undertaking the work departmentally without further loss of time or get it done at an early date through C.P.W.D.

[S. No. 31, of Appendix XV to 42nd Report, 1965-66]

ACTION TAKEN

The Executive Engineer, Kandla Port Trust, has intimated that the work of construction of the Office-building, including the building for installation of the 'Disinfector' and the staff quarters for the Port Health Organisation, Kandla, has since been awarded to a Contractor and the construction work had started on the 4th December, 1965. According to the terms of the contract, the buildings are to be completed within a period of one year.

Since the construction work has already been awarded to a contractor, it is felt that this Ministry need not undertake the work departmentally or get it done through the C.P.W.D. However, close watch on the expeditious execution of the work is being maintained by this Ministry.

Recommendation

The Committee feel that there was no valid reason for taking more than five years to decide the future legal status of the Demographic Training and Research Centre. The Committee feel that this position should be regularised forthwith.

[S. No. 34 of Appendix XV to 42nd Report, 1965-66]

ACTION TAKEN

The Demographic Training and Research Centre, Bombay has been getting grants from the Government of India, though it has not

been endowed with a corporate status so far. The Ministry of Health was requested by the Audit to examine the admissibility of payment of grant-in-aid to the Centre as it had no legal status. In view of the Centre being a regional Institution started in collaboration with the United Nations assistance, it is not proposed to stop issuing the grants to the institution. The question of having this Centre registered under the Societies Registration Act is under the active consideration of this Ministry. The draft Articles and Memorandum of Association of the Demographic Training and Research Centre, Bombay, have since been approved by the Ministries of Law and Finance. These will shortly be considered by a small Committee consisting of the Chairman of the Governing Body, Secretary, Health & Family Planning, Financial Adviser, Dr. M. S. Gore and the Director of the Centre. Thereafter they will be approved by the Governing Body. As soon as these are approved by the Governing Body, formal action to register the Demographic Training and Research Centre, Bombay, under the Societies Registration Act will be taken and the date of registration intimated to the Public Accounts Committee.

MINISTRY OF LABOUR, EMPLOYMENT & REHABILITATION
(DEPARTMENT OF LABOUR AND EMPLOYMENT)

Recommendation

The Committee feel that the difficulty in regard to construction of buildings etc., which has been stated to be one of the reasons for the shortfall in the expenditure under all the heads are not of such a nature as could not be overcome. They are of the opinion that those difficulties are already known when the schemes are prepared and funds are allocated for that purpose. They therefore cannot appreciate this reason as the cause for shortfall. The Committee cannot understand why the Ministry had to go slow when the balance in the fund was over Rs. 10 crores. This over cautious attitude on the part of the Government have not been helpful in achieving the main objectives of the fund.

The Committee in this connection invited attention to the earlier observation contained in para 13 of their 20th Report (Second Lok Sabha) and again point out that the Fund has not adequately discharged the various functions assigned to it by the Coal Mines Labour Welfare Fund Act, 1947 and had not adequately tackled the housing and other welfare problems for which it has been set up. The facilities provided are inadequate and have not achieved the basic minimum in the direction of provision of various amenities to the workers.

[S. No. 96 Appendix XV to 42nd Report 1965-66]

ACTION TAKEN

The closing balance in the General Welfare Account and the Housing Account of the Coal Mines Labour Welfare Fund as on 31st March, 1966 is as below:

General Welfare Account	Rs. 1,81,32,910
Housing Account	Rs. *6,70,71,668
TOTAL	Rs. 8,52,04,578

*Of this investment of the face value of Rs. 6.75 crores approximately have been made in Intermediate Treasury bills. The Book

value of the investment is Rs. 6,66,98,506.16 only. Nature of investment is—

	Book Value	Face value
	Rs.	Rs.
Treasury bills	4,66,38,348.50	4,70,50,000
31/2% Loan 1966	60,252.16	60,100
4% Loan 1970	1,99,99,905.50	2,04,27,600
TOTAL	6,66,98,506.16	6,75,37,700

2. Against the balance of about Rs. 1.81 crores available in the General Welfare Account, the Coal Mines Labour Welfare Fund have already schemes in hand as indicated in Annexure*, the total cost of which amounts to Rs. 3.6 crores. These relate to setting up of additional Central and Regional Hospitals in different coalfields, expansion of the existing Regional Hospitals and grant of financial assistance for implementation of water supply schemes.

So far as the Housing Account is concerned, against the closing balance of about Rs. 6.71 crores, the outstanding payment to collieries for houses already sanctioned under the different housing schemes amounts to Rs. 11.50 crores, leaving a deficit of Rs. 4.79 crores, to be met from the income during the next two to three years. The houses have already been allotted to different collieries and a good number have been constructed or are under construction as indicated in Annexure*. The outstanding payments have, therefore, to be made sooner or later.

3. From the position stated above, it will be seen that the Fund have already in hand schemes which can be implemented only if the present accumulated balances are drawn up in full. The Fund has, therefore, to exercise caution and go slow in taking up new schemes of similar nature, for implementing which there would not be sufficient funds left. In fact a proposal for sanctioning additional houses had to be kept in abeyance for this reason. Apart from above considerations, certain activities of the Fund like the Bharat Darshan tours and the All India Coalfield Sports were suspended in October,

1962 due to the National Emergency. Also subsequently in view of the Prime Minister's Directive issued in August, 1964 suggesting a re-appraisal of budgetary outlays there was some slow down since the Ministry of Finance imposed a ceiling on the budgetary provisions. Ofcourse the activities suspended in 1962 have since been revived in 1965.

4. It would have been possible to utilise the accumulated balances earlier, particularly in the Housing Account, but for the difficulties regarding land acquisition, procurement of building materials, leasing of land by colliery owners, shortage of technical staff, non-availability of suitable sites for construction of houses etc. These difficulties were already known and consequently in the year to year budget of the Fund provision in regard to the estimated expenditure for the relevant year was only included. The short fall in expenditure has thus not been in respect of the budgeted provision for any particularly year but *vis-a-vis* the progressive total income of the Fund ever since its inception. From the point of view of welfare of workers, provision of medical and housing facilities call for a higher priority than other welfare schemes and these form an important part of the welfare activities undertaken by the Fund. Despite the known difficulties regarding construction of buildings etc. funds had therefore to be earmarked for these schemes with a view to their implementation as rapidly as possible.

The action taken to get over the difficulties is explained under the next recommendation. In spite of the difficulties, the following was the progress of construction until March, 1966:—

	Houses sanctioned for con- struction	Houses construct- ed	Houses under construc- tion	Houses not taken up for construc- tion
1	2	3	4	5
Township Scheme	—	2,153	—	—
Subsidy Scheme under which colliery owners are getting a subsidy of 25% of the cost of construction	—	1,638	—	—

1	2	3	4	5
Subsidy <i>cum</i> -loan scheme under which colliery owners are getting a subsidy of 25% and 37½% loan as cost of construction	—	2,060	—	—
New Housing Scheme (entire cost of construction is paid to colliery owners for construction of the houses)	48,000	24,772	6,550	16,678
		26,029(a)	6,415(a)	15,566
Low Cost Housing Scheme	20,000	7,730	7,026	5,244
		8,729(a)	7,420(a)	
	& 417 (Barracks)	37	91	
		45(a)	84(a)	
Co-operative Housing Scheme	120	Nil	41	
Build Your Own House Scheme	1,000	4	3	
		5(a)	3(a)	
Kutchra Houses (In Assam)	30	23	7	

NOTE:—Figures in (a) denotes position on 31-8-1966.

It may however be mentioned here that the employers are also providing some of the amenities and welfare facilities and the intention is that the Welfare Fund should supplement their activities to the extent possible.

5. With the resources available to it, the Fund has already undertaken different welfare activities in coalfields and in drawing up the schemes and in their implementation, the Fund is fully assisted by a Tripartite Committee which includes employers and workers' representatives. If there is to be any further increase in the scope or content of the activities undertaken, this may be possible in view of the position stated in the preceding paras only if additional finances are placed at the disposal of the Fund. For this purpose, the question of enhancing the rate of welfare cess was considered, but

this had to be kept pending in view of the difficult economic situation faced by the country in general and the coal mining industry in particular.

Recommendation

From the facts placed before them, the Committee regret to note that no serious attempt was made by the Government to see that the award of the Industrial Tribunal of 1956 was implemented in full and expeditiously. This concession was to come into effect as from the date 2 years beyond the date of publication of this award. Further, no action has been taken against the collieries who have failed to supply footwear to the miners in accordance with the provision of the award. One of the main reasons given for non-implementation of the award was that the workers did not pay their share of the cost of footwear. The Committee fail to understand as to why the workers' share of the cost of footwear was not met out of the Coal Mines Welfare Fund as provision of protective footwear is essentially a welfare and safety measure. The non-supply of footwear (due to whatever reasons) has only resulted in an unintended benefit to the colliery owners who have saved 50 per cent of their share. The Committee, therefore, suggest that the cost representing workers share for the supply of protective footwear should be met from the Coal Mines Welfare Fund.

[S. No. 99 of Appendix XV to 42nd Report, 1965-66]

ACTION TAKEN

Action taken for the implementation of the Industrial Tribunal Award with reference to supply of footwear to miners has already been explained by the Labour Minister in the Statement made by him in the Parliament on the 3rd May, 1965. Questions regarding the failure to supply the required number of footwears to the miners in accordance with the Award and to what extent and who was responsible for the violation of the Award were also answered in the Lok Sabha in reply to Unstarred Question No. 103 on the 30th August, 1965.

As regards bearing the cost of the footwear it is pointed out that the Tripartite Committee under the Chairmanship of Shri Salim M. Merchant which was set up in 1963 to go into the question of supply of footwear to miners has since submitted its report on 23-8-1965. Recommendations of the Committee are that the wearing of the footwear of the prescribed specifications should be made compulsory and a condition of service of the workman and that the protective footwear should be supplied to the workmen, *the cost of the employers.* In this connection, the Committee has pointed out that the employers representatives put forward the view that the Coal

Mining Industry should be compensated for the extra cost of the supply of free footwear by the grant of a suitable increase in the selling price of coal or grant of subsidy. The Committee did not consider this question; however the question of increase in the price of coal has been taken up separately with the Ministry of Mines and Metals. The question whether any amendment of the Mines Act is necessary to implement the recommendations of the Merchant Committee has been examined in consultation with the Ministry of Law. That Ministry have advised that an amendment of the Act is not necessary. An amendment to the Coal Mines Regulations, 1957 with a view to implement the recommendations of the Tripartite Committee has already been published on 6th August, 1966. A copy of this is enclosed.

The position regarding meeting the cost of footwear upto 50 per cent from the Coal Mines Labour Welfare Fund has been examined. The figures in regard to receipts and expenditure from the General Welfare Account of the Coal Mines Labour Welfare Fund for the years 1964-65 and 1965-66 are given below:

	Receipts	Expenditure
	Rs.	Rs.
1964-65	1,67,99,984	1,49,19,563
1965-66 (estimate)	1,75,85,750	2,26,14,000

It will be seen that the estimated expenditure for 1965-66 already exceeds the anticipated receipts and the deficit will have to be met from the past accumulations which stood at Rs. 2.96 crores on 31st March, 1965. The receipts under the General Welfare Account are mostly spent on promotion of schemes connected with provision of medical facilities, water supplies, educational facilities, improvement of living standards and amelioration of social conditions of coal miners etc. (The expenditure on medical facilities alone came to about Rs. 82 lakhs during the year 1964-65). The expenditure thus being on committed schemes and mostly of recurring nature, no reduction is possible. In other words the past balances are likely to be fully utilised in the course of the next few years. The Coal Mines Labour Welfare Fund cannot, therefore, possibly take upon itself the further responsibility of sharing the cost of footwear supplied to coal miners, which liability would have come to about Rs. 26 lakhs a year. There are several other items of safety other than footwear, which are required to be provided to coal miners e.g. safety hats and it is the responsibility of the employers to provide such items. Any expenditure on such items cannot be a legitimate charge on the revenues of the Coal Mines Labour Welfare Fund which as stated above has already sufficiently heavy commitments.

