

PUBLIC ACCOUNTS COMMITTEE

(1966-67)

FIFTY-NINTH REPORT

(THIRD LOK SABHA)

[Appropriation Accounts (Civil), 1964-65 and Audit Report (Civil), 1966 relating to the Ministries of Education, Food, Agriculture, Community Development and Co-operation, Industry and Department of Social Welfare (Formerly Department of Social Security)].



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PUBLIC ACCOUNTS COMMITTEE
(1966-67)

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Shri R. M. Bhargava—Under Secretary.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, do present on their behalf this Fifty-ninth Report on the Appropriation Accounts (Civil), 1964-65 and Audit Report (Civil), 1966 in so far as they relate to the Ministries of Education, Food, Agriculture, Community Development & Co-operation, Industry and Department of Social Welfare (Formerly Department of Social Security).

2. The Appropriation Accounts (Civil), 1964-65 and Audit Report (Civil), 1966 were laid on the Table of the House on the 15th March, 1966. The Committee examined these at their sittings held on the 12th July, 1966 (FN and AN), 13th July, 1966 (FN), 14th July, 1966 (FN), 16th July, 1966 (FN and AN), 18th July, 1966 (FN and AN) and 21st July, 1966 (FN). A brief record of the proceedings of each sitting forms part of the Report (Part II).*

3. The Committee considered and finalised the Report at their sitting held on the 28th October, 1966.

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

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

They would also like to express their thanks to the officers of the Ministries etc. concerned, for the co-operation extended by them in giving information to the Committee during the course of evidence.

NEW DELHI;
October 29, 1966.

Kartika 7, 1888 (S).

R. R. MORARKA,
Chairman,
Public Accounts Committee.

*Not printed. One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library.

CHAPTER 1

Audit Report (Civil), 1966

MINISTRY OF EDUCATION

Irregularities in the accounts of the centenary celebrations of a Department—Para 42—Pages 48—51.

In August, 1961, Government sanctioned a sum of Rs. 2.65 lakhs for meeting expenditure on the centenary celebrations of the Archaeological Survey of India, which were proposed to be held for a period of 15 days from 13 December, 1961. The celebrations were later extended upto 31 January, 1962. Advances aggregating Rs. 6.21 lakhs were drawn by the Department from the treasury on simple receipts by attaching copies or quoting particulars of sanctions accorded by the Head of the Department. At the instance of the Ministry, a special audit was conducted in October-December, 1964 which disclosed the following irregularities:—

1.1. (i) Large amounts were paid as advance to non-gazetted staff for meeting expenditure. In one case the total amount advanced to an official upto 31st March, 1962, amounted to Rs. 3.37 lakhs. The register of advances maintained for watching the receipt of detailed accounts of the advances, however, did not show the particulars of the authority under whose orders the advances were paid, the dates on which the detailed accounts were rendered, etc.

1.2. Two advances of Rs. 25,000 and Rs. 15,000 drawn from the treasury on 20 November, 1961 and 5 December, 1961 were not spent till 31 March, 1962.

1.3. (ii) Against the sanctioned amount of Rs. 60,000, a sum of Rs. 2.32 lakhs was spent on display, including construction of show cases, lighting, labour, etc. This included an amount of Rs. 1.61 lakhs spent on hiring of electric bulbs, search lights, flood lights, etc. from a firm without inviting open tenders. No agreement specifying the rates and terms and conditions for the supply of the materials was entered into with the firm nor were any written orders for the hiring of the materials available on record. Hire charges paid for 5 items alone for the period 13 December, 1961 to 31 January, 1962 (in some cases upto 15 March, 1962) amounted to Rs. 1.12 lakhs, whereas expenditure on outright purchase of those articles at the then prevailing market rates would not have been more than Rs. 0.52 lakh.

1.4. The centenary celebrations were concluded on 31 January, 1962, but some of the search lights and flood lights were retained till 15 March, 1962, involving an extra expenditure of Rs. 3,498. The amount was paid in cash to the firm in March, 1962, but no payee's stamped receipt in support of the payment was on record. It has been stated (January, 1966) that the items were retained even after the conclusion of the celebrations to facilitate the dismantling of show cases, etc., and in the interest of the security of the exhibits and models in the pavilion.

1.5. (iii) Labour charges amounting to Rs. 96,174 were paid on muster rolls for loading and unloading of materials and for works connected with modelling, decoration, display, etc. The correctness of these payments could not be verified, as sanctioned for engagement of the labourers did not, in many cases, indicate precisely the period(s) of engagement, the number of labourers to be employed and the purpose for which they were to be engaged etc. No record of the work actually done by the labourers had been maintained.

1.6. These payments were made by a non-gazetted official and, in a number of cases, the same labourers had receipted the payments by signing in Hindi, Urdu or English or by affixing thumb impressions. In some cases, payments had also been made for several consecutive days to certain labourers for working 18½ hours daily with only 2½ hours' break. According to the Department, the work had to be done round the clock to ensure completion by the specified date.

1.7. (iv) Timber worth Rs. 84,083 was purchased during November, 1961 to March, 1962 without inviting tenders. The work relating to the purchases was entrusted to non-gazetted subordinate staff, who made the purchases piece-meal against such payments made on the spot. 449 sleepers costing Rs. 20,000 were also purchased without any sanction. Out of the total purchases of Rs. 84,083, purchases for Rs. 60,919 were made from a single firm, though the rates charged by that firm were, in many cases, higher than those charged by the other suppliers. The extra expenditure on this account worked out to Rs. 4,363.

1.8. In the stock register, the entire timber was shown as issued to two subordinate officials for use in the centenary exhibition but no timber was taken back in the stock register as residual balance at the end of the celebrations. No records indicating the purpose for which the timber was purchased and utilised were available. 168 sleepers valuing Rs. 5,150 were also short ~~mentioned~~ for in the register.

1.9. (v) The amount sanctioned by Government included a sum of Rs. 20,000 for the construction and dismantlement of one pandal. Against this sanction of Rs. 20,000, a sum of Rs. 80,100 was spent on the construction of a sculpture gallery, an exhibition pavilion and a temporary auditorium. However, vouchers for an expenditure of Rs. 58,259 only were available in the records produced to Audit and, out of this, payments amounting to Rs. 38,288 only were found to have been recorded in the cash book.

1.10. (vi) Two temporary electric connections, one for lighting and the other for heating, were obtained at a cost of Rs. 17,244 and Rs. 16,740. Total charges for consumption of electricity for the two connections, however, amounted only to Rs. 2,457 and Rs. 137 respectively.

1.11. (vii) Against Rs. 24,000 sanctioned by the Ministry for the preparation of 8 models, the Department incurred an expenditure of Rs. 29,305 on the preparation of 4 models. Full details of the expenditure were not on record. The models had also not been accounted for in the stock register.

1.12. (viii) The receipt and issue entries in the stock registers had not been attested by any officer. In some cases, the balances in the stock registers had been reduced without indicating the names of the officials, to whom or the purposes for which, the issue were made. Physical verification of the stock was also not conducted. The case was reported to be under investigation with the Special Police Establishment with effect from 19 March, 1963.

1.13. The Committee enquired whether the expenditure of Rs. 6.21 lakhs (stated by the Department of Archaeology to have been incurred on the centenary celebrations, the meeting of the Central Advisory Board of Archaeology, the annual function of the School of Archaeology, participation in the Republic Day Celebrations, illumination of the office building on the Republic Day and the International Conference of Archaeology) had been properly sanctioned and the drawal of advances authorised by the competent authority before they were actually drawn or whether the advances had been drawn in anticipation of sanction.

1.14. The D.G., Archaeology stated that the sanction issued by the Ministry of Scientific Research and Cultural Affairs in 1961 was for Rs. 2.65 lakhs. But this was based on very rough estimates and was for the centenary celebrations and the International Conference on Archaeology. Rs. 6.21 lakhs covered in addition, other items as

well. He added that it had not been possible to separate the expenditure against different items of work.

1.15. Asked whether before expenditure was incurred on items other than sanctioned items, any permission or authorisation was taken from any body, the witness stated that no sanction of the Ministry was necessary for other items of expenditure except centenary celebrations as this could be done under the powers delegated to the D.G. of Archaeology.

1.16. The Committee enquired why the items for which no sanction was required had been clubbed together with the centenary items. The witness stated that Rs. 6.21 lakhs represented the total advances drawn from the treasury and not the expenditure on Centenary account only. He admitted that it would have been better if all the advances were drawn separately indicating the different purposes and heads for which the money was required. But due to pressure of work all the advances were drawn under the same head i.e. A. 4—Other Charges of the Department. The witness further stated that they realised now that it was a mistake to have drawn the amount to the extent of Rs. 6.21 lakhs when the sanctioned amount under that head was Rs. 2.65 lakhs. He added however, that total contingent grant under the Head A.4—Other Charges was Rs. 7 lakhs and it included Rs. 2.65 lakhs for centenary celebrations.

1.17. In reply to a question, the witness informed the Committee that the sanction of the Ministry to hold the centenary celebrations was received in August, 1961 and the centenary was celebrated in December, 1961. The Committee pointed out that this period of about 5 months was enough for the Department to have followed the regular procedure. The witness stated that items of work to be done were so many and there was no extra assistance available because no special officer was appointed for this big job. As a result, they were all very hardpressed for time and it was very difficult to cope with the situation.

1.18. The Committee do not find any justification for the Department of Archaeology to draw advances aggregating to Rs. 6.21 lakhs when a sum of Rs. 2.65 lakhs only had been sanctioned by Government for meeting expenditure on centenary celebrations. If expenditure was likely to exceed the amount sanctioned for the purpose, the Department should have obtained revised sanction of the Government. It is also beyond the comprehension of the Committee why the items of expenditure on centenary celebrations were clubbed together with other items (viz. normal contingencies of the Depart-

ment) for which no sanction of the Ministry was required. The Committee are not convinced with the argument that all advances were drawn under the same head because of pressure of work. On the other hand, the Committee cannot discount the possibility that this method of booking expenditure might have been resorted to meet excess expenditure on centenary celebrations as distinct from normal contingencies. They are also of the view that the interval of about 5 months between the date of sanction (August 1961) of the expenditure on celebrations and the actual celebrations (December 1961) was quite sufficient to have enabled the Department to follow the regular procedure. This clearly indicates that the Department was not careful enough to follow the regular procedure even when there was sufficient time at their disposal. The Committee would therefore urge that the matter should be thoroughly investigated and responsibility fixed for not following the regular procedure so that such things may not occur in future.

1.19. Asked to give the break up of Rs. 6.21 lakhs, the witness stated that a rough classification showed the following position.

Display in the exhibition	Rs. 2.32 lakhs
Preparation of models of monuments to be displayed in the Exhibition.	29,000
Travel, Boarding and lodging expenses of delegates.	47,000
Publicity	21,000
Works	80,000
Normal contingencies of the department	2.08 lakhs.

1.20. Explaining the nature of normal contingencies, the witness stated that it covered the work done which was a normal function of the Department, but which synchronised with the centenary celebrations. He informed the Committee that the main heads of expenditure of Rs. 2.32 lakhs for exhibition were preparation of show cases, beautifying the exhibition galleries and illumination of the same. He added that the actual expenditure incurred under the head 'illumination' was Rs. 1.61 lakhs. The witness informed the Committee that only a rough segregation of expenditure could be arrived at as the vouchers had been taken away by the SPE in March, 1963. He added that two senior officers had been put on the job of scrutinising the vouchers and classifying the accounts when certain irregularities were brought to their notice, but they could hardly finish the work, when the vouchers were seized by SPE in March, 1963.

1.21. Asked whether the scrutiny by the two officers revealed any irregularities, the witness stated "In January, 1963, some vouchers were found to be suspicious. Their findings could not be finally concluded because before that could be done, the vouchers were seized.

But they particularly pointed out something about the bills for the electric installation which, according to them, required further scrutiny."

1.22. In reply to a question, the witness stated that the sanctioning authority for the vouchers was the Deputy Director General (Admn.) who acted on behalf of and in the name of the D.G. The Committee enquired whether the Deputy Director General was acting in accordance with the provisions of Archaeological Works Code. The witness stated: "Advances were drawn under para 89 of the Archaeological Works Code and under Rule 668 of the Compilation of Treasury Rules, Vol. I. It was not possible to adhere to all the prescribed procedure due to shortage of time and shortage of hands. We thought that the whole thing could be regularised when a clear picture was available, when all the vouchers became available".

1.23. Asked whether the permission of higher authorities was not necessary when rules could not be observed for want of time, the witness stated that this mistake was realised now that they should have told the Ministry in 1962 itself that some extra expenditure had been incurred. But the intention was that after classification of accounts, the expenditure under the respective heads could be shown separately and that they could better approach the Ministry after the accounts had been fully classified to the satisfaction of Department and Audit.

1.24. The Committee enquired whether there was any supervision or check or authority by which the Department could be stopped from drawing more than the sanctioned amount under a particular head as in this case a sum of Rs. 6.21 lakhs had been drawn against the sanctioned amount of Rs. 2.65 lakhs. The witness stated that the drawing officer himself would have hesitated if the amount drawn was far in excess of the sanction. The Secretary (Sc.) stated that the only check at that time was whether the Treasury Officer paid the amount or not. He added that he was supposed to check the drawings against the sanctioned amount. In this case, under this head, the sanction was Rs. 7 lakhs. The mistake was in not opening a separate account.

1.25 The representative of C.B.I. stated at this stage that so far as they were concerned, they were under the impression that Rs. 7 lakhs were sanctioned under the general head and payment could be made upto that amount.

1.26 Asked whether the fact that Rs. 2.65 lakhs only had been sanctioned for the centenary celebrations was known to the CBI, he stated that they were concerned only with the criminal offence of misappropriation and for that they were investigating whether the

vouchers and bills were correct. Asked whether the normal procedure of withdrawal from the Treasury was followed in this case, the representative of C.B.I. stated that he would have to check it up. Asked further if it was known to the Treasury Officer that the amount of Rs. 2.65 lakhs was by a special sanction, the Director General of Archaeology stated that the sanction of the Ministry was with the A.G.C.R. who might have communicated it to the Treasury.

1.27 The Committee asked for the reasons for the estimate of the expenditure on exhibition being exceeded and inquired whether these could not be foreseen. The Director General of Archaeology stated that as the Department had no experience of this type of work, some rough figures were submitted to the Ministry, which scrutinised them and gave a sanction for Rs. 2.65 lakhs. But there were certain items which could not be foreseen e.g. the extension of the exhibition from a fortnight to 6 weeks, which accounted for a very large quantum of the excess.

1.28 Asked whether the illuminations on which Rs. 1.61 lakhs were spent were in connection with the centenary celebrations, the witness stated that these were mostly in connection with the centenary celebrations and some minor illumination of office building, but he added that this expenditure was included under 'Display' where approximate expenditure was Rs. 2.32 lakhs.

1.29 Asked whether the expenditure under the head 'Normal Contingencies' amounting to Rs. 2.08 lakhs was connected with the centenary celebrations also, the witness stated that only a broad idea in this respect could be given because this included expenditure on petrol, repairs to vehicles etc. which were required for future use also and not merely for the centenary celebrations. The witness admitted that an element of this expenditure should be included in the expenditure on centenary but it might be difficult to isolate that element unless the vouchers were scrutinised.

1.30. The Committee desired to be furnished with a note stating, how much out of the sum of Rs. 2.08 lakhs, spent by Department on contingencies could be appropriately allocated to the centenary celebrations. The note has since been received and is at Appendix I.

1.31. The Committee regret to note that even though centenary celebrations were held in December 1961, it had not been possible for the Department to segregate the expenditure till March 1963, when vouchers were taken away by S.P.E. The Committee feel that there was a complete lack of proper accounting of the expenditure by the

Department in this case. The Committee desire that the Department should segregate the expenditure on Centenary celebrations immediately.

1.32. The Committee are not convinced that the expenditure in excess of Rs. 2.65 lakhs was under the permissible head and did not require special sanction. From the evidence before the Committee it is quite clear that the entire amount was spent on exhibition or centenary celebrations one way or the other. In the opinion of the Committee the full amount of Rs. 6.21 lakhs should have been properly sanctioned before spending it.

1.33. From the note (Appendix I) furnished by the Ministry, the Committee find that even out of normal contingent expenditure of Rs. 2.08 lakhs an expenditure of Rs. 1.16* lakhs approximately was incurred on centenary celebrations. The Committee feel that without proper sanction of the Ministry, it was irregular for the Department of Archaeology to have spent this amount on centenary celebrations—an item of special sanction.

1.34. The Committee enquired whether the irregularities in the matter of conducting the celebrations noticed in special audit had been brought to the notice of the SPE for further investigation and whether the police investigations had been completed and responsibility fixed for the loss. The Director General, Archaeology stated that so far as they were aware, the police had not completed their investigation and it was not known at what stage it was.

1.35. Asked to explain how Rs. 1.61 lakhs were spent on hiring of electrical goods worth Rs. 52,000 without inviting open tenders, the D.G. Arch. stated that 4 quotations were received and the work was given to the lowest. The Exhibition was intended to last for 15 days and the quotations were initiated on that basis. The hire charges worked out to Rs. 48,000 and that included charges for installation, maintenance etc. of the hired equipment. He added that as the Industrial Exhibition was going on at that time there was a great demand for electrical installations with the result that only a few firms were prepared to undertake the work. The witness added: "It is a fact that open tender was not invited because there was no time for it". In reply to a question the witness stated that it was a fact that a non-gazetted officer went round contacting the firms and all that they had got on record was a copy of a note left by the non-gazetted officer, which contained a comparative statement of the quotations. The original was with the SPE but they had copies of

* According to Audit the expenditure on centenary celebrations out of Rs. 2.08 lakhs worked out to Rs. 1.28 lakhs.

the same. The Committee enquired whether any effort was made at any time to verify the correctness of the quotations. The witness stated that it was not done as there seemed to be no reason to doubt the genuineness of the quotations.

1.36. Asked as to who accepted the quotation, the witness stated that the records showed that there was no signature of any higher officer below the note of the subordinate. Asked as to how the contract was given if no officer had sanctioned it the witness stated that the records did not show by whom and how it was accepted but the fact was that the lowest quotation was accepted.

1.37. The representative of the C.B.I. stated that the quotation had been accepted only on the recommendation of the non-gazetted officer. There was nothing in the file to show that there was any agreement with the contractor or there was any approval of higher officer. At this the Committee pointed out that in the reply of the Department to the draft audit para, it was stated that 'Verbal orders had been given by the competent authority after discussion with the lowest tenderer to award the contract at the lowest rate quoted'.

1.38. The witness stated that the competent authority in such cases was the drawing and disbursing officer, but he could not recollect which competent authority gave this sanction and whether there was any verbal discussion or not. He added that as the amount of the quotation was very heavy, it should be presumed that there should be some sort of verbal sanction. The Committee pointed out that the competent authority was the D.D.G. (Admn.) to whom the office note was addressed and who gave his approval to the tender.

1.39. The D.G. stated that the competent authority, who was asked, had no clear recollection of the matter. The Committee enquired whether the then D.D.G. (Admn.) had applied his mind and sanctioned the placing of the order or acceptance of that tender. The representative of the Department (the then D.D.G.—Administration) stated that he did not recollect having seen these quotations or discussing them with the lowest tenderer. He added that he had not seen the reply sent to special audit, because at that moment he was not in Delhi.

1.40. The Committee enquired under whose sanction the payment of Rs. 1.12 lakhs was made in this case. The then, D.D.G. (Admn.) stated that it must have been sanctioned by him. The Committee asked whether before sanctioning the payment as competent authority he had satisfied himself that the same would be according to

rules. The D.D.G. (Admn.) stated that the competent authority was the D. G., he acted on his behalf in certain cases. He also added that he sanctioned the payments, though he did not make the payments.

1.41. The Committee enquired whether Rule 295 of the Compilation of Treasury Rules was observed before payment was sanctioned. The representative of the Department of Archaeology, (Dy. Director General Admn.) stated that as far as he could recollect there was no contract in writing with the contractor. The position was brought to the notice of the D.G. and himself. He added: "The contractor was already working on certain other items at normal rates—I do not remember the rates—and he was verbally asked to undertake the illumination part also, because there was no time to invite quotations in writing, as far as I remember."

1.42. The Committee are of the view that the Department's failure to observe the prescribed rules and regulations regarding the grant of sanctions and the drawal of advances, has led to various serious irregularities in this case. This coupled with lack of proper supervision and control on the part of the supervisory staff and inadequate accounting arrangements has given rise to a suspicion that there was large-scale misutilisation/misappropriation of funds. A glaring example of lack of supervision on the part of the authorities is the handling of the contract for hiring of electrical goods. It is unbelievable that an amount of Rs. 1.61 lakhs could be spent on hiring of the electrical goods the total value of which was only Rs. 52,000. What is more surprising are the facts that no open tenders were invited, and the work of receiving quotations was entrusted to a non-gazetted official. Further no effort was made to verify the correctness of the quotations at any time, nor any written record had been maintained regarding the acceptance of the contract, nor written approval of any officer competent to sanction the contract was obtained. The Committee take a serious view of these lapses.

1.43. It was stated in evidence that the matter was under the investigation of the S.P.E. since March, 1963. The Committee would like to be informed whether the S.P.E. has given its report and whether any follow up action has been taken as a result thereof. They would also like to be informed whether any departmental investigation has also been made to fix responsibility on supervisory staff for lack of proper supervision and control on their part.

1.44. The Committee also feel that apart from lack of proper supervision and non observance of rules and orders, there was inadequate arrangement to keep a proper watch over the maintenance of account of centenary celebration. In this connection, they would

like the Ministry of Finance to issue suitable instructions to all Ministries/Departments of Government of India to make adequate arrangements for proper maintenance of accounts in cases where public funds are sanctioned/spent on special occasions.

It appears that the amount of Rs. 2.65 lakhs was sanctioned ad hoc without drawing any detailed estimate or without proper planning. The Department should have obtained expert advice in the matter. The Committee feel that the Department should have anticipated that the exhibition would be extended and it should have been planned accordingly.

Alleged embezzlement—Para 43—Pages 51-52.

1.45. A report was received from the Superintendent of Archaeology, Southern Circle, in February, 1965, alleging a cash shortage of Rs. 12,610. A special audit of the accounts relating to the period from 1961-62 to 1964-65 indicated the following irregularities involving a sum of Rs. 2.16 lakhs:—

	Rs.
(i) Amount shown as remitted into treasury but not actually so remitted.	1,58,930
(ii) Short/non-remittance of amount shown as remitted to conservation assistants (April, 1964 to January, 1965).	45,089
(iii) Amount shown as paid to firms but not actually paid.	3,728
(iv) Amount paid by book transfers, shown as paid in cash in the cash book.	3,069
(v) Payments for which details and vouchers are wanting.	3,156
(vi) Amount charged twice arithmetical errors and other irregularities.	2,188

1.46. The irregularities were facilitated by the failure to observe certain prescribed rules/checks indicated below:—

- (1) The amounts shown as remittances into the treasury were not verified with the original challans by the officer who signed the monthly account.
- (2) The departmental code prescribes that the amounts remitted to subordinate officers should be treated as temporary advances and should not be shown as final payments in the cash book till the detailed accounts supported by vouchers are received from them. This procedure was not followed and the advances remitted to conservation assistants were accounted for as final payments.

(3) The acknowledgements for remittances to the conservation assistants were not obtained and checked with the monthly accounts.

(4) The assistant in charge of cash was also placed in charge of compilation of accounts.

The case was stated to be under investigation by the Police Department since February, 1965.

1.47. The Committee enquired whether Government had enquired into the circumstances in which the malpractices went unnoticed upto February, 1965, when the Superintendent made a report alleging a cash shortage and whether the police investigation had been completed. The representative of the Department stated that the fraud was suspected towards the end of January, 1965 and the case was under investigation by the SPE since February, 1965. The case was handed over to the Police as soon as fraud was suspected. The present position was that the SPE had filed a case against the Cashier-cum-Accountant, the Superintendent of the Archaeological Survey and the Asstt. Superintendent-in-charge.

1.48. The Committee enquired since how long the embezzlement had been going on. The witness stated that it was believed wrong accounting procedures had been adopted some time in 1957 and perhaps the fraud occurred between 1957—65. He added that if the officials concerned had conducted all the checks mentioned in the Central Treasury Rules and Financial Regulations, this could have been avoided.

1.49. Asked whether any precautionary measures had been taken now, the witness stated that after the special Audit Report, a general circular was issued to all Drawing and Disbursing officers in the Survey asking them to adhere to the instructions.

1.50. The Committee pointed out that in this case the major defalcation was due to the amount shown remitted into the treasury but not so remitted and enquired whether the treasury does not give any receipt for receiving the amount sent to it. The representative of the Department of Archaeology stated that whenever money is sent to the treasury, they give a *challan* and it is the duty of the drawing and disbursing officer to sign an entry in the cash-book after seeing the *challan*. This fact had now been emphasised to every drawing and disbursing officer. In this case, however, the cashier-cum-accountant was supposed to remit Rs. 1.60 lakhs whereas he remitted Rs. 1575. The officer attesting the entry in the cash book should have asked for the *challan* and then this fraud would have come to the notice very promptly.

1.51. Asked how the amount accumulated with the Archaeological Circle, the witness stated that the Circle office drew money to pay the Conservation Asstts. by way of advances for repairs of monuments, which were located at different places. Short remittances by the Accountant went on for a period of 4 or 5 years, and this was responsible for the accumulation of balances (with the Head Office) which was misappropriated.

1.52. It was stated during evidence that malpractices and irregularities were suspected to have been going on since 1957. The Committee are surprised to learn how in a Government Department such malpractices etc. could go on unnoticed till 1965 i.e. for more than 8 years. They are, therefore, of the opinion that this case also shows lack of proper supervision and control on the part of the higher authorities.

1.53. The Committee note that instructions have been issued for strict observance of the prescribed financial rules and that wrong accounting procedures have since been corrected. They hope that with the appointment of a senior officer from the Indian Audit & Accounts Department in the Archaeological Survey of India, there would be proper check in observance of financial rules and cases of this type would not recur.

1.54. The Committee would like to be informed of the outcome of the case filed by the SPE against the Cashier-cum-Accountant, the Superintendent, of the Archaeological Survey of India and the Assistant Superintendent-in-charge. The Committee would also like to be informed whether the case was investigated departmentally and if so, with what results.

Unsatisfactory implementation of a project—Para 128—Pages 144-145.
145.

1.55. In September, 1953, Government entrusted the Hindustani Culture Society, Allahabad, with the preparation of a standard English-Hindi dictionary, which was intended to be a Government of India publication, at an estimated cost of Rs. 60,000, on the following terms and conditions:—

- (i) The work would be completed by the Society within a period of 24 months i.e., by September, 1955.
- (ii) The Society would submit a detailed report on the progress of work done and the audited accounts to Government.

1.56. The amount of Rs. 60,000 was released to the Society in four instalments of Rs. 15,000 each during September, 1953 to August, 1955. On a request from the Society in August, 1955, Government sanctioned another sum of Rs. 40,000 to the Society in March, 1956 on the assurance that the Society would not ask for further funds for this purpose and also allowed an extension of time upto December, 1956 for the completion of the work. The Society, however, requested Government again in December, 1957 for a further grant of Rs. 40,000, which was not agreed to. Till then, the Society had completed the manuscripts of the dictionary from alphabets 'A' to 'O' only.

1.57. Certificates of utilisation in respect of the grants of Rs. 60,000 and Rs. 40,000, stating that grants had been spent by the Society for the purpose for which they were sanctioned, were issued by the Ministry to Audit in December, 1957 and June, 1958. However, in October, 1958, on an examination of the accounts of the Society, the Deputy Financial Adviser of the Ministry observed that the grants released to the Society had not been properly utilised inasmuch as a sum of Rs. 39,000 was spent on questionable and unnecessary items such as "collation", "supervision", "Food charges", etc., which were not provided for in the estimates approved by Government.

1.58. In December, 1958, the work done by the Society was also found to be unsatisfactory and unfit for publication. The Ministry decided in October, 1960 to take over the manuscripts and revise the material prepared by the Society from alphabets 'A' to 'O' and to complete the remaining portion of the dictionary themselves. But subsequently in December, 1961, on a request from the Society that it might be allowed to complete the work by raising funds from other sources, the manuscripts were returned to the Society subject to the condition that the dictionary would not be an official publication but the Society would make a suitable acknowledgement on the book that the publication had been subsidised by Government to the extent of Rs. 1 lakh.

1.59. In August, 1965, the Society informed Government that it had completed the dictionary and asked for financial assistance for its publication. The Ministry, however, decided not to render further financial assistance but informed the Society that Government would consider the question of publishing the dictionary themselves in case they were satisfied with the quality of the work. The dictionary has not been published so far (January, 1966).

1.60. The Committee enquired whether any enquiry into the credentials of the Hindustani Culture Society was made and having

entrusted the work to the Society, why the work of the Society was not periodically reviewed and further grant to the Society stopped when the work was not found to the satisfaction of the Ministry. The Secretary (Sc.) stated that the Government gave the Society a grant totalling Rs. 1 lakh for preparing the dictionary. The Society had now asked for a further grant as the manuscript was not completed but the Government had declined to give the Society any further money.

1.61. The Committee desired to be furnished with a statement giving the figures as to the total amount of grant or any other aid in any other form given to the Hindustani Culture Society, Allahabad, since its inception, the purpose for which the grant was made and the year in which it was given and also indicating the results obtained so far. Note furnished by the Ministry is at *Appendix II*.

1.62. The Committee enquired why the Society was given a further grant when its work was not found to be satisfactory. The Secretary (Sc.) stated that because of the adverse comment of the P.A.C., the Government gave no further grant to the Society for printing or even for completing the manuscript. Initially the request of the Society was backed by very eminent people who certified as to the capacity of the Society to produce a good Hindustani dictionary.

1.63. In reply to a question whether before the work was entrusted to the Society, it was checked that the Society was in a position to produce the lexicon, the Secretary (Sc.) replied in the affirmative and stated that it had a lot of learned publications to its credit.

1.64. The Committee enquired how the initial estimate had been prepared and what were the considerations on which the Ministry sanctioned the second grant of Rs. 40,000. The representative of the Ministry stated that when the Society gave a report of the progress made from "A" to "O", it was felt that their original estimate was on the low side. When proposals for completing the project were examined afresh, another Rs. 40,000 were sanctioned on the condition that with that amount they should complete the project.

1.65. The Committee pointed out that the Society appeared to be in the habit of getting sanction on a deliberately low estimate in the beginning and then pleading helplessness and this made the Government increase the estimates later on. The Secretary (Sc.) stated that "it looks like that".

1.66. The Committee enquired whether any responsibility had been fixed for issuing incorrect utilisation certificates to audit. The representative of the Ministry of Education stated that it appeared that the accounts were not critically examined before the issue of certificates. Asked whether any particular man was held responsible, the Secretary (Sc.) stated that he did not think any offence had been committed for which they could recover the money. The Committee enquired whether any warning had been given to the Society or to the officer who gave an incorrect certificate. The Secretary (Sc.) stated that he was not aware of it, but he would look into it. He informed the Committee that the dictionary had not yet been completed but the manuscript was ready. Asked whether the Society had taken any money for the same work from the Kashmir Government, the representative of the Ministry stated that it had taken Rs. 50,000 from the Kashmir Government, with which it completed the manuscript.

1.67. The Committee enquired whether Government were satisfied that the manuscript which had been prepared would be suitable. The witness stated that as there were two opinions regarding its suitability, Government had decided not to take the responsibility of printing it under its own seal, but had asked the National Book Trust to print it under its own auspices with the acknowledgement that Government had given aid to the extent of Rs. 1 lakh in its preparation. Asked why the Government hesitated to print it under its own seal, the witness stated that they were not fully satisfied that the dictionary was so good as to bear the seal of Government without criticism.

1.68. The Committee pointed out that last year a similar decision was taken by the Government in respect of other books (for neo-literates) prepared by the Society. The Committee asked whether it had been brought to the notice of the Kashmir Government that the work done by the Society was sub-standard. The representative of the Ministry replied in the negative and stated that it was only after the Government of India had stopped further grants, that the Society approached the Kashmir Government. The Secretary (Sc.) explained that in December, 1961, the Society had written to the Government for the return of the manuscript saying that they themselves would find funds privately and complete the work. The manuscript was returned. The Government was not a party to their approaching the Kashmir State Government.

1.69. Asked whether the Society had taken money from any other source apart from Government of India and Jammu & Kashmir Gov-

ernment, the Secretary (Ed.) stated that it was possible, but it was not in their knowledge and they had not heard of it.

1.70. The Committee enquired on what occasion the Government took the decision not to associate the name of the Government with this dictionary. The representative of the Ministry of Education stated that it was decided when the Society approached the Government with a request for a subsequent grant to publish the dictionary which it had completed.

1.71. The Committee enquired whether in view of the condition imposed that the work should be completed with the grant of Rs. 40,000 given in 1956, the Government took any action to find out whether the Society had completed the work, between the period 1956 to 1961, when it approached again for a further grant. The Secretary (Sc.) explained that the work was examined in December, 1958 and was found to be unsatisfactory. The Ministry decided to take over the manuscript instead of giving any further grant. A year later, at the specific request of the Society and on the understanding that it would complete the manuscript at their own cost, it was returned to them in December, 1961. Asked why the manuscript was given back, when it was the property of Government, the witness stated that the Society had asked for it as it wanted to complete it after obtaining money from other sources.

1.72. The Committee are constrained to observe that while such an important job for the preparation of a standard dictionary was entrusted to the Hindustani Culture Society, Allahabad in September, 1953 on the understanding that the work was to be completed in two years, no serious effort was made by the Ministry of Education to find out whether any progress had been made by the Society till December, 1958, i.e. even after a lapse of more than 5 years. The Committee are of the view that the work of the Society should have been periodically reviewed by the Ministry and further grant should have been stopped if the work of the Society had not been found to be satisfactory. They are unhappy to note that there is difference of opinion as to the quality of the product, as it finally emerged and that the Government are not prepared to take the responsibility of publishing it under their own Seal. The dictionary has not yet (July, 1966) been published even though it was to be completed by September, 1955. The Committee cannot but come to the conclusion that the whole project was ill-conceived and the expenditure incurred thereon did not achieve or serve the purpose in view. In this connection, the Committee would like to draw the attention of the Ministry to their earlier recommendation contained in para 4.256 of their 41st Report (1965-66).

1.73. The Committee feel that in this case, the Society gave a deliberately low estimate in the beginning, so that later on pleading helplessness that the work could not be completed within the grant paid, it could induce the Government to increase the estimates and make further grants. The Committee feel that the Ministry should be extra cautious to verify the credentials of societies and bodies etc. before making any grant in future.

1.74. The Committee regret to note that the accounts of the society were not critically examined by the Ministry before the issue of the utilisation certificates and the certificates were issued to Audit in a routine way. They hope that necessary action should be taken against the officer concerned to prevent recurrence of such lapses in future.

COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH

Loss in development of know-how and provision of technical assistance connected with a project—Para 142—Pages 174-175.

1.75. In accordance with a tripartite agreement entered into on 21 November, 1959 between the National Research Development Corporation of India, the Council of Scientific and Industrial Research and a private firm interested in setting up a commercial plant for the manufacture of cinema projector carbons, the National Physical Laboratory (A limb of the Council of Scientific and Industrial Research) undertook to develop the detailed know-how for the manufacture of such carbons and to provide technical assistance to the firm in the implementation of the project. The entire cost of the development work and the project from 1 October, 1957 (the date on which the development work was taken up in the Laboratory), calculated on the basis of the actual wages paid plus double that sum on account of use of the laboratory equipment, etc., was to be paid by the firm, which was also to supply or pay for the raw materials required for the project.

1.76. In June, 1961, when the work on the project on a laboratory scale had almost been completed, the three parties concerned resolved and agreed that the Laboratory would prepare a report on the investigations conducted and send it to the Corporation alongwith proposals for their projection on a commercial scale and that the Corporation would procure the necessary pilot plant equipment so that the project would be implemented and commercial production established within a period of six months.

1.77. The Laboratory and the Corporation, however, failed to carry out their obligations and to arrange for the implementation

of the project on a commercial scale. Also, no large scale trials were made by the Laboratory till July, 1963. In terms of the agreement, the firm applied for arbitration in January, 1964. According to the arbitrator's award in January, 1965, the Council and the Corporation having failed in their obligations under the agreement, the firm was not required to pay the development cost of the project to the Laboratory and was entitled to recover the cost of the arbitration amounting to Rs. 35,447 (to be shared equally by the Council and the Corporation). The Council have stated (November, 1965) that the firm has gone to Court for modification of the award and that the Council has also objected to the payment of costs.

1.78. The development charges amounting to Rs. 1.95 lakhs (out of which Rs. 50,000 representing the cost of the pilot plant would be recoverable from the Corporation) had, therefore, to be borne by the National Physical Laboratory. The terms on which the know-how would be made available for commercial exploitation to some other firm were stated to be under finalisation (November, 1965).

1.79. The Committee enquired what were the reasons on account of which the Laboratory and the Corporation could not carry out their obligations and arrange for the implementation of the project on a commercial scale within the period of six months agreed to in June, 1961 and what were the reasons for such a long delay in the work. The D.G. of C.S.I.R. stated that the whole transaction could be regarded as a kind of unfortunate contract with a firm which was not found capable of putting the process under production. It was admitted that the National physical Laboratory and the National Research Development Corporation also failed to fulfil their contract in the sense that they did not supply them the plant in a working condition. However, the process had been completed now. The Council was now in negotiation with M/s. India Carbon & Co. of Punjab, which had shown interest in the matter. It was hoped that the process of cinema carbon developed by N.P.L. would go into production and would lead to complete stoppage of import of these materials.

1.80. The Committee enquired who selected the firm and how and whether there was any method by which the party's ability could be judged before a contract was entered into with it. The Director General stated: "The procedure is that once we have a process and once we check it up and find it to be satisfactory, we advertise that and ask for the applicants to offer the terms. We negotiate those terms with them. Here, of course, we made a mistake and there is no doubt about it." But the Executive Director of

the N.R.D.C. to the best of his knowledge, took all possible steps to find out competent parties. In a number of cases, when the N.R.D.C. had failed to find competent parties, the licences had been revoked and given to other parties.

1.81. In reply to a question the witness admitted that there was delay on the part of the Council in designing and getting up the pilot plant and putting it into operation. There was delay in doing this part of the work which was part of another contract with the party.

1.82. As admitted by the C.S.I.R. during the course of evidence, the Committee regard this contract as a very unfortunate one. The Council and the N.R.D.C. with the help of their experts, should have carefully judged the ability of the party in question to carry out the job before awarding the contract. The failure of the NPL and the NRDC to carry out their obligations to supply them with the plant in time and in a working condition is also regrettable.

1.83. The Committee note from evidence that a new party has been selected to undertake the work and that production is expected to commence shortly. They would like to be informed of the date on which production actually commences and the date from which the import of the cinema Projector Carbons is stopped.

Uneconomical working of a plant—Para 143—Pages 175-176.

1.84. A pilot plant (estimated cost over Rs. 2 lakhs) for the wet extraction of oil from coconuts was received as a gift from a West German firm in January, 1961. Though the Executive Council of the Central Food Technological Research Institute, Mysore, had decided in February, 1961 to install the plant at Mysore, it was installed in a certain private firm at Tatapuram (Ernakulam) in May, 1961 under the orders of the Director of the Institute. The plant was, however, transferred to the Institute at Mysore in December, 1961, as no agreement in regard to the working etc., of the plant at Tatapuram could be reached between the private firm and the Institute. The additional expenditure on transportation of the plant, pay and allowances of the staff deputed for its erection etc., at Tatapuram, amounted to Rs. 7,317.

1.85. The following table indicates that the yield of oil from the plant during the period December, 1961 to March, 1965 was much less than the average yield of 81 kg. per 1000 coconuts obtained by

the conventional expeller process and that the Institute sustained a loss amounting to Rs. 0.36 lakh on the sale of the oil:—

Period	No. of coconuts used	Average yield per 1000 coconuts	Cost of coconuts	Sale pro- ceeds of oil	Loss
	Rs.	Kgs.	Rs.	Rs.	Rs.
December, 1961 to March, 1963 .	52,020	55	15,600	8,726	6,874
April, 1963 to March, 1964 .	24,780	47	7,500	3,688	3,812
April, 1964 to March, 1965 .	1,67,535	51	52,080	26,760	25,320
				TOTAL :	36,006

1.86. For working the plant, the Institute had engaged one scientist, one senior scientific assistant, one mechanic and six daily paid workers on whole-time basis apart from some other staff, who were also associated with the project. The loss would, therefore, be larger if the pay and allowances of the staff and other overhead charges are taken into account.

1.87. The Council informed Audit in October, 1965 that the Institute has since decided to stop large-scale trials and only trials with small batches are being carried out on the plant at present.

1.88. The Committee enquired why the plant was first put up at Tatapuram and then shifted to Mysore which involved an infructuous expenditure of more than Rs. 7,000. The Director General, Council of Scientific and Industrial Research stated that the private firm had made an offer to erect and operate the plant at their cost, but eventually they backed out of that without assigning any reason. So the Council had to incur that expenditure of transferring it back. The Committee enquired why the Director of Central Food Technological Research Institute acted in disregard of the decision of the Executive Council in having the plant installed at Tatapuram instead of at Mysore and whether any explanation had been called for from him. The Director General stated that the explanation had been received but it could not be stated that it was convincing. The Director produced his agreement with the firm that they would run the plant and so they over-looked it. He, however,

agreed that it was improper on the part of the Director to disregard the decision of the Executive Council.

1.89. Asked to explain the low yield from this machine as compared with the yield from the conventional oil expeller, the Director General stated that contrary to expectations, the experiments did not prove successful and therefore, its use was discontinued.

1.90. The Committee enquired whether experiments were still carried out with the machine and whether it had ever gone out of order, thus necessitating import of parts. The witness stated that the machine was lying there but was not in use. It had not gone out of order. No parts had been imported for it. The witness added that the workig of the plant was uneconomical and in spite of modifications, oil recovery through it could not be increased.

1.91. The Committee are surprised to note that the Director of the Central Food Technological Research Institute acted in disregard of the decision of the Executive Council of the Institute in this case and thus caused an infructuous expenditure of more than Rs. 7,000. The Committee feel that C.S.I.R. should take due note of this lapse and also take steps to avoid recurrence. They are also unable to understand why large-scale trials with the plant were continued over a long period when the results of the experiments were not found to be encouraging. The Committee feel that the losses incurred could have been avoided if the use of the plant had been discontinued as soon as it was realised that its efficiency was low and its working uneconomical.

Pre-mature payments—para 145, page 177.

1.92. In November, 1961, the Council decided to acquire a piece of land (about 108 acres) at Mysore for the construction of residential quarters for the staff of the Central Food Technological Research Institute. Although the Land Acquisition Act of the State Government did not provide for advance payment towards the cost of land and the acquisition proceedings under the Act had not started, a sum of Rs. 1.5 lakhs, being the approximate value of the land (@ Rs. 750 per acre plus statutory allowance and establishment charges) was deposited with the State Government at the end of March, 1962.

1.93. In May, 1962, the State Government informed the Institute after going through the acquisition proceedings that the actual cost of the land to be acquired was Rs. 1,000 per acre (plus statutory

allowance and establishment charges) and that, in addition, the Institute should pay a sum of Rs. 500 per acre towards conversion fine and Rs. 250 per acre per annum as agricultural assessment charges. The request of the Council for waiver of the conversion fine and agricultural assessment charges was not accepted by the State Government and after protracted correspondence it was decided in December, 1964 to pay the conversion fine but hold over consideration of the payment of Agricultural assessment charges (@ Rs. 27,918 per annum) till certain rules under the New Mysore Land Revenue Act, 1964 were framed. A further payment of Rs. 0.82 lakh was made to the State Government in February, 1965. The question of final payment had not been decided till December, 1965. The land had not yet (December, 1965) been handed over to the Institute.

1.94. Explaining the position, the D.G., C.S.I.R. stated that actually the payment had been made from one Government department to a State Government at their request, because that was in accordance with the land acquisition proceedings.

1.95. The Committee pointed out that according to Audit there was no demand for money from the State Government. The witness stated that the Administrative Officer of CFTRI and the Asstt. Commissioner between them decided that it would be advantageous to the Council, if the Council deposited the money.

1.96. In reply to a question the witness informed the Committee that the Council had not yet got the land, the land acquisition proceedings had been started but the Council was not aware at what stage these proceedings were. There was some dispute between the State Government and the Mysore City Improvement Trust about the land. The witness stated that the State Government informed the Institute that the price fixed by the Collector was Rs. 1750 per acre.

1.97. The Committee desired to be furnished with a note stating at what stage the land acquisition proceedings were at present and whether the Collector had given his verdict. The note furnished by the Council is at *Appendix III*.

1.98. It is not clear to the Committee why the amount of Rs. 1.05 lakhs was deposited by the Council at their own initiative with the State Government without any demand from them. The Committee feel that the Council's decision to make advance payment for the land was premature and was taken without having full knowledge of the financial implications of the transaction. The Committee are

only left with the impression that the officer concerned deposited this amount of Rs. 1.05 lakhs at the end of March, 1962 with a view to avoid lapse of funds. They hope that such instances would be avoided in future.

1.99. It is also learnt from the note furnished by the Ministry (Appendix III) that the acquisition proceedings have not yet been finalised. The Committee regret to note the delay of over 4 years which has taken place for the acquisition of land in this case. They desire that the Council should take up the matter with the State Government to expedite the acquisition of land for which advance deposit was made in March, 1962.

1.100. The Committee also note that the value of land which was considered to be approximately Rs. 750 per acre plus statutory allowances and establishment charges in March, 1962, was now being indicated at Rs. 1,750 per acre.

Processes for commercial exploitation, para 146—pages 178-179.
Sub-para (i)

1.101. Upto 1964-65 the Council developed 494 scientific and industrial processes for commercial exploitation.

The table below indicates the position about the disposal of these processes to trade etc.

	No. of processes released	Processes in actual production
Processes licensed on payment of lump sum premium and recurring royalty	128	49
Processes released as technical aid against payments (Fees charged amounted to Rs. 2,02,220.)	36	Nil
Processes released free of charge to industry for want of response from trade on payment	189	Nil
		(Apart from the cost of development, an expenditure of Rs. 14,490 was incurred on taking patents for 77 of these processes).
Processes kept for departmental production	18	Nil
Processes awaiting release	123	

1.102. The Committee enquired as to the amount of money spent on the development of 189 processes released free of charge. The D.G., C.S.I.R. stated that determining cost of each process was a very difficult process and they had not yet come to a stage when each project in the Council of Scientific & Industrial Research could be costed. He further stated that the actual detailed costing of expenditure on the development of any single patent had not yet been started, but the Council was making a beginning in the matter.

1.103. Asked as to the expenditure on these 189 patents on *pro rata* basis, the witness stated that depending on the type of work being done, roughly speaking, the costing of each patent would range from a minimum of Rs. 15,000 to about Rs. 2 lakhs. The Committee enquired what was the total amount spent on developing and in acquiring the know-how for these 494 patents (and the total amount recovered under this head) so far. The witness stated that it was very difficult to calculate the total amount spent because the Council was still working on how to do the costing. The work was started from last year and only in about 7 or 8 laboratories they had been able to do that. It required elaborate processing and costing and the help of an expert scientist also. It would be a very big task to do the costing for these 189 patents. He added that *pro rata* cost determined on the basis of the overall cost would be unrealistic and hence of no value.

1.104. The Committee regret to note that the C.S.I.R. which has been in existence for over two decades did not think of introducing a system of costing for the processes developed by them. The Committee feel that this should have been done much earlier. The Committee note that the work relating to the costing of scientific and industrial processes developed for commercial exploitation has been introduced from last year in 7 or 8 of the laboratories only by the Council. They desire that as a result of this experiment the system of costing should be further extended to all other laboratories. With the introduction of a system of costing of processes, the Committee hope that the Council would be able to have an idea of the total expenditure incurred by it on the development of various processes.

1.105. Asked whether the research work on these processes was done by the Council on its own or at the instance of the Industry, the witness stated so far it was mainly on their own, but they were getting closer to the industry to get processes from them. The Committee desired to be furnished with a note stating the number of processes developed at the instance of private industry, out of the

404 processes developed for commercial exploitation by the C.S.I.R. The note furnished by the Ministry is at Appendix IV.

1.106. From the note the Committee find that only 8 cases of patents filed were based on research sponsored by private industry.

1.107. In reply to a question as to the number of processes actually in production at present, the witness gave the number as 89. Asked why the rest of the processes were not in production, the witness stated that they could only guess the reasons; it was either because the materials were highly sophisticated which were not in demand in the country or the processes themselves were not wholly competitive.

1.108. The Committee enquired what steps the Council was taking to remove the Government's as well as industrialists' prejudice against Indian know-how. The witness stated that it was only by coming together with the industrialists both in the private and public sectors that they could prove to them that Indian know-how was as good as from any outsider. They were also members of the Licensing Committee as well as of the foreign Collaboration Committee. He added that no licence was issued to a foreign company if there was adequate know-how available in the country and no foreign collaboration was allowed if a process had been developed indigenously based on indigenous know-how. The witness added that during the last few years there had been greater and better appreciation of Indian know-how.

1.109. In reply to a question, the witness informed the Committee that there were a number of cases in which technical collaboration had been substituted by indigenous patents. He mentioned incidentally the case of graphic cubicals in this connection.

1.110. The Committee enquired whether the Council had a set-up to follow up these processes to see that they were properly worked and in the alternative to lease them to other parties so that both royalty and production did not suffer. The witness stated that there was a Directorate in the C.S.I.R. whose duty it was to be constantly in touch with the parties to assist them. If it was found that they were not going ahead satisfactorily steps were taken to give the licences to other parties. The Committee desired to be furnished with a statement showing particulars of licences which had been terminated/expired/converted. The statement has been furnished.

1.111. The Committee are disappointed to note that out of 494 scientific and industrial processes developed for commercial exploitation by the Council upto 1964-65, only 89 are in actual production at present. This clearly indicates that these processes were either not commercially viable or better substitutes were already available in the market. The Committee would, therefore, urge that more care should be taken in future in the selection of processes for development. There should also be a liaison with the industry. This is imperative not only from the point of view of avoiding infructuous expenditure, but also from the point of view of proper utilisation of indigenous talent.

1.112. The Committee desired to be furnished with a statement giving particulars of schemes which had been approved by the GOI for foreign collaboration against the advice of the C.S.I.R. during 1964-65. The statement* has been furnished and is given in Appendix V.

1.113. From this Statement the Committee find that as many as eighteen schemes involving foreign collaboration were approved during 1964-65, against the advice of the C.S.I.R. The Committee would like to know the justification for ignoring the advice of C.S.I.R. in these cases.

Sub-para (ii)

1.114. From April, 1945 to October, 1965, 156 processes were patented in various foreign countries on payment of initial patent fees amounting to Rs. 1.81 lakhs. None of these processes could, however, be actually released to industry in the foreign countries. Out of 156 patents, 70 lapsed upto October, 1965.

1.115. The Committee enquired whether the Council had spent any sum over and above Rs. 1.81 lakhs paid by it by way of patent fees to foreign countries. The witness replied in the negative and stated that the Council had not spent any foreign exchange in developing any patent outside.

1.116. The Committee enquired whether the Ministry had investigated the reasons for the lack of demand for these processes in the foreign countries. The witness stated that it was probably due to lack of salesmanship. The matter was handled by the N.R.D.C. which appointed agents in different countries for selling the patents on payment of royalty to the Council. He added "..... possibly the agents have not been active and have not been able to sell it." The Committee enquired what were the reasons for the fact that not one of 156 processes patented abroad had been ex-

*Not vetted by Audit.

exploited and also whether the tests applied were correct and comprehensive. The witness replied that they were very particular before spending any foreign exchange and during the last few years the Council had become very strict in the matter of foreign patents. He stated that the Council did not go for 156 patents in foreign countries all at once, they were spread over a number of years. He added that the Council now also took joint patents with outside firms, so that the chances of exploitation might be greater.

1.117. The Committee regret to note that none of the 156 processes patented in foreign countries between April, 1945 to October, 1965 could be released to industry in foreign countries. They feel that the reasons for which there was no demand for the processes in foreign countries should be looked into. The N.R.D.C. should also investigate why the agents appointed by them to sell these patents in foreign countries had failed to do their job.

1.118. The Committee hope that efforts would be made to ensure the commercial exploitation of the processes patented abroad.

Sub-para (iii)

1.119. A process for the manufacture of "Bacterial Diastase by Sub-merged Culture for Dextrin", developed at the National Chemical Laboratory, Poona during 1958, was released through the National Research Development Corporation for commercial exploitation to a firm at Bombay on payment of a lump sum premium Rs. 1.60 lakhs and Rs. 0.22 lakh for import of stainless steel explosion-proof motors and other production equipment respectively period of 14 years from October, 1959. The process was released on an all-exclusive basis for production in the whole of India. The Council's share of premium was received in October, 1959.

1.120. Under the agreement the firm was required to start production after the expiry of two years from the lease of the process i.e., from October, 1961. Import licences of Rs. 1.43 lakhs, Rs. 1.60 lakhs and Rs. 0.22 lakh for import of stainless steel explosion-proof motors and other production equipment respectively were granted to it by Government during 1961 and 1963, but the production had not commenced till January, 1966. The Council had not taken action to cancel the licence and to release the process to other firms. The Council stated in January, 1966 that apart from the delay in getting import licences, the firm had to face difficulties in procurement of land for construction of building, building material, etc. According to the terms offered by one of the parties interested in taking the process, royalty amounting to over Rs. 61,000 could have accrued to the Council every year had the production commenced in time.

1.121. The Committee enquired as to the latest position in regard to the starting of production by the firm concerned. The witness stated that there were many reasons due to which the firm which was very well known in Bombay, could not go into production, but now vigorous steps were being taken and it was hoped that it would go into production soon. He added that if the licences had been given to any other party, they also would not have been able to go into production.

1.122. The Committee pointed out that if the royalty was payable only for 14 years, the longer the firm delayed the production the less the Council would get. They enquired how the agreement regarding royalty was made on the basis of production, when the Council had no control over production. The witness stated that since taking over as Chairman of NRDC which had made this agreement, he had introduced a change that if a party did not go into production within a year or two, another party who could do so, was found out.

1.123. In reply to a question, the witness informed the Committee that a patent could remain alive for 14 years and after that period the party could continue production without paying any royalty. But, he added, the loss to the firm in case of non-production would be much greater, as production would yield them at least 40 to 45 per cent. He informed the committee that it was hoped that the firm would go into production in a few months.

1.124. The Committee are unhappy at the inordinate delay in the commencement of production on the part of the firm concerned, with resultant loss of royalty to the Council. They are surprised that the Council entered into the agreement with the firm on the basis of a fixed percentage as royalty on production, while it had no control over production. It was stated in evidence that the firm hoped to go into production in a few month's time. The Committee would like to be informed of the latest position.

1.125. The Committee suggest that the various processes developed by the Council should be taken back from the parties in case they fail to develop the same in one or two years. In such cases, the processes should be given to other parties who could develop the same quickly. Release of processes on an all exclusive basis should be avoided, as far as possible. The Committee also desire that a review of all the processes so far developed should be conducted keeping in view the above observations.

UNIVERSITY GRANTS COMMISSION

Unauthorised diversion of funds—Para 147(i), page 179.

1.126. Out of Rs. 353 lakhs placed at the disposal of the Commission by the Ministry during the period 1962-63 to 1964-65 for releasing grants for the development of Engineering and Technological Education, the Commission paid grants amounting to Rs. 301.99 lakhs the balance of Rs. 51.01 lakhs (Rs. 14.96 lakhs related to 1962-63, Rs. 16.10 lakhs to 1963-64 and Rs. 19.95 lakhs to 1964-65) was utilised by the Commission on other schemes without the prior approval of the Ministry.

1.127. The Committee enquired why the Commission did not obtain the prior approval of the Ministry before diverting the funds for other purposes. The Secretary (Ed.) stated that the U.G.C. had scrutinised the break-up of the expenditure in the past very carefully and had found that Rs. 15.4 lakhs should have been debited to Schemes on technology. So the amount that now remained was Rs. 36 lakhs instead of Rs. 51.01 lakhs. The witness stated that the over-sight of the U.G.C. in not obtaining the formal approval of the Government was admitted.

1.128. The Committee enquired whether there were any other cases of specific grants utilised for other purposes. The witness replied in the negative. The Committee enquired how did the Ministry ensure in the absence of separate accounts for the various schemes, that the plan schemes approved by them were being carried out. The Additional Secretary of the Ministry of Education stated that it was not as though the accounts were not available. It was known at the end of the year what amount had been spent on technical education and on general education. The various grants given by the U.G.C. were reported to the Ministry and the Ministry kept a watch whether the various plan schemes had been fulfilled or not. The Secretary, U.G.C. stated that the Commission kept separate accounts for technical education and general education. Even under different schemes there were different items and registers. The figures of expenditure on different heads were kept.

1.129. The Committee pointed out that while there was a dearth of technical and engineering personnel in the country, the money allotted for technical and engineering education was being diverted to other purposes. The Secretary of U.G.C. stated that in the Third Plan, out of the provision of Rs. 72 crores for technical education, the U.G.C. was concerned only with Rs. 6.5 crores, which

was really a small fraction of the total. In technical education, it so happened that the estimate of expenditure was correct, but there were difficulties in getting equipment, foreign exchange and appointment of personnel and in getting some of the plans approved by the All India Council of Technical Education. To that extent, these schemes did not make progress but other schemes under 'Science' which were equally important made faster progress and so certain funds were transferred to the general education schemes.

1.130. The Secretary (Ed.) added that the division of Rs. 36 lakhs was probably utilised to strengthen science education for which, at the University stage, the U.G.C. was responsible.

1.131. The Committee regret to note that while there is a dearth of technical and engineering education in the country, the funds allotted for technical and engineering education have been diverted for other purposes. In evidence the Secretary, U.G.C. stated that in view of the delay in getting the plans approved by the All India Council of Technical Education, certain funds were diverted and utilised for strengthening science education which is considered the base of technical education. The Committee believe that in that case also, the prior approval of the Ministry for the diversion of funds should have been obtained as required under the rules. They hope that such cases would not recur.

Central Universities, para 148, pages 180—183.

1.132. The four Central Universities of Banaras, Aligarh, Delhi and Viswa Bharti are given maintenance and development grants by the University Grants Commission, which is placed in funds by Government of India.

1.133. The maintenance and other grants paid to these Universities during the three years ending March, 1965 are indicated below:—

Name of the University	Block (Maintenance)			Grants Other grants		
	1962-63	1963-64	1964-65	1962-63	1963-64	1964-65
	(in lakhs of rupees)					
Banaras	72.00	91.00	96.00	63.39	61.50	74.23
Aligarh	52.00	71.65	73.00	29.34	42.12	56.11
Delhi	41.00	52.35	60.00	11.90	21.77	29.20
Viswa Bharti	20.00	25.00	31.00	5.03	20.44	14.38

1.134. The Committee enquired whether Government had considered further the matter regarding the recommendation of PAC about the presentation of the Audit Reports on the accounts of the Central Universities to Parliament and taken any final decision. The Secretary (Ed.) stated that the Government had examined the matter further, and had consulted the Vice-Chancellors, the U.G.C. and the academic community. He stated that the thinking of the Government was that the Universities should be protected from public controversy which was likely to arise if the Audit Reports were placed before Parliament.

1.135. The Committee pointed out that since these Reports were already available in the Library of Parliament and the Committee had a right and duty to examine them, there should be no hesitation in placing them formally on the Table of the House. The Secretary (Ed.) stated: "We shall continue to examine it." He added that the Education Commission was going into the question of university organisation and university autonomy. The Government thought it might wait for the Education Commission's report before taking a final decision. He informed the Committee that the recommendation of the Committee had been examined by the Government at the Minister's level and the latter was of the view that the time was not yet ripe to put it up to the Cabinet. He added that now that the Education Commission's report had been received he would place this view before the Education Minister for a final decision.

1.136. The Committee pointed out that there was no reason why Parliament should not exercise its powers to see that the Central Universities accounted for the money spent by them in view of the fact that the full grants were given by the Central Government.

1.137. The Committee feel that the financial accountability does not in any way clash with the academic freedom of the Central Universities. Further, Audit Reports of the Central Universities are placed in the Library of Parliament and as such are already available to the Members of Parliament. The Public Accounts Committee has been laying emphasis on the presentation to Parliament of the Audit Reports of the Central Universities from the year 1952-53 onwards. The Committee therefore, would like to reiterate their observations contained in para 2.7 of their 52nd Report (1965-66) and suggest that the Audit Reports of the Central Universities should be presented to Parliament in future.

1.138. It was also deposed before the Committee by the witness that it was decided to wait for the Report of the Education Commission before taking a final decision in this matter. He further added that the report of the Education Commission had been received and was under consideration of the Government, and that he would place the whole matter before the Education Minister for a final decision. The Committee suggest that if necessary, the matter may even be placed before the Cabinet. In this connection the Committee would like to draw the attention of the Ministry of Education to para 2.52 of their 52nd Report (1965-66) wherein the Committee have observed that if there is any difficulty in implementing the recommendation reiterated by the Committee, the matter should be submitted to the Cabinet and its decision communicated to the Committee.

Viswa Bharti University:

1.139. The Committee desired to be furnished with a statement giving the enrolment at the University level during 1962-63 to 1964-65, the number of students in each class each year and the per capita annual expenditure. Note furnished by the Ministry is at Appendix VI.

1.140. The Committee pointed out the high per capita cost in the Viswa Bharati University as compared with the cost in other Universities in India and asked what steps were being taken in the matter. The Secretary (Ed.) stated that efforts were being made to increase the enrolment in the University, because unless that was done, the per capita expenditure would not come down. The Addl. Secretary added that low enrolment plus the fact that it was a residential University were responsible for the high per capita expenditure.

1.141. The Committee observe from the note furnished by the Ministry that there has been no appreciable increase in enrolment in most of the courses offered by the University and in some courses there has actually been a decline. The per capita expenditure has, however, shown a steep rise from Rs. 1961 in 1962-63 to Rs. 2367 in 1964-65. The Committee desire that reasons for this state of affairs should be ascertained and suitable remedial measures adopted to arrest both decline in enrolment in some courses and rise in per capita expenditure.

(A) *Banaras Hindu University*(a)—*Misappropriation of funds:*

1.142. University funds aggregating Rs. 60,000 were misappropriated during November, 1963 to July, 1964, as detailed below:—

- (i) Cheques issued in favour of the cashier for drawal of temporary advances in November, 1963 and January, 1964 encashed from the Bank, but not accounted for in the cash book or other related records (four cases)—Rs. 30,000.
- (ii) Short accountal of temporary advances outstanding against the cashier, (Against the actual outstanding amount of Rs. 25,000 outstanding against the cashier up to the end of 1963-64 only a sum of Rs. 5,000 was carried over as opening debit balance in the imprest register for 1964-65)—Rs. 20,000.

Both the above cases were reported to the Police in March, 1965.

- (iii) Cash receipts (realised on 23rd July, 1964) shown in the cashier's receipt and bank remittances register as deposited into the bank but not actually so deposited—Rs. 10,000.

The police, to whom the case was reported in August, 1964, have initiated legal action.

Departmental proceedings to fix responsibility had not been considered feasible by the University till the cases were decided by the Court.

1.143. The Committee enquired whether the Vice-chancellor had taken any action after the misappropriation of Rs. 60,000 was discovered. The Treasurer of the Banaras Hindu University stated that the persons who were thought to be responsible were suspended and the matter was reported to the police. He added that a case had been registered against those persons and it was continuing in a court of law.

1.144. In reply to a question, he informed the Committee that the misappropriation came to the notice of the University authorities at the end of July, 1964 in the course of a check conducted by the University itself. He added that at their request the A.G. deputed a special audit party to enquire into the case and it submitted a report in February, 1965.

1.145. Asked what remedial measures had been taken to prevent the recurrence of such cases, the witness stated that they were now making payments by cheques of all amounts above Rs. 250. They had also taken steps to ensure the safety of the money at every stage of transaction including from the cashier's counter to the bank. Fidelity blanket insurance had been introduced for all persons likely to handle cash.

1.146. The Committee would like to be informed of the outcome of the case registered in the Court against the persons suspected to be guilty of mis-appropriation. They hope that consequent to the remedial measures stated to have been taken by the authorities, such cases would not recur in future.

(b)—*Irregular termination of the services of professors.*

1.147. On the recommendations of a Reviewing Committee, which was constituted in July, 1957 to examine the cases of teachers whose continuance in service was considered to be detrimental to the interest of the University, the Executive Council terminated the services of 10 professors with effect from 1 June, 1960. The professors filed appeals in the High Court/Supreme Court against the orders of termination stating, *inter-alia*, that reasonable opportunities for being heard in person, cross examination, etc., had not been given to them, as provided in the rules, before the Executive Council passed orders of termination of their services. The cases were decided against the University, as a result of which 5 professors had to be reinstated in service during the period June, 1960 to December, 1963. The irregular decisions of the Executive Council thus resulted in an expenditure of Rs. 2.62 lakhs on account of salaries and allowances, court expenses, etc.

1.148. The Committee enquired what was the legal advice in the matter and why were the provisions in the rules not adhered to in these cases. The Secretary (Ed.) stated that the action taken by the Executive Council was *bona fide* and under legal advice of the Solicitor General. The Executive Council used its authority under the Act but was over-ruled by the Supreme Court.

1.149. Asked why reasonable opportunity was not given to the persons whose services were to be terminated, the witness stated that the Executive Council committed an error in this respect. The Treasurer of B.H.U. explaining further stated that the persons concerned were given an opportunity to defend themselves before the Reviewing Committee as well as before the Executive Council.

After the Council heard them and took a decision, they went to the Court and in appeal to the Supreme Court. In the meantime, the Council, by the 15th May, 1960, decided under an ordinance to give 4 months' notice to all these persons terminating their services. Against that also, they went in writ petition to the Supreme Court. The Supreme Court ruled that the University could not take simultaneous action under two different clauses and therefore the action under the ordinance was held *ultra vires*. He added that the latest position was that two persons had been sent back to the University according to the Supreme Court ruling one had retired and the other case was still pending.

1.150. The Committee regret to note that the failure on the part of the Executive Council to observe the rules and the irregular decisions taken by them in these cases resulted in an infructuous expenditure of Rs. 2.62 lakhs. They desire that action in such cases should be initiated strictly according to the letter and spirit of rules and after weighing all the pros and cons of the situation. They further hope that such costly mistakes shall be avoided in future.

(c) (i)—*Loss of revenue:*

1.151. The probate of the will of a donor in respect of his properties at Lucknow executed in November, 1913 in favour of the University was obtained by it in May, 1922 as the sole executor. As it was inconvenient to maintain the properties at Lucknow on which the yield was poor, the University decided in 1941 to dispose of. Only one offer of Rs. 47,000 was received and accepted by the University in September, 1945, but due to some technical difficulties, the sale deed could not be finalised and the matter was reported to be subjudice till December, 1965.

1.152. Since 1946, a part of the building at Lucknow carrying a rent of Rs. 42 per mensem had been in occupation of the person to whom the University had agreed to sell the property. No rent had, however, been realised from him. The arrears of rent due from him upto December, 1965 worked out to about Rs. 9,500.

1.153. Explaining the present position regarding the recovery of rent of the property, the Treasurer of B.H.U. stated that the University had decided to sell away the property. It had applied under Section 92 of the Trusts Act for permission of the Court to do so, since the property was received as a gift from the donor through a will. This application was pending and in view of that the legal advisers were of the view that if the University filed a suit against them at the present moment, the application under Sec. 92 might be jeopardised.

1.154. The Committee desire that proper legal opinion should be taken in the matter and then it should be dealt with accordingly.

(d)—Publications:

1.155. Out of about Rs. 1 lakh worth of books and other University publications in stock on 12 November, 1960, books worth only Rs. 4,000 (approximately) could be sold up to February, 1965. Books worth Rs. 35,000 are reported to have been damaged during the earlier period. No physical verification of these books had also been carried out till January, 1966.

1.156. Explaining the position in regard to the books and publications in stock with the University, the Treasurer of B.H.U. stated that these books which were mostly in Sanskrit and Hindi were published during the last 40 years. When the audit check took place in 1958, a suggestion was made by them that since these books could not be sold for all these years, they might be sold off as waste paper. The Executive Council had approved of this suggestion. But subsequently, it was found that many of these books were of permanent value because of the nature of the subject. Efforts were made for their sale and some of the books had been selling. Ultimately, if it was found that the remaining books, which were in loose form, had to be sold by auction as waste paper, they would be sold by weight and not by the number.

1.157. The Committee desired to be furnished with a copy of the Audit Report (1958) of B.H.U. in which Audit was reported to have suggested that the stock of accumulated books be sold as waste paper. The note furnished by the Ministry is at Appendix VII.

1.158. The Committee fail to understand why stocks of books and other publications were allowed to be built up over a period of 40 years, when the sales were not at all encouraging. They also regret to note that no physical verification has ever been done in order to assess the correct position in regard to the balance in stock. From the note furnished, the Committee find no basis for the statement made in evidence by the witness that most of the books were recommended to be sold as waste paper by Audit. The Committee regret that this incorrect information was given by the witness to the Committee. They desire that the witnesses appearing before them on behalf of the university should be sure of the facts before deposing before them. They would also like to be informed of the present position in regard to the disposal of the stock.

(B) Aligarh Muslim University

(b)—Non-utilisation of building:

1.159. A sum of Rs. 1.99 lakhs was sanctioned by the University Grants Commission in October, 1957 for extension of the Chemistry Laboratory building. The construction work was started in August, 1961 and according to the agreement with the contractor, it was required to be completed by February, 1962. In March, 1962, when the construction was still in progress, certain structural defects were noticed, but they were not removed; consequently the building, on which an expenditure of Rs. 1.17 lakhs was incurred upto July, 1963, had not been taken over from the contractor and used till December, 1965. A decision taken by the University Grants Commission in June, 1964 to have the building technically examined by the Chief Technical Examiner of the Government of India had not been implemented till December, 1965.

1.160. Explaining the position, the Treasurer of Aligarh Muslim University stated that the building was completed in March, 1962 and certain cracks became visible in the roof of the building. The architect contended that there were no defects. Ultimately on a reference to the U.G.C. it was decided that the case would be examined by the Chief Technical Examiner of the Government of India, but he did not agree to take up this work. The matter was again referred to the Ministry of Works and Housing. In October, 1964, the Chief Technical Examiner agreed to take up the work and in April, 1965 intimated what arrangements were to be made for carrying out the tests. For these tests some instruments like deflectometers were to be obtained from Roorkee Institute. Now deflectometers had been obtained and the Chief Technical Examiner had been informed and his reply was awaited.

1.161. The Committee would like to be informed whether the Chief Technical Examiner has completed the examination of the building and submitted his report and if so, what action has been taken thereon. They would also like to be informed of the date from which the building is put to proper use.

(c)—Improper utilisation of grants:

1.62. In March, 1959, the Ministry of Health sanctioned an *ad hoc* grant of Rs. 40,000 for purchase of equipment for the Institute of Ophthalmology. A sum of Rs. 14,380 was, however, utilised for meeting certain outstanding liabilities incurred during 1957-58 and Rs. 3,121 on purchase of jute-mattings, cup-boards, etc. *Ex-post-*

facto sanction of the Ministry to the utilisation of the grant in this manner was awaited till December, 1965.

1.163. The Committee enquired why the grant was not applied to the purchase of equipment for which it was intended and why a part of the grant was utilised for other purposes. The witness stated that there was a deficit in the budget of the Institute of Ophthalmology to the extent of Rs. 73,000. A reference was made to the Ministry of Health for a grant of that amount. But only Rs. 40,000 were given and the object of the grant was to get equipment. An expenditure of Rs. 14,000 had already been incurred on the purchase of equipment, as such, this was charged against that grant. On receipt of audit observation that this expenditure related to an earlier period, *ex-post-facto* sanction of the Ministry of Health was asked for in April, 1964. 'Utilisation certificate' had been sent and the Ministry had been requested to give *ex-post-facto* sanction. It was hoped that the Ministry would regularise it because it wanted only the unspent amount to be refunded, which had already been done.

1.164. The Committee would like to be informed whether the *ex-post-facto* sanction has since been received from the Ministry and the expenditure regularised. They hope that such cases would be avoided in future.

(d)—*Irregular expenditure:*

1.165. A few instances where expenditure was incurred by the University without approval of the Ministry/Commission are given below:

Nature of irregularity	Amount involved (In lakhs of rupees)	
(i) Filling up of posts carrying initial salary of Rs. 500 and above or appointment of new establishment involving a total expenditure exceeding Rs. 30,000 per annum upto March, 1956.	2.89	Such posts were not to be created without prior concurrence of Government of India.

Nature of irregularity	Amount involved (In lakhs of rupees)	
(ii) Transfer of grant given by the University Grants Commission for purchase of land (for the Non-resident Students' Centre) to the Medical College Fund.	0.60	The transfer was made in 1960 as the University wanted to utilise a portion of the land acquired earlier for its Medical College for construction of the Non-resident Students' Centre. Although in Sept., 1963, the Commission had turned down the University's request for this adjustment the amount has neither been refunded to the Commission nor transferred back from the Medical College Fund to the general funds.
(iii) Purchase of horses for the Riding Club during 1963-64.	0.11	Sanction of the University Grants Commission was not obtained.

1.166. Regarding filling up of the posts carrying initial salary of Rs. 500 and above or appointment of a new establishment involving total expenditure exceeding Rs. 30,000 per annum, the witness stated that there was a recommendation of the first Reviewing Committee (appointed by the Government of India in 1950-51 to suggest block grants to be given to the Central Universities) that prior approval of the Government of India should be obtained in such cases. He promised to send a detailed note after consulting the old records on the circumstances in which necessary sanction of the Government of India could not be obtained for sanctioning these posts mentioned in the audit para.

1.167. The note is awaited.

1.168. The Committee enquired how the expenditure on the purchase of horses was incurred without the permission of the Ministry and the UGC. The witness stated that a provision of Rs. 10,800 was made in the regular budget for this item and it was approved by the Finance Committee and the Executive Council. But he agreed that this being a new item of expenditure, the permission of the Ministry of Education should have been obtained.

1.169. The witness informed the Committee that the horses were eight in number and were purchased in March, 1963 and March, 1964 from Mussoorie and Meerut. Asked whether the expenditure had since been regularised, the witness stated that the matter was under consideration.

1.170. The Committee desired to be furnished with a note giving the details of the purchase of horses for the Riding Club i.e., from where they were purchased, what were the prices paid, how the selection was made etc. The note furnished by the Ministry is at Appendix VIII.

1.171. The Committee are surprised to learn that posts carrying initial salary of Rs. 500 and above were created, or new establishment incurring a total expenditure exceeding Rs. 30,000 per annum was appointed by the Aligarh Muslim University without the prior concurrence of the Government of India and an expenditure of Rs. 2.89 lakhs was incurred by the Aligarh Muslim University without adequate sanction. They strongly deprecate such action and hope that such things would not recur. They also desire that ex-post-facto sanction of the competent Authority viz. Government of India should be taken to regularise this expenditure, if not already done. The Committee also hope that ex-post-facto sanction of Government of India/U.G.C. would also be taken to regularise expenditure on the purchase of horses, if not already done.

(e)—*University publications:*

1.172. In May, 1958, the University made special arrangements for storage and sale of its publications. Out of 47,061 books put up for sale and free distribution, only 7,438 books worth Rs. 43,694 could be sold or issued as complimentary copies upto December, 1964 leaving a balance of 39,623 books worth Rs. 2.44 lakhs.

1.173. The Committee enquired what were the reasons for the poor sale of books and what steps were proposed to be taken to boost it up. The witness stated that the sale of these publications, which were mostly research publications was limited. In 1958, the work was centralised with the Director of Publications. Since then agents had been appointed in different cities for their sale. As a result, during 1965, as many as 2,991 volumes were sold as against a total of 7,349 during the preceding six years. The witness informed the Committee that the books were in different languages—Hindi, Urdu, English, Arabic etc.

1.174. The Committee desired to be furnished with a note stating (a) what was meant by free distribution; (b) which were the institutions to which these books had been distributed free; (c) what were the criteria for distributing books free of cost; (d) the total cost of the 7,438 books and (e) the cost of the books which were distributed free. Note furnished by the Ministry is at Appendix IX.

1.175. The Committee desire that vigorous efforts should be made to boost the sale of books and publications. Any tendency to accumulate books etc. for which there is no reasonable demand must be curbed.

1.176. The Committee enquired whether the Government order issued by the Home Ministry that Scheduled Caste and Scheduled Tribes students should be given 16 per cent reservation in technical, medical, engineering and research faculties and that 5 per cent grace marks should be given to them, was being followed in the Aligarh Muslim University. The Additional Secretary, Ministry of Education stated that there was no specific reservation for Scheduled Castes and Scheduled Tribes in the matter of admissions to the University but when they did apply, a special consideration was given to them. He added that the Government order of the Home Ministry could not be applied as a direction to the Universities; it applied to educational institutions managed by Government. The witness promised to take up the matter with the Executive Council.

1.177. The Committee desired to be furnished with a statement showing how many Scheduled Caste and Scheduled Tribe students had been admitted during the last 5 years in the different faculties of the Aligarh Muslim University. Note furnished by the Ministry is at Appendix X. From the figures furnished, the Committee find the number of admissions of Scheduled Castes/Scheduled Tribes students is small. They suggest that efforts be made to increase the number, in all the Central Universities.

CHAPTER II

MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT & COOPERATION

(DEPARTMENT OF AGRICULTURE)

*Mis-appropriation due to improper maintenance of cash book—
para 47, pages 54-55.*

2. A special audit of the accounts of the Department of Animal Husbandry, Delhi, which was conducted in November/December, 1964 as a result of detection of shortage of cash amounting to Rs. 1,982, disclosed misappropriation of Government money aggregating Rs. 86,559 during the period June, 1962 to September, 1964. The details of the amount mis-appropriated are given below:—

	No. of cases	Amount Rs.
Amount shown in the cash book as deposited into the treasury, but not actually deposited from September, 1963 to Sept., 1964	28	75,521
Payments recorded twice in the cash book on different dates with the same particulars	33	7,754
Amounts charged off from the cash book by quoting fictitious vouchers or without giving reference to any vouchers	9	1,309
Amounts shown as paid in the cash book in excess of the actual payments	20	1,971
Difference in the total of payments on 7 September, 1964	1	4
TOTAL	91	86,559

2.1. The following irregularities were also noticed:—

- (i) Payees' acknowledgements were not available in 50 cases for payments amounting to Rs. 24,793 made from April, 1963 to September, 1964.