(Dated the 23rd September, 1966)

Recommendation

The Committee note that the number of collieries which have supplied one set of uniforms during 1963-64 is only 26 and the number of those which have supplied two sets of uniforms is only 21.

The number of collieries which have not supplied the uniforms is 773. These figures depict a very unsatisfactory position. In this connection the Committee would like to invite a reference to para 824 of the award of the All India Industrial Tribunal (Collieries Disputes), 1956 (Volume 1) which says "...In the circumstances we direct that all the manual workmen whose normal total emoluments are less than Rs. 100 per month should be supplied one footwear, 2 shirts and 2 shorts at a concessional rate of 50 per cent of the cost once in a year. This concession should come into effect as from the date 2 years beyond the date of the publication of this award". The Committee regret to note that in spite of this award a large number of collieries have not supplied uniforms to the miners who are getting less than Rs. 100 per month. If the workers were not in a position to get the uniforms at 50 per cent of the cost, then the possibility of financing their share from the Coal Miners Welfare Fund should have been explored. The Committee, therefore, suggest that as in the case of protective footwear the cost representing the workers' share for the supply of uniforms should be met from the coal miners welfare fund.

[S. No. 100 of Appendix XV to 42nd Report, 1965-66]

ACTION TAKEN

According to the provisions of the Coal Award, all manual workers in coal mines getting emoluments up to Rs. 100 per month were each to be supplied with two shirts and two shorts every year by the managements at a concessional rate of 50 per cent of the cost. As a result, however, of the increase in wages of workers due to the grant of variable dearness allowance and interim increase in wages, recommended by the Wage Board for the coal mining industry, the total emoluments of the lowest category of workers rose to more than Rs. 100 per month thereby not entitling them to the supply of uniforms on a concessional rate as envisaged by the Coal Award. Besides this, the workers themselves were not willing to come forward to purchase the uniforms by paying 50 per cent of the cost. On account of these reasons, the provisions of the coal award, in respect of supply of uniforms to coal miners, could not be fully implemented. As the progress in regard to the supply of uniforms has not been satisfactory, the Government of India have already set up a Tripartite Committee on 5th January, 1966 to go into all aspects of the supply of uniforms to coal miners under the Chairmanship of Shri Salim M. Merchant, Presiding Officer, Central Government Industrial Tribunal, Bombay. The

composition and terms of reference of the Committee are contained in the Ministry of Labour and Employment's letter No. 8|24|64-LRII, dated the 5th January, 1966.

— Under section 5(4) of the Coal Mines Labour Welfare Funds Act, 1947, the moneys in the general welfare account of the Fund may be utilised to defray the cost of measures for the benefit of the labour employed in the coal mining industry for improvement of public health and sanitation, the prevention of disease, the provision of medical facilities including the provision and maintenance of dispensary services in collieries, water supplies, facilities for washing and the improvement of existing supplies and facilities, improvement of educational facilities, standard of living, including nutrition, amelioration of social conditions, and the provision of recreational facilities and transport to and from work, etc. Since provision of uniforms does not come under any one of the welfare measures listed above, is it not possible to finance the workers' share in respect of supply of uniforms from the Coal Mines Labour Welfare Fund. The cost, representing the workers' share in respect of supply of protective footwear to coal miners, was also not financed from this Fund.

Dated, 10th February, 1966.

MINISTRY OF FOOD, AGRICULTURE, COMMUNITY
DEVELOPMENT AND COOPERATION

(DEPARTMENT OF COMMUNITY DEVELOPMENT)

Recommendation

Even though a part of short-fall in providing employment might be due to less provision of expenditure, the Committee feel the achievement has been much below the targets fixed for the Third Five Year Plan. This shortfall in achieving the targets requires looking into.

[S. No. 21 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The Third Five Year Plan had envisaged certain employment targets on the basis of an outlay of Rs. 150 crores for the programme over the Plan period. This order of outlay did not, however, become available and the total provision during the Third Plan period amounted to only Rs. 19.33 crores. According to the employment norms indicated in the Third Plan document, an expenditure of Rs. 19.33 crores should have resulted in employment of the order of 786 lakh mandays. Actually, however, as reported by the State Governments, the employment generated with the help of this investment was to the tune of 824.33 lakh mandays. Thus, the employment achievement under the programme was even above the proportionate target. The main difficulty during the Third Plan period, as mentioned earlier, was the uncertainty and inadequacy of funds; the available administrative and technical set up could have handled an even bigger programme.

In this connection, it may be mentioned that the following are some of the important measures which have been taken to strengthen the administrative and organisational arrangements for implementation of the programme:

- (i) The responsibility for administering the programme at the Centre was transferred in September, 1964 from the Planning Commission to the Department of Community Development.

- (ii) In line with the basic character of the programme, which is designed to create community assets through community action, the Panchayati Raj Institutions and the Block agency have been fully involved and made squarely responsible for formulation and execution of projects.
- (iii) It has been impressed on the State Governments to ensure that powers for according administrative and technical sanctions to projects are decentralised to the extent possible, to the authorities at the local level; funds for the programme in the programme blocks are to be allocated in full, to the Block organisation at the beginning of each financial year to enable them to plan and execute works in time.
- (iv) It has also been urged upon the State Governments that necessary technical support for the works should be provided to the Block agency by the State Engineering cadres concerned, without levy of centage on the Panchayati Raj bodies.

Implementation of the programme on these lines is now the accepted pattern. Within the overall limitation of resources, the budgetary provision for the programme over the years, following its transfer to this Department, has also shown some improvement. The important point is that the funds made available have, by and large, been utilised in full and in time, resulting not only in proportionately adequate, but somewhat larger, volume of employment generation, and the States with their available field organisation, have, in fact, steadily pressed for even large allocations.

APPENDIX VI

**Recommendations/observations to which Government have
furnished interim replies**

MINISTRY OF EDUCATION

Recommendation

The Committee would like to be informed of the actual position regarding the award of scholarship to children of those persons who have suffered in the struggle for liberation of Goa.

[S. No. 74 of Appendix LIII of 41st Report, 1965-66]

ACTION TAKEN

The State Governments/Union Administration were addressed in the matter. So far replies from the Governments of Assam, Bihar, Gujarat, Madhya Pradesh, Madras, Mysore, U.P., Delhi, Tripura, Pondicherry and Manipur have been received. From the replies, it is observed that there is no scholar in receipt of any concession on account of their Parents' Participation in Goa Liberation Movement. The replies from the remaining State Governments/Administrations are still awaited. They have been reminded for sending replies without further delay.

Recommendation

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

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

[S. No. 97 of Appendix LIII to 41st Report, 1965-66]

ACTION TAKEN

This is being looked into in this Ministry and a further communication will follow.

Recommendation

The Committee are surprised to learn that though the dispute about the annual rent to be paid arose in the very first year, yet no action was taken to regularise the deal. While the Committee note that the Jamia is taking steps to recover more lands, they would suggest that a fresh agreement be entered into with the leasee in respect of the portion of land still remaining with him.

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

[S. Nos. 100 & 101 of Appendix LIII of 41st Report, 1965-66].

ACTION TAKEN

This is being looked into in the Ministry and a further communication will follow.

Recommendation

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

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

[S. Nos. 104 & 105 of Appendix LIII of 41st Report, 1965-66].

ACTION TAKEN

Subsidy to hostels.—The Jamia has intimated that they are taking steps to re-assess the rental values of the hostels. The upward trend in the rent and prices of other services available in the hostels is being taken into consideration. The result of this re-assessment will be applicable from the academic year beginning from July, 1966. The Finance Committee of the Jamia in its meeting held on 10th October, 1966, recommended the following room-rent (exclusive of water and electricity charges) be realised from resident students from the academic year 1967-68:

(i) Primary School	Re. 1.00 p.m.
(ii) Jamia Nagar Sec. School	Rs. 1.50 p.m.
(iii) Jamia College	Rs. 4.00 p.m.
(iv) Teachers' College	Rs. 2.50 p.m.
(v) Garda Phillips born hostel (for women)	Rs. 2.50.p.m.

The matter has been taken up with the Ministry of Finance for their approval. A further Communication will follow when a decision has been arrived at.

Recommendation

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

[S. No. 109 Appendix LIII of 41st Report, 1965-66].

ACTION TAKEN

This is being looked into in the Ministry and a further communication will follow.

Recommendation

4.451. *An unauthorised withdrawal amounting to Rs. 11,481 on account of cost of materials alleged to have been supplied by a local firm in March, 1962, came to notice of the Management during April, 1962.*

4.452. *The case was reported to the Police on the 7th April, 1962 who have filed a challan in a local court in respect of four outsiders and two officials of the Institute. The case is still pending (October, 1963). In the meanwhile remedial measures have been introduced on the recommendation of a committee of officers appointed*

to investigate into the case to prevent recurrence of such fraudulent drawals in future.

4.453. *The witness informed the Committee that the case of unauthorised withdrawals of Rs. 11,481 on account of cost of material alleged to have been supplied to the Institute by a local firm was pending in Court and the judgement was expected shortly. He added that no departmental action had been taken against those who had not been prosecuted because the judgement was still awaited. Remedial measures had, however, been introduced so that there was no recurrence of such things in future. He promised to inform the Committee about the judgement when received.*

4.454. *The Committee would like to be informed of the judgement of the Court when received and the action taken against the staff held responsible.*

[S. No. 166 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

Re. Alleged fraudulent withdrawal:

The case is still under the consideration of the local court.

[U. O. No. F. 23-6/66-T6 dated 12-7-66.]

MINISTRY OF FOOD AND AGRICULTURE

(DEPTT. OF AGRICULTURE)

National Dairy Research Institute, Karnal

Recommendation

While the Committee hope that the Karnal farm would become self sufficient in fodder during the 4th Five Year Plan, they are of the opinion that instead of buying fodder from market and incurring expenditure every year, it would be profitable if the S. R. S. of the N. D. R. I., Bangalore also acquires more land and become self-sufficient in fodder. They desire that the economics of making these institutes self-sufficient in fodder or to buy fodder from outside sources should be carefully examined and necessary action taken keeping in view the prevailing market price of land.

The Committee do not feel happy over the inordinate delay that has already taken place in this matter. They desire that an early decision may be taken in fixing maximum and minimum limits of stores at Karnal and Bangalore Institutes.

[S. Nos. 203 & 204 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The present facilities of land, etc., available at the Southern Regional Station, Bangalore, are limited. The possibilities of acquiring a larger area of land and other facilities at the Station are, therefore, being explored in order to make the Station self-sufficient in fodder production.

The matter regarding the fixation of maximum and minimum limits of Stores at the N. D. R. I., Karnal and the Southern Regional Station, Bangalore has been taken up with the Accountant General, Punjab.

Recommendation

The Committee would like to be informed of the results of the Departmental enquiries against the officials on the charge of manipulation of transit losses. They feel that strict action should be taken in such cases with a view to avoid their recurrence. The Ministry should also examine if there is any loophole in the procedure, which resulted in manipulation of transit losses by employees in some cases, and they should try to plug those loopholes.

[S. No. 224 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

The Departmental inquiries against the officials concerned have not yet been completed. The present position is that charge sheets have been issued to the persons involved and the relevant records have been shown to them as per their request. A further note will be furnished on completion of these Departmental inquiries. The misappropriation was committed by the officials by recording fictitious arrival weights and manipulation of accounts and as such it was not due to any loophole in the procedure but failure on the part of the staff to observe the prescribed instructions. It is felt that if immediate arrival weighment were taken at the Railway Siding and at the godown and the weighments test checked by the godown Superintendent and the Assistant Director as provided in the rules of procedure and as per standing instructions already issued, there would have been no scope for such manipulations. There are already standing rules and instructions issued on this subject viz. that the godown keeper is to determine the transit loss of the foodgrains after proper weighment and test check thereof and to take immediate steps to fix responsibility for the loss. These instructions are being reiterated. Further instructions would be issued after the inquiry if it reveals any lacuna in procedure etc.

Recommendation

From the statement, the Committee find that on the basis of physical verification at the time of transferring foodgrains to F.C.I., an over-all shortage of M.T. 5115 i.e. 4.24 per cent of rice and over-all shortage of wheat of M.T. 1218 i.e., 1.72 per cent was detected. The Committee are happy to note that the Ministry have already instituted an enquiry to find out the high variations between the book balances and the actual stocks both in respect of rice and wheat. They would like to be informed of the findings of the enquiry.

[S. No. 232 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

In connection with the transfer of depots in the Southern Region to the Food Corporation of India with effect from 1st April, 1965, it was laid down that the stocks lying in those depots on the date of transfer would be handed over to the F.C.I. on the basis of cent per cent physical verification to be carried out under the supervision of Deputy Director (P.V.) of the Southern Region and an officer of equal status of the F.C.I. The physical verification statements prepared in this connection were to be signed by both these officers. Particulars of the stocks handed over were received from the Re-

gional Director (Food), Madras in August 1965 and as desired by the Public Accounts Committee in their meeting held on the 20th July 1965, a statement showing the stocks as per book balance, the stocks actually handed over on physical verification and the differences (gain/loss) between the two was forwarded to the Lok Sabha Secretariat under this Department No. 21(4)65-66/BFC.I. dated the 15th September, 1965. While examining the statements, it was noticed that in a few cases there were heavy shortages at the time of handing over. The Regional Director (Food) was accordingly asked to investigate and to intimate the result to the Ministry. The P.A.C. was also informed that these heavy shortages were being investigated.

2. Since then the Regional Director (Food) has intimated that the differences between the book balance and the stocks handed over as shown in the statement sent by him were inclusive of the storage losses upto 31st March, 1965. Accordingly to enable the Ministry to present a correct position to the P.A.C. the R.D.F. has been asked to revise the statement taking this fact into consideration. These statements when received will be sent to Audit for verification and in cases where the shortages are found to be heavy, further action to investigate into the same would then be taken.

Recommendation

The Committee feel that it was scandalous to allow the public Exchequer to suffer such a huge loss by continuing a system in which not only the contractors exploited but even officers connived. The Committee hope that SPE would complete its investigation expeditiously and then the Government would punish the guilty officers adequately.

[S. No. 237 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

It is too early for the Department to comment on this observation. The report of the SPE in regard to the alleged connivance of Government Officers with the contractors is awaited and the same will be duly considered and acted upon, when received.

[U.O. No. 23/65-66/BFCII/41st Report, dated 19-7-1966].

Recommendation

From the notes furnished by the Ministry at Appendix LII and also from the evidence tendered, the Committee are surprised that even when legal advice was sought, the Department had failed to ascertain from the Ministry of Law regarding the consequences that

the change in the terms of contract might produce. They fail to understand how a Department which has been dealing with such contracts since long, could possibly overlook this aspect. It is surprising that it did not occur to the Ministry of Law that the changes in the terms of the contract would prejudice guarantee. Another serious omission on the part of the Department was that even when there was enough time at their disposal, thorough enquiry was not made about the antecedents of the firm whose records were not clean as it had defaulted to fulfil a contract earlier despite successive extensions. The Committee, therefore, hold that the contention of the Department that no enquiry was made as the party was known is not based on facts. The firm was known to be a defaulter. The Reserve Bank report was also unsatisfactory and even then for reasons not known the Ministry chose to deal with such a firm. It is a matter of great surprise and disappointment. If the Department had been a little more cautious and had verified the antecedents of the firm at the initial stage, much of the present trouble would not, perhaps have arisen. The Committee would also like to be informed of the final outcome in this case.

[S. No. 252 of Appendix LIII to 41st Report, 1965-66].

ACTION TAKEN

This Para relates to the contract for import of 30,000 tons of sugar in 3 equal instalments placed with a Firm 'A' in July, 1954. Two instalments were supplied in accordance with the contract. The third instalment was to be shipped to Calcutta but the foreign supplier consigned it to Bombay. The Department arranged of transport of an equivalent quantity from Bombay to Calcutta at a total cost of Rs. 3.29 lakhs. The firm did not accept the liability. The firm had deposited a bank guarantee for Rs. 4,55,500 from the Punjab National Bank Ltd., Ludhiana duly under written by Reserve Bank of India which was valid till final settlement of Account. Before the sum of Rs. 3.29 lakhs could be realised the Court declared this Bank Guarantee to be discharged as certain amendments regarding mode of payment, packing, shipment period, price etc. were made in the contract without the consent of the surety. The form of the Guarantee adopted by this Ministry was that prescribed by Ministry of Finance and approved by Ministry of Law. As explained in our evidence, the first amendment to the contract was shown to Ministry of Law and in fact a revised draft was prepared by them which was issued after it was seen by Ministry of Finance. However this Department did not specifically raise the point as to what effect the variation would have on the Guarantee. It is unfortunate

that this point was lost sight of. This lacuna has been set right now by amendments of the Guarantee form.

As for the verification of the antecedents normally the offer for import made in accordance with the practice in the international market remain open for 24 to 48 hours and thus it is not possible to verify the antecedent of the seller or buyer. To safeguard the Government interest it was, therefore, provided in the contract that the seller would deposit 3 per cent value of the contract as a Guarantee from a scheduled Bank duly under written by the Reserve Bank of India. This Guarantee was to remain in force till final settlement of account and it was considered sufficient to safeguard the interest of the Government.

The normal procedure adopted by the Department in concluding contracts was to obtain earnest money of Rs. 10,000 with the offer and a security to the extent of 3 per cent value of the contract in each case within a week or so of concluding the contract. This practice was followed in this case as well. The firm no doubt made in this case, its first offer in May, 1954 but this was rejected. Subsequent to that they made a fresh offer on 3rd July, 1954 which was accepted the same day and the contract was concluded thereafter. Thus there was no time to verify the antecedent of the firm. Moreover, the Report from the Reserve Bank of India that the firm was of slender means was brought to the notice of this Ministry on 18/8/1954 after the contract had been concluded.

Although the firm had defaulted from the original conditions of the first contract, the view taken at the time was that the default, to some extent was beyond the control of the firm as the foreign suppliers backed out and for this reason the shipment period was extended. Against that contract also the firm had deposited the earnest money of Rs. 10,000 as well as furnished a bank guarantee for Rs. 1,42,600/- as security. The liquidated damages of Rs. 15,000/- then levied on them due to default in the first contract, were promptly settled. Thus this default could not give us any indication, as to the week financial position of the firm.

Regarding the realisation of the Government dues the bill amounting to Rs. 1.47 lakhs has been held up by the Government out of the decretal amount of Rs. 2.99 lakhs. As for the balance, enquiries have been made from all possible sources with regard to the assets of the firm and its partners. We have recently received a report through the Ministry of Finance which reveals that one of the partners has got some landed property in the name of his wife which is of the value of about Rs. one lakh. It is also understood from the

Commissioner of Income Tax, Uttar Pradesh that the husband of another partner has also property in his name and is the manager of a registered firm which is assessed for income-tax purposes. Efforts will be made to realise the Government dues after the appeal is finally disposed of by the High Court.

The case is still subjudice and the Public Accounts Committee will be apprised as soon as the decision is taken by the Court.

[U.O. No. 23/65-66/BFC-1/41st Report, dated 11-5-1966].

AUDIT OBSERVATIONS

It has been stated that:—

- (i) The firm made a fresh order on 3rd July, 1954 which was accepted the same day and the contract was concluded thereafter. Thus there was no time to verify the antecedents of the firm.
- (ii) The report of the Reserve Bank of India that the firm was of slender means was brought to the notice of the Ministry on 18th August, 1954 after the contract had been concluded.

Some broad facts relating to this case are mentioned below:—

Date	Remarks
12th May, 1954	The firm offered sugar at ₹38/4/- per long ton C & F Bombay-shipment July-November, 1954.
21st May, 1954	The firm forwarded a deposit-at-a call receipt of Rs. 10,000 on the Bank of Patiala (instead of Reserve Bank/Imperial Bank of India) as earnest money deposit.
25th May, 1954	The firm intimated that they had made a commitment to the foreign suppliers and requested for acceptance of their dated 12-5-1954. The origin of sugar was also mentioned French/German.
27th May, 1954	Firm were informed that their offer of 12th May, 1954, could not be considered at all because of material defects in respect of deposit of earnest money from Patiala Bank and their failure to specify the country of origin of sugar. It was pointed out that they could not have formally committed themselves as they had stated on 25-5-54 that the country of origin would be either France or Germany, which showed that they had not entered into any firm commitment with their suppliers.

Recommendation

MINISTRY OF HEALTH AND FAMILY PLANNING

Agreeing in principle with the view expressed by the Secretary, the Committee suggest that the charges being levied from the indentors of stores should be fixed on a realistic basis, so that the Organisation may function on a no profit no loss basis.

[S. No. 46 of App. XV to 42nd Report, 1965-66].

ACTION TAKEN

The Medical Store Depots have been directed to review the departmental charges on the basis of Profit and Loss Account for the year 1963-64 and 1964-65. On receipt of their comments, the Government will examine whether there is any scope of further reduction in departmental charges. The results of this examination will be intimated in due course.

Recommendation

The Committee regret to observe that the Depots had not been prompt in recovering their dues. The fact that the financial position of the local bodies to whom goods were supplied was weak should not be stand in the way of the Depots in recovering their legitimate dues. The Committee would watch the results of the special measures stated to have been adopted by the authorities in this regard.

[S. No 51 of Appendix XV to 42nd Report, 1965-66].

ACTION TAKEN

Officials of the Government Medical Store Depots, Madras and Hyderabad have been deputed to go round the defaulting non-Government institutions where the outstanding recoveries are more than Rs. 5,000. The Depots have been asked to intimate the progress of recoveries made at frequent intervals.

A statement showing the position regarding the outstanding recoveries at the time of the meeting of the P.A.C. and another statement showing the position regarding the outstanding recoveries upto 1st February, 1966 is enclosed. (Annexure).

Further progress in the matter will be intimated to the Committee in due course.