- (ii) In 13 cases, Rs. 16,961 drawn from the treasury on different dates were not recorded in the cash book immediately on receipt, as required under the Central Treasury Rules but after intervals of 7 to 13 days. In 7 cases, the amounts received on 25 March, 1964 were noted in the cash book a day earlier i.e., on 24 March, 1964.
 - (iii) Undisbursed pay and allowances of staff, contingent charges etc., amounting to Rs. 26,781 as on 30 September, 1964 (Rs. 5,191 drawn during 1962-63) were not refunded into the treasury, as required under the rules. No details of the amounts lying undisbursed were worked out and noted in the prescribed register.
- The Delhi Administration intimated to Audit in November, 1965 that payees' acknowledgements to the extent of Rs. 13,055 were available but the amounts were not charged in the cash book as having been paid.
- (iv) Miscellaneous receipts on account of fisheries licence fees etc, realised during 1962-63 were either not deposited into the treasury immediately after receipt or, when deposited, the amounts received were not credited in full.
 - (v) Prior to July, 1964, physical verification of the cash in hand was not conducted by the drawing and disbursing officer at the end of each month, as required under the Central Treasury Rules; the various entries made in the cash book were attested by him without proper verification.
 - (vi) No security deposit had been obtained from the cashier concerned.

The cashier was suspended on 28 September, 1964 and after consulting the Vigilance Department the case was reported to the police for investigation on 3 September, 1965.

The Delhi Administration intimated to Audit in November, 1965 that an enquiry had been instituted to determine whether the embezzlement was attributable to lacunae in procedure or to individual neglect and also to fix responsibility at various levels.

2.2. The Committee desired to know whether the police investigation had been completed in this case. The Chief Secretary, Delhi Administration, stated that the police investigation had been completed and charge sheet had been sent to court against the cashier of the Animal Husbandry Deptt. of Delhi Administration. Asked

about delay of one year, the witness stated that audit of the accounts of the Deptt. of Animal Husbandry, Delhi was conducted on 22nd September, 1964. A deficiency of Rs. 1,962 was discovered and the same day (22nd September, 1964) a fire broke out in that office. The witness himself requested for a special audit by A.G.C.R. and asked police to apprehend the culprit. Police were unable to do so. The Special audit started on 11th November, 1964, was completed on 27th December, 1964 and audit report was received on 23rd February, 1965. Thereafter the missing credits were being verified with the Treasury till 2nd June, 1965. Verification with the banks was completed on 2nd August, 1965, and in this way, the intervening period of a year was covered.

2.3. On being asked whether this case was reported to the Vigilance Commission, the witness stated that four persons (the Head of the Office—the Dy. Director of Animal Husbandry, two Drawing & Disbursing officers and the cashier) were involved in this embezzlement. Originally when the report was lodged with the police, the names of cashier and the other two Drawing and Disbursing officers were mentioned. They were waiting for the outcome of the police investigation and therefore, the case regarding the Drawing and Disbursing officers was not referred to the Central Vigilance Commission in the first instance in accordance with the Ministry of Home Affairs circular dated 4th September, 1964. The case of the head of office was, however, referred to the Central Vigilance Commission on the ground of lack of general supervision over Drawing and Disbursing officers on 8th October, 1965 and he had been censured.

2.4. On being asked what was the point in reporting to the Central Vigilance Commission after the police report, the witness stated that the reference to the Central Vigilance Commission was restricted to the Head of the Office viz., Deputy Director, Animal Husbandry who was not cited as an accused person in the report lodged by them with the police.

2.5. In reply to a question, the witness stated that the Head of the Office had been censured in this case as his involvement was not direct at all. It was only carelessness on his part. There was no other responsibility upon him under the rules. The decision to censure him was taken by the Administration in consultation with the Central Vigilance Commission. The case of the Drawing & Disbursing officers, had also been now referred to the Central Vigilance Commission.

2.6. The Committee enquired whether any security was taken from the cashier. The witness stated that there was an omission on the part of the Office and no security was taken from the Cashier.

2.7. The Committee asked when the security was not taken as per rules whether any action was taken against the Head of the Deptt. who failed in his duty. The Chief Secretary, Delhi Administration, stated that the failure was not on the part of the Head of the Department. This failure or lapse was entirely that of the Drawing & Disbursing Officer. He assured the Committee that the Drawing & Disbursing Officer would be proceeded against on this issue also.

2.8. In reply to another question, the witness stated that a security of Rs. 1,000 has been taken from the new cashier. The cashier involved in this case joined the Deptt. as L.D.C. in 1957 and was posted as cashier from 6th January, 1962.

2.9. The Committee enquired whether any verification of cash in hand was being done now. The witness replied in the affirmative. Security deposit was also taken from the cashier now. Asked if there was any system of internal audit in the Deptt., the witness replied in the negative.

2.10. As regards steps taken to prevent recurrence of such cases, the officer on Special Duty, Delhi Administration, stated that he would ensure that all the entries were verified by the officers. He would also issue instructions to carry out surprise inspections to check cash.

2.11. The Committee desired to know the details of the reference made to the central vigilance Commission in this case. The Secretary, Department of Agriculture, stated that they were not able to get the information whether this specific case of non-taking of security deposit by Head of Office was referred to the Central Vigilance Commission and he promised to furnish a note stating the terms of reference to the Central Vigilance Commission. The note has been received and is at Appendix XI.

2.12. In reply to a question, the witness promised to furnish a detailed note on para 47 stating the amount of cash handled by the cashier and the amount of security that would be obtained from him. The note has been received and is at Appendix XII.

2.13. In the note furnished to the Committee in this connection the Deptt. of Agriculture have stated that according to the instructions of the Central Vigilance Commission complete files are sent to them. In this particular case also, the complete file was sent to

the Central Vigilance Commission in October, 1965, requesting them to advise on the course of action which should be taken in this case. The lapse that security was not obtained from the cashier finds a mention in the notes recorded in the file. (Relevant extracts at Appendix XI). From the notings in the file furnished to the Committee it is observed that according to Special Audit Report, the misappropriation of a large sum of Government money (Rs. 86,559 as mentioned in the Audit para) has been made possible owing to the complete failure of the Drawing & Disbursing officer to exercise the fundamental checks prescribed in the rules over the maintenance of departmental cash book and that the subordinate staff has taken advantage of the situation and misappropriated/misused Government funds. The cashier of the Deptt. of the Animal Husbandry, Delhi, is directly responsible for embezzling the amount. Besides, the Dy. Director, Animal Husbandry is also indirectly responsible for this embezzlement for his failure to exercise proper supervision as head of office over the working of the Drawing & Disbursing Officer. It is specially laid down in Rule 142 of the C.T.R. that the delegation of powers of Drawing & Disbursing officer subordinate to him does not relieve the Head of the Deptt. in any way, of his responsibility for the accuracy of the bill, or for the disposal of money received in payment.

2.14. It is also stated in the note that the embezzlement of this huge amount has been made possible not on account of any lacuna in the rules or instructions. It was the non-observance of a number of codal formalities which contributed to the misappropriation of such a large amount of Government funds.

2.15 The Committee take a serious view of the embezzlement of about Rs. 96,000 in the Department of Animal Husbandry, Delhi which took place during June, 1962 to September, 1964. This embezzlement arose primarily out of non-observance of the rules prescribed in the Central Treasury Rules regarding the maintenance of cash books by Drawing and Disbursing officers. The fact that this embezzlement could not be detected for a period of about 2 years shows carelessness and negligence on the part of the Drawing and Disbursing officer, and also on the supervisory officer. If the prescribed rules had been observed properly, this embezzlement would easily have been detected if not avoided. The Committee would like to know the action taken against the Drawing and Disbursing officer in this case for their negligence. They would also like to be apprised of the results of prosecution launched against the cashier.

2.16. It is surprising that no security deposit was taken from the cashier inspite of the fact that such security is required to be taken

under the rules. In this case normally a security of Rs. 2,000 should have been received from the cashier. The Committee take a serious view of this omission also.

2.17. The Committee had already commented adversely on the unsatisfactory state of account of the Delhi Administration in para 3.58 of their 42nd Report (1965-66). This case of embezzlement in the Department of Animal Husbandry has confirmed their apprehension that the unsatisfactory condition of accounts in the Delhi Administration had already assumed serious proportions. The Committee feel that immediate remedial measures are necessary in order to avoid recurrence of such cases.

2.18. The Committee are glad to note that as a result of their recommendation in para 3.58 of their 42nd Report, the Delhi Administration has appointed a senior officer from the office of Comptroller and Auditor General of India. The Committee hope that with the help of this officer, the Delhi Administration will be able to (a) assess the arrears/state of accounts in the different Departments, and (b) take suitable remedial measures.

2.19. The Committee also desire that learning from the experience of this case the Delhi Administration would issue suitable instructions to all the Drawing and Disbursing officers regarding maintenance of cash books and taking of security from the cashiers. Negligence in observance of prescribed rules regarding maintenance of cash books etc. by the Drawing and Disbursing officers should be viewed seriously.

Poultry Development Scheme, Delhi—para 49, pages 56-57:

2.20. The Poultry Development Scheme, which is under the administrative control of the Development Commissioner, Delhi comprises mainly a model poultry farm and a piggery farm in Delhi. The receipts and expenditure relating to the scheme during the three years ending March, 1965 are given below:—

	Receipts (In lakhs of Rs.)				Expenditure		
	1962-63	1963-64	1964-65		1962-63	1963-64	1964-65
Sale of eggs	0.48	0.39	0.94	Salaries	0.86	1.05	1.26
Sale of Birds	0.96	0.97	0.97	Purchase of feed	1.10	1.00	3.02
Sale of pigs	0.11	0.26	0.12	Miscellaneous	0.26	0.19	0.08
Miscellaneous	0.11	0.14	0.05				
Excess of expenditure over receipts	0.56	0.48	2.28				
TOTAL	2.22	2.24	4.36		2.22	2.24	4.36

The excess of expenditure over the receipt has increased from Rs. 0.56 lakh in 1962-63 to Rs. 2.28 lakhs in 1964-65.

(i) *Sale of eggs:—*

2.21. The following table indicates the average cost of eggs based on the expenditure on feed alone and the average sale price fixed during the three years ending 1964-65:—

Year	No. of eggs sold (In lakhs)	Average cost per egg ex- cluding administra- tive ex- penditure	Average sale price per egg	
			Winter	Summer
			Paise	Paise
1962—63	4.34	17	18	17
1963—64	3.66	23	18.9	18
1964—65	6.50	16	20.8	16.8

Even though the farm came into existence in 1947-48 no proforma accounts showing profits and losses have been prepared so far. According to the Ministry the preparation of proforma accounts does not seem to be necessary as the poultry farm is a developmental unit and not a commercial undertaking.

2.22. The Committee desired to know the reasons for the excess of expenditure over receipts of the Poultry Development scheme during 1964-65. The Chief Secretary, Delhi Administration, stated that the increase in the expenditure was due to the increase in the pay and allowances to the extent of Rs. 40,000 and the increase in the cost of feed of the order of Rs. 1.92 lakhs. The increase in the cost of feed was due to two factors. Firstly, the price of the feed went up from Rs. 316 per metric ton in 1962-63 to Rs. 467 per metric ton in 1964-65. Secondly, the consumption also went up from 342 metric tons in 1962-63 to 567 metric tons in 1964-65.

2.23. In reply to a question, the witness stated that the average sale price per egg from the farm in winter season during 1964-65 was 20.8 paise against the market price of 30 paise and more. They

were trying to stabilise the price of eggs in the market, though they had not been able to do much so far in this direction.

2.24. As regards losses incurred by the farm, the Secretary, Deptt. of Agriculture, stated that one was the development side where they supplied material to the breeders and the other was commercial side. The commercial side had not yet been developed. With regard to development aspect, they were supplying cocks and hens cheap at subsidised rates to the people who were selling the eggs in the commercial market at commercial rates. They were also supplying birds to the people.

2.25. The Committee enquired about the arrangements made to sell eggs, birds, etc. produced at the poultry farm and steps taken to ensure that birds etc. sold at cheaper rates were sold only to bona-fide breeders. The witness stated that they were maintaining three sub-centres which were under this poultry farm, in Najafgarh, Alipur and Bawana. These three Centres had some birds and for administrative purposes birds were supplied from the poultry farm. The farmers, the prospective buyers, visited these Centres and they were told everything about them. The Block Development Officer and Extension Officer supplied the birds to the farms after getting them from the poultry farm. About the sale of eggs the witness stated that the biggest clientele was the Army Officers living round about Cantonment.

2.26. The Committee enquired how in the absence of regular proforma accounts, did the Development Commissioner watch that the cost of maintenance of the birds etc. was not unduly heavy and that the total loss incurred from year to year was warranted to achieve the objects in view. The witness stated that now they were going to maintain proforma accounts. The Chief Commissioner had sanctioned the necessary staff for this work.

2.27. In a note, the Deptt. of Agriculture has stated that the financial position of the poultry farm yearwise upto 1960-61 is not available.

2.28. The Committee are surprised to note that the Department of Agriculture is unable to give the financial position of the poultry farm prior to 1960-61. From the table furnished by the Department of Agriculture giving the receipts and expenditure in respect of the poultry farm and the development scheme from the year 1960-61 to 1965-66 the Committee note with regret that the scheme has been incurring loss year after year. In evidence, it was stated that the commercial side of the Poultry Farm had not yet been developed.

The Committee desire that early steps should be taken to run the commercial side of the poultry farm on commercial lines or on business principles so that losses are minimised and that eventually the scheme runs at least on a no-loss-no-profit basis.

Delay in construction of cold storage, sub-para (ii), page 57.

2.29. The contract for the supply and installation of a refrigeration plant was awarded in October/November, 1958 for Rs. 48,900 to a local firm who had agreed to instal it by March, 1960. The Plant was, however, installed by the firm only in November, 1963. No damages were recovered from the firm for the delay in the installation of the plant.

In February, 1964, the insulated ceiling of the plant (costing about Rs. 3,000) collapsed owing to an attack by white ants.

As regards delay in the installation of the refrigeration plant by more than 3½ years, the Chief Secretary, Delhi Administration, stated that the firm, the DGS&D and the Delhi Administration were responsible for it. But so far as the ceiling of the building was concerned, the responsibility had to be owned by the Delhi Administration.

2.30. The Committee enquired whether compensation had been claimed for delayed construction. The Chief Secretary, Delhi Administration, stated that in the last meeting the representative of the DGS&D told them that the Law Ministry had advised them not to proceed against the firm. The Addl. Secretary had desired this case to be referred back to Law Ministry for a second opinion for the gross delay at certain stages for which the firm could be held responsible.

2.31. The Committee regret that the refrigeration plant which was to be installed in March, 1960 was installed by the firm only in November, 1963. They are sorry to observe that no damages could be recovered from the firm for the delay of more than 3½ years in installing the plant.

2.32. They desire that as advised by the Additional Secretary, this case may be referred again to the Ministry of Law for their opinion to recover damages from the firm for failure to discharge its contractual obligations.

2.33. In reply to a question, the witness stated that when the contract was placed with the DGS&D, wood work and masonry were excluded from their responsibility. To support the plant, wood was to be placed under it. The Poultry Development Officer on his own

purchased the wood for support from the market and placed it under the plant. This wood turned out to be of rotten quality due to which the ceiling fell down. However, the plant was not damaged. The witness added that they proposed to take departmental action against the Poultry Development Officer because he should not have purchased the wood himself but should have got it through the CPWD.

2.34. The Committee enquired whether the wood at the time of purchase itself was rotten or white ants attacked it after construction. The witness stated that it was a matter for investigation. He added that when the Inspecting Officers of the DGS&D came to see whether the plant had been properly installed, this wood work was there and they had a look at it. Those inspecting Officers did not tell them anything about the inferior quality of wood.

2.35. In reply to a question, the witness stated that the matter was being referred to the Central Vigilance Commission and they would frame charges against this officer. In reply to another question, the witness stated that the plant was commissioned on the 4th June, 1966 and the extra expenditure incurred on wood was Rs. 4,000. (the price of wood being Rs. 1,800).

2.36. The Committee desired that a note might be furnished stating whether the insulated ceiling of the refrigeration plant collapsed due to an attack by white ants. The note has been received.

2.37. In the note, it is mentioned that an indent for the construction of cold storage was placed by the Poultry Development Officer of Delhi Administration on D.G.S. & D. on 5th November, 1957. The plant of the cold storage was handed over to the Administration in November, 1963. The Refrigeration Plant was commissioned in March, 1964 when the ceiling of the cold storage room collapsed. The Delhi Administration took up immediately the question of its replacement with the firm with a copy of the letter to DGS&D. The firm disputed its liability for defective ceiling. Therefore, a meeting of the officers of the DGS&D, the representatives of the firm and the representative of the Animal Husbandry Deptt. of the Delhi Administration was held on 16th June 1964, when it came to light that the ceiling of the cold storage collapsed due to an attack of white ants.

2.38. The Committee regret that the Delhi Administration took more than 2 years to repair the ceiling of the cold storage room. This slackness on the part of Delhi Administration delayed the commissioning of the refrigeration plant. They would like to know the reasons for not taking prompt action in getting the ceiling reconstruct-

ed soon after its collapse when the expenditure on repair was only Rs. 4,000. The net result of all this has been that the cold storages Plant, indent for which was placed on 5th November, 1957, was commissioned finally on 4th June, 1966 i.e. after a period of over eight years. This showed that the work, which should not normally have taken more than a year or so took almost a decade.

2.39. The Committee are also not happy to find that the Delhi Administration has failed to take the proposed departmental action against the Poultry Development Officer till now. They may be apprised of the final action taken in the matter.

EXPLORATORY TUBEWELLS ORGANISATION

Purchase of pipe—para 50, page 58.

2.40. The Exploratory Tubewells Organisation made the following purchases of pipes of 8½" outer diameter, totalling 1,21,500 rft. valued at Rs. 12.49 lakhs during the period from December, 1963 to December, 1964:—

Month of order	Quantity in rft. (tonnes)	Value (in lakhs of rupees)
December, 1963	50,000 (446)	5.24
March, 1964	32,000 (286)	3.25
December, 1964	39,500 (352)	4.00

Of these purchases, only 24,600 rft. were utilised till the end of November, 1965; the remaining 96,900 rft. were still lying unutilised in stock. The purchases were thus in excess of requirements.

2.41. Demurrage charges amounting to Rs. 52,500 were also incurred on a quantity of 11,000 rft. consigned to the Central Stores, Bhusawal, due to delay in unloading the wagons, resulting from the late supply of a steam crane by the Railways though it is stated to have been applied for well in advance by the Executive Engineer concerned. A claim for the refund of the amount made by the Organisation in May, 1964 was rejected by Railways on the ground that a 15-tonne hand-crane had actually been allotted by them on 3 February, 1964, which was not accepted by the Executive Engineer.

2.42. The Committee desired to know the reasons for the actual requirements of pipes falling much short of the anticipated requirement. The Secretary, Department of Agriculture, stated that the estimate of requirements was made on the basis of the works to be undertaken in Gujarat, Bihar and Rajasthan. They had to divert these pipes to other works as Gujarat Govt. insisted that different type of pipes should be used. When asked whether before purchasing pipes, Gujarat Government was consulted about the type of pipes they would be requiring, the witness stated that they were not consulted.

2.43. As regards utilisation of pipes in Bihar, the witness stated that there the progress was slow because they expected a certain pace of work but State Govt. had not selected the sites quickly nor supplied the quantity of gravel as required under the contract.

2.44. In Rajasthan, the Government insisted that the work should be taken up in a number of areas and a large number of shallow wells had to be taken up. This delayed the work, and as a result, there was delay in the utilisation of pipes. By the end of March, 1966, they could use in Rajasthan only about 56,000 rft. as against a total requirement of *1,12,500 rft. assessed originally.

2.45. The witness added that out of 1,21,500 rft. of pipes ordered under the scheme they had utilised about 1,12,000 rft. upto 31st March, 1966 and only about, 9,000 rft. was in hand.

2.46. In reply to a question, the witness stated that for Bihar, the original estimate was 28,500 rft. and they had utilised 24,388 rft. till 31st March, 1966. In Gujarat 31,000 rft. had been utilised.

2.47. In reply to another question, the witness stated that the entire order was placed on the Rourkela Steel Plant and pipes were purchased from the Hindustan Steel Ltd. The prices of pipes were fixed by negotiation.

2.48. On being asked in which area in Rajasthan a large number of tube-wells had been sunk, the witness stated that tube-wells had been sunk in Barmer, Jalore and Jodhpur. These places were selected on the basis of drought affected areas. The Committee enquired how areas were selected in Rajasthan, Gujarat and Bihar and whether the States approached them for this purpose. The witness replied that the State selected the areas. The Exploratory Tube-wells Organisation had the right type of technical people and hence they

* According to Audit the number was 1,00,000.

acted as agents. If each State had a separate organisation the cost would be too high.

2.49. In reply to a question, the witness added that the State Governments incurred the expenditure on drilling of tube-wells. Asked whether the sites of the tube-wells were selected by the Exploratory Tube-wells Organisation or by the State Governments, the witness stated that normally under the scheme, the Exploratory Tube-wells Organisation did preliminary surveys and made certain general recommendations about the sites to be drilled. In the case of Rajasthan, they deviated from this advice.

2.50. The Committee enquired whether the Central Government had paid any amount for the drilling of tube-wells in States. The witness promised to furnish a note on it, which has been received.

2.51. The Committee desired to know whether some of those pipes were not utilised, as they had to use some imported pipes received under U.S. foreign aid. The witness stated that they had to utilise those imported pipes otherwise some damages were to be paid to USA. He admitted that that was one of the reasons for non-utilisation of pipes. The witness promised to furnish a note stating the quantity of pipes imported from USA. The note has been received. It is stated in the note that certain quantities of USAID pipes imported were lying unutilised with the Punjab and Gujarat Governments. A quantity of 20,942 rft. of 6" pipes was transferred from Punjab in June-July, 1963 and 16,223 rft. from Gujarat in July, 1965 to the Exploratory Tubewells Organisation. The transfer of the pipes was arranged as the USAID authorities were pressing for their early utilisation. The Exploratory Tubewells Organisation was in a position to help. The other alternative to the early utilisation would have been to refund the cost of the pipes in dollars to the USAID Authorities which was not desirable from any point of view, particularly the foreign exchange angle.

2.52. The Committee are surprised to find that the Exploratory Tubewells Organisation could utilise only *24,600 rft. of pipes till the end of November, 1965 against a total quantity of 1,21,500 rft. valued at Rs. 12.49 lakhs purchased during December, 1963 to December, 1964. They regret to find that this quantity utilised was even much less than the quantity purchased (50,000 rft.) against the first order placed in December, 1963. From the evidence, the Committee also find that the delay in the utilisation of pipes was due to many factors

*It is understood from Audit that upto 31-7-1966, 62,425 rft. of pipes were utilised.

namely the State Governments to whom these pipes were to be supplied were not consulted about the types of pipes which they would require, no programme was chalked out beforehand about the drilling of tubewells, and the pipes received under the U.S. foreign aid were utilised first in preference to these pipes.

2.53. They trust that in future such huge amounts of Government money would not be blocked unnecessarily and that the purchases would be made consistent with requirements after taking into account all relevant factors.

2.54. With regard to the demurrage charges amounting to Rs. 52,500 paid by the Deptt. of Agriculture, the witness stated that before the pipes arrived (29th January, 1964) they requested the Railways on 24th January, 1964 to give them a suitable crane (power crane of 10-ton capacity) for unloading them. The Railways gave them one hand operated crane and the Executive Engineer felt that it was difficult to operate the hand-operated crane for those pipes. Those were 40 ft. long tubes and the weight of each pipe was 0.3 ton. The Executive Engineer wanted the Railways to give them a power operated crane.

2.55. The witness added that according to the previous rules of railways, the demurrage did not accrue till the date of actual supply of the power crane, but about six weeks before that occurrence, the Railways had changed the rule. In accordance with the amended rule, demurrage would accrue from the first date. The Executive Engineer was not aware of this change in the rule and he was under the impression that no demurrage would accrue till the power crane was supplied to them. The witness added that in this connection they were calling for the explanation of the Executive Engineer.

2.56. In reply to a question the witness stated that they had paid demurrage charges and asked for the refund but the Railway Board had refused to refund it. In reply to another question, the witness admitted that there had been "some unconscionable delay" in this case and promised to look into it.

2.57. The Committee are sorry to observe that only 6 days before the arrival of goods, a request for the supply of the power-crane of 10 ton capacity to unload the wagons was made to the Railways. This shows that either the necessity of the power-crane was not felt or the concerned officer was complacent and did not care to apply early for its supply. It is also surprising that the concerned officer remained unaware of the revised Rules of demurrage which had come into ope-

ration about six weeks earlier. The Committee cannot understand why the goods were not cleared with the hand-operated crane as after all the weight of each pipe was only 0.3 tons. They regret that due to this failure the Ministry had to suffer a loss of Rs. 52,500 by way of demurrage paid to the Railways.

2.58. The Committee would like to be apprised of the action taken against the officer concerned.

Central Council of Gosamvardhana—para 129, pages 145-146.

2.59. The Council was set up by a Resolution of January, 1952 and re-organised by another Resolution of December, 1960. It is registered under the Societies Registration Act (XXI of 1860) and is financed mainly by grants of the Central Government. Its functions are to organise, implement and coordinate the activities relating to preservation and development of cattle, to advise Government and non-official institutions on cattle development and to take all measures intended to promote the welfare of cattle in India.

2.60. A total amount of Rs 30.53 lakhs was received by the Council as grants from Government during the four years ending March, 1965. An account of the receipts and expenditure of the council under broad categories during these four years is given below :—

(In lakhs of rupees)

Receipts	1961-62	1962-63	1963-64	1964-65	Total
I	2	3	4	5	6
<i>Receipts</i>					
Grants from the Government of India	5.44	5.90	9.85	9.34	30.53
Receipts from the Journals	0.15	0.14	0.14	0.16	0.59
Receipt from Gosadans	0.09	0.41	0.38	0.74	1.62
Misc. receipts	0.02	0.10	0.03	0.02	0.17
TOTAL	5.70	6.55	10.40	10.26	32.91
<i>Expenditure</i>					
Administration	1.77	1.69	1.90	1.91	7.27
Relief to cattle breeders	0.15	0.90	3.60	2.60	7.25
Establishment of model gosadans	0.32	1.29	2.01	1.32	4.94

1	2	3	4	5	6
Scheme for creation of public enthusiasm	0.69	0.77	1.11	1.31	3.88
Scheme for the control of wild and unproductive cattle	1.04	0.37	0.33	0.41	2.15
Publicity and propaganda	0.40	0.49	0.46	0.48	1.83
Education and training scheme	0.53	0.41	0.28	0.28	1.50
Salvage of dry cows from cities and rehabilitating them into rural areas	0.02	0.18	0.14	0.90	1.24
Milk yield competition	0.11	0.12	0.14	0.26	0.63
Travelling allowance to non-official members	0.12	0.11	0.22	0.15	0.60
Establishment of transit camps	0.06	0.06	0.15	0.15	0.42
Misc. schemes	0.12		0.05	0.10	0.27
TOTAL	5.33	6.39	10.39	9.87	31.98

No evaluation of the activities of the Council had been made till December, 1965 by Government, although it was about 14 years ago that the Council was set up.

2.61. The Committee desired to know whether Government had analysed the reasons for the heavy losses in the running of the Gosadans. The Animal Husbandry Development Commissioner stated that two Gosadans were being run by the Central Council of Gosamvardhana—one at Gularabhoj near Pant Nagar (U.P.) and the other at Dilawari (M.P.). Earlier all the Gosadans were set up under the State Governments and they were running at a loss. The witness added that for the first time they wanted to show whether it would be possible to run Gosadans if not on profit basis, at least on no profit no-loss basis. The Gularabhoj Gosadan was started three or four years back and it was doing well. The Dilawari Gosadan was started only two years ago. Its working had been reviewed by one Dy. Secretary, in the Ministry of Food and Agriculture. He had suggested certain steps. His opinion was that it would be very difficult to run it on no profit no-loss basis. They were making all possible efforts to run it at as little loss as possible.

2.62. In reply to a question, the witness stated that about 60 Gosadans were run by the State Governments and for the Gosadan scheme in States they did not give any assistance.

2.63. With regard to the achievements of the Central Council of Gosamvardhana, the witness also stated that "the achievement has been that first of all we have been able to create some amount of interest among the non-officials in rearing cattle. We have about 3,000 goshalas in this country and these goshalas were maintaining cattle on 'most non-technical lines'." He added that their technical officers were visiting goshalas and giving them necessary advice. A training course for training managers of goshalas was also being run by them. At least in these goshalas cattle rearing was now being done on a much better line than before. The witness admitted that they had not carried out any detailed review of the working of the Central Council of Gosamvardhana but added that it provided a very good platform for persons of all shades of opinion interested in cattle. The Secretary, Deptt. of Agriculture, stated that they had now decided with the concurrence of the Central Council of Gosamvardhana to have a review of the work done so far. A Committee was being appointed to go into this.

2.64. The Committee enquired whether technical experts who were visiting goshalas had submitted any report. The Animal Husbandry Development Officer stated that these technical experts had submitted reports on those goshalas which were available with the Council. In reply to a question, the witness stated that they had three such technical officers. One was an honorary Technical Adviser. During the last four years these three officers had visited about 20 or 30 goshalas.

2.65. In reply to another question, the witness stated that under the heading 'relief to cattle breeders' they had incurred an expenditure of Rs. 7.25 lakhs during 1961-62 to 1964-65. This relief was given usually at the time of famine or floods when the breeders were in distress. Feeds were given to them at subsidised rates.

2.66. Asked how the areas were selected in different States and how money was advanced, the witness stated that usually they got a request from the State Government or from the State Council of Gosamvardhana or Goshala Federation. On such requests, the money was given to the State Government and the State Government gave it to some non-official organisations who were doing this work.

2.67. In reply to a question, the Secretary, Deptt. of Agriculture, admitted that so far the Council had no scheme of its own at all

for the development of cattle or dairies throughout the country. He added that last year they discussed this with the Council and they complained to Govt. that Government was not helping them in formulating any scheme or in putting them in the field. Then Govt. agreed to consider schemes formulated by the Council. The Council of Gosamvardhana had submitted the details of the schemes.

2.68. In reply to a question, the witness stated that there was a Milk Shed Improvement Scheme. They were concentrating on milk sheds in important towns where milk was required. There they were having a package scheme of cross-breeding. Cattle feeds were also being made available at reasonable prices. They were trying to sell them through the co-operative system. They were now concentrating on milk shed areas which they wanted to develop during the Fourth Plan period.

2.69. The Committee regret to note that though the Central Council of Gosamvardhana was set up about 14 years ago, and though it is financed mainly by grants of the Central Government, no steps had so far been taken to evaluate the work done by this institution. The total amount of grant given to this institution by the Government during the 14 years comes to Rs. 55,76,000. In the absence of any evaluation it is difficult to assess how far the amount spent was commensurate with the results achieved. The Committee are, however, glad to learn that the Government have now decided to review the work done by the institution, and that a committee was being appointed for the purpose. The Committee would like to be informed of the findings of that committee in due course.

2.70. During evidence, it was stated that gosadans set up under the State Governments were running at a loss. With the idea that it would be possible to run gosadans at least on no-profit no-loss basis, the Central Council of Gosamvardhana started running two gosadans. As regards one Gosadan the witness stated that it was going on well but about the other, it would be difficult to run it on a no-loss-basis.

2.71. The Committee suggest that all efforts should be made to find out ways and means to run gosadans on no-loss basis so as to make them self-supporting.

Publications—Sub-para (ii), pages 146-147.

2.72. The Council publishes a Gosamvardhana Journal. The following table shows the expenditure on this publication and the re-

ceipts from sale, during the five years ending 1964-65:—

Year	(in rupees)	
	Expenditure	Receipts
1960—61	28,437	17,921
1961—62	39,993	15,457
1962—63	45,754	13,720
1963—64	42,992	13,974
1964—65	47,089	15,613
TOTAL	2,04,265	76,685

The gap between the receipts and the expenditure has been explained as due to appointment of additional staff for the publication of the journal, both in Hindi as well as in English from July, 1961, and to increase in the expenditure on paper and printing. It has been stated by Government (September, 1965) that the journal is being published with a view to carrying on propaganda for the furtherance of the Council's objectives and that the journal is not intended to be a commercial proposition. The extent to which the shortfall in the receipts of the publication is to be met by the Council from Government grants has not, however, been decided by Government.

2.73. Out of a total number of 10,000 copies of free publications printed by the Council during the three years ending 1963, the number of copies actually distributed free till June, 1965 was 1,918; the number of copies which still remained in stock was 8,082; constituting about 81 per cent of the total number of copies printed.

2.74. The Committee desired to know whether Govt. had decided the extent to which the shortfalls in the receipts of the publication would be met by the Council from Government Grants. The witness stated that the journal was actually meant for publicity and propaganda. Their clientele was such that they could not sell large number of those journals. It was very difficult and almost impossible to make it self-supporting. They were trying to cut down expenses on the journal.

2.75. On being asked why this journal was not being run on commercial lines, the witness stated that they might have to price the publication higher and the clientele might not be able to pay that price and in the interest of dissemination of knowledge some amount of subsidy might be inevitable.

2.76. The Committee trust that with the cut in the expenses of Journals, the Central Council of Gosamvardhana would be able to minimise or eliminate the losses suffered by them on this account. They desire that all efforts should be made by them in this direction. They also feel that the actual usefulness of this journal must be periodically assessed and the grants should be given only if they are found to serve a useful public cause.

2.77. The attention of the witness was drawn to the fact that out of 10,000 copies of free publications printed by the Council during 1961-63, the number of copies actually distributed till June 1965 was only 1,918. The witness stated that the position had changed a good deal at present. Copies of the Report on Gosamvardhana Week Celebrations, 1959, in stock at the time of the audit was 1,592. Since then they had distributed it at the time of cattle shows and exhibitions. Out of 2,513 copies of the journal on cattle keeping only 27 were in stock. They had distributed other copies. Out of 2,530 copies on cattle keeping in Hindi, they had only 149 in stock. He added that now they had only 6 per cent of copies in hand. This was kept to meet future demand. The witness admitted that in the past there had been a little lapse as many officers had been changed in that unit. They had tried to improve the position.

2.78. The Committee are surprised to learn that out of 10,000 copies of free publications printed during 1961 to 1963 by the Council the number of copies actually distributed till June, 1965, was only 1,918 which constituted 19 per cent of the total number of copies of publications printed. They, however, note that the Council has been able to distribute further 75 per cent of copies of publications within a period of one year after the Audit report, keeping 6 per cent of copies of such publications to meet their future demand.

2.79. They desire that in future care should be taken to print only the requisite number of copies of such publications as would be required by them in the near future.

INDIAN COUNCIL OF AGRICULTURAL RESEARCH

Expenditure on abandoned schemes of horticultural research—para-130, pages 147-148.

2.80. The following three schemes of horticultural research undertaken by the Uttar Pradesh State Horticultural Research Institute, Saharanpur with financial assistance from the Indian Council of Agricultural Research, were abandoned after a period of 2 to 5 years:

as they were not found to be well-conceived or very little work was done; the expenditure incurred on them was Rs. 1.95 lakhs.

Particulars of the Schemes, period of operation and the expenditure incurred	Reasons for abandonment of the scheme.
1	2
<p>(i) Scheme for Research on mango malformation disease, undertaken with a view to evolving suitable Control measures.</p> <p>Operated between June, 1962 and August, 1964.</p> <p>Expenditure incurred Rs. 92,698 (of this Rs. 85,000 were received as grant from the Council).</p>	<p>The scheme was sanctioned in June, 1962 but the programme of work was approved only in August, 1963. The scheme was abandoned a year later in September, 1964 as the State Government felt that "the research work connected therewith is neither well-defined nor is such as can reasonably be dealt with in a short period at a State Institute to yield results of practical value."</p>
<p>(ii) Scheme for the selection of nucellar root stocks in citrus species undertaken with the object of improving the quality of citrus fruits.</p> <p>Operated between September, 1959 and March, 1964.</p> <p>Expenditure incurred Rs. 29,476 (of this Rs. 27,900 were received as grant from the Council).</p>	<p>The scheme was abandoned in March, 1964 as the Council felt that "no tangible results are likely to be achieved by allowing the work to continue as at present. The problem involved is fundamental requiring considerable experience and knowledge of embryology and embryoculture. The present officer-in-charge of the scheme does not possess this inadequate measure nor has he got the requisite guidance from the Director, Horticultural Institute, who is also not a specialist in the line".</p>
<p>(iii) Co-ordinated scheme on floriculture, undertaken with a view to increasing the yield, size, quality and period of flowering of Roses, Chrysanthemums, Marigold and Jasminums.</p> <p>Operated between July, 1961 and March, 1965.</p> <p>Expenditure incurred Rs. 73,107 (of this Rs. 60,261 were or are due to be received from the Council as grants.)</p>	<p>The scheme was sanctioned for research at nine centres of which the Saharanpur Institute was one. The work undertaken in this institute was discontinued in April, 1965 as the Council declined to finance it after March, 1965 on the ground that "very little work had been done". The Deptt. has attributed the lack of progress to delay in appointment of the staff.</p>

The Council had offered to meet the entire expenditure on the scheme except Rs. 12,846 incurred between July, 1961 and April, 1962 prior to the receipt of sanction of the Council.

2.81. The Committee desired to know the steps which the Indian Council of Agricultural Research proposed to take so that in future schemes financed by the Council might not be abandoned. The Director General, ICAR, explained the procedure followed in the ICAR. The ICAR had to stimulate research by inviting schemes from different institutes whether they were run centrally or by the State or, by a University. When a scheme was received in the Council, it was put up to a Technical Committee consisting of experts. After the scheme had been approved, it was sanctioned. At that stage a technical programme was drawn up which was again considered by the experts. So if there was any dissatisfaction about the programme, there was an opportunity for the Institute or the State Government to put forward their point of view.

2.82. In this case, the scheme was about the research on mango. Mango in Northern India suffered from a disease in which the flowers got clustered together and a sort of gummy substance was formed. This caused a great deal of concern. The causes were obscure. The Horticultural Institute, Saharanpur, was selected for the research on mango as there were plenty of mangoes in Saharanpur and this Institute was headed by a scientist who was considered an authority on fruits. It so happened that when the scheme was sanctioned this scientist and a senior officer who was an expert on mites and spiders (one of the suspected causes of this disease) were transferred from this institute. In their opinion, this completely changed the situation. The witness added that they agreed with the conclusion of the State Government that the staff they later got could not implement the scheme. But they did not agree that the scheme was ill-conceived. The witness read out the following from the UP Government's letter.

"The technical part of the research work under the scheme now assumes form of being highly academic in nature needing the services of a fully trained and experienced virologist and entomologist specialist in mites. Even if the State Government succeeded in obtaining the services of such officers they cannot effectively work in isolation without higher technical guidance in their own fields at Saharanpur. Obviously, the work can only be undertaken

at the Indian Agricultural Research Institute, New Delhi, where greater facilities and higher technical guidance and supervision are available."

2.83. The Committee enquired whether the technical staff at Horticultural Institute, Saharanpur, was under the direct control of the State Government or the ICAR. The witness replied that it was under the State Government.

2.84. In reply to a question, the witness stated that the work which was done there did produce some useful results. The work was now being continued and that information could be usefully utilised.

2.85. The Committee enquired whether they consulted the State Government concerned before a scheme (which related to the State Government) was finalised. The witness stated that the scheme was submitted to the Technical Committee. The State Horticulturist was also present. He added that in future their pattern of financing would be that they would give more stress on coordinated research scheme.

2.86. The Committee pointed out that the State Government felt that the research connected therewith was not well-defined. The witness stated that the schemes were produced by the State Deptt. and they were discussed by the Technical Committee. Every scheme was considered on the basis of the expert personnel available. The Secretary, Deptt. of Agriculture, stated that they expected the State Government to observe certain formalities, which they had not observed. They had learnt by experience that one should not depend upon somebody else.

2.87. The Committee enquired whether they had come to any conclusion so far as to how the disease was caused. The Director of the Indian Agricultural Research Institute stated that the work had been taken up recently by the Indian Agricultural Research Institute as it was a programme of national importance. It would be premature to make a pronouncement at this stage. He could only say that there were indications that a very important fungus might be associated with this disease. There were two ways of looking at the problem. One way was to try and find the cause and then evolve the cure; the other was to apply various remedies and from the effectiveness of a particular cure got an indication of the cause. Both these methods were being adopted. He assured that they might be able to evolve a palliative or a cure very shortly.

2.88. With regard to the second scheme undertaken with the object of improving the quality of citrus fruits, the Director General, ICAR, stated that one Professor was available on the Botanical Committee, but the Delhi University did not have any land and they did not grow citrus. Therefore, it had to be done in a place where there was a collection of citrus. That Professor died a few weeks ago. In the IARI they had now some experts and they had also got some collections of fruit trees.

2.89. The Committee regret to find that three horticultural research schemes undertaken by the Uttar Pradesh State Horticultural Research Institute, Saharanpur, with financial assistance from the Indian Council of Agricultural Research were abandoned after a period of 2 to 5 years after incurring an expenditure of Rs. 1.95 lakhs. The reasons given for abandonment of these schemes are also contradictory and unconvincing.

2.90. From the audit para, the Committee find that in one case the State Government felt that the research connected therewith was neither well defined nor was such as could reasonably be dealt with in a short period at a State Institute to yield results of practical value. In the second case, the Council felt that the officer-in-charge of the scheme did not possess the necessary technical knowledge and experience nor had the requisite guidance from the Director of the Institute who was also not a specialist in the line. During evidence, the explanation of the Ministry in the first case was that the transfer of the Head of the Horticultural Research Institute, Saharanpur, and a senior officer of the Institute who was an expert on mites and spiders completely changed the situation as the experts were no more available. The Ministry did not agree with the opinion of the State Government that the scheme was ill-conceived and not well defined.

2.91. The Committee are, however glad, to be assured during the course of evidence that in future the pattern of financing the research scheme would be such that there would be more stress on co-ordinated research. The Committee hope that this would improve the position.

Indian Central Sugar cane Committee—para 131, pages 148-149.

2.92. The Committee is a registered society under the Registration of Societies Act (XXI of 1860). It was originally constituted in 1944 and later reconstituted in 1953. The main functions of the Committee are:—

- (a) to undertake research and development of the growing, marketing, etc. of sugarcane and research problems connected with Gur and Khandsari; and

(b) to undertake or assist research, improvement etc. in connection with sugarcane, Gur and Khandsari.

(i) The Committee is financed by grants from the Government of India. The amounts received by the Committee and the expenditure incurred by it during the four years ending March, 1965 are given below:—

Year	Government grants	Other receipts	Total	Expenditure on administration	Expenditure on schemes, statistical units, publicity etc.	Total expenditure during the year	Percentage of administrative expenses to the total expenditure of the Committee
(In lakhs of rupees)							
1961—62	18.90	0.24	19.14	2.39	16.52	18.91	12.6
1962—63	16.95	0.17	17.12	2.13	15.00	17.13	12.4
1963—64	9.75	0.23	9.98	2.09	7.23	9.32	22.4
1964—65	10.75	0.26	11.01	2.10	8.36	10.55	21.0
TOTAL	56.35	0.90	57.25	8.80	47.11	55.91	

2.93. It will be seen that while the expenditure on schemes, etc. has considerably decreased, the expenditure on administration has, more or less, remained the same. The reduction in the total expenditure on research schemes was stated by Government in September, 1965 to be due to the transfer to the State Governments with effect from 1st March, 1963 of those schemes which, on that date, had been financed by the Committee for a period exceeding ten years, owing to revision of pattern of financial assistance.

It has been stated that the Committee also looks after the entire technical aspect of development schemes which involve an annual outlay of about a crore of rupees, directly financed by the Government of India.

2.94. The Committee desired to know how far the explanation of the Department of Agriculture that expenditure on administration would remain at more or less the same level while the expenditure on schemes, etc., had been reduced to nearly half (it was Rs. 16.52 lakhs in 1961-62 and Rs. 8.36 lakhs in 1964-65) was justified. The Secretary, Department of Agriculture stated that during the Third

Five Year Plan, allocation to the Indian Central Sugarcane Committee for its aid programme was substantially reduced from the figure they wanted. Therefore, in line with other Commodity Committees, the decision was taken that the Sugarcane Committee would also handle only regional schemes under their grants and the schemes which were in operation for over 10 years would be passed on to the States. As a result of these two decisions and the availability of funds, the direct expenditure of the sugarcane Committee on schemes became less. As against this, in 1962-63 the Sugarcane Committee was given by Government, the administration of certain additional functions such as the evaluation of the progress of development schemes, collection and interpretation of statistical data and technical scrutiny of the annual sugarcane development schemes of State Governments. He added that these additional items of work warranted the maintenance of the staff that was already there. The Committee pointed out that if this work was given to the Sugarcane Committee in 1962-63, the Sugarcane Committee was already doing this work at the same cost in 1962-63 as well as in 1963-64. The witness stated that they had managed with the existing staff. In 1963-64 and 1964-65, the staff was attending to these items of work. At the instance of the Committee the Ministry have furnished a note stating that the expenditure on Administration for the period from 1st April, 1965 to 30th September, 1965 was Rs. 1,11,400.31. The Sugarcane Committee was dissolved with effect from 1st October, 1965.

2.95. The Committee are not fully convinced with the arguments advanced during the course of evidence that the expenditure on administration could not be reduced as some additional functions were entrusted to the Sugarcane Committee by the Government. The Committee would like Government to ensure that whenever any schemes are transferred to State Governments, there should be a corresponding reduction in staff handling these schemes at the Central level.

Sub-para (ii) (b)—page 150.

2.96. The grantee States are required to render to the Committee by 30th June, at the latest, a progress report of all schemes financed by the Committee, in respect of the year ended with May last. Such reports have not been received (September, 1965) from Bihar, Maharashtra and Andhra Pradesh since 1962-63 onwards and from 10 other States for 1963-64.

2.97. With regard to the submission of progress reports by the States to the Sugarcane Committee, the witness stated that despite

reminders to the States, several reports were still pending. In similar other cases, they did not release further grants for the schemes. In this case, the Sugarcane Committee had been wound up. He added that for the past reports they would try and check up how they could get those progress reports quickly. If necessary, they would send their officer.

2.98. In reply to a question, the witness stated that it was not that one State was continuously defaulting. In some cases they had sent progress reports up-to-date and in some cases they had not done so.

2.99. The Committee enquired whether apart from these progress reports, there was any machinery to see that the work was properly done according to the plans laid down and the funds were being utilised for the purpose for which they were allotted. The witness replied that the certificate of the State Government regarding utilisation of the money was the discharge certificate for the money given to them. That discharge certificate had not been received from the State Governments. He added that, to the best of their knowledge, the progress appeared to be satisfactory. No particular mismanagement had been brought to their notice.

2.100. The Committee regret that the Sugarcane Committee failed to obtain the progress reports of the schemes financed by them from a number of States. It is obvious that in the absence of progress reports the Sugarcane Committee could not possibly have exercised any control with a view to ensure that the schemes were being implemented satisfactorily or that the money was not misutilised or blocked. The Committee would like the Ministry to ensure that such a situation is not allowed to rise in future.

AUDIT REPORT ON THE ACCOUNTS OF THE INDIAN CENTRAL ARECANUT COMMITTEE FOR THE YEAR 1964-65.

Para 3.

2.101. The proper utilisation of the grant-in-aid given by the Committee is watched by obtaining—

- (1) audit certificates from the Accountants General in respect of Schemes sponsored by State Governments and
- (2) Utilisation certificates in other cases.

At the end of August, 1965, audit and utilisation certificates covering an aggregate amount of Rs. 1.93 lakhs were outstanding in respect of 17 cases of grants-in-aid paid from 1956-57 to 1962-63.

2.102. The Committee enquired the present position of outstanding audit and utilisation certificates. The witness stated that 11 cases covering Rs. 1.17 lakhs were still pending.

2.103. The Committee are not happy to note that at the end of August, 1965, audit and utilisation certificates covering Rs. 1.93 lakhs were outstanding in respect of 17 cases of grants-in-aid paid from 1956-57 to 1962-63. The subsequent progress in obtaining these certificates is also not satisfactory. The Committee would like that vigorous efforts may be made to obtain these outstanding certificates and to avoid such arrears accumulating again.

AUDIT REPORT ON THE ACCOUNTS OF THE INDIAN CENTRAL COCONUT COMMITTEE FOR THE YEAR 1964-65.

Para 2.

Schemes for the Supply of seed coconuts to States.

2.104. Under the scheme for the procurement and supply of quality seed coconuts to States undertaken by the Central Coconut Committee between October, 1959 and July, 1965, that Committee supplied 15.72 lakhs seed coconuts to the States of West Bengal and Assam at the subsidised rate of Rs. 400 - per 1000 nuts. The scheme also provides for the recovery at the rate of 50 paise per seedling as the Committee's share out of the sale proceeds of the seedling sold by the States to cultivators. No amount had been recovered by the Committee on this account till November, 1965. No information regarding the number of seedlings produced and distributed by the State Governments was available with the Committee and they informed Audit in November, 1965 that the matter was under correspondence with the State Governments.

2.105. According to the percentage of viability of seed coconuts estimated by the Committee (60 to 70 per cent) the seedlings produced by the States out of the seeds supplied by the Committee upto

July, 1965 (15.72 lakhs) would be about 10 lakhs and the Committee's share out of the sale proceeds of these seedlings would be about Rs. 5 lakhs.

2.106. The Committee asked if it would be possible to effect recoveries in this case on the basis of estimated number of seedlings produced, if information relating to the number of seedlings sold was not available with them and whether the Ministry enquired as to how this failure went un-noticed for more than 6 years right from the inception of the scheme. The witness stated that they tried to get the information but they had not succeeded yet. He added that they would send their officers to check the position and after that if any recovery could be made, they would do it.

2.107. The Committee enquired whether any assessment of the research done at the Coconut Research Station at Kayamkulam had been made. The witness stated that this Research Station was doing work in two fields—one on trees and the other on insects. On the basis of the results in those fields, they were going into pilot schemes this year for protection of certain areas.

2.108. The Committee desired that replies to the following questions might be sent:

- (a) What action was being taken to recover the Indian Central Coconut Committee's share out of the sale proceeds of the seedlings sold by the States to cultivators?
- (b) Would it be possible to effect recoveries from the State Governments on the basis of estimated number of seedlings produced if information relating to the number of seedlings sold was not available with them?
- (c) Had the Ministry enquired as to how this failure to obtain necessary information went un-noticed for more than 6 years right from the inception of the scheme? The note has been received and is at Appendix XIII.

2.109. The Committee regret to note that while the supply of seed coconuts to the States of West Bengal and Assam started in October, 1959, the erstwhile Indian Central Coconut Committee asked those States in July, 1962 i.e. after a period of 2½ years of the inception of

the scheme to furnish particulars of the sale of seedlings effected by them and to arrange credit to the Coconut Committee of its share of the sale proceeds. They also regret to observe that the State Governments of West Bengal and Assam did not respond to the repeated reminders and D.O. letters of the Coconut Committee for years together.

2.110. From the note, the Committee are surprised to find that the State Governments of West Bengal and Assam have failed to furnish statements showing the seedlings raised and sold and the receipts realised till date.

2.111. The Committee are also surprised to learn that although the share of the Coconut Committee out of the sale proceeds of seedlings was about Rs. 5 lakhs upto July, 1965, nothing has been credited to the accounts of the erstwhile Coconut Committee till this date.

2.112. The Committee are of the view that in cases where money is to be realised and the other parties do not respond in spite of repeated reminders for years, some drastic steps should be taken against them to realise the money.

2.113. The Committee desire that this matter may be vigorously pursued at the appropriate level to obtain the share of the erstwhile Coconut Committee and they may be apprised of the results achieved in this direction.

Para 3.—Building lying vacant.

2.114. No training classes in coconut cultivation had been conducted in the Central Research Station, Kasargod since 1956. But a hostel building was constructed at the Central Research Station in July, 1963 at a cost of Rs. 1.29 lakhs for accommodating short term course trainees and officer-trainees in coconut cultivation. As there was no possibility of the building being made use of in the near future for accommodation of trainees, the Committee proposed in July, 1964 to let out the building to the members of staff of the Research Station. This proposal had also not materialised till November, 1965 for want of service connections to the building.

2.115. The Committee enquired why the hostel building was constructed in 1963 when no classes were held at all since 1956. The witness stated that the idea was to have short term courses for Officer trainees in coconut cultivation. The hostel was started with that purpose. In reply to a question, the witness stated that the Indian

Central Coconut Committee had decided later on not to have training courses. The witness added that the Government wanted to hold these training courses. The training was to be a part of the research station work and the Director General was also of the opinion that training was necessary and they were organising that. The work done by the Indian Central Coconut Committee had been transferred to their Ministry since 1.4.1966 on the abolition of the Indian Central Coconut Committee. The training courses would be conducted as soon as the building was handed over to them.

2.116. In reply to a question, the witness stated that electric fitting had been done. Service connection had to be provided and a completion report had to be given. Then the building had to be handed over to the Director. They had reminded the Executive Engineer on 11.5.1966 about these.

2.117. In reply to another question, the witness stated that the construction of the building was completed in July, 1963. The Coconut Committee opined in July, 1964 that they would not conduct training classes and let out the building to the members of the staff. In the meanwhile the Coconut Committee had been abolished and now they were going to use this building.

2.118. The Committee desired that a detailed note on this para might be furnished starting the reasons for constructing a hostel building in July, 1963 when no training classes were conducted since 1956. It might also be stated when the training classes were started, when they were discontinued and why they were not being conducted since 1956. The note has been received and is at Appendix XIV.

2.119. From the note, the Committee find that the facts mentioned therein are at variance with those mentioned in the audit para. In the audit para it is stated that no training classes in coconut cultivation had been conducted in the Central Research Station, Kasargod since 1956 while in the note it is mentioned that the information that no training classes were conducted after 1956 was not correct. From the statement furnished showing the year-wise break-up of the persons trained the Committee find that excepting the years 1957 and 1964, training was imparted upto 1965 by the Coconut Committee.

2.120. Similarly, in the audit para it is stated that as there was no possibility of the building being made use of in the near future for accommodation of trainees, the Coconut Committee proposed in July, 1964 to let out the building to the members of staff of the Research Station. In the note submitted to the Committee, the

Ministry have stated that no such proposal was ever put up to the Coconut Committee for consideration. It is further stated that an approach made by the then Secretary of the Coconut Committee for temporary/short-term use of the building for residential purposes was immediately opposed by the Director of the Station, as the accommodation was meant for trainees only. It would be utilised as such on the building being handed over by the C.P.W.D.

2.121. The Committee are surprised to find that the Ministry have given different facts in their note. The Committee feel that all these facts should have been brought to the notice of Audit by the Ministry even at the time when the draft Audit para had been sent to them for factual verification. They would like to know the circumstances under which Audit was not apprised of the factual position of this case. The Committee are unhappy to note that delay of more than three years in providing service connections and putting the building to use. They desire that such delays should be avoided in future. The Committee may also be apprised of the progress made in putting the building to use.

Audit Report on the accounts of the Indian Central Oilseeds Committee for the year 1964-65.

Para 4.

2.122. (a) In respect of grants paid to the State Governments up to 1963-64, audit certificates in respect of a total amount of Rs. 33.76 lakhs relating to the period 1954-55 to 1963-64 were not received till September, 1965.

(b) The audit certificates received, show that an amount of Rs. 2.51 lakhs remained unutilised with the State Governments out of the grants paid to them during 1955-56 to 1963-64 in respect of the schemes which have been terminated. Refund of this amount was awaited till September, 1965.

2.123. The Committee desired that notes on the following might be furnished:—

- (i) What was the present position of outstanding audit certificates?
- (ii) The audit certificates in respect of grants, paid up to 1963-64, so far received from the State Governments, show that amount of Rs. 2.51 lakhs remained unutilised with the State Governments.

Has this amount since been refunded? Were any performance reports received by the Oilseeds Committee periodically in respect of the expenditure incurred out of these grants?

2.124. The Ministry have stated that out of about Rs. 38,75,789 reported in the Audit Report for 1964-65, Audit Certificates in respect of Rs. *18,78,240 have since been received. Another set of Certificates worth Rs. 2,56,456 received have been returned to the respective Accountants General with certain observations. The net balance is Rs. 17,43,083 which is reported to be out standing for want of complete accounts from the grantee State Governments and to clear this outstanding Audit Certificates, a special cell has been constituted in the Indian Council of Agricultural Research being the successor of the Indian Central Oilseeds Committee.

2.125. The Committee trust that outstanding audit certificates would be received soon.

2.126. The Ministry have further stated that out of Rs. 2.51 lakhs reported by Audit as unutilised, a sum of **Rs. 1,23,000 approximately has already been recovered. The special cell already constituted under the Indian Council of Agricultural Research has been entrusted to take steps in regard to recovery of balance of Rs. 1,28,000.

2.127. The Committee are surprised to find that Rs. 2.51 lakhs remained unutilised with the State Governments out of the grants paid to them during 1955-56 to 1963-64. The Committee would like the Ministry to ensure that the unutilised portions of grants are promptly refunded by the State Governments concerned. The Committee would like to be informed of the position of recovery of the balance of Rs. 1,29,000.

Audit Report on the Accounts of the Indian Central Tobacco Committee for the year 1964-65.

Para 2. Delay in adjustment of amounts deposited by the Committee with the Central Public Works Divisions for works to be executed.

2.128. Out of a total amount of Rs. 39.81 lakhs deposited by the Committee during the period from 1951-52 to 1963-64 with various Central Public Works Divisions for works to be executed by them, a sum of Rs. 13.71 lakhs remained to be adjusted till December, 1965. Large amounts were outstanding against Central Public Works Division, Madras (Rs. 7.36 lakhs) and C.P.W. Division, Dhanbad (Rs. 3.51 lakhs). Information regarding the stage of progress of the works for which amounts have been deposited in advance has not been ascertained by the Committee from the Divisions executing the works.

*According to Audit this figure should be Rs. 18,78,240.

**According to Audit this figure should be Rs. 1,22,000.

2.129. The Committee desired that a note might be furnished on the following:—

Have the Indian Central Tobacco Committee collected information about the total number of works for which advances were made, number of works completed and taken over and the number still under execution? In how many cases have the works been unduly delayed and in how many cases were the costs of execution more than 1½ times that initially estimated by the P.W.D.?

2.130. The Ministry have furnished a list showing the works for which money had been deposited and the works which still remained to be completed (Appendix XV). In the note furnished by the Ministry it is stated that as regards the time taken for actual completion and increase in the cost of execution consequential to delay in actual execution of the works, the material is being collected from the various units of the C.P.W.D. scattered all over India.

2.131. As a result of the efforts made by the Tobacco Office and the C.T.R.I., the information so far collected has been reported in reply to the Audit observation. The exact information in regard to increase in the cost of execution vis-a-vis initial estimation is not yet available from the C.P.W.D., and the authorities concerned have been asked to collect the same.

2.132. The Committee regret to note from the list showing the amounts paid to the C.P.W.D. for construction of works, adjustment made and the balances to be accounted for as furnished by the Ministry that Rs. 17,81,774.82 are still to be adjusted. They are also surprised to find that although money had been advanced to the C.P.W.D. by the erstwhile Indian Central Tobacco Committee, in one case work was still pending completion since 1955-56 and in another case since 1957-58. The Committee would like the Ministry to inquire into the reasons for the delay in completion of work by the C.P.W.D. and to ascertain what efforts, if any, were made by the erstwhile Tobacco Committee to get them executed in time. The Committee desire that responsibility should be fixed for this long delay and suitable remedial measures be taken to avoid recurrence of such delays in future.

**Audit Report on the Accounts of the Indian Lac Cess Committee
for the Year 1964-65.**

Para 4. Delay in construction of Air-Conditioned Godown at Calcutta.

2.133. Construction of an Air Conditioned Godown at Calcutta for storage of shellac and seedlac was sanctioned in November, 1959 at an estimated cost of Rs. 9.56 lakhs which was subsequently revised to Rs. 15.97 lakhs in 1962-63. The construction was started in 1961-62 through the agency of the C.P.W.D. with whom a total sum of Rs. 15.97 lakhs was deposited between March, 1961 and January, 1964. The target date for completion was 1963-64. It was also estimated that the godown, when completed, would fetch a revenue of Rs. 1.75 lakhs a year on account of storage charges to be paid by the parties utilising the godown facilities including rents of Manager's and staff quarters. The building portion of the construction was completed in December, 1963 but the installation of Air conditioning equipment and a few other works were yet to be completed till July, 1965. As a result, the godown could not be brought into use till July, 1965 resulting in locking up of money to the extent of Rs. 15.97 lakhs as deposited with the C.P.W.D. and loss of estimated annual revenue amounting to Rs. 1.75 lakhs. The land for the construction of the godown was taken on lease as early as in September, 1958 and the rent paid from that date to March, 1961 amounted to Rs. 11,152.

2.134. At the instance of the Committee, the Ministry have furnished a note giving the reasons for the delays in construction of air-conditioned godown at Calcutta. A chronological history of the progress of work over the years starting from the date the land was taken on lease and the progress of payment made and the expenditure incurred by the C.P.W.D. is at Appendix XVI. It will be seen from the statement that the first instalment of deposit to the C.P.W.D. for execution of the work was made in 1961 and civil works relating to the construction of the godown had been more or less completed by July, 1965. The air-conditioning equipment had been sanctioned and foreign exchange component thereof released in October, 1962 and April, 1963 respectively. The D.G.S.&D. finalised the orders for procurement of the air-conditioning plant towards the end of April, 1964 and air-conditioning of the building was taken in hand simultaneously with the final stage of completion of the building in 1964 itself.

2.135. The completion certificate for civil works has been furnished by the C.P.W.D. authorities in March, 1966, but the air-con-

ditioning work has not been completed in full. In this connection the observation made by the C.P.W.D. is as follows:

"The final A/T was placed by the D.G.S.&D. on 20th July, 1964. The delivery date given by the firm was 30th June, 1965 but the firm could not complete the work. The work has now almost been completed and the plant can be commissioned after it has been inspected and passed by the Director General, Supply and Disposals. From the date given above, it will be clear that the delay in the work has been caused due to delay on the part of the firm entrusted with the job."

2.136. The Committee regret to note that the need of constructing the air-conditioned godown which was felt in 1957 and for which sanction was given in 1959, could not be completed in full during a period of 7 years. They are surprised to learn that the air-conditioning equipment has not been installed so far and the godown has not been put to any use even now.

2.137. From the statement (Appendix XVI) showing progress in the construction of the air-conditioned godown, the Committee find that there has been delay at different stages.

2.138. The Committee desire that responsibility should be fixed for this inordinate delay. They also desire that such delays in construction works should be strictly avoided as they result in heavy losses to exchequer.

CHAPTER III

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

(DEPARTMENTS OF COMMUNITY DEVELOPMENT AND CO-OPERATION)

Non-maintenance of records about the implementation of a scheme—para 41, pages 47-48.

3. Under a scheme for the production of basic and cultural literature for neo-literates in the Community Development Blocks approved in 1958, the Ministry brought out 161 books in regional languages upto 1964-65. Copies at the rate of 20 of each title for equipping libraries in each Community Development Block and 200 to 300 copies for meeting *ad-hoc* requirements were despatched to the Development Commissioners of the States. The remaining copies ranging from 25 to 400 of each title were retained by the Ministry.

3.1. The following table indicates the year-wise break-up of the actual expenditure incurred and distribution of the copies:—

Year	Actual expenditure	No. of titles brought-out	Copies printed	Copies sent to Development Commissioners	Copies retained by the Ministry
	(In lakhs of rupees)			(Number in lakhs)	
1961—62 . .	5.69	49	7.85	7.66	0.19
1962—63 . .	3.51	86	6.05	5.47	0.58
1963—64 . .	2.04	18	2.46	2.42	0.04
1964—65 . .	0.11	8	0.12	0.11	0.01
TOTAL : . .	11.35	161	16.48	15.66	0.82

No information was available in the Ministry about the number of libraries set up in the blocks. There were also no records to indicate whether the books despatched to the Development Commissioners had actually reached the libraries or whether any copies were lying un-issued with the Development Commissioners.

3.2. As regards 82,000 copies retained by the Ministry, 27,000 of them costing Rs. 18,000 were lying in stock at the end of 1964-65. The remaining 55,000 copies were distributed by the Ministry direct to village leaders and State Governments (for *ad-hoc* requirements). The stock registers in the Ministry were being maintained by a packer. A physical verification of the stock, taken up for the first time in May, 1965 was stated to have been completed only recently and the results thereof were awaited till January, 1966.

3.3. The Committee desired to know (a) how the Ministry assessed the requirements of the various Community Development Blocks without ascertaining the number of libraries functioning in each Block; (b) whether periodical report were called for from the State Governments indicating the number of books distributed by them from time to time to the various centres; and (c) whether any attempt was made to find out how far the books were popular with the neo-literates.

3.4. The representative of the Department of Community Development and Co-operation stated that the intention was not to establish libraries as a part of the scheme. They were to utilise the existing libraries set up as a result of the activities of the Education Ministry. They tried in the beginning to keep track of the individual libraries but it did not work and the scheme was modified almost in its infancy and they decided to supply 20 books per block. The village level worker was made responsible for distribution to libraries where they existed but where they did not exist, he was to make use of the Panchayat Secretaries. 20 books per block meant roughly 2 books per village level worker circle. This was considered the minimum for circulating to those who would profit by it. The State Governments were asked to ensure that adequate arrangements had been made for the distribution of this literature to the ultimate recipients and they had furnished reports. The Ministry also tried to keep track of some of the supplies from time to time but they had no tally of individual libraries from Block to Block.

3.5. As regards verification of stocks of books maintained by the Ministry, it was difficult in the beginning because of paucity of accommodation and shortage of staff. The Store-keeper had been made

incharge of all the books. There were periodical verifications under the supervision of a higher officer. They had done stock taking of all books maintained in the Ministry. As a result of the verification they had found that 5,856 books could not be accounted for against a total of 16.48 lakhs printed under various titles. The value of the books unaccounted for was about Rs. 4,000 as against the total value of Rs. 11.35 lakhs. They were taking action in respect of the missing books. The witness felt that as a result of subsequent modifications in procedure and efforts for stock-keeping as well as periodical verification of the stocks, the position would be very much better at the present time.

3.6. The Committee desired to know the reasons for the progressive decline in the printing of books. The witness stated that the budget provisions fluctuated and during the emergency there were lesser allocations. For 1964-65 where the actual investment was the least they had slowed down the scheme. The scheme had also been modified. Previously, they published both basic literature and cultural publications. The cultural publications were put in the charge of the Ministry of Education and they confined themselves to the publication of such literature as was required for their own workers in the blocks. He further explained that this decision was taken in consultation with the Ministry of Education, Ministry of Information and Broadcasting and the Ministry of Finance etc.

3.7. As regards the selection of subjects and titles of those books and in particular the books meant for the neoliterates and their relevance with the real work of the Community Development Blocks, the witness informed the Committee that originally they used to publish cultural titles but subsequently these publications were given to the Ministry of Education for publication. These publications were printed in different regional languages. There was a Committee headed by the Deputy Minister to select the titles of these books.

3.8. As regards the authors of those books the witness stated that titles of various subjects were thrown open to competition and prizes were offered. They received manuscripts from people and those were checked by Readers of standing on those subjects. These Readers gave the assessment of the materials and on the basis of their suggestions the Committee selected the titles and published them.

3.9. The Committee enquired whether there was a member of the Ministry of Education on the Committee; the witness stated that in the beginning when basic literature and cultural publications were published by the Ministry of Community Development and Co-ope-

ration, the Ministry of Education was represented on the Committee. But on modification of the scheme, cultural publications were given to the Ministry of Education and in their place the Ministry of Information and Broadcasting was represented on the Committee. Asked if the Ministry had laid down any criteria for the Committee to select the titles, the witness stated that there was a scheme under which the Committee selected the titles. The scheme provided for indicating the subjects, on which titles were invited, the synopsis of the subjects etc.

3.10. The Committee desired to know as to the manner in which duplication of such publications in different Ministries and Departments was avoided. The witness explained that they tried to keep track of the publications in each Ministry. Information and Broadcasting Ministry was represented on the Committee and there was co-ordination with them. Although in some cases the titles and the subject matter were the same, the levels of publications were different.

3.11. On the question of interest that the block people showed to these publications, the witness stated that no survey had been made about the actual impact of the literature supplied, as to how far it had been read and imbibed. The Ministry as well as the State Governments, however, made assessments of the patterns of utilisation of literature. These books were essentially meant for workers and after they had read, other people too might have read them. The authors were all outsiders.

3.12. The Committee are unhappy to learn that since the inception of the scheme in 1961-62, no assessment had been made of the actual impact of this scheme on the block workers and how far the books written by different authors were popular among them and their reaction to such books. Since the books were likely to be read by other people of the block also, the Committee feel that proper assessment should have been made to find out the actual demand of the people, their usefulness to the workers in their day to day work and how far the scheme was working to their advantage.

3.13. The Committee suggest that an evaluation of the scheme may be done by the Programme Evaluation Organisation of the Planning Commission or a similar agency.

National Co-operative Development Corporation—Para 140(a), Pages 168-69.

3.14. In paragraph 88 of the Audit Report (Civil) 1965, mention was made of the slow progress of construction of godowns and of

certain other irregularities noticed in the accounts of the National Co-operative Development Corporation, a body set up under an Act of Parliament on 14 March, 1963 as successor to the National Co-operative Development and warehousing Board established earlier in 1956.

(a) The table below shows under broad heads the receipts and expenditure of the Corporation relating to the years 1963-64 and 1964-65:—

	Receipts			Payments (In lakhs of rupees)	
	1963-64	1964-65		1963-64	1964-65
Opening balance	715.43	818.35	Establishment and office contingencies	4.35	7.23
Loans from Central Government	830.00	230.00	Loans to State Governments	738.24	694.55
Grants from Central Government	316.75	396.50	Subsidies to State Govts.	324.08	335.39
Repayments of loans by State Govts.	90.16	141.74	Repayment of loans to Central Governments	8.81	51.60
Interest on loans	55.16	65.54	Interest on loans	9.50	61.27
Interest and dividends on investments, under-writing commission, etc.	34.14	26.21	Income Tax Investment in debentures	115.95	38.94
Refund of subsidies by State Govts.	21.80	18.55	Expenditure on Central Management Institute		3.96
Refund of advances	0.01	0.02	Misc. Payments	0.06	0.51
Miscellaneous receipts	0.01	0.13	Closing balance	818.35	470.44
TOTAL	2,263.46	1,697.04	TOTAL	2,263.46	1,697.04

3.15. The Committee desired to know whether the balance of Rs. 53.78 lakhs representing the difference between the grants sanctioned by the Government of India to the Corporation (Rs. 713.25 lakhs) and the subsidies released by the Corporation to States (Rs. 659.47 lakhs) together with the amounts of subsidies refunded by the State Governments during the same period (Rs. 21.80 lakhs in 1963-64 and Rs. 18.55 lakhs in 1964-65) was refunded by the Corporation to the Central Government. The Secretary, NCDC stated that the purpose of creating the Corporation under the Act was to enable it to build up a corpus of its own for promoting the Co-operative Development Movement. That being so, even apart from the

refunds being retained, the Central Government gave additional *ad hoc* grants. Subsequently, the witness explained that out of grant of Rs. 713 lakhs given to the Corporation Rs. 12 lakhs represented subsidy for administrative purposes under Section 12(i), Rs. 40 lakhs for meeting interest charges and Rs. 661 lakhs for States against which they released Rs. 659.5 lakhs leaving a balance of about Rs. 1.5 lakhs. This amount was issued in the beginning of the year 1965-66. In the year 1965-66 they received Rs. 331 lakhs for giving to States from Central Government, but they actually released Rs. 360 lakhs.

3.16. Asked about the justification in not refunding the subsidies returned by the State Government to the Central Government, it was stated that the legal opinion was that it was a statutory obligation on the Central Government to pass on to the Corporation the amounts meant for the Corporation as voted by Parliament. Unless a grant had been given on the conditions that the unspent portions should be refunded, there was no provision in the Act under which these refunds from the State Governments could be passed back to the Central Government. In order to get over this legal difficulty the Government might make a provision that henceforth grants should be sanctioned subject to the condition that the Corporation would refund any portion of the subsidies returned by the State Government to the Central Government. In the particular year under discussion, that condition was not laid down.

3.17. In reply to a further question as to why the Corporation gave lesser subsidy to States than what the Corporation received from the Central Government, the witness stated that the subsidy given by the Government was not entirely meant for the State Governments. It also included a subsidy for the Corporation to build up its own funds. There was a specific sanction of Rs. 40 lakhs in 1964-65 given to the Corporation as the amount equivalent to the interest paid by the Corporation to Government.

3.18. The witness further added that in 1963-64, the Central Government gave the Corporation a total of Rs. 316 lakhs and the Corporation released to the States Rs. 324 lakhs from this grant, i.e., Rs. 8 lakhs more. In 1964-65, the Corporation received Rs. 396 lakhs and it gave to the State Governments Rs. 336 lakhs. There was thus a difference of Rs. 60 lakhs. This include the amount equal to the interest paid by the Corporation.

3.19. At the instance of the Committee the Ministry have furnished a copy of the sanction letter (Appendix XVII) with which grant was released in favour of the Corporation.

The copy of the sanction letter sent by the Ministry states as under:—

“.....The amount may be placed at the disposal of the National Cooperative Development Corporation to be utilised for the following schemes:

1. Subsidies to the State Governments for distribution of consumer articles in rural areas;
2. Additional assistance to Eastern States;
3. Grants towards subsidy for meeting interest on loans to be repaid by the National Cooperative Development Corporation to Government of India a loan obtained from Government;
4. Grants for administrative expenses of the Corporation.”

3.20. From the above the Committee find that the funds were released in favour of the Corporation for specific purposes mentioned above. Although there was no specific mention in the sanction letters releasing grants that the balances left over should be refunded to the Government, the Committee feel that the Corporation should have obtained a specific sanction from the Government to retain the funds released in excess with them rather than utilising the same for other purposes. The Committee therefore, would like the Government to examine this aspect of the case in consultation with the National Cooperative Development Corporation as to whether the unutilised portions of grants and subsidies released in favour of the Corporation for specific purposes should not be refunded by the latter.

Interest payable on Central Government Loans—Para 140(e), Page 171.

3.21. During 1964-65, Government paid a sum of Rs. 40 lakhs to the Corporation as subsidy for meeting interest payable on loans advanced to it by the Central Government. It was stated the payment of the subsidy was in pursuance of a decision taken by Government in November, 1960, while considering the working of the erstwhile National Co-operative Development and Warehousing Board. The justification for payment of the subsidy to the Corporation was not clear as the Corporation charges interest on loans from State Governments at the same rate as it pays on loans received by it from the Government of India and Government gives grants for meeting its administrative expenses.

3.22. In reply to a question regarding justification for the payment of Rs. 40 lakhs to the Corporation during 1964-65 as subsidy, the Secretary, N.C.D.C. explained that under the old Act the Corporation was being provided only with grants even though the Corporation was passing on some amount as loan and some amount as grant. When the present Act was passed in 1962, the Government took the decision that even though the loans which were given to the N.C.D.C. would carry the normal rate of interest and the N.C.D.C. would have to pay to the Central Government the interest on that amount, as a measure of strengthening the N.C.D.C. and adding to the Co-operative Development Fund at the disposal of the N.C.D.C., the Government would provide them with a grant which would be equivalent to the interest payable by the Corporation to the Government. In other words instead of making the loan to the N.C.D.C. free of interest, the Government accepted interest from N.C.D.C., but at the same time an equal amount would be provided by the Government to the N.C.D.C. so that, the loans given to N.C.D.C. would in effect be free of interest. This extra amount which would be given by the Government to the N.C.D.C. would be an amount not related to any specific plans or schemes to be implemented by the N.C.D.C., but it would be the augmentation of the resources of the N.C.D.C. and an addition to the Co-operative Development Fund to enable the N.C.D.C. to carry out the purpose of the Act. This was the decision taken by the Central Government when N.C.D.C. Act was passed and in pursuance of this decision the above grant was provided to the N.C.D.C. The witness further added that this decision could be revised, if Central Government so desired in the light of the over-all requirements of the Corporation and the total programme of Co-operative Development to be taken up by the Corporation. This also gave flexibility in regard to the question of giving grants to the Corporation.

3.23. The witness also stated that the decision of the Government was not incorporated in the Bill, but it was given effect to by an administrative arrangement. The Committee desired that a copy of the decision might be furnished wherein the Government had decided not to charge interest on loans given to N.C.D.C. The Ministry have furnished the required information.

3.24. From the evidence the Committee find that N.C.D.C. Bill, as passed by Parliament, stipulated that Government would pay to the Corporation by way of grant each year, such sum of money as is required by the Corporation for giving subsidies to State Governments and for meeting its administrative expenses; and some loans on such

terms and conditions as the Central Government may determine. (*) From the note furnished by the Department, the Committee find that the Ministry of Finance had advised the Ministry of Community Development and Cooperation prior to the passing of the Bill that

“ In actual practice no interest will be charged on the amount given to the Board for the purpose of giving loans to State Government. This would not be provided for in the law but would be implemented by administrative instructions. In actual practice, therefore, Government will give loans to the Board on such terms and conditions as are fixed from time to time. If interest is charged Government would subsidise the Board by grants to the requisite extent.”

3.25. The Department of Community Development and Cooperation acting on this advice started giving grants to N.C.D.C. to neutralise the interest that the Corporation were paying to the Government. If the intention of the Government in giving these grants was to augment the funds of the Corporation, they could have done so in regular annual allotments to them instead of in a round about manner.

3.26. The Committee suggest that Government should reconsider the question of refunding the amounts of interest payments to the N.C.D.C., in the light of their above observations.

Implementation of scheme outside the purview of the Act—Para 140 (b), pages 169-170.

3.27. According to the National Co-operative Development Corporation Act, 1962 the functions of the Corporation are to plan and promote programmes for the production, processing, marketing, storage, export and import of agricultural produce and other commodities notified by the Central Government from time to time, through the co-operative societies. The Corporation may grant loans and subsidies to State Governments for financing co-operative societies or itself plan and promote programmes through co-operative societies for the supply of seeds, manures, fertilizers, agricultural im-

(*) Section 12 of the N.C.D.C. Act, 1962 reads as under:

The Central Government shall, after due appropriation made by Parliament by law in this behalf, pay to the Corporation,—(a) by way of grant each year, such sum of money as is required by the Corporation for giving subsidies to State Government, and for meeting its administrative expenses; and (b) by way of loan, such sum of money on such terms and conditions as the Central Government may determine.

plements and other articles for the development of agricultural produce.

3.28. In the following cases, however, the Corporation gave financial assistance or undertook other activities, which appear to be outside the purview of the Act:—

Name of the Scheme	Assistance given (in lakhs of rupees)	Remarks
(i) Marketing of lac on co-operative basis (The scheme envisaged grant of assistance to Bihar State for 30 co-operative marketing societies for procurement of lac from growers).	4.00 (loan) 1.40 (subsidy) (March, 1964 and December, 1964)	Lac is neither agricultural produce nor a notified commodity. The Corporation has, however, stated that the societies were organized primarily for handling agricultural produce and marketing of lac was incidental to their main activity.
(ii) Investment of accumulated funds in debentures of Central Land Mortgage Banks in various States. (The decision for investment was taken in August, 1963, when the question of utilisation of the surplus funds, with the Corporation was considered).	85.86 (August, 1963 to September, 1965).	The Corporation has explained that as the provision of long-term credits to agriculturists is one of the major incentives for enhancing agricultural production, investments in debentures of Land Mortgage Banks and subsidies to the Union are covered by the provisions of the Act.
(iii) Subsidies to the All India Central Land Mortgage Banks, Co-operative Union, Hyderabad. (The assistance was given for setting up a study and evaluation wing of the Union, organisation of a seminar for the chief executives of State Co-operative Land-Mortgage Banks, etc.).	0.65 From 1963-64 to 1965-66).	
(iv) Establishment of the Central Management Institute for Consumers' Co-operatives at Bombay for imparting training to key personnel of whole sale stores.	3.96 (1964-65)	The Corporation has justified the expenditure on the ground that the co-operative stores deal primarily in agricultural produce. It has, however, been added that the Corporation would cease to be responsible for financing and administering the Institute with effect from 1 April, 1966.