MINISTRY OF FINANCE
(DEPARTMENT OF ECONOMIC AFFAIRS)

Recommendation

The Committee regret to observe that in this case an extra expenditure of Rs. 15,867 had to be incurred in the purchase of two "Bright Annealing Furnaces" and one "Atmosphere Generator" due to administrative and other delays in placing orders after calling for tenders in November, 1960. What is more, supplies have not yet been completed after a lapse of more than three years of placing the order by the Director General Supplies and Disposals. Thus, apart from incurring extra expenditure, the machinery required in 1960 have not yet been installed after a lapse of about six years. The Committee very much regret such long delays in the execution of small orders. They desire that the matter should be vigorously pursued with the Director General, Supplies and Disposals.

[S. No. 8 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

As desired by the Public Accounts Committee, the matter about the delay in procurement of these items of machinery ordered in February, 1963 was taken up with the Director General of Supplies and Disposals. The D.G.S. & D. informed us that they had been advised by the firm on whom the order was placed that due to delay in getting sub-contracted items, particularly the refractory material, they had not been able to complete the Furnaces earlier. The firm had also sought extension of the delivery period for certain items on this account. After giving the extension asked for, the D.G.S. & D. had impressed on the firm the necessity of completing supplies without any further delay. However, the delivery schedule was affected due to shortage/damage of several items during transit from U.K. to India necessitating import of replacements against the firm's own commercial quota on the basis of a fresh import licence. The firm had been supplying various components of the Furnaces piece-meal since 1965 and has completed the entire supply by the end of May, 1966.

In view of the inordinate delay in the execution of the order by the firm, the D.G.S. & D. was requested to consider the question of imposing liquidated damages or some other penalty on the firm.

Due to shortage of space at the Mint, the Mint Master Bombay had to make certain readjustments in the Operative Departments of the Mint to accommodate the furnaces. They are now being erected for commission.

This note has been seen and vetted by the Director of Commercial Audit, New Delhi.

MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION

(DEPARTMENT OF REHABILITATION)

Recommendation

The Committee are surprised that even in spite of their previous recommendation, the Rehabilitation Ministry proposed the effective rate of interest of 5½ per cent when the market rate was more than 7½ per cent. This indicates that no proper thought was given to this problem and the Committee's recommendation was not considered seriously. The Committee desire that no undue concession should be given to the individual in the repayment of the loan which is overdue. The Committee reiterate their recommendations made in para 26 of the 36th Report (1964-65) in this regard and desire that an early decision should be taken in the matter.

[S. No. 12 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

As for the observations of the Public Accounts Committee that the Rehabilitation Ministry proposed effective rate of interest of 5½ per cent when the market rate was more than 7½ per cent in spite of their previous recommendations, it is stated that we had proposed interest at the rate of 7½ per cent and in the event of default, a penal rate of interest at 9½ per cent was to be charged. There was never any intention of allowing rebate of 2 per cent on the normal interest which is 7½ per cent. What we meant was that if he paid the amount in time, he will pay only 7½ per cent, which will mean a rebate of 2 per cent for prompt payment. A perusal of our Note dated 20th December, 1965, reproduced below, on the basis of which note for the Public Accounts Committee was prepared, will confirm our above intention:—

“.....We may, however, revise the rate of interest from 4½ to 7½ per cent per annum to bring it in conformity with the present market rate and in the event of default, a penal rate of interest of 9½ per cent may be charged from him. This would mean that for prompt payment Kanwar Raj Nath will be entitled to a rebate of 2 per cent.”

2. In view of the above, the relevant portion of our previous note dated 7/10-1-1966, may be treated as amended and it may be read as:—

“It is, however, proposed to revise the rate of interest from $4\frac{1}{2}$ per cent to $7\frac{1}{2}$ per cent so as to bring it in conformity with the present market rate of interest and in the event of default in payment, a penal rate of interest at $9\frac{1}{2}$ per cent will be charged.”

The line reading that “on prompt payment Kanwar Raj Nath will be entitled to a rebate of 2 per cent may be treated as deleted”. The evidence given by the representative of the Ministry vide para 1.70 of 54th Report, Vol. I of the Public Accounts Committee (Third Lok Sabha) was due to mistake (on account of faulty wording of the Ministry's note dated 7/10-1-1966).

3. Amar Nath Mills were sold to Kanwar Raj Nath for Rs. 50.11 lacs to which were added Rs. 18 lacs on account of an Award given by Shri Morarji D. Desai in respect of Stores and arrears of rent etc. So the total amount to be recovered from Kanwar Raj Nath was Rs. 68.11 lacs. Out of which he paid Rs. 20 lacs in the beginning and balance was to be paid in ten instalments. Upto October, 1966, he was to complete six instalments but he completed only three instalments upto that date. Rs. 14,88,862.23p (Rs. 14,79,387.36 towards principal and Rs. 9,474.87 towards interest) are still due towards him as arrears of instalments.

4. In our previous note to the Public Accounts Committee dated 7/10-1-1966, we had stated that a representation from Kanwar Raj Nath for relaxation in the terms of payment was under consideration. A note was prepared for submission to the Cabinet but it was noticed that Kanwar Raj Nath had paid very little amount towards the instalments after submission of his representation. A notice was issued to him again on 19-8-1966 to deposit the amount forthwith and it was made clear to him that if he failed to deposit the arrears immediately, the property would be re-entered. As a result we were able to recover Rs. one lac only which was inadequate.

5. Secretary called Kanwar Raj Nath and the seriousness of the situation was impressed on him. But Kanwar Raj Nath stated that his financial position, which has never been happy since the Chinese aggression, had further deteriorated as a result of devaluation and, thereafter, submitted a written representation reiterating his stand that:

“Ever since the Chinese Aggression, the Woollen industry has been strained more and more and the conditions worsen-

ed after the conflict with Pakistan and now the devaluation of Indian currency, announced in June, 1966 had completely broken the industry. It has thrown extreme burden on it due to the high premiums which the industry have to pay for importing raw materials including stores, such as dyes, chemicals and spares, etc. The industry for its effective working was dependent on imported raw materials but the Import Quotas are issued on the basis of export earnings of the various industries. The machinery installed in the Amber Nath Mills was out-dated and they were unable to produce goods which have exported potential. All this had resulted into diminishing of his credit and he was not in a position to pay the Government dues. He has imported new machinery on a credit afforded to him by Syndicate Bank Ltd., Bombay, which is in the process of installation shortly, and thereafter the Mills will begin to earn Import Quotas by export of goods, he will be able to pay the Government dues."

6. From the above it is clear that at present Kanwar Raj Nath is not in a position to pay the Government dues. Under the circumstances the only alternative for the Government is either to take over the Mills and recover the Government dues by sale of mills or to afford facilities to Kanwar Raj Nath so that he is able to put his house in order and, thereafter, is in a position to pay the Government dues. As for the first alternative (i.e., to re-enter the property) is concerned, our past experience shows that it will be difficult to make alternative arrangements for the running of the mills. After the migration of the evacuee owners in the year 1947, the Government of India tried number of alternatives for running the mills but failed in its efforts and the mills remained almost closed, till these were conveyed to Kanwar Raj Nath in the year 1960. At first the mills were leased to Displaced Persons but they failed and ultimately it led to litigations. Later on the possibility of departmental management of the mills was considered but it was not found feasible. The Ministry of Commerce and Industry were requested to take over the mills but they declined. In the past the mills were engaged in manufacture of goods required by the Defence Services and as such the Ministry of Defence were also consulted whether they were interested in taking the mills, but they also declined. The other alternative for disposing of the mills was by open auction or by inviting tenders, which was also done but no satisfactory offers were received. It was under these circumstances that the mills were sold to Kanwar Raj Nath. If we now take over the mills, we are sure to come across

the same difficulties and it may mean a total closure of the mills as previously and will not be in the national interests. The Government of India are offering various incentives for setting up the new industries, whereas our action will kill the industrial unit which is already working and, that too, without bringing any financial gain to the Government. It will also render considerable labour unemployed. Under these circumstances, the alternative is that we may place Kanwar Raj Nath in a position to pay the Government dues, if we are satisfied about his bonafide.

7. Kanwar Raj Nath has suggested that he may be given relief by way of a 'Moratorium' for five years during which period, he will regularly pay the interest at enhanced rate of $7\frac{1}{2}$ per cent. and will see that there is no accumulation of interest during the 'Moratorium' period and thereafter, he will pay the principal amount in twelve instalments.

8. We have referred the case to the Ministry of Commerce for their advice.

[Dated 15-5-1967]

MINISTRY OF FINANCE
(DEPARTMENT OF EXPENDITURE)

Recommendation

The Committee are not happy over giving of retrospective effect to the order of creation of the post of Assistant Secretary in this case. They feel that this is a case where the power delegated to the Planning Commission to make appointment was not used with due circumspection. The Committee doubt whether under the existing rule it is feasible at all to create a post retrospectively. They find it difficult to appreciate the view of the Planning Commission that under the rules there was nothing prohibiting the competent authority from creating a post retrospectively. The Committee are not convinced that there were any special circumstances for creating the post of the Assistant Secretary by the Planning Commission retrospectively. All the same, the Committee desire that this point regarding the feasibility and desirability of creating posts retrospectively should be examined by the Ministries of Home Affairs and Finance and clear instructions should be issued.

[S. No. 13 of Appendix I to 54th Report, 1965-66]

ACTION TAKEN

The general issue raised by the Committee is being examined in consultation with the Ministry of Home Affairs and suitable instructions will be issued to the Ministries early under intimation to the Committee.

[U.O. No. F.12(17)-E(Coord.) '66, dated 22-12-1966]

Recommendation

In view of the serious nature of irregularities committed in this case, the Committee desire that an enquiry should be held to find out why the unusual concessions were given and how far the office bearers of the Society were responsible for its failure and why the document remained unexecuted for such a long time.

[S. No. 48 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

A joint Secretary has been appointed as an enquiry officer for conducting an enquiry as desired by the P.A.C. He has already

started action in this regard. The result of this enquiry will be intimated to the P.A.C.

Recommendation

The Committee are surprised and cannot understand as to why this delay in filing the suit when the Government has considered that the party has no intention to pay.

The Committee may be informed whether the suit for the recovery of the amount of loan due from the Dogra Steel Industries, Faridabad has since been filed in the Court and the result thereof.

[S. No. 50 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

As the firm failed to fulfil their assurance, the case was referred to the Ministry of Law (Litigation) on 25-3-1965 for instituting a suit against the firm for the recovery of the Govt. dues. The Ministry of Law referred back the case asking for three sets of attested copies of relevant documents, a copy of summary of the case and all relevant files. As the required copies had to be taken from different documents and files, it took some time to prepare them. These were sent to the Ministry of Law on 12th July, 1965. That Ministry removed the relevant papers and handed over the case to the Central Government Counsel and advised this Ministry to depute one of the officers conversant with the case to contact the Counsel and give him all information required for the drafting of plaint. An officer of this Ministry contacted the Counsel on 28-10-1965 and discussed the case with him. The Counsel asked for some additional information/documents which were furnished to him on 29-10-1965.

The draft plaint, as prepared by the Government Counsel was forwarded to this Ministry by the Ministry of Law on 10-11-1965, desiring this Ministry to check up the facts contained in the draft plaint and return the same with two spare copies. It was also desired by the Ministry of Law that the plaint should be got approved by the Advice side of that Ministry before it is filed. Accordingly the facts were checked and file was referred on 10-12-1965 to the Ministry of Law (Advice side) for their approval and the same was returned to this Ministry on 10-1-1966. Thereafter on 25-1-1966 fair copies of the plaint duly signed by the Joint Secretary of this Ministry were sent to the Ministry of Law (Litigation Section) for filing the suit.

Ministry of Law informed this Ministry on 2-3-1966 that the Standing Government Counsel had been engaged to conduct the suit.