3.29. The Committee desired to know the specific points on which the advice of the Law Ministry was obtained and whether the Ministry categorically held that it would not be outside the purview of the Act to give assistance for marketing of lac and establishment of training institute for imparting training to the staff of the co-operative stores, the witness explained that they had consulted the Ministry of Law on the question whether in terms of the N.C.D.C. Act of 1962 it was open to the Corporation to Finance an Institute for imparting business management training to personnel employed in Co-operative Stores. The Ministry's main argument was that if the consumer stores undertook to deal with agricultural commodities and incidentally other commodities, then it was quite permissible legally for the Corporation to finance the Training Institute for personnel employed for such consumer stores.

3.30. The Committee desired that a copy of the Law Ministry's opinion regarding financing of an institution by the Corporation might be furnished together with a copy of the reference made to that Ministry. This has been furnished.

3.31. As regards the activity being outside the purview of the Corporation, the witness explained that they proceeded on the basis that the Co-operatives were authorised for handling commodities like agricultural produce, fertilizer, seeds etc. and if they also undertook incidentally marketing of lac, then it was well within the four corners of the Act. This position was explained to the Audit officer in 1963-64 and he felt satisfied. In 1964-65, this objection was not raised. He further added that they did not give any loan or subsidy to any co-operative societies which handled only lac. In order to set the legal doubt at rest, there was already a recommendation by a high level Committee that N.C.D.C. Act might be amended so as to cover one or two commodities, such as lac. This matter was being looked into. For this purpose State legislature had to pass a resolution. In reply to a further question it was revealed that the Corporation had no dealings direct with the societies but they gave the subsidy through the Bihar Government.

3.32. In reply to a question regarding item No. (ii) viz. investment in debentures of Central Land Mortgage Bank, it was stated that under Section 9(1) of the Act one of the statutory responsibilities of the Corporation was to promote programme of production of Agricultural produce through Co-operative Societies and Land Mortgage Bank. They had assisted in furthering these policies in more than one way. They had assisted them by giving them managerial

subsidy and for opening more branches. This particular limited investment in debentures had, therefore, come in time with their general practice and in fact it was very much covered by the above section of the Act. The Corporation was fully empowered to make this investment. On the question whether Land Mortgage Banks were prevented from advancing money to persons other than agriculturists, it was stated by the witness that under the bye-laws of the Land Mortgage Banks, loans were given only against the security of land.

3.33. Referring to item No. (iii)—Subsidy to the All India Central Land Mortgage Banks Cooperative Union, the witness stated that the assistance given by them to this Union was fully covered by the Act.

3.34. Since the matter is not free from doubt as to whether the various activities mentioned at items (i) to (iv) are strictly covered under the provision of N.C.D.C. Act, particularly in the case of giving assistance for marketing lac where even a high level Committee led by Prof. Dantawala has recommended that N.C.D.C. Act might be amended so as to cover one or two commodities such as lac, the Committee feel that the Department of Community Development and Co-operation should examine the above cases in detail. In order to set these doubts at rest, the position should be clarified once for all and if necessary the N.C.D.C. Act suitably amended.

CHAPTER IV **MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND CO-OPERATION,**

(DEPARTMENT OF FOOD)

Scheme for the purchase of foodgrains—Para 99, Pages 105—108.

4. The State Trading Scheme for the purchase of foodgrains introduced in 1943-44 continued during the year 1964-65. The proforma accounts for 1964-65 prepared by the Ministry are incorporated in Appendix XVIII.

4.1. A broad analysis of the transactions during the year 1964-65 is given below:—

Quantity (in lakh tonnes)	Value (in crores of rupees)		Quantity (in lakh tonnes)	Value (in crores of rupees)
Opening Stock :			Sales	82.32 352.18
Book balance	12.85		Misc. receipts	0.90
Storage losses awaiting write off	0.11		Closing Stock :	
Damaged grain	0.18		Book balance	
			(excluding damaged grain)	6.10
Purchases (including freight incidental and direct charges)	13.14 54.04		Damaged grain	0.23
			Grain in transit	1.05
	77.13 364.84		Storage losses awaiting write off	0.25 7.63 44.01
Deduct—cost of short landed quantity charged to insurance (net)	.. (—)1.87	Loss in distribution		
Indirect expenses	.. 6.66*	Storage losses written off	0.08	
Interest on capital	.. 7.36**	Transit losses	0.24 0.32 1.59	
		Loss on transactions		32.35
TOTAL	90.27 431.03	TOTAL		90.27 431.03

(i) Expenditure on the Directorate General and the Regional Directorates of Food	3.94 crores
(ii) Expenditure on the maintenance of godowns	1.81 "
(iii) Miscellaneous	0.91 "
TOTAL	6.66 "

**includes Rs. 0.14 crores short-charged during 1963-64.

4.2. (A) *Sales*.—Despatch advices in respect of sales made to Government consignees and sale accounts in respect of sales to private parties had not been received till October, 1965 from the Regional Directors of Food by the Chief Pay and Accounts Officers to the extent of Rs. 73.95 crores (representing the cost of 14.58 lakh tonnes of wheat, and of 2.55 lakh tonnes of rice) constituting about 21 per cent of the total sales during the year. Credits for such sales have been taken in the pro forma accounts in anticipation of the receipt of sale documents. It had been stated in February, 1966 that, of the amount of Rs. 73.95 crores, sale documents were still awaited for Rs. 23.10 crores.

Similar credits of Rs. 51.90 crores had been taken in the pro forma accounts of the three years ended 1963-64, of which sale documents for Rs. 3.31 crores were stated to be awaited till December, 1965 by the Chief Pay and Accounts Officer.

4.3. The Committee pointed out that the scheme for the purchase of foodgrains continued to run at a loss as during 1964-65, the amount of loss was Rs. 33.94 crores as against Rs. 33.88 crores during the preceding year, and desired to know the extent to which the imported foodgrains were subsidised. The Secretary, Department of Food stated that the policy of subsidising foodgrains was continuing for several years and covered both imported and indigenous foodgrains. The policy was reviewed in 1964-65 and it was decided that in the context of the food situation then prevailing, subsidy should be abolished gradually. In pursuance thereof the issue price of wheat which was previously below the economic cost was raised a little above that and with regard to rice, particularly the coarse rice, it was decided to abolish the subsidy in two stages.

4.4. In reply to a question, the witness stated that the pooled economic cost of imported wheat was Rs. 45:62 per quintal and the issue price upto 31st December, 1964 was Rs. 37:51 per quintal, the element of subsidy being Rs. 8:11 per quintal. The issue price of wheat was raised to Rs. 48 per quintal with effect from 1st January, 1965, which provided a small margin of profit.

4.5. As regards rice the pooled economic price of imported rice during 1964-65 was Rs. 65.21 per quintal and upto 31st December, 1964 the issue price of coarse rice was Rs. 42.87 per quintal the element of subsidy being Rs. 22.34 per quintal. From 1st January, 1965, the issue price of coarse rice was enhanced and it varied from State to State from Rs. 52 to Rs. 64 per quintal. The Government related the issue price to the maximum statutory retail price in a

particular State and subsidised it to the extent of Rs. 6 below that statutory price. Explaining the variation the witness stated that the particular State and subsidised it to the extent of Rs. 6 below that there was no justification for giving the imported rice at a rate which was very much lower than the price fixed for the same by the State. Explaining why the price of wheat could not be fixed differently for the different States as in the case of rice, the witness stated that the indigenous production of wheat when compared to total quantities distributed was small and secondly wheat was mainly produced in three or four States where no statutory price for wheat was fixed. The Committee pointed out that the statutory price of rice would have been higher in States where the production of rice was less and lower where the production was more. The witness stated that imported rice was supplied only to deficit States. The imported quantity of rice was smaller as compared to the indigenous supplies. He also added that the issue price of imported wheat which was Rs. 48 per quintal in 1965-66 was further raised to Rs. 50/- per quintal with effect from 15.11.65. Asked whether the price-rise was because of increased cost, the witness stated that the increase in cost was marginal and the main factor which weighed with the Government was the fact, that the sale price of imported wheat was very cheap as compared to the indigenous wheat. The Government felt that there should be some relationship between the prices of indigenous wheat and imported wheat and the gap should be reduced which in turn would help to reduce the pressure on supplies. After taking the decision the Government examined as to whether as a result of the increase in prices, more money could be made available for schemes of agricultural development, but the witness added, "the scheme was never worked out or organised in any particular way." In the meanwhile, they were still giving a certain amount of subsidy on rice. So, the profit made as a result of increase in the price of wheat went to some extent towards bearing the cost of subsidy on rice. Asked whether as a result of this policy the Government wanted the consumer of wheat to pay for the consumer of rice, the witness stated that in any pricing policy of the Government in regard to food-grains, it was difficult to maintain fine distinctions between the incidence of subsidy on different consumers and to distribute them on an equitable basis. He also added that though the profit derived as a result of increase in the price of wheat went partly towards the cost of subsidy in rice, it was not the intention of the Government to discriminate between the rice and wheat consumers. The witness further stated that consequent on devaluation with effect from 6th June, 1966, the economic cost of wheat which was about Rs. 45.37 paise per quintal prior to devaluation (which included incidentals in India) rose to Rs. 66.20 per quintal. As regards rice, the pre-deva-

tion economic price of Rs. 68.03 per quintal rose to Rs. 102.58 per quintal. Asked how much this increase in price as a result of devaluation would cost the exchequer, the witness stated that the total amount of subsidy during the remaining months of 1966-67 on the distribution of foodgrains i.e. wheat, rice, and milo was estimated at Rs. 106.84 crores, the grainwise break up of this amount being wheat—Rs. 82.34 crores, rice—Rs. 18.46 crores and milo—Rs. 6.04 crores.

4.6. Giving the break-up of amount of Rs. 33.94 crores spent on subsidy in 1964-65, the witness stated that subsidy was about Rs. 32.35 crores and the balance of Rs. 1.59 crores was due to storage losses or transit losses. At the instance of the Committee the witness agreed to furnish statements showing (i) the amount of subsidy that would be given on different items of food-grains during 1967-68 assuming that the quantity of foodgrains distributable during 1966-67 continues to be the same in 1967-68 and (ii) a State-wise break-up of Rs. 106.84 crores referred to above. The information has been furnished and is at Appendices XIX and XX. The witness also added that prior to devaluation it was Government's decision to abolish subsidy gradually but after devaluation the policy had changed and the present policy was to give subsidy. It was also the decision of Government that they would not allow the price of imported foodgrains to increase due to devaluation.

4.7. From the statement at Appendix XIX, it would appear that the estimated subsidy (based on estimated quantities to be issued in 1966-67) likely to be borne by the Government in the distribution of foodgrains viz., wheat, rice and milo to various States during 1967-68 would amount to Rs. 191.89 crores—the grain-wise break-up being, imported wheat—Rs. 144.62 crores imported and indigenous rice (coarse)—Rs. 25.73 crores and imported milo—Rs. 21.54 crores. (Since the rice of superior variety is sold more or less at its economic price, it has not been taken into account in working out the figure of off-take).

4.8. The Committee pointed out that according to figures at page 220 of the Audit Report (Civil), 1966 from 1947-44 to 1964-65 the total loss on foodgrains transactions amounted to Rs. 1,98,61,59,861 and after devaluation, the total loss per year (in the form of subsidy) on foodgrains would almost come to that amount, and desired to know whether the decision to give subsidy was taken after taking these facts into consideration.

4.9. The witness thought that Government were fully aware of the financial implication of the decision to maintain the price but he said, "I do not know whether the specific point was brought to their notice."

4.10. The Committee note that as against an amount of Rs. 33.94 crores spent on subsidising supply of foodgrains in 1964-65, the amount of estimated subsidy in 1966-67 would be Rs. 106.84 crores. Based on the estimated quantities supplied in 1966-67, the amount of subsidy in the year 1967-68 would be Rs. 191.89 crores. The fact that the amount of subsidy is expected to increase to Rs. 191.89 crores in 1967-68 as against Rs. 33.94 crores in 1964-65 is significant. Part of this rise might be due to increase in the import of foodgrains but most of it is due to devaluation. In view of the fact that huge amounts of subsidies are likely to be given to the supply of imported foodgrains, the Committee can hardly over-emphasize the necessity of devising ways and means to increase indigenous production of foodgrains and cutting down the imports.

4.11. The Committee also note that the issue price of imported wheat was raised from Rs. 48 per quintal to Rs. 50 per quintal on 15th November, 1965, on the grounds that there should be some relationship between the price of indigenous as well as imported wheat and other foodgrains. Further the increase of price in wheat would help to lessen the pressure on Government stock and it was the intention of the Government to get some money for the agricultural development. They, however, regret to note that this scheme which was used as one of the justifications for the increase in the prices of wheat was "never worked out or organised."

4.12. The Committee note that in 1964-65, Government reviewed their policy in regard to subsidy, and decided in the context of the food situation then prevailing that the subsidy should be gradually abolished. In the context of devaluation, the prices of foodgrains have increased considerably, but Government decided to maintain the prices at the level they existed immediately before the devaluation. The position, therefore, is that Government would have to subsidise foodgrains to a very considerable extent, for a considerable period of time.

4.13. The Committee were informed that prior to 1st January, 1965 freight charges for wheat carried in American and Indian bottom were paid in rupees and for other vessels in foreign exchange. Since 1st January, 1965 payments for American vessels also were being made in dollars. The Committee were further informed that 50 per cent of the wheat was carried in American ships and out of the rest the Indian share was about one per cent. So far as the PL 480 supplies were concerned, there was a condition that 50 per cent of the cargo should be in U.S. bottoms if they were available. Government had all along been making efforts to encourage Indian vessels and after providing 50 per cent of the cargo to the American

Ships the Chartering Organisation in the Ministry of Transport on principle gave preference to the Indian ships. The difficulties in this connection were that some of the Indian ships did not ply on these lines and the offerings had been very poor partly because the number of ships were not sufficient. The Ministry of Transport were examining a proposal for acquiring large size tankers so that some of the grains could be carried in Indian bottoms.

4.14. From a note furnished by the Ministry the Committee find that during January, 1965 to May, 1966 the total amount of freight charges paid in dollars to foreign shipping companies for the import of foodgrains amounted to *Rs. 917.30 lakhs. The Committee regret to learn that the percentage of imported foodgrains carried in Indian bottoms is negligible, resulting in heavy payments of freight charges in foreign exchange. The Committee hardly need reiterating the urgency of conserving the much-needed foreign exchange which is now being spent for carrying foodgrains on foreign ships. The Committee would like the Ministries of Food and Agriculture and Transport to make special efforts to improve the position in this regard. They would also like to be informed of the progress in this regard. They would also like to be informed of the progress made in acquiring the tankers and also the extent to which the off-take of cargo by Indian ships has been augmented as a result thereof.

4.15. As regards demurrage, the Committee were informed that under the Charter party terms, if the cargo was cleared from the ship, before the specified period, the consignee earned a despatch money and in case it was delayed, demurrage had to be paid. The demurrage and despatch figures for 1963-64, 1964-65 and 1965-66 were as under:

	Demurrage paid (in lakhs of rupees)	Despatch money earned.
	Rs.	Rs.
1963-64	8.65	28.60
1964-65	51.00	32.53
1965-66	16.90	51.86

4.16. Asked whether any help was taken from the Government of USA for unloading foodgrains from ships more expeditiously and if so, the expenditure incurred thereon, the witness stated that to achieve this end the Ministry had taken various measures. Apart

*According to Audit this figure should be Rs. 956.45 lakhs.

from importing a large number of machines from America, Switzerland and UK for handling foodgrains from ship to the shore, the arrangements within the ports were improved for expeditious handling, bagging and stitching of bags. As a result of all these measures taken in Bombay, Calcutta and Madras, on an average more than one million tons of foodgrains as against 500 to 700 thousand tons per month were handled. At the instance of the Committee, the witness agreed to furnish the total cost of machinery imported from America, Switzerland and UK for quick handling of foodgrains from Ships to Shore.

4.17. From the note furnished by the Ministry the Committee find that during the last two years grain handling machinery worth Rs. 139.36 lakhs were purchased from USA, Switzerland and U.K. In addition, the Government of Switzerland had given a free-gift of machinery worth Rs. 28.68 lakhs.

4.18. The Committee are glad to note that as a result of the energetic steps taken by the Ministry, the position of clearance of foodgrains at the ports has improved considerably and during 1963-64 to 1965-66 the total amount of despatch money earned (Rs. 112.99 lakhs) was more than the demurrage paid (Rs. 76.55 lakhs).

4.19. The Committee would, however, like to stress that not only the progress should be maintained but also efforts should be made to reduce the demurrage charges further.

4.20. The Committee invited the attention of the witness to a news item wherein it was stated that out of 14 samples of atta taken from the Delhi Flour Mills, 9 were found to be adulterated and desired to know what steps had been taken in this connection. The witness stated that in these cases the mills did not clean the dirt which was originally in the wheat and the samples were drawn by the inspectors of the Ministry of Health under the Food Adulteration Act and if the samples did not conform to the standards the Ministry of Health launched prosecutions. So far as the Department of Food were concerned their own inspectors collected the samples and prosecutions were launched under the Essential Commodities Act or under the Licensing Act where the samples did not conform to the specifications.

4.21. Asked whether it was only the responsibility of the Ministry of Health to supervise the flour mills to ensure that there was no adulteration and the standard quality atta was produced and marketed, the witness stated that his Ministry also shared the respon-

sibility alongwith the Ministry of Health. Since retaining was introduced, they had been drawing samples of wheat products from various mills, and wherever they had been found to be below specifications, action had been taken against the parties concerned. From 1st July, 1966, the distribution of wheat products had been taken over by the ECI. As soon as the product was ready in the mill a sample was drawn and examined. If the sample did not conform to the specifications, the product was not released for consumption. Prior to this period, the Department of Food collected samples and action was taken against parties where the samples were below specifications. The Secretary of the Deptt. however, conceded that during this period, the check exercised was not of the same degree (as at present) for the mills used to distribute the wheat products either through the nominees of State Governments, or disposed them of in the open market and there might have been scope for adulteration. In reply to a question, the Committee were informed that except, in stray cases, there was no evidence at all to show that imported wheat was injurious to health.

4.22. The Committee regret to note that even though the Ministries of Food and Health exercise supervision and check against adulteration yet nine out of fourteen samples drawn from the Delhi Flour Mills were found not conforming to the specifications laid down as the mills did not clean the dirt which was there in the wheat. The Committee were informed in evidence that prior to 1st July, 1966, "Supervision and check" exercised was not of the same degree. The Committee are glad to be assured that from 1st July, 1966, a very strict check is being maintained on the products marketed by the Mills.

4.23. The Committee suggest that the Ministries of Food and Health should carefully check up and if necessary tighten their procedure further with a view to ensuring that adulteration is eliminated and that the products supplied to the public at large are genuine and pure. The Committee would also like to know the action taken against the flour mills whose samples were found defective in this case.

4.24. The Committee would also like to be informed of the number of adulteration cases which were dealt with by both the Ministries during the last one year and out of them how many cases were brought to the notice of the Ministry concerned by the public and the nature of the action taken against the respective dealers.

4.25. On being asked whether the quality of rice from Andhra which gave out foul smell was checked, the Committee were informed that F.C.I. which was purchasing rice in Andhra got the quality

of rice examined by their technical experts before purchase and in fact the millers were complaining that large quantities were being rejected. The process of making rice out of paddy was being modernised and it was hoped that it would not omit any bad smell. The Government were examining how the production of the machinery needed for a new technique invented by CFTRI, Mysore for processing paddy could be accelerated.

4.26. The Committee would like to be informed of the action taken and the results achieved in this matter.

4.27. The Committee desired to know whether the Ministry had found out for how long the wheat imported from America was stored in their godowns; how long it took to reach India, and for how long it was stored in godowns in India before it was given to the consumers. The witness stated that since 1963, foodgrains were being distributed to the States as and when received and very little remained in the godowns. On the voyage it took six weeks. Every consignment received was examined for the proteins it contained and it was found that the grains were absolutely sound and they had undergone storage for not more than two years in USA. The stocks in USA having been depleted, the grains received were mostly fresh. The deterioration in godowns was very negligible and the percentage was falling.

4.28. As regards the despatch advices and sale accounts referred to under the sub-head of the Audit para, 'Sales' the witness stated that there had been a visible progress in this direction. Out of the total amount of Rs. 3.31 crores outstanding for the period 1961-64 against despatch advices, the present outstanding was Rs. 3.38 lakhs and so far as sale accounts were concerned the outstanding was Rs. 55.91 lakhs.

4.29. While noting with satisfaction the progress made by the Ministry, the Committee hope that the present arrears would be liquidated completely without any undue delay and that such heavy arrears would not be allowed to accumulate in future.

(B) Losses in distribution

4.30. The closing stock of 7.63 lakh tonne includes 0.25 lakh tonnes of storage losses awaiting regularisation (besides 0.08 lakh tonne written off during the year) and another 0.23 lakh tonnes of damaged foodgrains valued at prices applicable in sound grain. There is no consolidated record to show the year in which the storage

losses awaiting regularisation were noticed or when the foodgrains got damaged. In the absence of this record, it is not possible to ascertain whether effective and prompt action is being taken for the regularisation of the storage losses and for the disposal of the damaged foodgrains.

4.31. The Committee were informed that previously at the depot and the regional levels accounts were not being maintained separately and from year to year. Instructions had now been issued to maintain them accordingly and the Regional Directors were maintaining consolidated registers which gave a clear picture of the losses and the years in which they occurred. The Chief Pay and Accounts Officer was requested to maintain these records and statements were being received regularly. He however, added that a greater follow-up was required to ensure that these losses were investigated and regularised quickly. After the matter was considered by PAC in 1965-66, some cells were created in regions like Calcutta where the performance was not satisfactory. The progress since then had been significant.

4.32. The Committee hope that the Ministry would continue to make energetic efforts to reduce storage losses, as also in regularisation of the losses where they have taken place.

(c) *Physical Verification.*

4.33. (i) Normally, the stock in each depot should be verified physically at least once a year. The following table would show that this requirement was not being observed:—

	No. of depots handled by the Department	No. of depots subjected to physical verification
1962-63	203	189
1963-64	182	81
1964-65	156*	148

*Included 2 depots opened during 1964-65

(ii) There had been considerable delay in the regularisation of losses noticed as a result of physical verification, as shown below:—

	Total loss noticed	Total loss re- regularised so far (Nov. 1965)	Balance awaiting regulari- sation
	** (In tonnes)		
1962-63	10,935	2,908	8,027
1963-64	2,020	214	1,806
1964-65	2,398	57	2,341

4.34. The Committee desired to know the reasons for not subjecting all depots to physical verification every year in accordance with the existing instructions, the position for 1965-66 and the reasons for the inordinate delay in regularising the losses. The witness stated that with regard to the position for 1965-66, out of 138 depots 135 were physically verified in that year. Out of the three remaining depots, in the Central Storage Depot at Kalyani, Calcutta, though the work had started in March, 1966 it was held up due to disturbances and was completed in April, 1966. In case of the remaining two depots at Basti and Kandla the work could not be completed due to some dispute with the contractors regarding the Supply of Labour for this purpose. The physical verification of Basti depot started in March, 1966 and was completed in April, 1966. As regards the Kandla depot the physical verification was expected to be completed shortly. Explaining why only 81 depots out of 182 were checked in 1963-64, the witness stated that during that year the system of physical verification was decentralised and due to some difficulty of placement of staff etc., the work could not be started in time. The work was, however, completed in the next year.

4.35. The Committee desired to know whether the Department could not try to implement the recommendation of PAC that physical

**The total shortage noticed at the time of physical verification as on 31 March, 1963 was reported to be 16,131 tonnes, which included a shortage of 3,062 tonnes already existing at the time of the physical verification, it has been stated in January, 1966 that out of the balance 13,069 tonnes, the real loss established after issue of stocks was 7,873 tonnes.

verification must be done by independent authorities, in respect of depots which were not handed over to FCI so far, and whether they would not like the Corporation also to follow this healthy practice. The witness agreed to implement the recommendation of the Committee in regard to the depots under their control and as regards these under the FCI, he stated, "they have their own arrangements."

4.36. Explaining the process of regularisation of losses the witness stated that all the losses that came to notice in the various depots were thoroughly investigated with a view to fixing the responsibility for losses arising out of negligence of the contractor or the officer. After the investigations were completed the losses were either passed on to the contractor and recoveries were made or they were written off. When the recoveries were made and writing off took place, the losses were shown as having been regularised. The latest position regarding regularisation of losses as a result of physical verification for the period of 1962-63 to 1964-65 was as follows:

Year	Qty. of losses regularised to date	Qty. of losses still to be regularised
	tonnes	tonnes
1962-63	8682	1487
1963-64	1061	431
1964-65	795	970

4.37. From a note furnished by the Ministry the Committee find that the number of depots which are still under the control of the Deptt. of Food is 84.

4.38. The Committee are glad that the Department of Food have agreed to entrust the work of physical verification in regard to the 84 depots under their control to independent authorities as suggested by the Committee earlier. The Committee feel that in regard to the remaining depots which have been transferred to FCI, the Department should impress upon the Corporation to follow the healthy practice of verifications being done by the independent authorities. They are glad to note that there has been some improvement in regularising the losses noticed as a result of physical verification. They hope that the Department would improve the administrative machinery further so that the time taken for regularising the losses for a particular year is reduced. The Department

should examine whether a time limit could not also be fixed for the disposal of such cases.

(d) Transit losses:

4.39. (a) There is no consolidated record to show the quantum of transit losses which awaited regularisation at the end of the year, and the year in which they occurred.

(b) The number of cases of losses in transit in respect of which claims lodged with the Railways were pending as on 31 December, 1964 was 5,791, involving an amount of Rs. 40.38 lakhs; they were reduced to 3,157 case involving an amount of Rs. 22.54 lakhs in October, 1965, as shown below:—

Year	No. of cases	Amount
		(In lakhs of rupees)
1960	116	0.87
1961	225	0.43
1962	234	1.54
1963	762	3.25
1964	1,820	16.4

The remaining 2,634 cases were settled as follows :—

	No. of cases	Amount involved	Remarks
		(In lakhs of rupees)	
(i) Claims dropped by Railways	1,097	5.74	These cases are reported to include:— (a) 140 cases involving Rs. 0.81 lakh relating to shortage of complete bags, which the Department agreed to adjust against the bags delivered in excess by the Railways at different destinations ; (b) Claims for damages by wet/cut/torn bags repudiated by the Railway--because of the

No. of Accounts		Remarks
cases	Involved	
(In lakhs of rupees)		
		non-compliance by the Department, of the requirement regarding the provision of dunnage near the wagon door. It has been stated that an agreement had been reached with the Railways by which the Department agreed not to prefer claims for losses through the wagon door crevices because of the non-provision of dunnage ; and
		(c) untenable claims preferred by the Depot Officers.
(ii) Missing wagons subsequently traced/connected.	81	9.54
(iii) Claims accepted by Railways (including those accepted partly.)	1,456	2.56
		The total amount for which liability was accepted by the Railways has not been worked out.

4.40. The Committee were informed that so far as the consolidated records were concerned, they were being maintained at the depots and they were reported to the Department through monthly statements which also related to transit losses. As against 3157 pending cases involving an amount of Rs. 22.54 lakhs as on 31st October, 1964 the present figure was 1729 and the value was Rs. 13.53 lakhs. The year-wise break up of the pending cases was as under:

1960—63 cases involving an amount of Rs. 1,000.

1961—62 cases involving an amount of Rs. 18,000.

1962—58 claims involving an amount of Rs. 17,000.

1963—330 claims involving an amount of Rs. 99,000.

1964—1276 claims involving an amount of Rs. 12.18 lakhs.

4.41. The Committee pointed out that according to Audit 575 cases involving a total amount of Rs. 2.84 lakhs for the period upto 1962 were pending for more than 3 years and desired to know the latest position. The witness stated that the figure for the period up to 1963 had come down to 453. When pointed out by the Committee that not much improvement was done, the witness stated

that some of the old cases were rather complicated and they were trying their best to get rid of them as soon as possible. Asked whether any limit could be fixed for transit losses, the Committee were informed that no limit either maximum or minimum had been laid down for this purpose. The moisture content in the foodgrains varied largely i.e. in the case of imported foodgrains the moisture content varied between 10 to 14 per cent and in the case of indigenous wheat the variation was between 11 and 16 per cent. Every bit of loss was investigated. As regards the losses through the wagon door crevices for non-provision of dunnage, the witness stated that a deliberate decision was taken in 1956-57 that the Ministry of Food would not provide the dunnage i.e. bags filled with cinder or hay to cover up the crevices of the wagons to prevent damage and they would not raise claims against railways on this account. The Railways would also not reimburse any amount for the damage caused for non-provision of dunnage. The decision was taken because it was felt that the cost of providing dunnage would be far in excess of what was being lost on this account. He added that the cost of providing dunnage would be Rs. 39 lakhs on the total movement of foodgrains now taking place whereas the maximum loss due to damp or loss through crevices might be about Rs. 19 lakhs.

4.42. In reply to a question, the witness stated that they had not received persistent complaints from flour mills that there were shortages in the quantity of wheat supplies to them. In respect of cases where there were wide variations in the quantity of wheat supplied and those received, investigations were made.

4.43 The Committee feel that the Ministry should sort out very difficult cases which are pending disposal for a long time and take them up at a higher executive level of the other Ministry for disposal. Inter Ministerial talks should be held at regular intervals to settle cases instead of allowing the Government machinery to pursue them in a routine manner.

4.44. As regards the disposal of damaged foodgrains, the witness explained to the Committee that these foodgrains were classified under two heads i.e. "Substandard grains" which were fit for human consumption but were not up to the specified standard and "Damaged grains" which were unfit for human consumption. The variety of foodgrains classified as "damaged grains" were of two kinds—one fit for issue as cattle and poultry feed and the other unfit for any consumption and fit only for industrial use. Sub-standard foodgrains mainly comprised rice and were brought up to specifications by polishing it. Out of 23,000 tons of damaged foodgrains which were pending disposal referred to in the Audit para,

only about 10,000 tons were really damaged grains and the rest were sub-standard grains which were polished and issued as good rice to consumers.

4.45. Asked how the Government ensured that the "damaged food grains" which were unfit for human consumption did not go back to the consumers, the witness stated that these foodgrains were not auctioned but supplied after inviting limited tender because the Department wanted to keep a track on the issue of these stocks to particular individuals so that the officials of the Department could watch the disposal of that stock. Such foodgrains as were fit for cattle feed were disposed of only to registered parties to be manufactured into cattle feed and the Government ensured that the parties concerned had the cattle or poultry for which they utilised the grains and the firms were of repute. The witness felt that there was little possibility of damaged foodgrains sold for cattle or poultry feed being misused for human consumption and the Government relied on the good name of the firms to whom they were given. He however, conceded that Government did not have any tangible check or control over these firms. However, a decision was subsequently taken to supply foodgrains fit for cattle feed or poultry feed to Animal Husbandry Departments of State Governments for issue as cattle feed and poultry feed and the Ministry had entered into a running contract with the Governments of West Bengal, Maharashtra and Bihar.

4.46. The Committee regret to note that with no tangible control on private firms the Government continued to supply damaged foodgrains unfit for human consumption to the private firms for being used as cattle or poultry feed. The Committee cannot help feeling that the system was defective in as much as the possibility of the misuse of such foodgrains could not be ruled out. They are, however, glad to note that the procedure has since been changed and such foodgrains are now to be supplied only to State Government agencies. In this connection, the Committee hardly need emphasising the paramount need to exercise utmost care in the disposal of such foodgrains and to adopt such foolproof methods and introduce such stringent measures to ensure that these foodgrains are not utilised for being mixed with grains meant for human consumption.

Transfer of work to Food Corporation of India:

4.47. (i) Consequent on the formation of the Food Corporation of India on 1 January, 1965, 18 depots in the Southern Region were made over to the Corporation along with stocks with effect from

1 April, 1965. The basis of recovery of the cost of the Government-owned godowns from the Corporation had not been decided till December, 1965.

4.48. As regards the stock of wheat and rice made over to the Corporation with the transfer of the depots, orders were issued by Government in June, 1965, fixing the rates to be charged from the Corporation. These rates which also applied to wheat and rice to be supplied to the Corporation after the transfer, up to 30 September, 1965, were the issue rates of foodgrains reduced by an element to cover the expenditure likely to be incurred by the Corporation on handling, inland freight, rent of godowns, establishment, interest on capital, and storage losses, etc. As the issue rates include an element of subsidy by Government, the transfer of stock at rates lower than the purchase price involves a hidden subsidy to the Corporation and requires a vote of Parliament.

4.49. (ii) A test check of the accounts of 14 depots out of the depots transferred to the Corporation showed that the closing stock of foodgrains in the godowns as shown in the accounts included a total storage loss of 10,858 tonnes awaiting regularisation at the time of transfer. A further shortage of 1,455 tonnes was noticed at the time of actual transfer of the stock to the Food Corporation. The losses had not been regularised till November, 1965.

4.50. Asked whether the basis of recovery of the cost of Government-owned godowns from the F.C.I. had been decided, the witness stated that so far as the godowns which were transferred to FCI with effect from 1st April, 1965 were concerned, it was decided in consultation with the Ministry of Finance that the basis of recovery from the FCI would be the book value of those godowns. The book value was assessed at Rs. 5.13 crores and out of this Rs. 5 crores had been provisionally recovered from the FCI.

4.51. The Committee were also informed by Audit that the Ministry had informed them that the FCI was required to supply foodgrains at the issue price fixed by the Government to the state Government at the issue price fixed by the Government to the State Governments and others and for this purpose a rebate was allowed to cover the incidental charges. According to Government, therefore, there was no question of obtaining a vote of Parliament. The Committee desired to know, if the FCI had to sell foodgrains at certain prices fixed by Government and as a consequence thereof suffered a loss, whether it was not reasonable that the loss should be shown in the books of FCI which could be subsidised by Government under a proper vote of Parliament and also whether Government had considered the recommendations of PAC contained in para

6.49 of their 41st Report. The witness stated that Government were using FCI as their agent for passing on the subsidy to the consumers. The subsidy was being shown as trading loss. When the work of distribution was vested with the State Governments no such objection had been raised. The Ministry were issuing foodgrains to FCI at their issue price and were deducting a sum of nearly Rs. 3 per ton which they had incurred as incidental expenses. The witness further stated that the recommendation of the Committee was considered in consultation with the Ministry of Finance and they thought that the recommendation could be implemented after the entire work was transferred to FCI. He however added that the reply of the Ministry in regard to the Committee's recommendation had been returned by the Audit and the Ministry were examining the matter further and they might revise their stand on this issue in view of the points raised by Audit.

4.52. The Committee in para 6.49 of their 41st Report had recommended that the stocks transferred to the Food Corporation should be shown at the cost price of the Ministry and the subsidy given shown separately. The Committee regret to note that the Ministry have not yet seen their way to implement this recommendation.

4.53. The Committee would reiterate their recommendation made in para 6.49 of their Forty First Report (Third Lok Sabha).

Central Food Storage Godowns—Para 100, Pages 108—110

4.54. The Department of Food has been compiling, periodically, the statistics regarding the capacity of the godowns owned by Government and of those hired at various places in the country for storing imported as well as indigenously procured food-grains. According to these statistics, the capacity of the godowns (hired and owned) and the effective vacant space in the godowns at the end of each half-year, during the three years ending 30 June, 1964, are given below:—

(In lakh tones)

Half-year ending	Capacity of hired godowns	Capacity of owned godowns	Total	Total effective vacant space*
June, 1961	18.287	6.512	24.799	0.296
December, 1961	18.700	7.626	26.326	2.558
June, 1962	16.830	10.250	27.080	5.510
December, 1962	13.630	11.880	25.510	4.740
June, 1963	(Not available)			
December, 1963	11.900	17.030	28.930	4.520
June, 1964	10.900	17.850	28.750	14.920

*Excludes (i) Capacity "Operationally unusable".

(ii) Vacant space "not available for storage of foodgrains".

(A) The following table shows the position of godowns in the Calcutta Region:—

(In lakh tonnes)					
Half-year ending	Capacity of hired godowns	Capacity of owned godowns	Total	Total effective vacant space (excluding space operationally unusable)	Percentage of vacant space
June, 1962	5.96	0.58	6.54	3.05	47
December, 1962	5.07	1.07	6.14	1.14	18
June, 1963	4.75	1.40	6.15	0.71	12
December, 1963	4.67	1.41	6.08	2.29	38
June, 1964	4.36	1.84	6.20	3.40	55
December, 1964	2.32	1.84	4.16	2.30	55

Government held the view (December, 1965) that, in view of certain basically uncertain conditions of food-grains operations, it becomes extremely difficult to release hired accommodation even though it may not be fully utilised over certain periods.

4.55. (B) The following cases of expenditure incurred on godowns which remained vacant for long periods were noticed by Audit:—

(a) Hired godown at Lawrence Jute Mills, Chengail (Calcutta)

Total storage capacity	..	72,000 tonnes
Monthly rent	..	Rs. 68,123
Volume of stock stored from July, 1964 to June, 1965		3 tonnes of foodgrain sweepings.

In February, 1964, instructions were issued by the Ministry to the Regional Director of Food, Calcutta to vacate the godowns with effect from 1st July, 1964. This decision was taken as—

- (i) the godown was fed by rail only and the Railways had not agreed to serve the railway siding beyond 30 June, 1964; and
- (ii) a considerable quantum of space was reported by the Regional Director, to have been lying vacant for quite some time in the godown. (The maximum stock stored

in this godown ranged from 40,322 tonnes to 26,947 tonnes during January to September, 1963, and from 19,041 tonnes to 10,403 tonnes during October, 1963 to January, 1964).

4.56. These instructions were subsequently withdrawn in June, 1964 as the Railways were reported to have agreed to serve the siding for a further period of one year upto June, 65, provided movement was organised in block rakes; the Commissioner for the port of Calcutta had, however, earlier indicated in March, 1963 the unworkability of the movement in block rakes and the Regional Director had, in June, 1964, reported the availability of surplus storage capacity of one lakh tonnes in other godowns.

4.57. The godown was actually surrendered from 30 June, 1965. During the one year period of extension, the godown remained practically vacant. The infructuous expenditure caused as a result of the decision to extend the tenancy of the godown by one year works out to Rs. 9.51 lakhs, comprising rent (Rs. 8.17 lakhs) and pay and allowances of the full complement of staff engaged in this godown (Rs. 1.34 lakhs).

4.58. The Committee pointed out that the very fact that the vacant space continued to be very large indicated that the assessment of requirements was not realistic as a result of which Government continued to incur huge expenditure on hired godowns which could be surrendered on the availability of Government owned godowns. The witness stated that the operation of food-grains and working out the storage capacity suffered from certain uncertain conditions viz., what would be the crop like, what would be the procurement, what would be the quantum of imports etc. The Government could not take any chance in this matter and they had to ensure that certain good storage capacity was maintained at all times for building up a buffer stock to maintain the prices in times of emergency and to counteract the trends of the market.

4.59. Referring to the godown mentioned in the Audit Para, the Committee pointed out that Government had the power under law to requisition godowns at short notice. The witness stated that such powers were available under the D.I.R. and added, "We did exercise powers under the Defence of India rules where we can get godown quickly, but the powers are no longer available. Under the normal Acts, acquisition of godowns was a time consuming process. He also added that in the port towns like Calcutta, the godowns were badly required by private parties. If Government had given up these godowns and the private parties had started utilising them, it would have been extremely difficult for Government to get them vacated.

4.60. As regards the hired godown at Lawrence Jute Mills, Chengail (Calcutta), the witness stated that the decision was taken to vacate the godown on 1st July, 1964. It was then decided to extend the lease of this godown provided the railways agreed to serve the railway siding for one year more. The witness *inter-alia* gave the following reasons for extending the lease:—

- (i) the railways had agreed to serve the railway siding for one year more provided movement was organised in block rakes;
- (ii) it was the expectation of the Railway officer of the Deptt. that it might be possible to persuade the Calcutta Port Commissioners to allow the loading of wagons in block rakes;
- (iii) the Port Trust had consistently put forth the difficulty of loading block rakes but subsequently they permitted loading of box wagons against which they were opposed initially;
- (iv) under PL—480 agreement of 1960 a total of 16 million tons of foodgrains was to arrive in India and it was not possible to foresee the off-take which depended on the character of the season. By September, 1963 a buffer stock of about 2 million tons of wheat and certain quantity of rice had been built up. The off-take had suddenly gone up from 200 300 thousand tons per month in November, 1963 to 700 300 thousand tons in March, 1965. Fluctuation of stock could not be predicted and they had no control over it. Government followed a twofold policy of constructing godown on the one hand and reducing the number of hired godowns on the other. But there was a point beyond which it was thought by the Ministry to be unwise to give up hired accommodation because it was difficult to foresee when the accommodation would be required. So, the Ministry were forced to retain the godown though it was known to them at that time that the retention of the godowns in essence was infructuous. But all godowns were not retained. A quarterly review was made and godowns were being given up when it was felt that there was no need to retain them;
- (v) In 1964 the stocks had gone down and it was decided that the godowns should be given up. Then for a variety of reasons it was felt that it would be more economical and advantageous to give up smaller godowns scattered in the city and retain this large storage space and this was done.

The storage space could not be used from July, 1964-65 because the overall requirement of storage space in that area did not necessitate the use of this godown.

The witness stated "whether it was Chengail or any other place it would not have been used for most of the year, because of fast turnover of imported grain stocks."

4.61. The Committee desired to know whether the need for godown space had increased in 1964 as compared to 1963. The witness stated that there was increase in total space, but the need for hired accommodation was lessened during that period to the extent to which the Government godowns had come up. In 1964, the choice before the Ministry was either to give up 61,000 tonnes storage capacity in Chengail or keep storage capacity in other smaller godowns scattered in the city and the Ministry had decided that instead of spending on staff, movement and so on over a number of scattered godowns, it would be better to operate the Chengail depot even after taking its difficulties into account.

4.62. Asked why the Depot was given up, the witness stated that the position in 1965 was completely different from what it was in 1964. In 1965 certain basic changes had occurred. Chengail was not only used for grains coming in through docks, but also for grains meant for West Bengal which was moved from M.P. after procurement. About April-May, 1965, it was decided that rice movement from M.P. and Punjab to Calcutta would not take place. In June, 1965 the Central Government took a decision that the stocks meant for Calcutta City were to be retained by the State Government instead of the Centre and the Chengail Depot was given up on this account.

4.63. At the instance of the Committee, the Ministry have furnished a statement showing the number of Government owned godowns in each State at the end of March, 1966, their capacity and the actual quantity of food-grains stored in them, which is at Appendix XXI.

4.64. The Committee regret to note that an infructuous expenditure of Rs. 9.51 lakhs was incurred for hiring a godown which remained practically vacant for a period of one year and that during that period only 3 tonnes of foodgrain sweepings were stored there.

4.65. From the statement (Appendix XXI) the Committee find that as on 31st March, 1966 Government were occupying 432 godowns out of which 228 were owned by the Government and 204 were hired. The usable storage capacity of all the godowns together was

17,42,232 metric tonnes and the vacant space was to the extent of 9,24,693 metric tonnes. The Committee also note from the facts mentioned in the Audit Report that during June, 1964 and December, 1964 (and subsequently in March, 1966) the percentage of vacant space in Calcutta region was also as high as 55 per cent. The order of February, 1964 to vacate the godown at Chengail was withdrawn in June, 1964 under the assumption that the authorities would be able to persuade the Calcutta Port Commissioners to change their objection to organise movement in block rakes. The act of persuasion seemed to have taken a long period and by the time the Port Commissioners agreed to change their stand the utility of the godown had ceased because of the decisions taken in April-May, 1964 that movement of rice from Punjab and M.P. to Calcutta would not take place and in June, 1965 to the effect that food stocks for Calcutta city were to be stored by the State Government. Despite the arguments advanced during the course of evidence regarding the practical difficulties in acquiring storage accommodation, the uncertainties involved in regard to production, import and off take of foodgrains, and the view of the Ministry that godowns in port towns should not be given up easily, the Committee are inclined to infer that the Government were conscious of the fact that a considerable space in the godowns was not being used gainfully for quite sometime and that they were inclined to surrender it. In fact the order of February, 1964 substantiates all these. Not only that, the Regional Director had reported in June, 1964 the availability of surplus storage capacity of one lakh tonnes in other godowns. According to evidence the Department were also aware that the overall requirement of storage space in that area did not necessitate the use of the godown. It was stated in evidence "whether it was Chengail or any other place, it would not have been used for most of the year because of the fast turnover of imported grain stocks."

4.66. Had it been so, the Committee feel that the Ministry could have safely implemented their first order of February, 1964 without any risk because the storage space at the port town was in reality no problem at that time. The only redeeming feature in this case is that the Department had surrendered some small godowns though subsequently with a view to retaining this big godown at Chengail.

4.67. While the Committee agree that the assessment of the future needs of storage capacity for foodgrains do rest on variable factors, they feel that it is not wholly unpredictable and that such a reasonable assessment should not be so difficult for a Ministry with years of experience. The Committee are further surprised to find that Government prefer to pay rent for vacant godowns (unnecessarily under the apprehension that once godowns are surrendered these would not

be available again) even though they are not able to fully utilise the storage accommodation available with them. The Committee also note the fact that out of the usable capacity for storage in the hired and Government owned godowns, more than 50 per cent of the space is not being utilised. They feel that in view of a substantial storage capacity remaining un-utilised year after year, and of the large expenditure on rent and maintenance of hired godown the whole matter should be examined afresh in detail so that the Ministry are able to arrive at some norms which would enable them to work out their requirements more realistically. The Ministry should also explore the possibility of reducing the number of hired godowns by making full use of the Government owned godowns and also by expediting construction of Government godowns.

4.68. The Committee were informed that the State Ware Housing Corporation took over the same godown at Chengail at 10 per cent higher rates. Asked why the State Ware Housing Corporation did not take over the godown from the Department of Food, the witness stated that there was a time lag of about two weeks. The State Ware Housing Corporation negotiated with the party after the Ministry had surrendered it. The Committee pointed out that in this transaction the party had filed a suit against the Ministry claiming a recovery of rent till the middle of 1967, and a sister Government which had taken the same godown two weeks after it was surrendered by the Ministry had to pay 10 per cent higher rent and desired to know why a tripartite meeting could not be held to settle the matter amicably. The witness stated that since the State Government was to handle their own stocks in Calcutta, it was their responsibility to find out the storage accommodation. If the State Ware Housing Corporation had approached the Food Department, they would have given the godown to them. In reply to a question, the witness stated that there was no written enquiry from the State Ware housing Corporation regarding the rent the Department were paying before taking over the godown though they might have made an oral enquiry about it. He further added that the Department were contesting the claim of the firm for rent upto 1967. He however, conceded that the question of holding a tripartite meeting did not occur to them at that stage.

4.69. The Committee are unhappy about the way the Chengail godown was surrendered. Despite the definite knowledge of the difficulty of acquiring storage space in port cities and the fact that a change in tenancy was likely to raise the hire charges, the Department does not seem to have made any effort to ascertain from the State Government whether they would be requiring the same godown,

for the fulfilment of their responsibility under the orders of June, 1965. As a result of this lapse, the State Government had to pay 10 per cent more for the rental for the same godown just after two weeks when it was hired by them. With a little initiative and imaginative approach the Ministry could have helped the State Government to save extra expenditure which they had to incur on the rental of the godown.

ARMY PURCHASE ORGANISATION

(A) Arbitration cases—Para 126—Page 139.

4.70. In respect of purchase of foodstuffs for Defence Services, made by the Army Purchase Organisation, the contracts provide for adjudication of disputes by a sole arbitrator appointed by the Secretary to the Government. The total number of cases pending arbitration as in August, 1965, was 67, of which 36 were those which were referred to arbitration till the end of 1964:—

Year	No. of pending cases
1957	11
1959	1
1963	1
1964	23
TOTAL	36

4.71. The outstanding 67 cases fall under the following categories:—

	No. of cases	Amount (involved in lakhs of rupees).
(a) Cases in which recovery of the extra cost in repurchase is still due from the defaulting contractors	6	0.65
(b) Cases in which contractors have disputed the recovery of extra cost by Government	35	8.89
(c) Cases of forfeiture of security deposits, involving no extra cost in repurchase	12	0.86
(d) Firm's claims for re-imbursement of enhanced excise duty at Rs. 184 per tonne as against Rs. 63.63 per tonne actually allowed	13	not known
(e) Dispute regarding prices to which the firm is entitled on withdrawal of voluntary control over vanas-pati etc.	1	

Cases pending in civil Courts.—

4.72. 70 cases involving a total amount of Rs. 14.82 lakhs detailed below are also pending decision in the civil courts:—

Category of Cases	No. of cases	Amount involved (In lakhs of rupees)
(a) Appeals against awards of arbitrators/ judgements of lower courts—		
(i) By Government	20	2.78
(ii) By contractors	21	7.83
(b) Suits by Government	3	0.90
(c) Suits by contractors	2	0.58
(d) Cases for declaration of arbitration awards as rule of the court	16	1.90
(e) Miscellaneous	8	0.83
TOTAL	70	14.82

This includes 13 cases of repurchase in which recovery of Rs. 1.81 lakhs being the extra cost is pending. Some of the cases relate to the period from 1948 to 1960.

4.73. Giving the latest position, the witness stated that out of 67 cases, only 26 cases were pending. Of these 26, in one case only Government money was involved i.e., nearly Rs. 24,885 and the rest of them were claims by contractors against the Government. Out of 41 cases, 39 cases had been decided in favour of Government and 2 cases had gone against. The total amount involved in the second category of cases was Rs. 7,333. As regards the 70 cases involving a sum of Rs. 14.82 lakhs pending decision in Civil Courts, 50 had been pending in different courts and for the rest 20 cases, the Department had been able to get a decree for Rs. 75,214.

4.74. As regards cases under arbitration, the witness stated that before 1964, there was one arbitrator who used to work on these cases, in addition to his duties in the Ministry of Law. Since 1964, the Ministry of Law had appointed a whole-time officer for arbitrating the whole series of these cases and he devoted his entire attention to this work only.

4.75. Giving the details of the functions of Army Purchase Organisation, vis-a-vis the Ministry, the witness stated that the organisation was set up to make purchases to meet the food needs of the Defence Services. At that time it was thought that the Ministry of Food would be in the best position to discharge these functions and a plausible reason of its continuance in the Ministry was that a sizeable percentage of the total purchases made by this organisation related to foodgrains or food stuffs. For other stores required by the Defence

Services, the DGS&D made the purchases. The organisation made purchases for the whole of the country and the purchases made/ to be made for the period 1962—67 was as under:

Year	(Rs. in crores)
1962-63	19.76
1963-64	31.53
1964-65	35.34
1965-66	46.96
1966-67	46.00 (estimated)

4.76. Asked how the Ministry was particularly helpful to the Army Purchase Organisation, the witness stated "some Ministry has to do this work." He also added that it was his presumption that the Defence Services did not want to set up a separate organisation to deal with this matter, though he conceded that there was no special advantage for this organisation being under the Department of Food.

4.77. Even though the Army Purchase Organisation has been functioning as an appendage to the Deptt. of Food for a long time, the Committee find from evidence that there is no special advantage for this organisation being under the Deptt. of Food. In view of this, the Committee suggest that the question whether the present arrangement should be allowed to continue or whether the Army Purchase Organisation should be taken over by the Ministry of Defence, may be jointly reviewed by the Ministries of Food and Agriculture and Defence.

4.78. The Committee desired to know the details of the 13 cases, which were pending arbitration where firms had claimed reimbursement of enhanced excise duty at Rs. 184 per tonne as against Rs. 63.63 per tonne. The witness stated that when the contract was entered into, the price included a duty of Rs. 120 on ground nut oil and Rs. 200 on Vanaspati (finished product) making a total of Rs. 320, per ton. Subsequently the excise duty on Vanaspati was increased from Rs. 200 to Rs. 384 while the duty on ground nut oil was completely abolished. The contractor claimed that he should be paid at the rate of Rs. 184 per tonne being the difference that was leviable on finished product at the time of entering into the contract and after the new duty that was imposed because according to the contract any increase in excise duty was payable by Govt. The Dept. on the other hand contended that the duty of Rs. 120 having been abolished already the extra amount, if any, to be paid by the Department was to the extent of about Rs. 63.63 which was supported by the Essential Commodities Price Control Order which specifically indicated that after the duties were revised the excise duty payable would be Rs. 63.63 paise.

4.79. Since the cases are before an arbitrator, the committee would like to be informed of their results in due course.

(B) Delay in recovery of Extra cost.

4.80. Recovery was also pending till October, 1965 of extra cost of Rs. 1.96 lakhs in respect of 11 cases of repurchase made up to 1964-65. Of the pending cases, 7 involving Rs. 1.45 lakhs relating to the period up to March, 1964, which included 6 cases involving a recovery of Rs. 1.41 lakhs pending since 1962-63 from a firm of Jammu and Kashmir which had been recommended for the award of contracts by the State Government but which had failed to make any supplies. This firm had also not deposited the amount of Rs. 21,975 as security deposit.

4.81. The Committee were informed that out of the 11 cases involving a recovery of Rs. 1.96 lakhs, 2 cases had been finalised involving an amount of Rs. 7,450. and Rs. 502 and 3 other cases were pending before arbitration. As regards the case of the firm of Jammu & Kashmir, referred to in the Audit para, he added that owing to the Chinese aggression, there was an extra demand for canned fruits, vegetables etc. for the defence forces. Since the demand could not be met from the existing sources, references were made to all State Governments. The Government of J. & K. had recommended this firm and on this basis, the Department had placed an order on the firm for Rs. 5 lakhs for supply of fruits and vegetables. The firm never executed the order nor did they deposit the security money. The whereabouts of the firm were not known to the Department and it had gone out of business. Under the present circumstances, the Department were trying to get an award from the arbitrator and execute it as soon as the firm could be located.

4.82. It is unfortunate that out of 11 pending cases action could be taken by Government so far in regard to 5 cases only. The Committee suggest that expeditious action should be taken in other cases also.

(C) Loss due to non-recovery of extra cost in re-purchase

4.83. In February, 1964, the Organisation entered into two contracts with a firm for the supply of 115 tonnes of *Dal Moong* and 63 tonnes of whole *Moong* at Rs. 58.10 at Rs. 58.70 per quintal by 17 March, 1964 and 18 March 1964, respectively. The stores supplied by the firm within the respective delivery period were, however, rejected after inspection in April, 1964 and the firm were asked to refund the advance of Rs. 78,770 drawn by them in April, 1964, together with the railway freight and handling charges amounting to Rs. 2,130. On an appeal from the firm in June, 1964 the stores were resampled but finally rejected on 26th September, 1964 and the con-

tracts cancelled in October, 1964 at the risk and cost of the firm. The stores were repurchased at an extra cost of Rs. 59,000.

4.84. The Department, however, recovered from the firm only Rs. 1,000 being token liquidated damages at one per cent of the value of the contracts, instead of the entire extra cost of Rs. 59,000 on the ground that, due to delay at the appeal stage, the quantities "cannot be re-purchased within six months" of the delivery dates stipulated in the contracts. This resulted in a loss of Rs. 58,000 to Government. The amount of the advance, and the railway freight, handling charges, etc. was refunded by the firm in October, 1964, six months after the rejection of the consignments.

4.85. The waiver of recovery on this ground lacks justification as the firm's default which necessitated re-purchase was actually established after the final rejection of the stores in appeal, in September, 1964.

4.86. The Committee learnt from Audit that according to the legal opinion sought by the Organisation after the receipt of the Audit para the period of six months prescribed for re-purchase for the purpose of recovery of extra cost involved should be counted from the date of expiry of the delivery period as originally prescribed in the contract and not from the date on which the consignment was finally rejected on appeal. Accordingly, the view of the organisation was that recovery of extra cost was not possible. The Committee desired to know why there was so much delay in deciding the appeal and whether in view of the legal opinion instructions had been issued to various purchasing officers either to extend delivery periods so as to finalise disputed cases or to proceed ahead with risk purchase. As regards the first point, the witness stated that the first appeal was filed on 8th April, 1964. The appeal was not in the proper form. The firm filed another appeal in proper form on 29-6-64. In their appeal the firm had requested that fresh samples should be taken for fresh analysis. Re-sampling was done on 14-8-64. The Army Headquarters received the sample on 27-8-64 and the appeal court finally rejected the appeal on 26-9-64. As regards the second point, the witness added that repurchase was made only after the appeal was rejected. The Department referred the matter to the Ministry of Law for the second time and the Ministry of Law held the view that under the contract, the Department could make repurchase only within six months from the date of initial rejection. The Committee pointed out that when the firm's appeal was pending with the Department and it was being considered, how could the suggestion of the Ministry of Law i.e. to purchase within six months from the date of rejection and not from the date of deciding the

appeal, could be implemented. The witness conceded that it was an arguable point and offered to re-examine the whole basis of the contract.

4.87. Asked why the firm was allowed to retain a sum of Rs. 78,770 (plus freight and incidental charges of Rs. 2130) for six months, the witness stated that according to the terms of the contract the firm could be asked to refund 75 per cent advance payment only at the time of the removal of the stores after final rejection in appeal. Since the decision on appeal was held up for six months, the firm could not be asked to refund the amount earlier.

4.88. The Committee regret to note that Government had to sustain a loss of Rs. 58,000 for their inability to enforce the provisions of risk purchase against a firm which failed to supply stores of the acceptable quality. The legal opinion in this case which prevented Government from recovering the extra cost was that the period of six months prescribed for re-purchase for the purpose of recovery of extra cost involved should be counted from the date of expiry of the delivery period as originally prescribed in the contract and not from the date on which the consignment was finally rejected in appeal despite the fact that the contractor appealed for a re-sample which was accepted by the department.

The Committee observed that while on the one hand the contractor appealed to re-sample the stores after the expiry of the original delivery period was accepted, Government on the other hand jeopardised its right to enforce recovery of extra cost. They therefore, feel that there is a lacuna in the procedure by which the firms got away without payment of the risk purchase amount due to the time required in deciding the appeal on rejection of samples. The Committee are also of the view that the legal opinion in this case, if it was necessary should have been obtained well in time, and re-purchase, should have been effected within the period prescribed in the contract, in order to avoid Government claim going by default.

CHAPTER V

MINISTRY OF INDUSTRY

Avoidable expenditure on rent—Para 61, Pages 69.

The work of construction of a building for the Small Industries Service Institute at Calcutta was entrusted to the lowest tenderer by the Eastern Small Scale Industries Works Division in February, 1960. The work was scheduled to be completed by December, 1960 but only 18 per cent of the work was done by that date. The date for completion was extended twice up to 20 May, 1962; the contractor, however, completed only 22 per cent of the work by that date and the contract was rescinded in October, 1962. The contractor, obtained an order from the High Court on 21 December, 1962 for stay of departmental action. That stay order was vacated on 5 June, 1963. The residual work which was awarded to other agencies between February–August, 1964 at the risk and cost of the first contractor was not completed even upto September, 1965. Failure to complete the building as originally scheduled viz. 31 December, 1960 resulted in an avoidable expenditure of Rs. 1.36 lakhs on account of rent at Rs. 3,915 per month upto September, 1965. The extra cost recoverable from the first contractor remains to be assessed and realised.

5.1. The Committee were informed by Audit that in December, 1960, the Deputy Director in-charge reported to the Director Small Scale Industries, New Delhi that he was convinced that the contractor was delaying the work of construction of the building for the Small Industries Services Institute, Calcutta because he had not got any financial resources and suggested investigation of his financial resources before any extension of time was given to him.

5.2. The Committee enquired whether the Ministry had accordingly verified the financial position of the contractor before two further extensions upto 20th May, 1962 were given to him. The representative of the Ministry of Industry stated that the verification of the financial position of the contractor was not done because it was not considered necessary. Verification was not ordinarily done after a contract had been given. Secondly, the work was not stopped because of his financial difficulties but because of the defective work done by him. Before the contract was signed, Government verified out that he was a Class I contractor in the approved list of the West

Bengal Government. It was also found out from the Chief Engineer of the West Bengal Government that he had in the past constructed two buildings successfully. Because he was a class I contractor, Government did not verify anything else. The witness added that the work on this building was started in the last week of October, 1960 and some defects were noticed within the first 15 days. On 6th December, 1960, the architects supervisor stopped the work and asked the Ministry not to make any further payments. Payments to the contractor were accordingly stopped and the Ministry set up a Committee under the Chief Engineer of West Bengal Government to examine whether there was any defect and how it could be removed. That Committee submitted their report to Government by the end of 1962. That Committee did report that a certain proportion of the foundation was not alright.

5.3. As the above explanation was not furnished to the Audit previously, the Committee desired to be furnished with a note giving the factual position of the construction work of the building for the Small Industries Services Institute at Calcutta, till October, 1962 when the contract was rescinded.

5.4. The note(*) furnished by the Ministry of Industry is at Appendix XXII. In the note it has been stated *inter-alia*

"Though the date of commencement as per agreement was 1.3.1960, the work could not be started as the layout of the buildings was not finalised by the Architects till 19.4.1960. Thereafter, the foundations were excavated but the concrete could not be laid as the bearing capacity of the soil was to be checked by the Architects. The testing was done and the Architects actually passed the foundation after inspection of site on 11.5.1960. Thus nearly 24 months of working season were lost.

The monsoon breaks in this region early and work in foundations becomes difficult. The particular site is in a low lying area (in Bon Hooghly) and a light shower makes the area boggy. This position continues upto October. The foundation work on Administration Block though commenced in October, 1960 could go on vigorously only in November, 1960. By the end of November all the column footings were concreted".

5.5. The Committee feel that this case reveals lack of proper planning in the construction of the building for the Small Industries Services Institute at Calcutta. Though the date of commencement of work as per agreement was 1st March, 1960, the layout of the

*Not vetted by Audit.

building was not finalised by the architects till 19th April, 1960. Some time also was taken by the architects in testing the load having capacity of the land. Had these preliminary works been completed by the Architects prior to the agreement with the contractor, nearly 2½ months of working season would not have been lost. Further due to the break of Monsoon in this region in early May, the foundation work could be started only in October, 1960 and it was completed by the end of November, 1960 only. All these factors should have been taken into consideration before the time schedule for construction work of the building was decided upon. The date of commencement and date of completion viz., 1st March, 1960 and 31st December, 1960 respectively stipulated in the agreement thus became un-realistic.

5.6. The Committee trust that the Ministry will ensure better planning for construction of such buildings in future.

8.7. Since the work was stopped in December, 1960 under instructions from Government, the Committee desired to know how was it that in October, 1962 the contract had to be rescinded and some other agents were asked to take up the work. The representative of the Ministry stated that the Chief Engineer reported that out of 84 columns, 24 were defective. Government asked the contractor to rectify the defects. He started the work slowly but he asked for payment for rectifying them. He stated that all his labour was sitting idle for more than a year and for that he should be paid. All these things took sometime and Government went on serving notices on him. Finally Government cancelled the contract and asked for fresh tenders. When Government asked for new tenders, the contractor went to court and obtained a stay order on 21st December, 1962 from the Calcutta High Court. Then the High Court vacated the stay order on 5th June, 1963. After that Government called for tenders. No, tenders were received. Thereafter the work was divided into three parts, three tenders were received, they were accepted and the work started. The building was however completed in January, 1966. Later on, other things were done. On 16th May, 1966 the offices had shifted to that building.

5.8. The Committee enquired about the defect in the construction of work. The witness stated that the defect was bad concreting. The strength of the concrets was later on determined by the Chief Engineer of West Bengal. He allowed Government to proceed with such pillars as had the strength of 1000 lbs. per square inch and above.

5.9. The Committee regret to note that 24 columns out of 84 built by the contractor were defective. The Committee feel that if there

had been proper supervision over the construction of this work, simultaneously defective execution of the work could have been avoided or at least detected earlier. This laxity in supervision also required to be looked into.

5.10. In reply to a question as to why two extensions were given, C. & A.G. explained to the Committee that extension was given deliberately in order to keep the contract alive to enable Government to recover the damages. If the contract expired, the contractor would have been absolved of all liabilities.

5.11. In reply to a question whether Government before referring this case for arbitration asked the contractor to pay damages for the defective construction of the building, the witness stated that Government did not go for arbitration. The party went to Court and told the Court that according to the terms of the agreement there had to be an arbitration. Therefore, the Court directed that the matter might be referred to an arbitrator. The arbitration was started in January, 1965 and it was not yet over. As regards the counter claim to be filed by the Government before the arbitrator, the Special Secretary, Ministry of Industry stated that Government had got to claim the difference between the original value as per the first agreement and the actual amount spent. The building had just now been completed and Government had to get the final value and then place the same before the arbitration to claim the extra-expenditure incurred. In reply to a question, the witness stated that an amount of Rs. 14,800 was taken as earnest money from the contractor in this case.

5.12. The Committee regret to note that although the matter regarding recovery of damages from the 1st Contractor has been pending before the arbitrator for the last 18 months i.e. from January, 1965, Government have not even filed their counter claims so far against the contractor before the arbitrator. They desire that the Ministry should take necessary steps to ensure that their counter claim against the contractor for damages is filed before the arbitrator, without further delay.

5.13. The Committee would also like to be apprised of the result of arbitration.

Indian Standards Institution—Para 134, Page—155.

5.14. The Indian Standards Institution (ISI) was set up in February, 1947 by a Government resolution, as a society under the Registration of Societies Act (XXI of 1860). Para 8 of the resolution provided that the Government of India would make annual grants from year to year for a period of five years by which time the Institution was expected to become largely self-supporting. As this

expectation did not materialise, the resolution was amended in September, 1962, to the effect that Government of India might make such annual grants as might be deemed appropriate. The other main sources of income of the Institution besides Government grants, are:—

- (i) subscriptions from members including the State Governments;
- (ii) sale of standards; and
- (iii) certification marking fees.

5.15. (A) An account of the receipts and the expenditure of the Institution, under broad categories, and the number of standards issued during the five years ended 1964-65 are given below:—

	1960-61	1961-62	1962-63	1963-64 (In lakhs of Rupees)	1964-65	Total
1. Receipts .						
Government grants	13.62	18.85	23.77	25.00	27.34	108.56
Subscription	6.01	6.51	7.17	8.08	8.98	36.75
Sales and Miscellaneous	5.35	4.98	7.50	8.58	9.84	36.34
Certification marking fees	2.15	3.12	4.36	5.67	8.05	23.35
TOTAL .	27.11	33.46	42.89	47.33	54.21	205.00
2. Expenditure						
Establishment charges	15.72	19.61	23.79	28.19	36.29	123.60
Production . . .	3.72	4.46	5.68	5.05	5.73	24.64
Travelling allowances	1.80	2.19	2.41	3.10	3.63	13.13
Other charges (subscription Research etc.)	5.32	6.99	7.64	8.86	9.85	38.66
Publicity	0.56	1.58	0.84	0.47	0.56	4.01
TOTAL : .	27.12	34.83	40.36	45.67	56.06	204.04
3. No. of standards issued						
	264	327	395	457	560	2 003
4. Percentage of Government grant to total receipts						
	50.2	56.3	55.4	52.8	50.43	..

5.16. During the period, from 1957-58 to 1964-65, non-recurring grants amounting to Rs. 21.63 lakhs were also paid by Government to the Institution.

5.17. The Executive Committee of the Institution decided in March, 1965, that the Government grants during the Fourth Plan period should not, on the average, exceed 50 per cent of the total recurring expenditure which has been estimated at Rs. 580.2 lakhs. The Government have not taken any firm decision so far in this respect. Out of the non-recurring grants of Rs. 4.69 lakhs received from Government during 1963-64, a sum of Rs. 3.48 lakhs remained unspent with the Institution as up to 31 March, 1964; adjustment of this unspent balance against the capital grant to be given during 1964-65 was agreed upon by Government in November, 1964. No capital grant was, however, given by Government to the Institution during 1964-65.

5.18. The Committee desired to know the main reasons for the non-materialisation of the expectation that the Indian Standards Institution would become self-supporting within a period of five years from the date of its setting up in 1947. The representative of Indian Standards Institution stated that the original expectation was not based on any grounds of experience either in India or abroad. Standardisation all over the world, in every country was a service activity, —'Service to Industry'. Industry in India under the successive five year plans had been developing at a rate which could hardly be anticipated at the time the Resolution setting up Indian Standards Institution was passed in 1946. The demands on services of the Institution grew at a rate which required much more finances than could be collected through the efforts that the Institution made from time to time. Having had this experience over the last 15 years, Indian Standards Institution approached Government with the request that Resolution of Government of India of 1946, which provided that the Government of India would make annual grants from year to year might be reviewed because Indian situation had clearly indicated that without Government's assistance for a period of 5 years, the tasks that the Indian Standards Institution was called upon to fulfill could not be effectively performed. It was also explained that out of 55 or so members of the International Organisation for Standardisation, only 2 were such as were sustained by non-Government income. One of them was not effective enough in their national context. The other one viz., the National Standards Institution in Germany depended on its own resources. Their income came from the sale of the standards. Their standards were published in the form of sheets for which they charged one deutschmark for every sheet. They sold large quantity of standards and managed to get money for running their institution. Besides this, there were many Institutions in the World about a dozen—which were sustained purely by Government.

5.19. In view of these facts the Government revised their 1946 Resolution in 1962 as follows:—

"To secure the financial position and ensure the ordered advance of the Institution, the Government may make such annual grants as may be deemed appropriate."

With this acceptance, Indian Standards Institution felt that they were on a more reasonable level of operation.

5.20. The Special Secretary, Ministry of Industry added that when the Institution was started it was known that its main source of income would be from the preparation and sale of standards, i.e., it would have a commercial value and that it would eventually become self-supporting. There might be a difference of opinion as to whether it would be self-supporting in five years or ten years. But strictly on merits, it was expected that after some time it would be self-supporting. This expectation did not materialise because the preparation of standards was tied up with the Industrial Development. Industries had to come up to ask for standards. There was gap between the expectation and the realisation.

5.21. The Committee enquired whether the charges for the standards prescribed by the Institution were too cheap and that was why the income from them was less. The witness stated that there was scale laid down according to which the prices were fixed for Indian Standards Institutions Standards. The prices that were charged were entirely out of proportion to those of other publications in the market. Complaints had also been received that the I.S.I. prices were too high. The Special Secretary, Ministry of Industry added that as regards the question of prices to be charged for I.S.I. standards, there were two or three considerations, one was a certain comparison that they might make with corresponding prices for similar products in other countries. Secondly, it was essential to get the standards accepted in an ever increasing measure by the cross section of the Industry. There were also other ways of raising an additional income for instance by way of increasing the membership fee and so on. That was also being pursued.

5.22. The Committee pointed out that the number of standards issued in 1960-61 was 264 and in 1964-65, it had gone up to 560 where as the establishment charges increased from Rs. 15.72 lakhs to Rs. 36.29 lakhs and enquired why there was such a rise in the establishment charges. The witness stated that the ISI services were not limited to the production and publication of standards only. There were other activities also, one of them being 'certification marking'. In the certification marking also, establishment charges had to be

there. Further the cost of living has been going up and dearness and other allowances and travelling allowances had gone up resulting in rise in the establishment-charges.

5.23. Asked whether the charges for Indian Standards were higher or lower, than in other countries, the witness stated that in other countries, by and large in European Countries, the system was more or less the same as in Germany. They sold standards by sheet. In most of the non-continental countries, the system was the same as in India and the price-level was about the same as in India. Prices of British standards were perhaps slightly more expensive than India's (at pre-devaluation rates) but those of U.S.S.R. Standards very much cheaper.

5.24. In reply to a question if ISI raised the charges at this stage it would be attracting the operation of the law of Diminishing Returns, in this case, the witness stated that it would be so. At the instance of the Committee the Ministry of Industry have furnished a statement showing how the law of diminishing returns was operating in regard to the Institution's income from subscribing members and is at Appendix XXIII.

5.25. In reply to a question, as to how many years I.S.I. took to complete a Standard, the witness stated that it took nearly 52 months to produce a standard.

5.26. Asked if ISI standards when produced after 52 months processing might become sub-standard by the time they were out, the Special Secretary, Ministry of Industry, stated that the shorter the period in which ISI evolved a standard the better, and some success had been achieved in this direction already. 70 months had been reduced to 52 months. Also the period taken for different items varied depending upon the Industry. The witness agreed that by and large, ISI should try progressively to reduce the period.

5.27. The Committee enquired whether ISI ever compared the average time which it took for preparation of one standard (52 months) with other institutions. The witness stated that ISI were the first in the world to make such a study as to how long did it take for a standard to be developed. These studies were presented to the International Standards Organisation and to the Commonwealth Standards Conference. Several countries made similar studies and they came out with the answer of the same character roughly speaking 3-1/2 years or 4 years. These studies were discussed at Ankara last month in a Committee Meeting of the International Standards Organisation.

5.28. The Committee desired to know (i) whether it was a fact that after 20 years of existence it was found that 50 per cent of the total expenditure incurred by ISI during the Fourth Plan had to be subsidised and (ii) whether the Institute received non-recurring grants aggregating to Rs. 21.63 lakhs from Government during 1957-58 to 1964-65 and the nature and purpose of these grants. The Special Secretary, Ministry of Industry stated that the reasons for the non-materialisation of the expectation that the ISI would become self-supporting within a period of 5 years from 1947 had already been given earlier by the representative of ISI. With the past experience, ISI took a view that 50 per cent Government assistance during the Fourth Plan period was not unreasonable. However, every effort would be made to make further improvements in any direction viz., by increasing the rates of publications, or by extending the coverage expenses, or making the rate of memberships fees even.

5.29. The representative of ISI stated that the non-recurring grants made by Government went mainly into the construction of building and equipping of laboratories with testing apparatus. Apart from the income from the sale of standards certification marking fees, and other Government grants ISI got subscriptions from the Industry who supported the Institution. Similar contributions on a smaller scale could be accepted from Government Corporations also.

5.30. In reply to a question, the witness stated that there were 3000 members who paid subscriptions varying from Rs. 200 to Rs. 25,000 (Members like Small Scale Industries paid Rs. 200 as associate members and other patron members paid Rs. 25,000 and individuals paid Rs. 50).

5.31. The Committee hope that the ISI would make every effort to ensure further improvements in different directions viz., reducing the duration for the preparation of standards, and also raising the income and by the sale of standards either by increasing the rates of publications or by extending the coverage expenses or by making the rates of memberships fee even so as to reduce the dependence on Government's grants.

The Committee would also like to be informed of the action taken in this regard.

(B) Indian Standards Institution (Marks) Scheme:

5.32. In accordance with para 3 of the Financial Memorandum of the Indian Standards Institution Certification (Marks) Bill, 1951, the

scheme was ultimately to become self-supporting. The expenditure on this scheme and the receipts thereunder are given below:—

Year	Expenditure	Receipts
(In lakhs of rupees)		
From 1956-57 to 1959-60	4.16	2.54
1960-61	1.88	2.15
1961-62	3.11	3.12
1962-63	5.22	4.36
1963-64	6.68	5.67
1964-65	8.97	8.05

5.33. The Committee were informed in evidence that in some years i.e., 1960-61, 1961-62 and 1964-65, the expenditure and receipts more or less balanced. It was expected that during the next few years the position would improve. For the whole range of the quality of products either for internal consumption or exports, the certification (Marks) scheme had an important role to play. The charges were fixed on the basis "no loss no profit".

5.34. Asked as to what was the amount of arrears to be collected the witness stated that the outstanding from the certification marks fee was only Rs. 13,880 against a total collected fee of Rs. 25,89,100.

5.35. The Committee hope that the Department would also be able to collect the outstanding amounts without much delay.

5.36. The Committee were informed by the Audit that minimum marking fees had not been fixed in respect of 120 licences resulting in loss of Rs. 1.20 lakhs.

5.37. The witness stated that there were certain cases where the licence had not been granted because the party was not willing to pay the minimum fee of Rs. 1000, but in the case of small scale industries a fee of Rs. 250 only was charged. He, however, promised to furnish a detailed note in regard to 120 cases, after obtaining the particulars from Audit. This note has since been received and is at Appendix XXIV.

5.38. In the note, it is stated, "it is the objective of the ISI to ensure that each license should bring in an adequate revenue. With this end in view, ISI are trying to specify, a minimum marking fee in most cases, but....they have to make exceptions under certain circumstances."

5.39. The Committee would like the Ministry to see that the scheme becomes self supporting as originally envisaged.

5.40(C). The following points were noticed during an audit of the accounts of the Institution in July, 1965:—

(i) Excess purchase of paper :

Stock of paper worth Rs. 3.34 lakhs purchased by the Institution was lying with the private printing presses as on 31 March, 1965. The value of paper consumed during 1964-65 was Rs. 2.41 lakhs. The purchase of paper was thus in excess of the requirement.

(ii) Outstanding recoveries :

A sum of Rs. 3.08 lakhs, which included Rs. 1.36 lakhs due from private parties was awaiting recovery (June, 1965). This amount was reduced to Rs. 1.33 lakhs (including Rs. 0.54 lakhs due from private parties) at the end of December, 1965, mainly accounted for by:—

	(In lakhs of rupees)
(a) Sales of publication	0.96
(b) Advertisement charges	0.20
(c) Marking fees etc.	0.12

(i) Excess purchase of paper :

5.41. The Committee were informed in evidence that ISI utilised 6 presses in which standards, bulletins, and other publications of the ISI were printed. One was the Catholic Press at Ranchi and the other was the Saraswati Press and 4 others were in Delhi. ISI had been trying to stock paper in these six presses because that saved the Institution the trouble of looking after it. The paper was insured against fire and theft. The paper that ISI used was special size paper which was according to the international standards. As this kind of paper was not available in the market, ISI had to purchase a minimum quantity of paper from the mills i.e., 7½ tons.

5.42. In reply to a question as to what was the safeguard against any other damages and how its security was ensured, the witness stated as a matter of good-will, the presses agreed to make good any loss of paper while it was stocked in their godowns. He further stated that with more accurate estimating it should be possible to avoid carrying over excess stock of paper to the following year. The witness added that in future they would keep a watch over this aspect of the matter. In reply to a question, the witness stated that periodical stock taking of the paper entrusted to the presses was done to verify whether the paper given by ISI had been used for ISI purpose only.

5.43. The Committee find that I.S.I. do not pay anything to the presses for storage of the paper in their godowns and as a matter of goodwill the presses have agreed to make good any loss of paper while it was stocked in their godowns. As there is no other consideration except goodwill, there is no legal contract with the presses in this regard. I.S.I. will not get any help in the event of loss of paper, unless there is a legal contract between the presses and I.S.I. The Committee, therefore, suggest that the paper to be kept with the presses should be insured against other types of losses in addition to that by fire and theft.

5.44. The Committee also hope that the accuracy in arriving at the annual requirements of papers will be improved so as to avoid the necessity of carrying over excess stock of papers.