They asked for an amount of Rs. 3500 for meeting court fees and other miscellaneous expenses to be placed at their disposal and the same was done *vide* this Ministry's sanction issued on 18-3-1966. On enquiry made by this Ministry on 2-6-1966 regarding progress of the case, the Ministry of Law informed that the case had not yet been filed and that the same would be filed only after the amount of Rs. 3500/- was paid to them in cash. Accordingly a revised sanction letter was issued on 22-6-1966 and the amount has since been paid in cash to the Ministry of Law (Litigation Section).

As the amount to be recovered exceeds Rs. 25,000/- the Ministry of Law have since decided to file the suit in High Court and have accordingly sent the Plaint to High Court Section of that Ministry on 25-11-1966.

A reference was also received from the Audit asking whether the Government dues against M/s. Dogra Steel Industries Ltd., Faridabad could be recovered from dues, if any, payable by the D.G.S.&D. against orders placed by them on the firm. The D.G.S.&D. have been asked by this Ministry to check the facts and intimate the position to this Ministry.

Except for an amount of Rs. 8941.65 paid by the firm in March & April, 1960, towards interest, the firm did not make any payment of principal and interest. Against the total loan of Rs. 85907/- advanced to the firm, the total outstanding amount due from the firm as on 31-3-1966 was Rs. 1,12,403.28 (Principal Rs. 85,907/- and interest Rs. 26,496.28).

FURTHER INFORMATION

Shri J. P. Chopra, Standing Government Counsel informed this Ministry that a Civil Suit has been filed in the High Court against M/s. Dogra Steel Industries at Faridabad on 26.5.1967.

MINISTRY OF TRANSPORT & SHIPPING

(TRANSPORT WING)

Recommendation

From the evidence the Committee find that excepting in the port of Calcutta there is no independent arrangement at other ports for getting the grade of coal tested to ensure that the supplies are made strictly according to the specifications. The ports of Bombay, Visakhapatnam and Kandla depend on the grading of collieries done by the Coal Controller while the ports of Madras and Cochin obtain their supplies through the Southern Railway without conducting any independent test of their own. The port of Bombay further hold that such tests are not necessary and they only conduct some visual inspection. In a note furnished to the Committee in April 1965, the Ministry upheld the view that "the grade given by the Coal Board represents what the grade of coal loaded by a particular colliery is expected to be according to the technical assessment made by the Board."

[S. No. 61 of Appendix I to 54th Report, 1965-66].

Against this background, the Committee find from evidence that neither the view of the Ministry nor the contentions of the Bombay Port authorities are substantiated by facts. During 1963-65, according to evidence, 63 tests were carried out and out of these in 50 cases it was found that the coal supplied was of inferior quality.

[S. No. 62 of Appendix I to 54th Report, 1965-66].

The Committee feel distressed by this revelation because under the existing system even when coal is found to be of inferior quality, the consumer has to pay at least for that consignment according to the superior grade assigned by the Coal Board unless he has an agreement with the colliery to the contrary. In the face of these facts, the Committee fail to understand how the Bombay Port authorities can claim that the 'visual inspections' which they are now conducting are adequate to ensure that supplies are according to specifications. They are further surprised to be informed that Bombay Port authorities failed to furnish any explanation for their stand even when called upon to do so and that the Ministry did not take any further action in the matter. Since all the consumers are not likely to have their own arrangements for testing and for the sake of equity, it is

essential that the testings done by the Coal Board for allocating grades should be done so carefully as to eliminate all possibilities of mistakes and errors. In order to avoid such variations and disputes which result in compromise payments being made by the contractors, the Committee feel that the Coal Board should enforce the standards laid down for the allocation of the grade more strictly. They should also consider the feasibility of making frequent sample tests even in respect of the coal that is supplied to ports.

[S. No. 63 of Appendix I to 54th Report, 1965-66].

The Committee hope that the Ministry will take an early decision on the recommendations of the Committee which was constituted to consider the question of revising the system of grading of coal and whose report was submitted as early as in 1963. The Committee also hope that Government will carefully analyse the results of tests conducted at Calcutta to revise their future policy in this regard.

[S. No. 64 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The Coal Board derives its power to grade or regrade coal, from the Coal Mines (Conservation and Safety) Rules, 1954. The Board grants a provisional grade on the basis of the seam sample (coal from the seam as distinguished from coal of the seam in the wagon). Coal is allowed to be despatched on the basis of the provisional grade and after the despatches commence the Board draws wagon samples from time to time in the presence of a representative of the colliery. On the basis of the wagon samples drawn on at least three different days, the final grade of the seam or seams of the particular colliery is fixed. The final grade so fixed by the Board for a seam or section of a seam can be (and is) altered by the Board from time to time on the basis of analysis of wagon samples after the Board is satisfied that the grade so fixed 'cannot be maintained'. Before any order altering a grade is passed by the Board the owner concerned is given an opportunity of making a representation against the order proposed, and the other formalities under the Coal Board Manual have to be observed. The wagon samples are drawn by the Board's staff by surprise checks from loaded wagons. Sometimes it so happens that when the Board's officers reach a colliery siding, either there are no wagons, there being no allotment of the wagon for the colliery on that day or the wagons are yet to be loaded. In such cases, no wagon sample can be drawn. These factors cause delay in

revising the grades. Further there are about 1500 graded seams at more than 800 collieries and on an average 7000 wagons are loaded per day. Thus, it would be seen that it is impossible to cover all the wagons even if the staff strength is substantially augmented.

The present arrangement is that wagon samples are drawn once every month in respect of the seams, coals of which are supplied to steel plants or washeries. Wagon samples are drawn once every two months in respect of all seams of non-coking coal producing Grade I or better quality of coal and where raisings are substantial i.e., at least 25,000 tonnes per year. Where Ports draw their supply from coals of Grade I and above from collieries where raisings are substantial, it can be presumed that normally wagon samples from coals of such seams are being drawn once every two months. It is not possible for the Board to enforce drawal of more loading samples except at prohibitive cost in as much as the basis adopted by the Board is the seam sample and not the coal supplied to any particular consumer.

The question of grading coals on the basis of their useful heat value is under the active consideration of the Ministry of Mines & Metals and a decision is likely to be taken soon.

It is felt that the arrangements for purchasing coal at the Ports of Kandla, Madras, Cochin & Mormugao need not be disturbed as either they draw their supplies from the Railways or their requirements are small. It would not be economical to organise sampling and testing in these cases.

As a result of persistent efforts, Calcutta Port Commissioners have evolved a practice under which coal supplies are to be paid for by them on the results of test analysis. This, no doubt leads to frequent disputes and the Commissioners have to accept the best possible compromise in order to avoid litigation and to ensure continuity of supplies. The Bombay Port Trust and Visakhapatnam Port Trust were asked to adopt the Calcutta practice in the matter of purchase of coal and to arrange to draw samples, if necessary, at the loading end, at least on a test check basis to ensure conformity with the quality actually contracted for. The Visakhapatnam Port authorities have informed that the collieries including the Government controlled National Coal Development Corporation have refused to accept payment on the basis of test results. The matter is being taken up again with the Ministry of Mines & Metals.

Recommendation

The Committee find no justification for delay in supplying the approved drawings to the Inspecting Officer. The Department had incurred an extra expenditure of Rs. 38,475 in this case merely on the plea that they needed the supply urgently. There was, therefore, no justification for any delay in supplying the approved drawings. The Committee feel that the requirement of the D. D. A. was not so urgent for these trailers as it was made out to be on 28th March, 1960 when orders were placed in anticipation of the sanction of the Chief Administrator. Had the requirements of trailers and their dates of supplies been assessed more realistically, the Committee feel the extra expenditure of Rs. 38,475 could have been avoided.

[S. No. 88 of Appendix, I to 54th Report, 1965-66].

ACTION TAKEN

The Committee's observations have been noted for guidance.

As regards the urgency, however, it may be mentioned that the order for 3-ton trailers from the firm was related to the purchase of 28 H. P. tractors. Decision for purchase of 40 Nos. of 28 H.P. tractors from the same firm had been taken at the Executive Committee meeting on 18-3-1960 and orders for these 40 Nos. of tractors had been placed on 25th March, 1960 with instructions for immediate delivery from stock. One trailer was required for each tractor. Since the trailer is a connected item, orders for 40 Nos. of trailers had to be placed urgently.

AUDIT OBSERVATION

[Relating to S. No. 88, Appepndix I of the 54th Report, 1965-66].

The Financial Adviser and Chief Accounts Officer to the Chief Administrator, Dandakaranya Project, whose concurrence was sought to the purchase of the tractors remarked in his U.O. note No. FA/Fin. II/GL/23/43 dated 22-6-1960 as follows:—

“No road or other works, requiring tractors immediately for their execution are in progress. There was no urgency to over-ride the normal purchase procedure.”

[Dated 30-8-1966.]

Recommendation

The Committee also understood in evidence that some of the files relating to these deals were taken away by the S. P. E. The
1745 (A1) LS—18.

Committee would like to be informed of the results of the case in connection with which the S. P. E. took away those files.

[S. No. 89 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The results of the case in connection with which the Special Police Establishment took away the files are not known as yet. The same will be reported to the Public Accounts Committee as soon as they are known.

[Dated 20-7-66.]

Recommendation

It is also understood from Audit that 10 per cent (Rs. 5,842/-) of the payment of the firm's bills has been held up. The Committee suggest that the desirability of forfeiting this amount may be considered.

[S. No. 92 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN..

The D. G. S. & D. had intimated that they have gone through the papers and their view was that it was not possible to establish that defective stores had been accepted at the time of inspection. In view of this it may be difficult to forfeit the balance payment of Rs. 5,842. However, the matter will be examined further in consultation with the D. G. S. & D. and the final conclusion would be reported to the Public Accounts Committee.

[Dated 20-7-1966.]

Recommendation

The Committee are not sure whether the Corporation was authorised under Section 28(12) of the employees' State Insurance Act to advance loans. They would like this matter to be examined in consultation with the Ministry of Law and the result communicated to them.

[S. No. 112 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The Ministry of Law have advised as Under:—

“Section 28(iv) of the Employees' State Insurance Act, 1948, provides that the Fund can be expended for the purpose

of establishment and maintenance of hospitals, dispensaries and other institutions and the provision of medical and other ancillary services, for the benefit of insured persons and where the medical benefit is extended to their families. That the Corporation has the power to expand the Fund for the construction of a hospital cannot be disputed. It may be argued that this power would include the lesser power of advancing moneys by way of loan to the State Government for the construction of a hospital on the security of repayment. The grant of loan could also be supported with reference to clause (xii) of Section 28."

[Not vetted by Audit]

Recommendation

The Committee would like that the question of application of 'All India Average' be referred to the Ministry of Law for their opinion.

[S. No. 113 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The Ministry of Law have advised as under:—

"The 'All India Average' under Section 58(2) of the Employees' State Insurance Act, 1948, would seem to include the average worked out after the Scheme has been applied to a substantial number of States."

The views of the Law Ministry have been communicated to the Employees' State Insurance Corporation for necessary action.

[Not vetted by Audit]

MINISTRY OF TRANSPORT

(TRANSPORT WING)

Recommendation

In the note the Department of Transport, Shipping & Tourism has stated that the Director General of Supplies & Disposals has been requested to arrange the disposal of the Bochncke Current Meter. The Committee would like to know the result thereof.

[S. No. 146 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The meter has not yet been disposed of as the offer received through Director General of Supplies & Disposals was very low and hence he was asked to try disposal through his London Office. He has intimated that some of the Research Institutes in England are interested in procuring the meter. A reference has also been made by the Kandla Port Trust to the Chief Hydrographer to the Govt. of India. Naval Hydrographic Office, Dehradun, at the instance of D.G.S.&D. London, as the Naval Headquarters are stated to be interested in acquiring this meter for their Laboratory at Cochin. The particulars of the meter have also been forwarded to the Director, National Institute of Oceanography (C.S.I.R.). A further report would be sent when the meter is actually disposed of.

Recommendation

The Committee trust that the Kandla Port Trust, will recover the balance amount of arrears from the Gandhidham Municipality expeditiously.

[S. No. 147 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The agreement executed with the Municipality envisages repayment of the arrears in eight annual equated instalments carrying an interest of 6%. As per the agreement, two instalments have been paid by the Municipality upto 31st March, 1967. Further recovery on the due dates will be watched by the Port Trust.

Recommendation

.. The Committee regret that the Mechanical Superintendent who was incharge of the workshop of the Kandla Port and had knowledge

of lathes gave wrong opinion, and considered that the lathe had been damaged to such an extent that it had become unserviceable while later on it was discovered that the lathe was repairable. In the opinion of the Committee either the Mechanical Supdt. had inadequate knowledge of lathes or he did not examine carefully the burnt out machine. The wrong opinion given by the Mechanical Supdt. not only delayed the repair of the lathe but also resulted in further deterioration as it was kept exposed to sun and rain.

[S. No. 148 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

The observations of the Public Accounts Committee have been brought to the notice of the concerned Officer through his present employers viz., Indian Oil Corporation Ltd., (Refineries Division).

Recommendation

The Committee are not happy to note that after the settlement of claim in September 1962, more than 2 years were taken to get the estimate for the reconditioning of the lathe sanctioned and send it for repairs. They feel that all efforts should have been made to get the machine repaired early to avoid further deterioration.

[S. No. 149 of Appendix I to 54th Report, 1965-66].

ACTION TAKEN

Delay in getting the estimate for reconditioning of the lathe sanctioned and sending the lathe to Bombay for repairs is very much regretted by Kandla Port Trust. The Public Accounts Committee's observations have been brought to the notice of the various Departments and Divisions of the organisation and it has been impressed upon the officers that they should personally ensure that such delays do not recur, and they should get the estimates prepared and get them sanctioned expeditiously.

It may, however, be mentioned that the lathe has since been received duly repaired from Bombay.

APPENDIX VII

Note on the Delhi Educated Persons' cooperative Transport Society.

(Vide S. Nos. 131, 132 & 133 of 54th Report).

The Delhi Educated Persons' Cooperative Transport Society was formed by the Delhi Administration in 1960 under a pilot scheme (Annexure I) of the Union Transport Ministry with the twin objectives of providing employment to the educated unemployed and developing goods transport, both inter-State and intra-State, on a co-operative basis. A Superintendent of the Delhi Administration, who had earlier worked as a State Civil Service Officer in Punjab, was appointed as Manager on 28-6-60 by the Delhi Administration to organise the Society. He was placed in the pay scale of Rs. 450-575.

1.1. An essential feature of the scheme drawn up by the Union Transport Ministry was that the Manager of the Society would be a PCS Officer. This post was, however, created in the scale of Rs. 450-575 within which a PCS Officer could not be fitted in.

2. The membership of the Society was restricted to Drivers, Mechanics, Booking Clerks, Depot Managers etc. to be recruited from amongst the educated unemployed, the minimum educational qualification being Matriculation. A meeting of the promoter members was held on the 17th August, 1960 and the following persons were elected to serve on the Managing Committee:—

1. Shri Satish Chander	President.
2. Shri V. P. Bhasin	Vice-President.
3. Shri Ramesh Chander	Secretary.
4. Shri Harjeet Singh Banga	Treasurer.
5. Shri Sushil Kumar	Member.
6. Shri Ajit Kumar Tewari	Member.
7. Shri Sukh Dev Singh Wasandhi	Member.

2.1. The Society was registered under the Bombay Cooperative Societies Act (Act VIII of 1925) as extended to Delhi, on the 22nd September, 1960. It started functioning in October, 1961, when the

first lot of five chassis was received. The next lot of five chassis was received in January, 1962.

3. The first President of the Society, as indicated above was a non-official. Subsequently, with effect from the 17th June, 1961, the State Motor Transport Controller, Delhi, was nominated by the Chief Commissioner, Delhi, as Chairman and the Director of Employment and Training and the President, Ex-Servicemen Cooperative Multipurpose Transport Society, Delhi, were nominated as *ex-Officio* members. A chart showing the names of the office-bearers elected/nominated and Managers appointed from time to time is at Annexure II.

4. A loan of Rs. 3,39,500 was sanctioned to the Society by the Government of India, Ministry of Transport, *vide* their letter No. 2-T(3)/61, dated the 9th February, 1962. The loan was recoverable in five annual instalments, together with interest at 4½% per annum, as under, and in case of default, with penal interest at the rate of 8% per annum.

First Year	13%
Second Year	15%
Third Year	25%
Fourth Year	25%
Fifth Year	20%

4.1. The Bill for the loan amount was presented by the Society, through the Ministry of Transport, and payment was authorised by the Office of the Director of Audit, Food, Rehabilitation, Supply, Commerce, Steel and Mines, New Delhi, now Accountant General, Commerce, Works & Miscellaneous, New Delhi, *vide* their letter No. LS-16-6/3072 dated the 28th February, 1962 (Annexure III).

4.2. An agreement incorporating the terms and conditions of the loan was to be executed between the Delhi Administration and the Society. The draft of the agreement received from the Delhi Administration was returned to them by the Ministry of Transport on 9-2-1962, after getting it vetted by the Ministry of Law. The question regarding execution of the agreement was further examined by the Delhi Administration with special reference to the propriety of providing for a penal rate of interest. In October, 1962, the Delhi Administration informed the Ministry of Transport that the provision in the agreement about the levy of penal interest at 8% per annum might contravene the provisions of Section 3 of the Usurious Loans Act, 1918. The Ministry of Transport, after consulting the Law Ministry, informed the Delhi Administration on 12-6-63 that the relevant clause in the draft agreement might be modified so as to provide that the loan shall carry interest at 8% per annum but if repayment of principal and interest were

made on the due dates, a rebate of 3½% on interest would be allowed to the borrower. The Delhi Administration was also informed that, as the amount of the loan involved was heavy, yet unsecured, the agreement should be followed by a regular deed of mortgage. The drafts of the agreement and mortgage deed, which were sent to the Society by the Delhi Administration in the month of July, 1963 for execution, were considered by the General Body of the Society on 6-9-1963. It was resolved that the Society, in view of its unsatisfactory financial position was unable to bear the additional burden of the penal interest and that the Government of India should be requested not to introduce any changes in the original draft agreement. The draft of the mortgage deed was, however, approved and the general body authorised certain office bearers of the Society to sign it on behalf of the Society. The agreement and the mortgage deed could not, however, be executed till the 27th November, 1963, when the Society had to be ordered to be wound up.

Adequate security was not obtained against the loan since, according to one of the terms of the agreement proposed to be executed between the Society and Delhi Administration, it was possible to recover, in case of default, the entire amount due, with costs of recovery, as arrears of land revenue. Moreover, the only assets of the Society which could be offered as security viz. motor vehicles, were purchased out of the loan. These were also ordered to be mortgaged to Government later, as indicated above.

5. The loan of Rs. 3,39,500/- sanctioned by the Government of India to the Society for the purchase of 10 trucks was utilised as under:—

(i) Cost of 10 chassis.	2,88,180/-
(ii) Body building of 9 trucks.	19,468/-
(iii) Transportation charges of 10 chassis from Jamshedpur to Delhi	6,081/-
(iv) Working Capital.	25,771/-
	<hr/>
TOTAL:	3,39,500/-
	<hr/>

6. The powers and duties of the Managing Committee and the Manager of the Society are laid down in its bye-laws 25 and 32 (Annexure IV) respectively which had been approved by the Administration and the Registrar, Cooperative Societies. It would appear that the Managing Committee was responsible for the day to day

working of the society. The Manager was specifically entrusted with the duties enumerated in bye-law No. 32. The Chairman, however, was assigned no specific responsibilities under the bye-laws.

The Managing Committee of the Society was responsible to supervise the accounts, the payments made by the Society and also the day to day working of the Society generally. However, the Delhi Administration is of the view that the members of the Committee can be proceeded against in a Court of Law only for misfeasance and not for negligence in the day to day discharge of their duties. It was the Director of Transport, Delhi Administration and *ex-officio* Chairman of the Managing Committee of the Society, who brought the sorry state of affairs of the Society to the notice of the Delhi Administration in the middle of 1963. It was after his report was received that the Administration decided that the Society should be wound up, in order to retrieve the Government money.

7. Bye-law No. 40 of the Bye-laws of the Society lays down that the accounts of the society should be audited at least once in a quarter by an Auditor appointed by the Registrar. Only the following audits, however, were carried out:—

Period	Date of Audit
(i) 13-7-60 to 16-2-61	16-2-61
(ii) 17-2-61 to 30-6-61	11-5-62
(iii) 1-7-61 to 30-6-62	June, 1963
(iv) 1-7-62 to 30-6-63	27-11-63 to 6-12-63 and April, 1964.
(v) 1-7-63 to 31-12-63	30th June, 1964.

The first audit in February, 1961, had no particular significance as the Society started operations only in October, 1961. The next audit report, dated the 11th May, 1962, revealed that seven trucks had been deployed on the Delhi-Kanpur-Lucknow route. The Society had opened two branches at Kanpur and Lucknow. Its accounts had not been maintained up-to-date and its ways and means position had deteriorated. The third audit, covering the period from 1-7-61 to 30-6-62, was carried out in June, 1963, and some serious irregularities were discovered. The fourth and fifth audits, covering the period from 1-7-62 to 30-6-63 and 1-7-63 to 31-12-63 respectively, were conducted in April, 1964 and June, 1964 i.e. after the Society had been ordered to be wound up on 27-11-63.

8. All the 10 vehicles of the Society have since been disposed of. The sale proceeds came to Rs. 2,49,076. Out of this, a sum of Rs. 2,30,000 was paid to Government by the Liquidator (an Assistant Registrar of Cooperative Societies, Delhi). The balance amount of loan of Rs. 1,09,500 and interest of Rs. 81,400 (at the rate of 8% per annum due upto 1-3-65) are still outstanding against the Society.

9. The balance sheet of the society as on 18-3-66 (Annexure V) disclosed losses to the tune of Rs. 2,02,717.06P which broadly comprise of the following items:—

	Rs.
(i) Losses in the sale of Trucks	90,000/-
(ii) Losses on account of penal interest on Government Loan @ 8%.	1,08,640/-
(iii) Operational Losses	4,077.06
	<hr/>
TOTAL.	2,02,717.06
	<hr/>

An analysis of the balance sheet of the Society reveals that an amount of Rs. 83,572.36P is outstanding against members and non-members. Advances were made to the members during the years 1961-62 and 1962-63 during which the Society was in operation. Most of these advances were amounts retained by members out of the operational income derived directly by them. In some cases, such advances were also given for specific items e.g. repairs, without any subsequent adjustment.