5.45. The Committee desired to know the basis for selecting these six presses and also the methods adopted for fixing the printing charges that had to be paid to them.

The witness stated that as it was very necessary to get the printing done expeditiously and also as there was no other press which could handle all the work of ISI, these six presses were selected for the printing work of I.S.I.

5.46. At the instance of the Committee the Ministry of Industry furnished a note showing the rates fixed by I.S.I. against orders placed by them with different presses during 1959 for printing the running matter and is at Appendix XXV.

5.47. From the note the Committee find that the I.S.I. had issued a tender for quotation from private presses for their printing work only in 1959 and no tender appears to have been issued subsequently. The work is being assigned to private presses on the basis of quotations furnished in 1959.

5.48. The Committee are not happy with this procedure. In the absence of any fresh tender inquiry since 1959, the argument of Government regarding dearth of good quality printers in the country does not sound very convincing. The Committee, therefore, desire that the I.S.I. must try to test the market from time to time instead of continuing with the same parties indefinitely.

5.49. The Ministry of Industry should in consultation with the Ministry of Works, Housing and Urban Development, explore the possibilities of improving the existing Government Machinery so that the quality printing as required by I.S.I. could also be done in the Government of India presses and to that extent the dependence on private presses could be minimised.

5.50. The Committee would like to be informed of the results of the efforts made in this direction.

(ii) Outstanding recoveries:

5.51. The Committee were informed in evidence that the present position of recovery of outstanding arrears from parties/Government Departments on account of sale of publications, advertisement charges etc. was Rs. 89,000.

5.52. In reply to a question the witness stated that out of Rs. 0·54 lakh due from private parties, about Rs. 25,000 were still due at present.

5.53. The Committee desire that the recovery of the outstanding dues should be expedited without further loss of time.

CHAPTER VI

DEPARTMENT OF SOCIAL WELFARE

Directorate of Social Welfare, Delhi—Para 80—Page 88.

The Directorate, which was set up in March 1959 for administration of schemes of social welfare and moral hygiene and after-care services, is running several welfare institutions in the Union Territory.

6.1. The expenditure incurred on the Directorate during the three years ending March, 1965 was Rs. 22.76 lakhs, Rs. 25.71 lakhs and Rs. 30.88 lakhs respectively.

6.2. The expenditure on some of the major welfare institutions during 1964-65 is analysed below. It will be seen that the cost per inmate varies from Rs. 43 to Rs. 103 per month.

Name of the Institution	No. of inmates	Expenditure on pay and allowances of staff	Expenditure on welfare activities (costs of training, diet charges, clothing, etc.)	Total	per capita monthly expenditure on inmates
		Rs.	Rs.	Rs.	Rs.
Poor House Kingsway Camp .	714	1,87,300	3,71,400	5,58,700	65
Children's Home Narula .	440	1,25,400	1,99,000	3,24,400	62
Beggars Home Tihar School	588	65,000	2,45,000	3,10,000	44
and Home for mentally retarded children . . .	125	49,000	76,000	1,52,000	83
After-care Home for Women .	114	38,000	72,000	1,10,000	80
Observation Home for Boys: Kotla	95	55,000	53,000	1,08,000	95
Children's Home at Shahdara	185	46,300	48,000	94,300	43
Certified School for Girls .	53	(Break-up not available) 65,446;			103

6.3. The Directorate of Social Welfare Delhi Administration furnished revised figures to the Committee in respect of this para as under:—

Name of the institution	Average No. of inmates in 1964-65	Expenditure on pay and allowances of staff	Expenditure on welfare activities (cost of training, diet charges, clothing etc.)	Total	Per capita monthly expenditure on inmates (vetted by Audit)
		Rs.	Rs.	Rs.	Rs.
Poor House, Kingsway Camp	739	1,87,300	3,71,400	5,58,700	63
Children's Home Narela	440	1,25,400	1,99,000	3,24,400	62
Home for Able & Disabled Beggars Tihar	482	65,000	2,45,000	3,10,000	54
School & Home for Mentally Retarded Children	135	49,000	76,000	1,25,000	77
After Care Home for Women	170	38,000	72,000	1,10,000	54
Observation Home for Boys Kotla	116	55,000	53,000	1,08,000	77
Children's Home, Shahdara	179	Non-Plan 46,300 Plan 12,225	48,000 28,000	1,34,525	62
Certified School for Girls	46	40,076	25,370		
				65,446	119

6.4. Referring to the revised note received from the Delhi Administration which showed the lowest and highest *per capita* expenditure on the inmates of the various welfare institutions as Rs. 54 and Rs. 119 per month respectively, the Committee enquired the reasons for this variation. Explaining the highest figure of Rs. 119 as *per capita* expenditure on the inmates of the Certified School for girls, the representative of the Delhi Administration stated that there were two factors responsible for this. Firstly, the staff was provided for the full capacity of 75 inmates of the School, but the average number of inmates during the year remained at 46. He further added that the Administration had no control over the number of inmates of the School as the girls were sent by the Children's Court. Secondly, the Administration paid a rent of Rs. 7,560 also for this School which was included in the expenditure on welfare activities. He added that in the case of the School for Mentally Retarded Children the *per capita* expenditure was Rs. 77 while in case of Children's Home, Shahdara it was Rs. 62. This variation in expenditure was due to the fact that

in case of the Mentally Retarded Children's Home a rent of Rs. 12,000 was being paid but no rent had been paid for Children's Home, Shahdara. The Committee were further told that during the last financial year, an expenditure of Rs. 11,353 was incurred on purchase of bedding articles for the inmates of the Children's Home, Shahdara, while much less expenditure was incurred in case of the Mentally Retarded Children's Home.

6.5. In reply to another question the Committee were informed that the staff provided for the Certified School for girls consisted of 1 Superintendent, 1 Case worker, 3 Teachers, 1 U.D.C., 1 Steno-typist, 1 Matron, 1 Head-caretaker, 5 Caretakers, 1 Cook, 1 Peon and 1 Mali. The Committee were informed that the girls sent by the Children's Court to this School were below the age of 18 years and the Administration had a high degree of custodial responsibility for keeping these inmates in the institutions.

6.6. On being pointed out by the Committee that the Administration was spending for 46 girls on diet and clothing @ Rs. 33 per month per head whereas the expenditure per girl on other item was Rs. 86, the witness admitted that the expenditure on other charge was really high. He however, promised to reduce this expenditure after a review of the whole position which will *inter-alia* include an assessment of the requirement of staff employed in different Welfare Institutions with regard to the number of inmates, progress of training etc.

6.7. Asked whether any review of the expenditure incurred on various welfare institutions had been carried out in order to see if there was scope for economy in the expenditure on these institutions, the witness stated that no review has so far been undertaken in this connection. But he promised to carry out a review and reduce the expenditure wherever possible.

6.8. The Committee are surprised to note that such wide variations exist in the *per capita* expenditure on the inmates of different welfare institutions. They feel that such wide disparity requires to be narrowed down.

6.9. Now that the Department proposes to undertake a review of all the aspects of the working of these institutions, the Committee hope that this review apart from looking into wide variations in *per capita* expenditure, would also take into consideration whether the pattern of training or the standard of amenities provided in these institutions require any modification as also what economies are possible.

6.10. The Committee would also like to be informed of the result of this review.

Progress of training programmes—Sub-para (ii)—Page 89.

6.11. The Directorate is running a number of training and industrial units in the various institutions to provide the inmates with gainful employment and economic rehabilitation. The number of inmates trained in crafts, technical courses, etc., as compared to the total number of inmates during the period 1962-63 to 1964-65 in respect of the three main institutions is given below:—

Name of institution	Total number of inmates	No. of inmates trained	Percentage of inmates trained to the total No. of inmates
Beggars' Home Tihar	1,252	161	12
Poor House, Kingsway Camp	2,266	146*	7
After-care Home for Women	260	129	50

6.12. In the following cases the plant and equipment were not utilised to the full capacity or raw materials were not procured in time.

(a) An electrical printing press costing over Rs. 15,000 purchased by the Poor House in March, 1961 was not being used to full capacity, as it was being operated manually for want of a power connection. The number of inmates trained in printing work during the three year period ending 1964-65 was only 21. It has been stated (November, 1965) that necessary power load has since been sanctioned.

(b) The services of three craft instructors appointed for the Beggars' Home in December, 1962 and January, 1963 could not be fully utilised as necessary equipment and adequate raw material were not arranged till March, 1965. Similarly for the 'Khaddi' unit at Poor House, no raw material was available during 1963-64 and 1964-65 and material costing Rs. 10,000 was purchased in March, 1965 only.

*According to the Department 325 persons were also trained in agriculture farming and gardening during this period.

6.13. The Directorate of Social Welfare, Delhi Administration have furnished revised figures and supplementary facts in respect of this sub-para which are as under:—

Name of the institution	Total No. of inmates	No. of inmates trainable	No. of inmates trained	Percentage of inmates trained with reference to Col. 2 & Col.3	
Beggars Home (Home for Able & Disabled Beggars), Tihar.	1252	550	161	13%	29%
Poor House, Kingsway Camp	2266	899	252	11%	28%
After Care Home for Women	380	380	249	65%	66%

While furnishing the above figures the Administration have explained that:—

(a) The factual position in this case is that, on verification from the vouchers, it is seen that the machines were foot operated. These have now been turned into electrically operated machines at a cost of Rs. 2,500.00. It is correct that during the 3 years ending 1964-65 only 21 persons were trained in this work. There has been an improvement now and during 1965-66, 12 persons were trained.

(b) The following expenditure was incurred on the purchase of raw materials for three trades for which three craft instructors were appointed in Beggars' Home in December 1962 and January, 1963:

Year	Cane work class	Weaving Class	Soap manufacture
1962-63	284.57	238.00	976.64
1963-64	419.02	222.30	1752.76
1964-65	560.25	127.78	6236.44
1965-66	1422.55	6371.62	6344.24

It will be seen that the expenditure on the purchase of raw materials for soap manufacture was adequate in 1964-65 and 1965-66. Position has also improved considerably in regard to the cane work class and weaving class in the year 1965-66, though in the initial years it was rather less.

It is correct that for the 'khaddi' unit at Poor House, no raw materials were purchased during 1963-64 and 1964-65. Raw materials costing Rs. 10,000 were purchased during March, 1965

only. During the year 1963-64 no purchases were made because yarn purchased during the previous years was available and the work was continued with that. After the yarn was finished, the services of the Khaddi Instructor, who knew stitching and calico-printing, were utilised for stitching clothes and calico-printing of 'dhotis' for the inmates of the Poor House.

6.14. The Committee enquired whether the Department were satisfied that the Delhi Administration had a programme of giving systematic training to the inmates of these institutions to make them useful citizens within a reasonable time.

6.15. The Secretary of the Department admitted that more stress should be laid on this aspect of training so that they should become useful citizens. He also added that the Chief Secretary of the Delhi Administration had assured the Department that more attention would be given to this question of training.

6.16. In reply to a question, the representative of the Delhi Administration stated that it was difficult to keep a record of persons who after receiving training became useful citizens, the reason being that the inmates of the institutions who were mostly beggars were not generally local residents, and left the institution for their homes after receiving training. As such it was difficult to find out whether they put their training to right use or not.

6.17. The Committee suggest that more stress should be laid on the type of training to be imparted to the inmates of these institutions so that they become more useful citizens.

6.18. The Committee also feel that some system should be evolved to ensure that these persons after receiving training are gainfully employed in their respective professions.

6.19. The Committee enquired whether services of 21 persons trained in printing work were being utilised. The witness stated that these persons had actually done a lot of printing work. Since some of them had left the Poor House, the Administration did not know about their present employment. In reply to another question, the Committee were informed that no certificates were being given to these trained persons.

6.20. It is really surprising to the Committee that the Administration was imparting training in printing work, but was not issuing any certificates to these trainees, which would be a proof of their having completed the training successfully. It need hardly to be

pointed out that in the absence of any such proof of their training it would be difficult for these persons to get suitable employment and properly utilise their training. The Committee, therefore, suggest that after completion of training suitable certificates should invariably be issued to these trainees.

6.21. As regards the training given in these institutions, the representative of Delhi Administration stated that in the Children's Home Narela, the children between the age of 5 and 16 were given education upto Higher Secondary School level. Besides, instructions were also imparted in tailoring, cane-weaving, hair-cutting, domestic sciences etc. Regarding the Home for Mentally Retarded Children, the witness stated that it was established in 1961. It provided facilities for the care and treatment of Mentally Retarded boys and girls. For this purpose occupational therapist and other staff were employed. The After-care Home for Women established in July, 1958 was for the permanent rehabilitation of the socially and economically handicapped women, such as destitutes, deserted widows and women coming under immoral traffic. There were arrangements for imparting education and training in midwifery, teaching, nursing, balsevikas, cutting and tailoring. The witness added that the schemes had worked well. All the 20 inmates of the After-care Home for Women, who had appeared in the Middle Examination, held by the Municipal Corporation, had passed. In the Matriculation Examination all the 7 inmates who appeared passed. In the midwifery course 3, out of four who appeared passed. In the IV class examination, two appeared and both of them passed.

6.22. The Committee then desired to be furnished with a note showing the number of women who were rehabilitated after receiving training in the After-care Home for Women. The *Note submitted is at Appendix (XVI). The Committee observe from this note that during the period July '58 to March '66, 148 women were rehabilitated which figure includes 20 trained as teachers, 13 as craft-teachers and 33 as mid-wives. In 8 years period this number of 148 is not very impressive to make the Committee happy.

6.23. Asked what steps had been taken to avoid recurrence of non-utilisation of the services of Craft Instructors due to non-availability of raw material and machinery both at the Beggars' Home and at Khadi Unit of Poor House, the witness stated that the causes of shortfall during the earlier years would be reviewed. He further conceded that the amount spent on the purchase of raw

*Not vetted by Audit.

materials during the first two years was very low and as a result the training programme had suffered. The situation has since improved. The Administration would take care that the requisite quantity of raw material was forth-coming. In reply to another question, the witness stated that there was no system of reporting such shortfall to the Administration. He further added that now clear instructions to report such shortfalls, if any, would be issued.

6.24. The Committee trust that suitable instructions would be issued without delay to avoid such shortfalls in future. The Committee regret to note that such an obvious thing was not done till now and the training programme was allowed to suffer. They hope that now at least a suitable system would be evolved without any further delay.

6.25. They also hope that the services of the craft-instructors would be utilised fully in future.

Purchase of dietary articles—Sub-para (iii)—Pages 89-90.

6.26. No standard scales for diet have been prescribed by the Chief Commissioner for adult inmates of the various homes and institutions although they have been functioning since 1959. The Superintendents of the institutions have adopted their own scales as indicated below without obtaining the sanction of the Delhi Administration.

	Poor House Labour	Beggars Home Non- Labour	After-care Home for Women	After-care Home for Boys
	gms.	gms.	gms.	gms.
Atta . . .	580	460	350	500
Dal . . .	70	70	58	50
Vegetable Oil/ghee . .	14	14	58	20
Vegetables . . .	230	230	117	250
Gur—Sugar . . .	30	30	44	30

6.27. No centralised system of purchase of dietary articles required by the homes and institutions had been evolved by the Directorate, although dietary articles of the value of over Rs. 7.50 lakhs

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were purchased every year for feeding the inmates. The purchases were made by each institution locally.

6.28. Asked about the action taken to ensure effective control of expenditure on food articles for the inmates of various welfare institutions by bringing about uniformity in dietary scale, the representative of Delhi Administration stated that the standard scales of diet had since been laid down for all these institutions and a Central Purchase Committee had also been constituted.

6.29. The Committee referred to the After-care Home for Women where the consumption of vegetable oil/ghee and gur/sugar was the highest and enquired whether the reasons of this high consumption were analysed. The witness stated that in that Home the inmates were mostly from the middle class and lower middle class who were probably fond of eating more of these. He added that "the Superintendent also perhaps accommodated their wishes".

6.30. On being pointed out that in a Poor House labour would get 470 grams of atta in the revised scale as against 580 grams before, the witness promised to look into it. He further added that these revised scales had been prescribed on the basis of diet allowed to persons in jails serving simple imprisonment. The witness promised to consult a diet specialist as to what should be the proper quantum in each case. The Committee then desired to be furnished with a statement showing the quantity of different food articles which are being given under the revised scale as compared to the previous scale, to the inmates of welfare institutions.

6.31. From the notes received in this connection, (Appendix XXVII) it is clear that one of the items of ration viz. Atta) for the inmates of these institutions, which is supposed to form the major part of their diet, had shown in the past great disparity. The Committee are, however, glad to learn that a uniform scale for diet has since been prescribed. The Committee trust that the revised uniform scale has been evolved after consulting a diet specialist. If not, this should be done.

6.32. Asked about the functioning of the Supervisory Committee for these welfare institutions, the Committee were informed that there were two Advisory Committees one for After-care Home for boys and the other for women. These Committees had been in existence for about ten years and had not been reconstituted. These Committees had been regularly meeting at an interval of every three months.

6.33. The Committee suggest that the question of reconstituting the Advisory Committees periodically every two or three years, so as to bring in new and fresh ideas may be examined.

Miscellaneous—Omission to recover rent and other charges in respect of residences in occupation of officials—Sub-para IV (a), Page 90.

6.34. The Directorate has 75 residential units under its control which are allotted to the officials working in the Homes and institutions. No systematic records regarding the allotment of the residences, rent assessed and recovered from the allottees and the amounts due for recovery on account of rent, electricity and water charges have been maintained. Arrears of rent and other charges amounting to over Rs. 25,400 were outstanding in several cases since 1960-61 and no effective action had been taken towards the recovery of these arrears. No decision regarding the officials to whom rent free accommodation is to be allotted in the public interest has been taken so far (January, 1966).

There were also a few cases of unauthorised occupation of residences. No penal rent had been levied in any of these cases.

6.35. The Committee desired to know the present position of arrears of rent in respect of residences occupied by the officials working in the various welfare institutions. The representative of the Delhi Administration stated that the present position of these arrears had been indicated in the revised note submitted to the Committee (Appendix XXVIII).

6.36. According to it the present arrears of house rent, water and electricity charges amounted to Rs. 25,400, Rs. 5054.03 and Rs. 1061.60 respectively and records were being maintained properly with effect from November, 1965, and the rent was being recovered from 30 inmates. An amount of Rs. 3987.60 relating to house rent had been recovered. On this the Committee pointed out that the position of arrears had not improved much. The witness stated that the actual position of arrears would be clear when the appeals of the 30 allottees, who had not been given rent free accommodation, were decided. These allottees had represented in this connection to the Chief Commissioner. There were also four cases of unauthorised occupation.

6.37. The Committee enquired the reasons for the delay in giving sanction for rent free accommodation for the remaining 45 allottees. The Secretary to the Department informed the Committee that the Delhi Administration had asked for the sanction of rent free accommodation after the receipt of this Audit para. This required a lot of clarifications. These clarifications, when received from Delhi Administration, were sent to the Ministry of Finance for their concurrence. As soon as the concurrence was received it would be passed on to the Delhi Administration.

6.38. The Committee regret to note the delay in finalising the decision regarding the pending cases of rent free accommodation. As the realisation of a substantial amount as rent, water and electricity charges etc. is pending, the Committee desire that the action in this case should be expedited. They would like to be informed of the results of the action taken in this case. They would also like to be informed of the action taken in four cases of unauthorised occupation.

Shortages in stock—Sub-para IV (b).

6.39. A physical verification of stock and other articles conducted in three Homes in 1964-65 disclosed shortages of articles worth Rs. 24,190 (Poor House Rs. 7,600. After-care Home for Boys Rs. 15,000 and Certified School for Girls Rs. 1,590). Some of these shortages had occurred as far back as 1961-62 but no responsibility had been fixed by the Directorate. No regular physical verification of stores had been conducted in these institutions.

6.40. Giving the latest position of shortages of stores, the representative of the Delhi Administration stated that he was personally looking into the matter and the whole enquiry would be completed within a couple of months. He further added that the articles involved in the shortage were all consumable goods. The store-keepers made the mistake of not entering the items consumed. In order to satisfy that there was no misappropriation, records were being checked as to when these articles were purchased etc.

6.41. The Committee would like to be informed of the result of the enquiry now being held in this case.

6.42. The Committee regret that in the course of evidence on this para, some facts and figures given in the Audit para were controvert-

ed by the witnesses without giving any intimation to Audit beforehand. They would like to draw the attention of the Department of Social Welfare to the recommendation contained in Para 9 of Introduction to their 42nd Report (Second Lok Sabha) and would urge for its strict compliance in future.

NEW DELHI;
October 29, 1966.
Kartika 7, 1888 (Saka).

R. R. MORARKA,
Chairman,
Public Accounts Committee.

APPENDICES

APPENDIX I

(Reference para Nos. 1.30 and 1.33 of this Report)

Note on the point relating to para 42, pages 48-51—irregularities in the Accounts of the Centenary Celebrations of the Archaeological Survey of India.

The Public Accounts Committee have desired to be furnished with a note regarding the amount of expenditure which could be appropriately allocated to the Centenary celebrations of the Archaeological Survey of India from out of Rs. 2.08 lakhs which was shown under normal contingencies.

2. The vouchers available with the Special Police Establishment were seen between 26th July and 29th July, 1966. As a lot of time had gone by after the Centenary celebrations, the allocation has been done to the extent possible on the basis of the details given on the vouchers. Our examination has shown that the amount which appropriately could be allocated to the Centenary is Rs. 1.16 lakhs and the rest must be treated as an expenditure not directly pertaining to the Centenary celebrations.

3. Of the latter expenditure, Rs. 37,726 pertains to the purchase of wood and this has been treated as non-Centenary expenditure in view of the fact that several other items of work, namely: annual repairs to office building, Special Repairs to office building, Construction of Lavatory block and stores, construction of Drawing Section, etc. had also been done during that period. The audit paragraph 42 also indicates that timber worth Rs. 84,083 had been purchased during the period. Timber and plywood have also been included under Display to the extent of Rs. 35,372 and under Models to the extent of Rs. 12,846.

4. During the Centenary celebrations we had asked some of our Circle Offices to send their vehicles to Delhi. There were in all 13 vehicles in use at that time and the expenditure incurred on these vehicles plus the cost of livery supplied to the Drivers amounting to Rs. 27,700 is included in the sum of Rs. 2.08 lakhs. At this stage in the absence of full details in the log books, it is not possible to say precisely how much of this strictly pertains to the expenditure incurred on the Centenary celebrations. As already mentioned, four other items of work, viz., annual repairs to office building, Special repairs to office building, Construction of lavatory block and stores

and construction of Drawing Section, etc. were also being undertaken during that period in addition to the normal work of the Survey. On a very rough basis, it can be assumed that $\frac{1}{4}$ of the expenditure on the vehicles can be allocated to the Centenary celebrations. This works out to Rs. 6,925.

5. In addition there are other other charges such as on the muster roll labour at Humayun's tomb, Arab-ki-sarai, cooly charges, stationery, etc. amounting to Rs. 24,459 which are not directly related to the Centenary.

6. Vouchers aggregating to Rs. 2,868 were not available in the folders with the Special Police Establishment. The details of these vouchers as noted in the Abstract of vouchers are not quite adequate to facilitate allocation between Centenary and non-Centenary items. These have not been allocated.

To summarise, the analysis of the expenditure of Rs. 2.08 lakhs is as follows:—

1. Centenary	Rs. 1,22,774
2. Non-Centenary	Rs. 82,958
(a) Petrol & Motor parts, livery, etc.	Rs. 20,773
(b) Wood	Rs. 38,726
(c) Other items	Rs. 24,459
3. Vouchers which could not be classified as these were not available in the folders. The details as given in the abstract of vouchers were not very specific.	Rs. 2,868

TOTAL	Rs. 2,08,600
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APPENDIX II

(Reference para No. 1.61 of this Report)

Statement showing grant or other aid given to the Hindustani Culture Society, Allahabad, since inception

Purpose for which grants given	Year of payment of grant	Amount of the grant paid	Results obtained
I	2	3	4
		Rs.	
I. Implementation of the publication programme of the Society.	1946-47 .	6,000	} Files are not available.
	1947-48 .	6,000	
	1948-49 .	23,000	
	1949-50 .	15,000	
	1950-51 .	15,000	
II. Setting up of a power printing press.	1950-51 .	47,000	
III. Construction of a building of the Society at Allahabad.	1951-52 .	25,000	The building which involved an expenditure of Rs. 79,912/- has been constructed.
	1956-57 .	25,000	
	1961-62 .	25,000	
IV. Preparation of English-Hindi Dictionary on the lines of Oxford Dictionary.	1953-54 .	30,000	The Society could not complete the work within the amount of Rs. 1.00 lakh. It asked for a further grant which could not be agreed to. It was decided that the Society
	1954-55 .	15,000	
	1955-56 .	35,000	
	1956-57 .	20,000	

1	2	3	4
V. Preparation and publication of eight graded books for neoliterates.	1957-58 1958-59	Rs. 25,000 . Rs. 25,000 (sanctioned originally as advance but later con- verted into grant)	<p>might be allowed to complete the work from its own resources. The Society has since completed the work which is yet to be published.</p> <p>Against 8 books to be produced at a cost of Rs. 1.546 lakhs the Society was in a position to produce 4 books with the help of assistance rendered. A Scrutiny of the books revealed that these were not considered of such high standard as to be published as Government publications. It was therefore decided to abandon the project. Ultimately, it was decided to return the manuscripts to the Society and to convert the advance paid into grant. It was stipulated that the books would not be official publications but that the Society would make a suitable acknowledgement on the books that the publications have been subsidised by Government.</p>

APPENDIX III

(Reference Para No. 1.97 of the Report)

Para: 145: Premature Payments

A note may be furnished stating at what stage the land acquisition proceedings are at present and whether the collector has given his verdict.

Award will be given only after finalisation of acquisition proceedings. Advance deposit required under Mysore Financial Code and payment was made at the instance of Mysore Government as prerequisite before starting acquisition proceedings.

APPENDIX IV

(Reference Para No. 1.105 of the Report)

PROCESSES FOR COMMERCIAL EXPLOITATION

Statement of the number of patents filed by the CSIR which originated from research sponsored by the Private Industry.

Usually industries sponsor research on specific items needing investigations. The results are communicated back to them in the form of a project report which they can make use of for setting up their production in the manner they think best. In most cases, research laboratories do not take out patents on sponsored research because the results of research are the property of the sponsor. However, there are a few cases where patents have been taken but these cases are more an exception than the rule. A statement of such patents is enclosed.

List of Patents filed based on Research Sponsored by Private Industry

Sl. No.	Patent No.	Title of patent	Name of the Sponsoing industry
1.	..	<i>Indian Institute of Petroleum, Dehradun.</i> "A process for the production of Hydrous or Anhydrous Lanolin (Super fine grade or better) from Wool grease"	M s. Doon Valley Combers (P) Ltd., Rajpur Road, Dehradun.
2.	99586 19-5-1965	<i>Central Drug Research Institute, Lucknow.</i> Improvements in and or relating to the preparation of 5-nitrofurfuraldehydes.	Unichem Laboratories, Bombay.
3.	100831 28-7-1965	<i>Central Mechanical Engineering Research Institute, Durgapur.</i> Ice Flake Machine.	M s. Kirloskar Pneumatics Ltd., Poona.
4.	98152 27-2-1965	New Composition of dye penetrants Co. Pvt. Ltd.,	M s. Pioneer Equipment Co. Pvt. Ltd., Calcutta.
5.	..	Electronic Cycle Timer	M s. Techno India, Bombay.
6.	..	Electronic Instrument for measuring micro-displacement.	M s. Westing House, Saxby Farmer Pvt. Ltd., Calcutta.
7.	71301	<i>Regional Research Laboratory, Hyderabad</i> A process for preparation of cadmium sulphade.	M s. Indo-Commercial Co., Ferozabad.
8.	76414	Improvements on the separation of silica from black alkaline & liquor from paper mills.	M s. Orient Paper Mill, Brajraj Nagar.

APPENDIX V

(Ref. Para No. 1.112 of the Report)

Schemes Approved by the Ministry against the advice of C.S.I.R. period 1964-65.

Sl. No.	Party	Products	Capacity applied for	Foreign Collaboration	Decision
1752/65	Anil Starch Products Ltd., Ahmedabad.	Crude amylase Glucose Amylase Refined amylase powder Protease	300 tons yr. 7000 tons yr. 150 tons yr. 25 tons yr.	M/s. Nagase & Co. Ltd. Osaka, Japan.	Recommended for the issue of letter of intent
1231/65	Maize Products, Ahmedabad.	Enzymes	100,000 gallons month.	Yes.	Ministry to contact NCI and M/s. Chemaux Bombay. The case deferred 102/11/3 dated 1-3-66. Recommended for the issue of letter of intent.
942/64	M/s. Alembic Chemicals Works, Co., Ltd., Alembic Road Industrial Area, Baroda.	Erythromycin Erythromycin (tablets and ointment) Erythromycin Estolate (Capsules, Drops) Erythromycin Estolate & Sulpha (tablets and Oral	500 kgs.	A royalty arrangement is negotiated (rate 5%)	Should be put up before L. Cte. Recommended the Scheme.

		suspension) Erythromycin Ethyl carbonate (Drops and Oral suspension).			
993/64	M/s. Bayer (India) Ltd. Nagin Mahal, 6th floor, 82 Veer Nariman Road, Bombay.	Edinol Gresution Bayer's tonic DI Taben Detigon tablets. Detigon Lantun	1000000 capsules/month Do. 2000 litres. 500000 tablets. 200000 tablets. 100000 litres.	M/s. Farbanfabriken Bayer A.G. Germany.	Recommended for industrial Licence.
655/64	M/s. Boots Pure Drug India Pvt. Ltd., 17 Nical Road, Ballard Estate, Bombay-1.	Formula 44 Cough Mixture.	12,000 litres/month.	Nil.	Recommended for Industrial Licence in 99th Meeting.
18/5/54/66-L	M/s. Hindustan Levers, Bombay.	Infant Milk Food.	1000 tons/yr.	Foreign subsidiary	Recommended for the licence.
566/65	Pharmed Pvt. Ltd., Rope Walu Lane, Bombay.	Kerodex 50 Kerodex 71 Kerocleanse 32	25000 kgs./yr. 20000 kgs./yr. 45000 kgs./yr.	Scientific Pharmacals Ltd., London.	Recommended for the grant of Industrial Licence.
5/1/1965 FAC	M/s. Jagatjit Distilling and Allied Industries Ltd. New Delhi.	Malted Milk Food	1800 tons/yr.	Yes.	Recommended for the foreign collaboration.
156/65	M/s. Indian Dyestuff Industries Ltd., Bombay.	Carbon Tera Chloride with bye-products	3000 tons/yr.	Yes.	Recommended for the issue of letter of intent.
1890/65	National Chemical Industries, New Delhi.	Bon Acid.	17 tons/month.	Under consideration.	Recommended for the issue of letter of intent.
1/1/1966-FAC	M/s. Food Specialities Ltd., New Delhi.	Instant tea Instant coffee other processed foods.	..	Yes.	Foreign Collaboration approved.

1	2	3	4	5	
2170/64	Hindustan Lever Ltd. Lever House, 165-66. Backbay Reclamation Bombay.	Canned fruits, Vegetables & other processed foods.	200 tons yr. 200 tons/yr.	Nil.	Approved.
1689/65	M/s. Atic Industries Ltd. Atul.	Reactive dyes, Vat dyes, Disperse dyes.		M/s. I.C.I. London.	Schemes regarding reac- tive & Vat dyes approved.
15/1/65	M/s. S. F. Products, Calcutta.	Consultancy engin- eering Firm in Me- tallurgy.		Yes.	Foreign Collaboration was approved.
989/64	Dr-Ing. Matilal Shah, Flat No. 301, Wellesley Mansion 44A, Rafi Ahmad Kidwai Road, Calcutta.	Pig Iron-foundry grade.	4200 tons month	Under negotiation with a German Firm.	Recommended for the issue of letter of intent.
1701/65	Microtec Castings Pvt. Ltd., Madras.	Spheroidal Cast Iron- Casting, Grey & Alloy C.I. Castings	10 tons month. 15 tons months	Internation Nickel Ltd. London, SW-1.	Recommended for letter of intent only for 1st term.
2048/65	Alkali & Chemical Cor- poration of India Ltd. Calcutta.	Accelerators, Retarders.	Antioxidants	Yes.	Recommended for the issue of licence.
2139/65	M/s. Dunlop Rubber Co. Calcutta.	Rubber/Metal bon- ded products.	560 tons/yr.	Yes.	Recommended for the issue of letter of intent.

APPENDIX VI

(Reference Para No. 1·139 of the Report)

VISVA-BHARATI UNIVERSITY

A statement may be furnished giving the enrolment at the University level during 1962-63, 1963-64 and 1964-65, the number of students in each class each year and the *per capita* annual expenditure.

REPLY

A statement is enclosed (annexure). The *per capita* annual expenditure shown is based on the recurring expenditure on Plan and non-Plan items. Palli-Siksha-Sadana, one of the constituent Colleges of the University, having been started on September, 1963, the *per capita* annual expenditure in 1963-64 has been worked out on the basis of the anticipated annual expenditure of the College based on the average monthly expenditure actually incurred during the period from September 1, 1963 to March 31, 1964. The Visva-Bharati maintains two Higher Secondary Schools and also runs certain Courses where the minimum entrance requirement is not Matriculation. Since expenditure on these courses is merged in the total expenditure of the University, the *per capita* expenditure has been worked out by taking into account the enrolment at all stages of education.

ANNEXURE

Course & Year	Enrolment in		
	1962-63	1963-64	1964-65
Ph. D.	18	19	25
M.A. 1st Year	57	58	70
M.A. 2nd Year	46	49	56
M. Sc. 1st Year . . . . .	..	19	17
M. Sc. 2nd Year . . . . .	..	..	21
B.A. Hons. 1st Year	50	39	39
B.A. Hons. 2nd Year	39	43	21
B.A. Hons. 3rd Year	38	42	40
B. Sc. Hons. 1st Year	9	37	47
B.Sc. Hons. 2nd 2 Year	7	14	40
B. Sc. Hons. 3rd Year	3	3	3
Language Courses	10	15	24
B. Ed.	74	82	81
M. Ed. . . . .	..	10	7
Dip. in Music & Dance—1st Year .	10	11	14
Dip. in Music & Dance—2nd Year .	11	8	10
Dip. in Music & Dance—3rd Year .	11	9	4
Dip. in Music & Dance—4th Year .	4	9	9
Casual & Post-Diploma Extension in Music & Dance	5	1	..
Dip. in Fine Art & Crafts—1st Year .	22	25	25

Course and Year	Enrolment in		
	1962-63	1963-64	1964-65
Dip. in Fine Art & Crafts—2nd Year .	17	20	22
Dip. in Fine Art & Crafts—3rd Year .	18	17	20
Dip. in Fine Art & Crafts—4th Year .	16	18	17
Casual & Post-Diploma Extension in Fine Art & Craft . . . .	..	3	3
Diploma Woodwork	27	24	22
Diploma Weaving	9	6	3
B.S. Sc. (Social Sciences)—1st Year (Started in 1963-64) . . . .	..	15	18
B.S. Sc. (Social Sciences)—2nd Year (Started in 1963-64) . . . .	..	..	14
B.S. Sc. (Social Sciences)—3rd Year (Started in 1963-64) . . . .	..	..	..
B. Sc. (Ag.)—1st Year (started in 1963-64)	..	23	24
B. Sc. (Ag.) 2nd Year (Started in 1963-64).	..	..	17
B. Sc. (Ag.) 3rd Year (Started in 1963-64)	..	..	..
B. Sc. (Ag.) 4th Year (Started in 1963-64)	..	..	..
Diploma Rural Services—2nd Year .	..	20	..
Diploma Rural Services—3rd Year .	..	23	20
Cert. Agr. Science—2nd Year . .	..	8	..
	501	670	733

PER CAPITA EXPENDITURE

Rs.

1962-63 . . .	1,961
1963-64 . . .	2,326
1964-65 . . .	2,367

APPENDIX VII

(Reference Para No. 1.57 of the Report)

BANARAS HINDU UNIVERSITY

A copy of the Audit Report (1958) of Banaras Hindu University in which Audit was reported to have suggested that the stock of accumulated books be sold as waste paper may be furnished:

REPLY

A copy each of two audit objections of 1956-57 and 1958-60 sent by the University are enclosed (annexure). The words "disposal of surplus and unsaleable stock" occurring in the second audit objection may have been in the mind of the Hony. Treasurer when he made the statement.

ANNEXURE

Banaras Hindu University

COPY OF PARA 7 OF A.I.R. FOR 1956-57.

Accumulated stocks of the Publications of the Publication Board.

A Hindi Publication Board was established in the University in 1921 on receipt of a donation of Rs. 50,000 from Seth Ghanshyam Das Birla for the purpose of suitable college standard books in Hindi. In 1932 the work of the Board had to be stopped as the publications did not find market and huge accumulation of stocks took place. The Board remained a defunct organisation for the next 13 years. In 1945, however, it re-started functioning.

From a scrutiny of the accounts of Board, it is noticed that the sale of the publications has been very meagre, so meagre in fact that even the total proceeds of the sale are not enough in fact that even the total proceeds of the sale are not enough to meet the recurring expenses on the establishment and the office contingencies. The office maintains a wholetime clerk and a peon for maintaining accounts and is incurring on them an average recurring expenditure of Rs. 3,000 per annum. The total sale proceeds of the books for the last five years and the expenditure from revenue during these years is as detailed below:—

Year	Receipt	Expenditure
1952-53	2,596 0 3	4,484 0 0
1953-54	2,138 6 6	3,585 1 6
1954-55	2 14 0	2,037 11 0
1955-56	2,120 9 6	1,919 6 0
1956-57	1,888 15 0	1,607 13 6
	8,747 13 3	13,634 1 0

The position of the progress of sale of the publications of the Board is contained in the enclosed statement. There is at present stock of books valued at Rs. 90,634-8-0 at the sale price.

The matter was also brought to the notice of the Executive Council in the Audit Inspection Report for 1952-53 and the Executive Council felt that it could not look with equanimity on the huge stock of books lying unsold without adequate arrangement for their safe storage and quicker disposal. The Executive Council had appointed a Committee of 3 persons to examine the entire question for report to the Council. Audit had not been apprised of the deliberations of the Committee if it ever considered the matter. Audit suggests that the question why the books are not finding market be looked into.

Copy of para 3(B) of Audit Inspection Report for the year ending
31st March, 1960

The stocks of the Book Depot left behind include the following stocks of University publications which are surplus and unusable:—

(i) Stock of Banaras Hindu University publications worth about Rs. 30,000.

(ii) Stock of Hindi Publication Board worth Rs. 1,00,000 nearly.

The need for attending to the disposal of these surplus and unsaleable stocks brought to notice.

APPENDIX VIII

(Reference Para No. 1.170 of the Report)

ALIGARH MUSLIM UNIVERSITY

A note may be furnished giving the details of the purchase of horses for the Riding Club i.e., from where they were purchased, what were the prices paid, how the selection was made etc.

REPLY

8 mares, as detailed below, were purchased for the Riding-Club-4 in March 1963 and 4 in March, 1964. The purchase was arranged through the Director of Remount and Veterinary Services, Army Headquarters, Q.M.G.'s Branch, New Delhi.

(i) 4 mares were purchased at Rs. 1200 each from a Government Horse & Mule Contractor of Mussoorie on the recommendation of the Director R.V.S. New Delhi, who also settled the price. The mares were actually supplied by the Contractor from Amritsar.

(ii) 4 mares were purchased from Meerut—2 mares at Rs. 1400 each, one for Rs. 1,450 and one for Rs. 1,500 (an expenditure of Rs. 200 was also incurred on their transportation). The selection was made by the District Remount Officer, U.P. and Rajasthan Horse & Mule Breeding Area, Meerut. The price was also settled by the District Remount Officer.