10. The first annual general meeting of the Society was held on 25-4-62 while the audit was in progress. The Treasurer promised to put up a Balance Sheet as soon as the audit was over. The next general body meeting took place on 27-7-62 wherein the audit report was approved *vide* Resolution No. 3 (Annexure VI).

11. The last annual general meeting was held on 6-9-63 and the following resolution regarding the audit report for 1961-62 was passed:—

- (5) Presentation of the Audit Report on the accounts of the Society for the year 1961-62 ending 30th June, 1962.

"The Manager presented the Audit Report on the accounts of the society for the year 1961-62 ending 30th June, 1962.

At the very outset Shri Lal Chand Arora stated that the accounts in question were incorrect—the income had been shown less and the expenditure had been exaggerated. When his attention was drawn to the facts that these audited accounts bore his signature, Shri Lal Chand Arora replied that for his mistake other members should not suffer. It was then resolved by the General Body that since all the facts were not brought to the notice of the auditor a detailed re-audit of the accounts in question be arranged and the members be associated with it from time to time so that they could point out the facts and irregularities in their knowledge”.

12. On taking stock of the affairs of the Society, the Delhi Administration came to the conclusion that the members of the Society were an irresponsible lot. They had not paid their share money. They took advances at will without bothering to render accounts. They made direct realisations in respect of the business done and did not credit the amounts to the Society. The loan amount had been frittered away. There had been persistent defaults in repayment of instalments. There were no foreseeable possibilities of these payments ever being made. The Administration therefore felt that no further latitude could be given and the Society was ordered to be wound up.

13. A report for penal action against the defaulting members was lodged with the police as early as 1963. The police investigation continued for nearly two years but no prosecutions could be launched for want of evidence regarding specific entrustment of money to particular individuals. It appeared that advances had been given to certain drivers for incidental expenses but that they had either rendered no account or the accounts rendered by them were not properly posted. Unaccountably, more than one Cash Book had been maintained and many receipts were either missing or lying unposted. The Registrar, Cooperative Societies, has now been specifically directed to have the entire accounts reconstructed incorporating all information available. This may take some time. As soon as the Administration are able to collect adequate evidence against the defaulting individuals, the police would be asked to bring them to book.

14. A senior scale Stenographer of the Delhi Administration, who worked as Manager from 1-10-61 to 18-7-63 (period of actual functioning of the society) was charges-sheeted and suspended w.e.f. 9-9-64 for serious defaults in the performance of his statutory function which directly or indirectly involved the Society in financial losses. He was also charged with misappropriation, or conversion to his own use, of

large sums of money entrusted to him as Manager of the Society. A departmental enquiry was held against him under Rule 15 of the Central Civil Service (C.C.A.) Rules, 1957. The Enquiry Officer concluded that whereas the charge of mis-appropriation of the funds of the Society could not be proved against the Manager, charges relating to his failure to exercise supervision over the working of the society, committing a number of financial and other irregularities and indifference towards the performance of his duties as Manager and thereby causing financial loss to the society were fully proved. The Disciplinary Authority, endorsing the conclusions of the Enquiry Officer, censured the Manager for committing serious omissions in the discharge of his duties as Manager of the Society, and stopped his annual increment for 3 years with non-cumulative effect. The appellate authority maintained the censure but ordered that instead of 3 years, only 2 years increment be withheld with non-cumulative effect.

15. All the liable members have been called upon by the Liquidator under section 59(b) of the Cooperative Societies Act to discharge their liability by contributing towards the losses of the Society. Only eight, however, could be located so far. The Liquidator has referred these cases to the Collector, Delhi, for recovery of the amounts involved as arrears of Land Revenue. As regards other members, the Assistant Registrar (Industrial) has been requested by the Liquidator to ascertain their whereabouts. Necessary action will be taken by the Liquidator against these members, as and when they are traced.

(NAGENDRA SINGH).

Secretary to the Government of India.

ANNEXURE I

CO-OPERATIVE SOCIETIES FOR RUNNING GOODS TRANSPORT SERVICES MODIFIED PILOT SCHEME

The scheme will be introduced on a "pilot" basis at this stage. To start with, one Co-operative Society having 10 vehicles will be set up in each of the following States:

- (1) West Bengal
- (2) Bombay
- (3) Madras
- (4) Kerala
- (5) Delhi

LOCATION

The five Co-operative Societies will operate their vehicles on inter-city routes, which may also be inter-State routes, if necessary. The actual routes will be selected by the State Governments concerned. It is necessary that the scheme should start "right". Therefore, in making the selection, the State Governments may select only such routes on which sufficient goods traffic is available. The location of each Society will also be decided by the State Government taking into account the routes selected.

COMPOSITION

The membership of the Co-operative Societies will be restricted to workers like Drivers, Mechanics, Booking Clerks, Depot Managers etc., who will be recruited from amongst educated unemployed, the minimum educational qualification being Matriculation. Five will be the average number of hands required for each vehicle. On this basis, each Co-operative Society will have 50 members. Each member will be required to contribute Rs. 1000 towards the capital of the Society.

The labourers that may be required for loading and unloading of the goods, will not be members of the Society but will be recruited, as usual, on a casual basis.

MANAGEMENT

A young State Civil Service Officer will be put in-charge of each Society and will act as its Manager. Before taking up his duties, this officer will be required to undergo a course of training in all branches of road transport operation lasting at least 6 months in a Transport Undertaking run either by the State or a private company. If a trained officer is available with the State Government, further training may be dispensed with.

Above the Manager, there will be a Board of Directors headed by the Transport Commissioner of the State concerned, with the Registrar of Co-operative Societies and the Officer-in-charge of the Employment Directorate, as members. In addition, two members of the Board may be selected from amongst the members of Society. The Manager will act as Member-Secretary of the Board.

FINANCE

The capital required for setting up of each Co-operative Society will be:—

Cost of ten vehicles	Rs. 2,50,000
Working capital including rent of deposit & Offices etc.	Rs. 50,000
	<hr/>
Total	Rs. 3,00,000
	<hr/>

After taking into account the sum of Rs. 50,000 contributed by the members, the capital required by each Society will be Rs. 2,50,000. This amount will be advanced to the Societies by the State Co-operative Banks of the States concerned. If, however, the Banks are unable to advance the money from their resources, the Government of India will be willing to consider the grant of loans to the Banks through the State Governments, on suitable terms, for this purpose.

The interest due to the Bank and to the members on their investment (at 6%) will be paid annually by the Society. The members will, in addition, receive wages at the rate of Rs. 120 p.m. The repayment of the loan will be made at not less than the following rates:—

1st Year	15%
2nd Year	15%
3rd Year	25%
4th Year	25%
5th Year	20%

No separate provision is necessary for depreciation. Smaller instalments have been fixed for the first two years to give the society time to settle down. It is hoped that even after paying the loan granted to them by the Bank as proposed above and after meeting the running expenses, interest charges to the Bank and interest on the investment made by members, the society will be able to make a profit of at least Rs. 250 per month on each vehicle. A part of this money can be distributed to the members and a part invested in the society so that after a period of five years the loan required for purchasing new vehicles may be much smaller.

SELECTION OF MEMBERS

Selection of members will be made a Board headed by the Transport Commissioner of the State with the Director of Employment Exchanges and one or two other officers nominated by the State Government as members. In making the selection, preference will be given to those who already know driving, possess experience of operating goods transport services or are qualified mechanised so that the time required for their training may be reduced.

TRAINING

The training should be so arranged that any member of the Society is able to perform the duties of any other member. This is basic to the scheme and it is for this reason that every member is given the same wages. Therefore, the training should cover all aspects of the business e.g. driving, maintenance, operation, keeping of accounts etc. and may be arranged either at the Training Centres set up by the Central Ministry of Labour and Employment or in the Transport.

ANNEXURE II

CHART SHOWING THE NAMES OF OFFICE BEARERS ELECTED/NOMINATED
AND MANAGERS APPOINTED FROM TIME TO TIME

Date	Name & Designation
17-8-60 to 16-6-61	1. Shri Satish Chander, non-official President
17-6-61 to 26-3-62	2. Shri L.C. Kriplani, S.M.T.C. Chairman
27-9-62 to 4-1-63	3. Shri G.S. Dhareshwar, S.M.T.C. -do-
5-1-63 to 27-11-63	4. Shri M.W.K. Yusufzai -do-
	Director of Transport
17-8-60 to 10-2-61	1. Shri V.P. Bhasin Vice-President
-do-	2. Shri Ramesh Chander Secretary
-do-	3. Shri Hariet Singh Banga Treasurer
-do-	4. Shri Sushil Kumar Member
-do-	5. Shri Ajit Kumar -do-
-do-	6. Shri Sukh Dev Singh Wasandhi -do-

Date	Name & Designation
17-6-61 to 25-10-62	1. Shri A.S. Lal, Director of Employment, Training & Technical Education, Delhi Administration, Delhi. Member
26-10-62 to 27-11-63	2. Shri Anang Pal Dy. Registrar, Co-operative Societies, Delhi Administration, Delhi. -do-
17-6-61 to 27-11-63	3. Major Khazan Singh, President, Delhi Ex-Servicemen Coop. Transport Society Ltd. -do-
11-9-61 to 24-4-62	1. Shri B.L. Sachdev Vice-President II
	2. Shri D.C. Sharma Treasurer
	3. Shri L.C. Arora Member
25-4-62 to 5-9-62	1. Shri Balwant Singh Vice-President I
-do-	2. Shri L.C. Arora Vice-President II
-do-	3. Shri H.K. Kaushik Treasurer
-do-	4. Shri S.S. Wasandhi Member
-do-	5. Shri K.L. Arora Jt. Secretary
-do-	6. Shri S.M. Mathur Secretary
6-9-63 to 27-11-63	1. Shri L.C. Arora Vice-President
-do-	2. Shri Chaman Lal Jt. Secretary
-do-	3. Shri Barkat Ram Treasurer
-do-	4. Shri Balraj Kumar Member
-do-	5. Shri Ram Kishan -do-

MANAGERS

S. No.	Name	Period
1.	Shri Sukhraj Bahadur	28-6-60 to 18-6-61
2.	Shri T.C. Rana	19-6-61 to 30-9-61
3.	Shri S.B. Mathur	1-10-61 to 18-7-63
4.	Shri K.K. Sharma	19-7-63 to 27-11-63

ANNEXURE III

No. LS-16-6/3072

**OFFICE OF THE DIRECTOR OF AUDIT,
FOOD, REHABILITATION, SUPPLY, COMMERCE,
STEEL & MINES, NEW DELHI.**

Dated the

From:—

The Director of Audit,
Food, Rehabilitation, Supply, Commerce,
Steel and Mines, A.G.C.R., Building,
Mathura Road, New Delhi-1.

To

The Additional Treasury Officer,
Jamnagar House, New Delhi.

**SUBJECT:—Grant of Loan to the Delhi Educated Persons Cooperative
Transport Society Ltd.**

Sir,

I am to authorise you to pay immediately a sum of Rs. 3,39,500 - (Rupee Three Lakhs Thirty Nine Thousand and Five Hundred Only) to the Manager, Delhi Educated Persons Cooperative Transport Society Limited, Delhi on a bill duly countersigned by Shri Jaswant Singh, Under Secretary to the Government of India, Ministry of Transport and Communications, New Delhi.

The amount represents a loan sanctioned by the Ministry of Transport and Communications in their letter No. 2-T(3) 61 dated 9-2-1962.

The amount, when paid, may be shown as a distinct item in the list of payments quoting this letter as authority.

Yours faithfully,

Sd/- H. L. THAPAR.

Asstt. Audit Officer.

No. LS-16-5/3073.

Dated the

Copy forwarded to the Manager, Delhi Educated Persons Co
1745 (Aii) LS—19.

operative Transport Society Ltd. 227-A, Kamla Market, New Delhi for information and necessary action. The bill for Rs 3,39,500/- duly countersigned by Shri Jaswant Singh, may be presented at the counter of the Additional Treasury Officer, New Delhi, quoting this letter as authority.

Sd/- Asstt. Audit Officer.

No. LS-16-5-3074.

Dated the 28th February, 1962.

Copy forwarded to the Secretary to the Government of India, Ministry of Transport & Communications, Department of Transport (Transport Wing) New Delhi. The Bill for the payment of Rs. 3,39,500/- to the Society may please be countersigned by the Ministry only if the above mentioned letter conveys sanction for payment of loan to the Society and if it is intended that the Agreement containing the terms and conditions of loan referred to in para 1(4) of the sanction can be executed even after the payment of the loan to the Society.

Sd/- Asstt. Audit Officer.

No. LS-16-5/3075

Dated the 28th February, 1962.

Copy forwarded to the Secretary (Transport), Delhi Administration, Delhi, for information.

Sd/- Asstt. Audit Officer.

ANNEXURE IV

COPY OF BYE-LAWS OF THE DELHI EDUCATED PERSONS CO-OPERATIVE TRANSPORT SOCIETY LIMITED

25. The Committee shall exercise all the powers of the society except those reserved for the general meeting, subject to any regulations or restrictions laid down by the society in a general meeting or in these bye-laws and in particular shall have the following powers and duties:—

1. to observe in all their transactions the Act, the Notified Rules and these bye-laws.
2. to maintain true and accurate accounts of all money received, expended and all property bought or sold.

3. to keep a register of members correct and up-to-date.
4. to keep true account of assets and liabilities of the society.
5. to prepare and lay before the general meeting the annual profit and loss account and audited balance sheet.
6. to examine the accounts, sanction contingent expenditure and supervise the maintenance of the prescribed registers.
7. to consider the inspection notes of the Registrar and Inspector and take necessary action.
8. to select new members and issue new and transfer old shares.
9. to arrange for the recovery of share instalments and of interest on overdue instalments.
10. to summon general meeting in accordance with bye-law (19).
11. to contract loans subject to any restrictions imposed by the Registrar or general meeting and to arrange for its repayment.
12. to decide the terms on, the periods for and the rate of interest at which deposits are to be received, and to arrange for the payment of such deposits.
13. to assist the inspection of the books by any person authorised to see them.
14. to appoint, suspend, punish and dismiss employees.
15. through any member or officer or employee of the society or any other person specially authorised, to institute, conduct, defend, compromise, refer to arbitration or abandon legal proceedings by or against the society or Committee or the officers or employees concerning the affairs of the society.
16. to acquire on behalf of the society shares in other registered societies.
17. to arrange for the custody of books and to appoint one of its members or one of the officers of the society resident in the area of operation to take charge of all the registers and papers prescribed in these bye-laws.
18. to invest the surplus funds of the society in accordance with section 37 of the Co-operative Societies Act.

19. to acquire and hold property and to enter into contracts on behalf of the society.
20. to purchase, sell, hire, or otherwise acquire or dispose off on behalf of the society, vehicles, parts, accessories or other moveable property used in the business of the society within the limits laid down by the general meeting.
21. to fix, revise, or modify the fare or freight rates, or timetable subject to any provisions of the Motor Vehicles Act and Motor Vehicles Rules framed thereunder.
22. to make on behalf of the society application for permits.
23. to arrange for the insurance of vehicles and other property of the society in accordance with any policy framed at the General Meeting.
24. to arrange for efficient working of the service and any Stand or bus stops entrusted to society.
25. to ensure that the vehicles and other property of the society are maintained in a good state of repair, and to arrange to keep the same in safe custody.
26. to enter into any agreement with any Government or other Authorities (Municipal, Local or otherwise), and obtain from them all rights, concessions, and privileges that may seem useful for the society's objects.
27. to fix the scale of advance and wages to be paid to the members and employees.
28. to decide the manner of execution of work and its allotment to members and employees.
29. to appoint a treasurer to keep the money of the society, and to require him to give such security as it may deem sufficient.
30. to appoint a Secretary and/or Manager and to fix his/their remuneration, if necessary.
31. to distribute the duties between the Secretary and the Manager if necessary.
32. to arrange for the safe custody of the securities owned or pledged with the society.
33. to arrange for the safe custody of the property of the society, to maintain it in a good state of repairs and when necessary to arrange for its insurance.

34. generally to carry on the business of the society.
35. in the conduct of affairs of the Society, the Managing Committee shall exercise the prudence and diligence of ordinary men of business and shall be responsible for any loss sustained through acts contrary to the Act, notified Rules and these bye-laws.

* * * * *

32. The powers and duties of the Secretary and/or Manager shall be as follows:—

1. to maintain correctly and up-to-date the prescribed papers and registers.
2. to procure from borrowers the due execution of bonds with security when required under bye-laws.
3. to prepare all receipts, vouchers, statements and documents required by the Notified Rules, the Registrar bye-laws or the Committee.
4. to sign on behalf of the society and conduct its correspondence.
5. to summon and attend general meetings and meetings of the Committee.
6. to record the proceedings of such meetings and have them duly signed.
7. to prepare the annual statements and submit them to the Registrar, within the period prescribed by him.
8. to control the staff.
9. to certify copies of entries in the books under section 31 of the Act.
10. to incur contingent expenditure subject to the sanction of the Committee
11. to ensure to the best of his ability that all the relevant provisions of the Motor Vehicles Act and the Delhi Motor Vehicles Rules are strictly complied with.
12. generally to conduct the current business of the society and perform all duties entrusted to him by the Committee.

* * * * *

ANNEXURE V

**PRESENT BALANCE SHEET OF THE DELHI EDUCATED PERSONS
COOPERATIVE TRANSPORT SOCIETY LTD. (UNDER LIQUIDATION) AS ON 18-3-1966**

Liabilities	Rs. Paise.	Assets	Rs. Paise
Paid up Share Capital	20,000·00	U. P. Border Office	510·69
Government Loan	1,09,500·00	Temporary Hut at Lucknow	246·41
Interest on Govt. Loan @ 8% p.a. according to Pilot Scheme	1,08,640·00	Advances for rent	300·00
		„ „ Labour	10·00
Sundry Creditors	66,148·08	„ „ Paper	5·00
Suspense Account	6,042·75	M's Supreme & Co.	75·00
		Private Vehicle	3371·48
		Branches Account	12642·06
		Sundry Debtors	88572·36
		Income Recoverable	1510·36
		C/A Coop. Bank	6004·91
		Suspense & Differences in previous Cash Books	3325·50
		Losses	202717·06
TOTAL Rs.	3,19,330·83	TOTAL Rs.	3,19,330·83

ANNEXURE VI

COPY OF RESOLUTION NO. 3 PASSED IN THE MEETING HELD ON 27TH JULY, 1962.

No. 3 Approval of the Audit Report:

Discrepancies pointed out in the Audit Report were read and the action taken by the Managing Committee at its last meeting held on 10.7.62 was also read. The Audit Report and the proposed action were approved. The following matters referred to in the Audit Report were, however, considered and decided:—

- (a) *Appointment of one custodian of Societies books and records instead of two:* It was "RESOLVED that the Joint Secretary be Custodian of the Societies' books and record".
- (b) *Maximum Credit Limit.*—In accordance with the recommendation contained in the Audit Report, the Managing Committee had decided in its meeting held on the 10th July, 1962, that the matter be referred to the General Body. After discussion, it was

"RESOLVED that the Registrar of Coop. Societies be approached to fix the maximum credit limit at Rs. 5 lacs as the Society has already obtained loan of Rs. 3,39,500/- from the Government and it will require some more amount for its proper working"

APPENDIX VIII

Minutes of the 10th Sitting of the Public Accounts Committee held on Saturday, the 5th August, 1967.

The Committee sat from 10.00 hrs. to 11.20 hrs.

PRESENT

Shri M. R. Masani—*Chairman.*

MEMBERS

2. Sardar Buta Singh
3. Shri Shivajirao S. Deshmukh
4. Shri D. K. Kunte
5. Shri N. R. Laskar
6. Shri Yogendra Sharma
7. Shri P. Viswambharan
8. Shri Om Mehta
9. Dr. M. M. S. Siddhu
10. Shri B. K. P. Sinha.

SECRETARIAT

1. Shri Avtar Singh Rikhy—*Deputy Secretary.*
2. Shri R. M. Dhargava—*Under Secretary.*

The Committee discussed the programme of sittings to be held for completing the remaining part of their work. After discussion it was decided that the next sittings of the Committee should be held from 16th October, 1967 to 28th October, 1967, i.e. for 12 working days. There would be 2 sittings of 3 hours each on each of the 12 working days. The programme as in the Appendix⁴ was approved.

2. The Committee considered and adopted the draft Fourth Report regarding Action Taken by Government on their recommendations/observations contained in their 64th Report concerning the Purchase of Defective Tyres with necessary modifications. The Committee authorised the Chairman/Shri N. R. Laskar to present this Report to Lok Sabha. The Committee also authorised Dr. M. M. S. Siddhu/Shri Om Mehta to lay a copy of this Report on the Table of Rajya Sabha.

3. The Chairman appreciated the work done by the Sub-Committee on Action Taken under the Convenership of Shri D. K. Kunte. He particularly thanked the Convener for scrutinising in great detail the Action Taken Notes received from Government and for holding informal discussions with the representatives of the Ministries, to impress on them the need for taking expeditious action on the outstanding recommendations of the Committee and furnishing the replies thereto. He also informed the Committee that the Action Taken Sub-Committee would be meeting on Monday, the 7th August, 1967 at 14.30 hrs. to finalise their Report and any other member who would like to join in the deliberations of the Action Taken Sub-Committee would be welcome to do so. The Committee also decided that their 5th Report on Action Taken may be adopted by circulation amongst the Members. The Members may be given 48 hours to convey their suggestions and if no such suggestions are received, the Report should be treated as adopted.

The Committee authorised the Chairman/Shri D. K. Kunte to present the 5th Report to the Lok Sabha. The Committee also authorised Shri B. K. P. Sinha/Shri M. C. Shah to lay a copy of this Report on the Table of Rajya Sabha.

The Committee then adjourned.

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
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18.	W. Newman & Company Ltd., 3, Old Court House Street, Calcutta.	44	29.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi.-1	68
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19.	Firma K. L. Mukhopadhyay, 6/1A, Banchharam Akur Lane, Calcutta-12.	81	30.	People's Publishing House, Rani Jhansi Road, New Delhi.	70
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DELHI

20.	Jain Book Agency, Connaught Place, New Delhi.	1	31.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
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21.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	32.	Hind Book House, 82, Janpath, New Delhi.	95
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22.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9			
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23.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	33.	Bookwell, 4, Sant Narankari Colony, Kingsway Camp, Delhi-9.	97
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24.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15			
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MANIPUR

25.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	34.	Shri N. Chaoba Singh, News Agent, Ram Lal Paul High School Annexe, Imphal.	77
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26.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23			
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27.	Bahree Brothers, 188, Lajpatrai Market, Delhi-6.	27			
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AGENTS IN FOREIGN COUNTRIES

28.	Jayana Book Depot, Chappargwala Kuan, Karol Bagh, New Delhi	66	35.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C. 2	
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