The Public Accounts Committee also wanted to know whether the animals are alive. All the mares are stated to be alive.

APPENDIX IX

(Reference Para No. 1·74 of the Report.)

ALIGARH MUSLIM UNIVERSITY

A note may be furnished stating:—

- (a) what is meant by free distribution;
- (b) which are the institutions to which these books have been distributed free;
- (c) what are the criteria for distributing these books free of cost;
- (d) the total cost of Rs. 7,438 books; and
- (e) the cost of the books which were distributed free.

REPLY

(a) Free distribution means complimentary copies presented free of charge.

(b) Complimentary copies are given to the author of the book and the publishing department for obtaining reviews of eminent writers, scholars and journalists. Copies are also given to the Maulana Azad Library, Aligarh Muslim University, Aligarh for exchange purposes with Universities in India and abroad.

One or two copies are sent to the University Grants Commission. Free complimentary copies are presented to the foreign dignitaries who pay a visit to this University.

(c) Complimentary copies to the author, publishing department and the Maulana Azad Library, Aligarh Muslim University, are given under a resolution of the Academic Council/Executive Council. Complimentary copies to the foreign dignitaries are presented under the orders of the Vice-Chancellor.

(d) *Rs. 43,694.

(e) Rs. 3,822.

NOTE.—*Excludes the cost of 102 books amounting to Rs. 2040 published out of the Iran Government assistance grant, which were presented to them free.

APPENDIX X

(Reference Para No. 1·77 of the Report.)

ALIGARH MUSLIM UNIVERSITY

How many Scheduled Castes and Scheduled Tribes students have been admitted during the last five years in the different Faculties of the Aligarh Muslim University?

REPLY

The information is as follows:—

Year	No. of Scheduled Castes/Scheduled Tribes Admitted in various faculties				
	Arts	Science	Engineer- ing	Law	Total
1961-62 . .	4	6	7	18	35
1962-63 . .	..	5	17	9	31
1963-64 . .	6	3	18	8	35
1964-65 . .	6	2	16	5	29
1965-66 . .	3	3	13	11	30

APPENDIX XI

(Reference Para 2·11 of Report.)

MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND CO-OPERATION. (DEPARTMENT OF AGRICULTURE)

According to the instructions of the Central Vigilance Commission, complete files are being sent to them. In this particular case also, the complete file was sent to the Central Vigilance Commission in October, 1965, requesting them to advise on the course of action that should be taken. The lapse that security was not obtained from the Cashier finds a mention in the notes recorded in the file. Relevant extracts are enclosed. (Annexure I).

ANNEXURE I

The Special Audit of the Animal Husbandry Unit of the Development Department was carried out from 11-11-1964 to 31-12-1964 for the period April 63 to 30th September, 1964. The Special audit report received *vide* A.G.C.R.'s letter dated 23-2-1965 disclosed embezzlement of Government funds to the tune of about Rs. 120275·00. On receipt of this report, departmental investigation was conducted to find out whether any of the missing credits had been mis-classified under some head of account. It was also necessary to verify whether the undisbursed amount had actually been disbursed to the payee or not. Compliance report of the special audit report was sent to the A.G.C.R. *vide* this office letter dated 23-4-1965. This was verified by the audit party during the course of normal audit in the month of June, 1965. Their reaction to this is still awaited. Shri Ramamurthy, D.A.G., has however intimated verbally that their report with regard to this will be sent in a fortnight.

In the meantime, the departmental investigation regarding missing credits has since been concluded by Shri H. K. Sachdeva, S.A.S. Accountant in Unit-II and it has been reported by him that the credit of the amount of Rs. 75,521·22 reported to have been embezzled on this account is not available under any Head of account in the records of the Treasury Officer and the State Bank of India. The verification with regard to payment of undisbursed amount has not been completed because it entails a lengthy procedure involving confirmation of the payment from the payees themselves. The partial verifica-

tion done in this behalf reveals that out of the undisbursed and unaccounted amount of Rs. 22,377.55 payments with respect to a sum of Rs. 13,797 have already been made as per payees' receipts available in the records.

The departmental investigation conducted in the matter reveals that a sum of Rs. 95,941.07 has been embezzled during the period 1-6-1962 to 30-9-1964. The detailed break up of this amount of suspected embezzlement may be seen at Annexure 'A' to Shri Sachdeva's note dated 2-8-1965 on page 4|supra.

The embezzlement of this huge amount of money has been made possible not on account of any lacuna in the rules or instructions. It was the non-observance of number of codal formalities which contributed to the mis-appropriation of such a large amount of Government funds. Some of these are listed as under:—

- (i) Undisbursed amounts were retained more than 3 months in violation of provisions of Rules 83(3) of C.T.R. Vol. I.
- (ii) An account of undisbursed pay and allowances was not prepared at the end of each month, as required under Note 22 of Rule, 283 of C.T.R. Vol. I.
- (iii) Non-observance of provisions contained in Rule 7(1) and 7(2) regarding the immediate credit of the Receipts into the Treasury|Bank and the non-appropriation of such receipts to meet departmental expenditure.
- (iv) The provisions of Rule 77(2) of the C.T.R. Vol. I. regarding the entry of the monetary transactions in cash book as and when these occurred and their attestation in token of check have been completely ignored.
- (v) The cash book was not regularly maintained as provided in Rule 77(3).
- (vi) The cash balance in the cash book was not verified by the Drawing and Disbursing Officer, or the Head of Office, nor was a certificate at the end of each month to that effect recorded, as provided under Rule 77(4) of C.T.R. Vol. I.
- (vii) It is provided in Rule 77(5) of C.T.R. Vol. I. that in cases of remittances to Treasury|Bank the Head of Office|Drawing and Disbursing Officer should compare the Treasury Officer's or the Bank's receipt on the challan with the entry in the cash book to be attested and satisfy himself that the amounts have actually been credited into treasury/Bank.

It further provides that when the number of payments made in a month is more than ten and the total amount therein exceeds Rs. 1,000, the Drawing and Disbursing Officer should, as soon as possible after the end of the month, obtain from the Treasury a consolidated list for all remittances made during the month which should be compared with the postings in the cash book. No action was taken by the Drawing and Disbursing Officer/Head of Office to comply with the provisions of this rule which alone has facilitated the embezzlement of about Rs. 75521.22.

(viii) Detailed procedure as laid down in Annexure 2 to Rule 67 of G.F.R. 1963 regarding reconciliation of expenditure with the cash accounts maintained by the A.G.C.R. was not followed. Had this procedure been adopted, the embezzlement would have been detected at a much earlier stage.

(ix) Besides, no security from the Cashier was obtained.

It has been categorically stated by the Audit in the Special Audit Report that the mis-appropriation of large sums of Government money has been made possible owing to the complete failure of the Drawing and Disbursing Officer to exercise the fundamental checks prescribed in the rules over the maintenance of departmental cash book and that the subordinate staff has taken advantage of the situation and mis-appropriated/misused Government funds. During this period Shri R. B. Raizada, Deputy Warden of Fisheries was the Drawing and Disbursing Officer except from 20-9-1963 to 21-10-1963 when Shri M. L. Sharma exercised these powers in the absence of Shri Raizada. During the period when Shri M. L. Sharma was the Drawing and Disbursing Officer a sum of Rs. 9055.08 was shown in the cash book as having been deposited into the Treasury, but the credit of this amount is not traceable. This entry has been attested by Shri M. L. Sharma and he can be held responsible for facilitating the embezzlement of the amount by his negligence. The embezzlement of the remaining amount has been facilitated by laxity of supervision and negligence on the part of Shri R. B. Raizada himself.

During this period Shri Vijay Pal Singh was the Cashier in the Animal Husbandry Department. He is directly responsible for embezzling the amount. He is already under suspension.

Besides, Shri H. C. Joshi, Deputy Director, Animal Husbandry is also indirectly responsible for this embezzlement for his failure to exercise proper supervision as Head of Office over the working of the

Drawing and Disbursing Officer. It is specifically laid down in Rule 142 of the C.T.R. that the delegation of powers of Drawing and Disbursing Officer subordinate to him does not relieve the Head of Office, in any way, of his responsibility for the accuracy of the bill, or for the disposal of the money received in payment. In this context, it may also be added that Shri H. C. Joshi is on deputation from the U.P. Government and that he is due to retire on 10-2-1966.

Since the Departmental investigation has since been completed, it may be opportune to take further steps to fix responsibilities on individual officials and to penalize them in accordance with the rules and instructions in this behalf, without awaiting the report of the Audit regarding the verification conducted by them. It has been laid down in Government of India, Ministry of Home Affairs, Office Memo. No. 39/8/64-Ests(A), dated 4-9-1964 circulated by the Delhi Administration vide their endorsement No. 18/65/64-R&S/AB, dated 10th November, 1964 that prosecution should be the general rule in all those cases which are found fit to be sent to Court after investigation and in which the offences are of bribery, corruption or other criminal misconduct involving loss of substantial public funds. It is further provided that in such cases, departmental action should not precede prosecution.

It is now for consideration whether the case may be handed over to the police for investigation and registration under appropriate sections of the Indian Penal Code without initiating any departmental proceedings against any of the personnel indicated as a result of departmental investigation for having embezzled the amount of facilitated the embezzlement by laxity of supervision or negligence.

It may not be inappropriate to add that while Shri R. B. Raizada and Shri M. L. Sharma can be held directly and personally responsible for the embezzlement to the extent this can be proved to have been caused by their negligence and laxity of supervision, Shri H. C. Joshi, D.D.A.H. is indirectly responsible for the same in his capacity as Head of Office. It may be desirable to institute departmental proceedings against Shri Joshi as embezzlement cannot be directly attributed to his negligence although he indirectly contributed to the same by his failure to exercise supervision over the working of the Drawing and Disbursing Officers under him. The same cannot be said about Sarvashri R. B. Raizada, M. L. Sharma and Vijay Pal Singh. In their case, departmental proceedings may be initiated only if they are not found to be criminally liable for embezzlement as a result of police investigation.

D. C. may kindly see for order.

Sd. K. D. GUPTA

4-8-1965.

D.C.

I generally agree in the above report. It has been examined quite carefully and exhaustively. It is true that the report about the special audit conducted in June, 1965 is still awaited but it is not likely to change the picture very materially. The case is obviously bad and shows clear embezzlement of large amount which was apparently facilitated by departmental inefficiency and slackness. The action is already much delayed. I am of the view that we shall institute departmental proceedings against Shri Joshi and send the case to police against the cashier and two other officials namely Shri R. B. Raizada and Shri Sharma with a self contained note. If as a result of this investigation or decision in the court, if the case is put there, it becomes necessary to take departmental action against any of these, this will be done at that stage.

Director Vigilance may kindly see for advice.

Sd. IQBAL SINGH,

5-8-1965

Dir. Vig.

There are other connected papers dealing this case containing certain orders of the Chief Secretary and the Development Commissioner. These papers should be collected and should form part of this file.

The connection of Shri H. C. Joshi with the embezzlement is rather remote. It is true that had he exercised better control and inspected his subordinate offices frequently this would not have occurred. As suggested by the Development Commissioner he may be proceeded against for infliction of a minor penalty. However the charges and a statement of allegations may be furnished early so that the C.V.C. may be consulted.

3. Regarding the embezzlement, we need not wait for the final audit report since the picture is more or less clear. A Report should

now be launched with the Police for criminal action against officials responsible for the embezzlement.

C.S. may kindly see.

Sd. L. S. TITUS,

6-8-1965.

C.S. desired that some further information with regard to the action taken at the various stages of the case may be furnished before the case is submitted to C.S. for his persual and appropriate orders.

2. The other connected papers referred to in the note of Director Vigilance may kindly be seen in the linked file No. F. 1(42) special Audit/65 placed below. Important references about those papers are mentioned in the note below.

3. It was during the course of normal audit of the office of the Deputy Director Animal Husbandry that a fire broke out at 11-00 p.m. on 22nd September, 1964 in the room occupied by the Audit Party. A part of the record was burnt and the fire was extinguished before it could cause severe damage. A report was lodged with the police regarding this case of fire who have reported the case is untraceable. Subsequently, on checking of the cash balance at 11-30 p.m. on 23rd September, 1964 a deficiency of Rs. 1,982 was detected which was made up by the Cashier on the next day. On account of the occurrence of fire, the normal audit was suspended and resumed as special audit on 11th November, 1964. This special audit was concluded on 31st December, 1964 and the special audit report was received on 23rd February, 1965 vide Shri Khanna's D.O. letter dated 23rd February 1965 at page 19/C of the linked file. The compliance report was submitted to the A.G.C.R. vide Shri Titus's D.O. letter dated 23rd April 1965 at page 34/C *ibid*. Simultaneously the matter regarding verification of missing credits was taken up in the Treasury Office which was concluded on 2nd June, 1965 as per report dated 2nd June 1965 of the SAS Accountant at page 19/N of the linked file No. 1. It was subsequently ordered by the Development Commissioner that the credits may be verified from the record of the State Bank of India also as per his order dated 8th June, 1965 at page 21/nt. *ibid*. This work could not be taken up immediately as the normal audit of the office of D.D.A.H. was being conducted during the course of which the facts stated in the compliance report submitted to the A.G.C.R. on 23rd April 1965 were to be verified as desired by A.G.C.R. vide Shri Ramaswamy's D.O. letter of 3rd June, 1965 at page 37/C *ibid*.

This work was taken up on 21st June, 1965 and concluded on 2nd July, 1965 by Shri Sachdeva, SAS Accountant as per his report dated 2nd July, 1965 at page 23/n *ibid*. Therefore, the case was submitted to the Development Commissioner and it was finally made over to A.D.C. (A) for putting up detailed note after thorough examination of the case, *vide* his orders dated 21st July, 1965 at page 25/n *ibid*.

4. It has now been made out as a result of departmental investigation that a sum of Rs. 95,941.07 has been embezzled during the period 1-6-1962 to 30th September, 1964. Out of this total embezzled amount, an amount of Rs. 75521.22 is on account of the non-deposit of miscellaneous receipts received by the department. The amounts were entered in the cash book as having been deposited in the treasury but no such record is available nor is the credit traceable in the treasury office or the State Bank of India. Further a sum of Rs. 8580.30 represents the difference between the cash balance as on 30-9-1964 and the cash balance as it should have been on that day in accordance with the records available. In addition to this, a sum of Rs. 7754.25 is on account of double payments. The payment was made only once to the party but it has been charged twice in the cash book. Moreover, the sum of Rs. 2120.82 represents the payment shown to have been made in the cash book by showing fictitious voucher numbers or without quoting any numbers. There has also been a net excess charge of Rs. 1960.48 which has also been embezzled alongwith a few other minor items.

5. Now that clearer picture has emerged, it is proposed that action may be initiated as advised by the Director of Vigilance in his note dated 6th August, 1965 at page 11/nt. It may, however, be added that out of the three officials responsible for the embezzlement directly or by negligence, Shri M. L. Sharma the Rinderpest Officer was on deputation from Punjab Government and he has since been referred back to his parent State.

This note coupled with the previous noting from page 5 onwards will give complete picture of this case. It is an extremely bad case and needs speedy action. Chief Secretary would perhaps like to show the case to C.C. also.

Sd/. IQBAL SINGH,

Sd. Chief Secretary.

C.C.

A very bad case. Further action should be taken without delay.

Sd.
Chief Secretary.

Sd.
Chief Commissioner.

Dt. Vigilance

A report should now be launched with the police for criminal action against officials responsible for the embezzlement. Thereafter the file may be returned alongwith a copy of the police Report so that the matter could be referred to Central Vigilance Commission for advice in regard to the action to be taken against the Gazetted Officers.

Sd. L. S. TITUS,

Dev. Commr.

Most immediate please.

A.D.C. (A)

Sd. IQBAL SINGH

A draft to the Superintendent of Police (Crimes) is added for favour of approval.

The A.G.C.R. has since furnished the verification report vide Shri Ramswamy's D.O. letter No. OAI/34 109/Spl/Vol. II/1376 dated 21st August, 1965 at Flag 'X'. A copy of this along with the enclosures may also be sent to the police.

(The case could not be put up earlier because it was initially intended to re-examine the case in light of the observations made by the A.G.C.R. in Shri Ramswamy's D.O. letter referred to above. Shri H. K. Sachdeva, S.A.S. Accountant Unit II who had processed this case was on short leave which was subsequently extended on ground of illness. The detailed re-examination could not be conducted in his absence. In order to avoid delay, it is now considered desirable that a copy of this report may be sent to the Police who may investigate the matter at their end).

Sd. K. D. GUPTA.

Dev. Commr.

Dir. Vigilance may kindly see the draft of the complaint before it goes to the Police.

Drt. Vig. -(by hand)

Sd. IQBAL SINGH.

1-9-1965.

Discussed with the Director of Vigilance. He desired that there is no need for him to see draft and it may be issued atonce. Fair is added for issue.

Sd. K. D. GUPTA

Sd. IQBAL SINGH

(This file was under submission separately to the Finance Department and has been released today).

The facts of this case have been set forth in office notings at page 5 onwards. The case has been reported to the Police vide this office letter dated 3rd September 1965 at page 44/C. It is now for consideration whether the result of Police investigation may be awaited or the case may be referred to Central Vigilance Commission for advice with regard to the action to be taken against the officers concerned.

Sd. K. D. GUPTA

Vigilance Department.

C.V.C. may kindly see the details of the case given in pages 5 to 13 and also the report dated the 3rd September, 1965 lodged with the police (at Flag 'A').

The Cashier Shri Vijay Pal Singh is already under suspension.

The two officers directly involved are Sarvashri R. B. Raizada, Deputy Warden of Fisheries and M. L. Sharma who was on deputation from the Punjab Government and has since been reverted to his parent Government. Shri H. C. Joshi, Deputy Director, Animal Husbandry is due to retire from 10-2-1966. He is on deputation from the Government of U.P.

C.V.C. may kindly advise the course of action that should now be taken.

Sd/- L. S. TITUS,

8-10-1965

Shri C. M. Narayanan,

Under Secretary (Vigilance Commission).

CENTRAL VIGILANCE COMMISSION

The Commission would advise that action may be taken as indicated in the note of the Director of Vigilance dated 6th August, 1965. The matter may, therefore be reported to the Police for action in respect of the officials concerned, except Shri Joshi against whom disciplinary proceedings under rule 16 may be initiated.

The action in pursuance of this advice may please be intimated to the Commission in due course.

Sd/-.

(C. M. NARAYANAN)

Under Secretary.

Shri L. S. Titus, Director of Vigilance,

C.V.C. U.O. No. 41/47/65-V, dated 20-11-65.

APPENDIX XII

(Ref. Para 2.12 of Report)

MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND CO-OPERATION (DEPTT. OF AGRICULTURE)

Detailed instructions had been issued by the Development Commissioner as back as in 1954 vide his letter No. VI(42)/54/9533, dated 12th November, 1954, fixing the amount of Rs. 500 to be taken as security from the cashiers working in the office under him. They were reiterated in his letter No. PD(A)/14161/1233, dated 16th September, 1961 where it was restressed that all the D & D Officers of the Department should ensure that security deposits were taken from persons handling cash.

2. Shri Vijay Pal Singh, was appointed as a Cashier in the office of the Dy. Warden of Fisheries on 3rd February, 1962. In view of the position stated in para 1 above, the responsibility for not taking security from the Cashier rests squarely on Shri R. B. Raizada, Dy. Warden of Fisheries.

3. An examination of the Cash Book reveals that on an average, the Cashier in this office, handles Rs. 57326 per month. Accordingly, a security of Rs. 2,000 is being obtained from the Cashier.

APPENDIX XIII

(Ref. Para 2.108 of Report)

MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT & CO-OPERATION (DEPTT. OF AGRICULTURE)

The Directors of Agriculture of West Bengal and Assam were requested by the erstwhile Indian Central Coconut Committee as early as July, 1962 to furnish particulars of the sale of seedlings effected by them and to arrange credit to the Committee of its share of receipts. In spite of reminders no action was taken by the Directors concerned. The matter was therefore taken up by the Committee with the Secretaries to the Governments concerned in September, 1963 but in spite of repeated reminders and even at d.o. level no arrangements were made to remit the Committees' share of receipts.

In 1964, the Committee brought this matter to the notice of the Indian Council of Agricultural Research when the matter was taken up at demi-official level with the Secretaries of the State Governments concerned. The Committee also continued their efforts in this matter and early in March, 1965 a reply from the West Bengal Government was received wherein a statement containing particulars regarding sale of seedlings during 1959-60 to 1964-65 (upto June 1964) and due share of the Committee was received with an intimation that the share due to Committee was already credited in the local treasuries for payment to Committee. The statement furnished was not correct in all its details and the Committee called for detailed particulars of the Coconuts received by them, seedlings raised and sold and the share of Committee from the sale proceeds of the seedlings raised but this has not so far been received in spite of the repeated reminders, including telegraphic ones and a threat to withhold future supplies.

Since the Bengal Government had intimated that the share due to the Committee was already credited in the local treasuries that matter was also taken up with the A.G. West Bengal who intimated after a number of reminders that a sum of Rs. 2,06,614.92 was standing to the credit of the Committee but actual transfer of funds has not been effected pending reconciliation of figures furnished by the State Government and A.G. West Bengal.

In the case of Government of Assam, even though the matter was followed up with reminders both by the Committee and the I.C.A.R. no reply has since been received.

Statements showing the seedlings raised and sold and the receipts realized till date have not been furnished by the Government of West Bengal and Assam. The matter is still under correspondence with the State Governments. The last reminder was issued on 15th June, 1966.

So far as the question of recovery from the State Governments on the basis of estimated number of seedlings is concerned, it may be stated that this information of seedlings sold is available with the State Governments and the necessity for recoveries based on estimation does not arise.

It may be added that the Ministry was alive to the situation and has been taking up the matter with the State Governments. Even the President of the Committee who is also the Additional Secretary to the Government of India had asked the representative of the State Government of Bengal on the Committee to move his Government to expedite the payment of dues of the Committee as otherwise further supplies of seed Coconuts would be suspended. The representative of West Bengal Government informed the President of the Committee that due to administrative difficulties dues of the Committee were held up and further supplies should not be suspended as the nursery programme of the State would be adversely affected.

The payment has been pending due to the non reconciliation of figures furnished by State Government and the Accountant General West Bengal as stated above. Efforts are continuing to recover the amounts due to the defunct Committee. A special cell has been formed in the Indian Council of Agricultural Research to clear the arrears work left by the Committee and the recovery of amount from Accountant General West Bengal is being taken up by this Cell.

APPENDIX XIV

(Ref. Para 2.118 of Report)

MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT & CO-OPERATION (DEPTT. OF AGRICULTURE)

It is submitted that the information that no training classes were conducted after 1956 is not correct.

This station has as one of its functions, the imparting of training in the different aspects of Coconut cultivation. The Kasaragod station is located at a distance of 3 to 4 miles from the main town and the hotel or hostel accommodation not being available anywhere near by it was absolutely essential to have a hostel for the trainees coming from different Coconut growing areas in India and abroad. The yearwise break up of the persons trained is given below which will prove that classes were conducted right upto 1965.

Year No. of persons trained.

1956 30

1957 Nil

1958 1 Research Worker from the Philippines, 1 batch of Inspectors from Basic Agricultural Schools and Extension Training Centres, Kerala and two batches of trainees deputed by Government of Madras.

1959 37 plus one batch of Village Level workers from Pondicherry.

1960 3

1961 25

1962 22

1963 22

1964 Nil

1965 4

Total 144

(plus 4 batches of instructors of Extension Training Centres, V.L.Ws. etc.)

Even persons from Philippines, Thailand and other places in Asia have been trained.

It may be added that these trainees have all these years been accommodated in an improvised accommodation in the Verandah of the Guest House. Even the space in the Guest House and the Verandah is being utilized now for office purposes. Training right from growers and Village level workers to the officers in-charge of the schemes and stations at the State level has to be organized on a wide scale and the provision of this hostel accommodation is very essential. Information has now been received that the Completion Certificate and electric current has been provided but the electric motor pump has yet to be installed by C.P.W.D. for pumping water in the overhead tank of the hostel. Director, Kasaragod is making personal attempts to have this installed.

So far as the question of letting out the hostel to the staff for residential purposes is concerned, as pointed out by the audit, it may be stated that no such proposal was ever put up to the Committee for consideration. An approach made by the then Secretary of the Committee for temporary short-term use of the building for residential purposes was immediately opposed by the Director of the Station, as the accommodation was meant for trainees only. It would be utilized as such on the building being handed over by the C.P.W.D.

AUDIT COMMENTS

No regular training course was conducted, but training was given to those who desired, for periods ranging from a fortnight to two months (This fact was not furnished to Audit at the time of furnishing comments on the Audit Report). The total number of trainees indicated in the Ministry's note seems to be only a cumulative total of the number of persons so trained for very small duration.

APPENDIX XV

(Ref. Para 2.130 of Report)

MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND CO-OPERATION DEPARTMENT OF AGRICULTURE)

INDIAN CENTRAL TOBACCO COMMITTEE

Abstract showing the amounts paid to C.P.W.D. for construction of works, adjustment made and the balance to be accounted for as on 30-9-1965.

Sl. No.	Unit	Amount paid		Amount adjusted		Balance to be accounted	
		Rs.	P.	Rs.	P.	Rs.	P.
I. & II.	Executive Engineer, C. P. W. D. Madras	18,84,774	99	11,24,736	15	7,60,038	84
III.	Executive Engineer, Electrical Division, Madras (CPWD)	1,57,492	00	1,13,727	97	43,764	03
IV.	Executive Engineer, C. P. W. D., Shillong	9,68,222	75	52,309	95	1,15,912	80
V.	Executive Engineer, C.P.W.D., Calcutta	87,156	00	79,648	48	7,507	52
VI.	Executive Engineer, Mysore	1,98,273	00	87,323	03	1,10,949	97
VII.	Executive Engineer, C.P.W.D., Dhanbad	9,60,314	00	4,26,367	53	5,33,946	47
VIII.	Executive Engineer, C. P. W. D., Coimbatore	2,09,655	19	—	—	2,09,655	19
		44,65,887	93	26,84,113	11	17,81,774	82

Details of the Works Entrusted to C.P.W.D.

Amounts paid to the Executive Engineer, Central Public Works Department, Madras Central Division, Madras for the following items of work :—

Sl. No.	Item of work	Year	Amount paid	Remarks
1. Central Tobacco Research Institute, Farmstead Buildings.				
1	For office building and quarters	1951-52	70,000·00	}
2	For the construction of a well	1951-52	18,200·00	
3	For office buildings and staff quarters	1952-53	75,000·00	

Sl. No.	Item of work paid	Year	Amount paid	Remarks
4	For the construction of roads	1952-53	25,000.00	Work completed.
5	For non-residential Buildings	1952-53	1,72,900.00	
6	For over-head tank	1953-54	6,000.00	
7	For special repair to farmstead building	1953-54	2,903.00	
8	For providing pump house	1954-55	3,030.00	
9	For the following works :			
	(a) Provision of cover to well	2,000.00		
	(b) Roads, drainage and foot paths	9,500.00		
	(c) Cycle stand	2,420.00		
	(d) Water troughs	820.00		
	(e) Additional provisions	6,050.00		
			20,790.00	
10	For petty works	1953-54	2,500.00	Work completed
11	For residential and non-residential buildings	1954-55	44,380.00	
12	For annual repairs to farm building	1955-56	1,692.00	
13	For providing automatic chlorination	1955-56	2,130.00	Pending completion.
14	For providing pipeline	1956-57	35,873.00	Work completed.
15	For additional amount for pipe line	1956-57	2,385.00	
16	For annual repairs to farm buildings.	1957-58	4,690.00	
17	For providing pipe lines to farm fields.	1957-58	899.99	
18	For additional provision of pipe lines	1957-58	619.00	
19	For annual repairs to farmstead buildings	1958-59	4,764.00	
20	For annual repairs to curing barns	1959-60	218.00	
21	For annual repairs to farmstead buildings	1959-60	4,690.00	
22	For construction of buildings II Five Year Plan	1960-61	79,880.00	

Sl. No.	Item of work	Year	Amount paid	Remarks
23	For the completion of farm buildings II Five Year Plan.	1960-61	2,54,229.00	
24	For repairs to farm buildings	1962-63	2,220.00	
25	Extension work of the implement shed at Central Tobacco Research Institute, Rajahmundry (III Five Year Plan)	1962-63	2,685.00	
26	Scheme for production and distribution of pure seed and seedlings construction of office-cum-store room at Central Tobacco Research Institute, Nursery Rajahmundry	1963-64	4,660.00	
27	Annual repairs to Central Tobacco Research Institute, Rajahmundry	1964-65	4,980.00	
28	Construction of Culverts (Rs. 220 plus Rs. 1,587)	1964-65 & 1965-66	1,807.00	
			8,49,124.99	

II. Central Tobacco Research Institute, Rajahmundry, Laboratory Buildings.

1	For laboratory buildings	1953-54	2,00,000.00	Work completed.
2	For laboratory buildings	1954-55	1,50,000.00	
3	For laboratory buildings	1955-56	1,88,360.00	
4	Garage for jeep and trailer	1956-57	5,288.00	
5	For compound wall and drainage	1956-57	27,880.00	
6	For providing gas apparatus	1956-57	14,570.00	
7	For laboratory buildings	1957-58	91,284.00	
8	For providing gas apparatus additional amount	1957-58	1,849.00	
9	For glass house (II Five Year Plan)	1957-58	45,727.00	Pending completion.
10	For providing water supply connection to the gas house	1958-59	495.00	Work completed.
11	For annual repairs to laboratory and ancillary structures	1958-59	6,683.00	
12	Additional amount for water supply connection	1958-59	593.00	
13	For opening ceremony of laboratory buildings	1958-59	352.00	

Sl. No.	Item of work	Year	Amount paid	Remarks
14	For ancillary structure (II Five Year Plan.)	1958-59	1,78,710.00	Work completed
15	For annual repairs to laboratory building	1958-59	2,343.00	
16	For providing water proofing roof	1958-59	10,882.00	
17	For providing front approach culverts and drainages	1959-60	4,420.00	
18	For storage godown for conducting storage experiments. (II Five Year Plan)	1959-60	10,552.00	
19	For the construction of partition walls, floors in the basement of the wall in the cold room	1960-61	4,194.00	
20	For laying pipe lines from the farm well to the Central Tobacco Research Institute, Laboratory building.	1960-61	48,500.00	
21	For the construction of officer-cum-stores room (Plan)	1960-61	16,000.00	
22	For the construction of godown (Plan)	1960-61	2,848.00	
23	Annual Repairs 1961-62	1961-62	5,851.00	
24	For providing drains in front of culverts at Central Tobacco Research Institute, Rajahmundry	1962-63	1,630.00	
25	For Annual repairs	1964-65	5,921.00	
26	For repairs of leakage in laboratory building.	1964-65	5,358.00	
27	For construction of rain storage tank water.	1964-65	3,235.00	
28	Repairs to damaged portions of Buildings at C.T.R.I.	1965-66	2,265.00	Pending completion
	For the laboratory		10,35,650.00	
	For the farm		8,49,124.99	

The amount paid to the Executive Engineer, C.P.W.D. Madras till January, 1965

[18,84,774.99

III. Against the deposits to the Electric Engineer, Central Public Works Department Madras, the adjustments are as follows:

Particulars	Year	Deposit	Expenditure	Balance
1 For providing Electric installation in Residential and non-residential buildings at Central Tobacco Research Institute, Rajahmundry Farm	1952-53	34,409	7,950.22	14,179.19
2 For providing main service connections at Farm stead	1953-54	700	11,159.00	
3 For providing overhead low tension distribution lines at Farm stead	1955-56	5,800	7,620.59	
4 For providing centrifugal pumpset at the Farm stead	1953-54	7,452	5,849.94	1,830.06
5 Additional amount for centrifugal pump set.	1953-54	228		
6 For providing Electric installations to 'C' type quarters at Farm stead.	1954-55	2,425		2,425.00
7 For providing Electric installations and fans including lighting and ventilation at Lab. Buildings.	1956-57	11,001.56	64,107.43	734.54
8 Do. Additional amount	1956-57	40,000.00	158.03	
9 Do. Do.	1956-57	3,139.44		
10 For internal Electrification of Lab. Buildings	1956-57	10,859.00		
11 For providing Sub-station B.T. Bulk supply for Laboratory Buildings	1957-58	30,364.00	12,152.97	18,211.03
12 For providing a submersible pumpset at Laboratory Buildings	1957-58	11,114.00	4,729.79	6,384.21
		1,57,492.00	1,13,727.97	43,764.03
Balance to be adjusted				43,764.03

All the above works have been completed.

IV. *Wrapper and Hookah Tobacco Research Station, Dinhata.*

Amount paid to the Executive Engineer, C.P.W.D. Shillong.

Sl. No.	Name of the work	Year	Amount invested	Amount adjusted	Balance to be adjusted	
			Rs.	Rs.	Rs.	
1	For residential and non-residential.	1956-57	4,20,900.00	4,00,351.62	..	Work completed
2	Do.	1957-58				
3	For bore tube well	1958-59 1958-59	2,40,000.00 33,860.00			
				..	2,19,882.15	
4	For construction of buildings	1959-60		18,797.00	89,407.65	Work completed
5	For buildings	1960-61		1,25,000.00	82,771.40	
6	For annual repairs	1961-62		2,000.00	40,903.04	
7	For black topping farm roads	1961-62		22,000.00		
8	For construction of Laboratory buildings.	1961-62		25,000.00	18,994.09	
9	For buildings	1961-62		69,000.00		
10	Annual repairs for 1961-62	1962-63		225.75		
11	Annual repairs	1962-63		5,860.00		
12	For repairs and maintenance of buildings, 1964-65	1964-65		5,580.00	..	
				9,68,222.75	8,52,309.95	1,15,912.80

V. *Wrapper and Hookah Tobacco Research Station, Dinhata.*

Amount paid to the C.P.W.D. for the electrification of the buildings at Wrapper and Hookah Tobacco Research Station, Dinhata.

Sl. No.	Name of work	Year	Amount invested	Amount adjusted	Balance to be adjusted	
			Rs.	Rs.	Rs.	
1	For electrification of buildings.	1959-60 1960-61	81,203.00 ..	62,109.08 7,058.45		Work completed
2	For annual maintenance charges for electrical installation and fans	1962-63	2,750.00	2,750.00		
3	Maintenance for electrical installations	1963-64 1964-65	3,203.00 ..	4,499.47 5,981.48		
			87,156.00	79,648.48	7,507.52	

VI. Tobacco Research Station, Hunsur

Amount paid to Executive Engineer, C.P.W.D., Mysore.

Sl. No.	Name of work	Amount deposited Rs.	Expenditure upto Nov. 1965	Remarks
1	Constg. a cattle yard	9,000	6,064.37	CR sent.
2	Constg. of implement shed	6,000	6,653.81	
3	Setting up a pump set over-head tank etc.	10,000	8,965.67	
4	Constg. a residential quarters	51,360	47,742.32	Nearing completion
5	Constn. pump tank and provision of irrigation facilities	14,380	2,071.33	Work under progress
6	Constn. store building extension of store building.	26,333	18,825.53	Do.
7	Constg. of Virus Class house	81,200	..	Work not yet taken up
		1,98,273	87,323.03	

VII. Hookah and Chewing Tobacco Research Station, Pusa.

Amount paid to the Executive Engineer, C.P.W.D., Dhanbad for residential and non-residential buildings.

Sl. No.	Name of the work	Year	Amount invested	Amount adjusted	
1	For buildings	1956-57	2,75,000.00	..	
2	For barbed wire fencing				
3	For buildings	1957-58	2,17,820.00	2,234.20	
4	For buildings				
5	For buildings	1958-59	50,000.00	57,861.09	Works are in Progress.
6		1959-60	..	58,043.08	
7	For power tube well	1960-61	95,100.00	20,972.22	
8	For Lab. buildings.	1961-62 1962-63	24,270.00 ..	36,396.68 98,090.49	
9	For Lab. Buildings	1963-64	1,10,000.00		
10	For electrical works	1963-64	4,864.00	1,52,769.77	
11	For providing windows and drainage in godowns	1964-65	3,260.00		
12	For buildings	1964-65	1,80,000.00		
			9,60,314.00	4,26,367.53	

VIII. Construction Works and Vedsandur

Amount paid to Executive Engineer, C.P.W.D., Coimbatore.

- 1 Amount paid to the Executive Engineer, Coimbatore Central Division, Coimbatore in respect of improvement of wells construction of pump house and drains at Cigar, and Cheroot Tobacco Research Station, Vedsandur.

Rs. 41,418.00

Amount accounted for with audit certificate

Rs. 13,448.81

Rs. 28,269.19

The Executive Engineer, Central Public Works Department, Coimbatore Central Division, has stated that the work has since been completed and an amount of Rs. 23,638.35 has been spent by his Division. Further expenditure will be incurred by the Madras Division.

- 2 Amount paid to the Executive Engineer, C.P.W.D., Coimbatore Division, Coimbatore for the construction of building at Cigar and Cheroot Tobacco Research Station, Vedsandur.

1965-66 Rs. 1,81,386.00

Not yet taken up.

The amount was paid only in September, 1965 and immediately thereafter the work was transferred to the Madras Central Division.

Rs. 2,09,655.19

APPENDIX XVI

(Ref. Para 2.134 of Report)

MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT & CO-OPERATION (DEPTT. OF AGRICULTURE)

Statement showing progress in respect of Air-conditioned godown:—

(i) Date on which land was taken possession of	1-9-1958
(ii) Date on which final plans and estimates were received from Government	1-10-1959
(iii) Allotment of Fund made by Government of India on	6-8-1960
(iv) Accountant General's authorisation received on	9-9-1960
(v) Actual credit available on	29-11-1960
(vi) Cheque handed over to C.P.W.D. on	15-3-1961
(vii) Tender invited by C.P.W.D.	March, 1961
(viii) Date on which completion report was furnished in respect of civil works by C.P.W.D.	12-3-1966
(ix) Date of intimation regarding installation of electrical lift	13-6-1966
(x) Date of intimation that installation of air-conditioning equipment still in progress	13-6-1966

Statement of progress of payment made and expenditure incurred by C.P.W.D.

Date of Deposit	Amount	Progress expenditure	
		upto end of	Amount
	Rs.		
14-3-1961	9,55,908 (a)	31-3-1965	7,45,666
6-2-1963	4,67,390 (b)	31-10-1965	7,86,174
			Civil Works

Date of deposit	Amount	Progress expenditure	
		upto end of	Amount
	Rs.		
7-1-1964	1,73,239 (c)	31-3-1965	43,091 (Lift)
Total Deposit .	15,96,537	31-10-1965	3,33,240 (A.C. Unit)
(a) Deposit towards cost of civil works.		Total on Civil Works, Lift & A.C. Units.	11,62,505
(b) Deposit towards cost of air-conditioning.			As per information made available on 26-4-1966.
(c) Deposit towards cost of revised estimates of civil works.			

APPENDIX XVII

(Ref. Para No. 3.19 of this Report)

No. F.2-14/64-Plan

**MINISTRY OF COMMUNITY DEVELOPMENT AND CO-
OPERATION (DEPARTMENT OF CO-OPERATION)**

Krishni Bhavan,

New Delhi, the 3rd March, 1965.

To

**The Accountant General, Central Revenues,
New Delhi.**

**SUBJECT:—Central assistance to State Governments for State Plan
Centrally Sponsored Schemes of cooperative develop-
ment during 1964-65—Release of funds.**

Sir,

I am directed to convey the sanction of the President to the payment of a recurring grant of an amount of Rs. 82,50,000 (Rupees eighty-two lakhs fifty thousand only) to the National Cooperative Development Corporation during 1964-65.

2. The amount may be placed at the disposal of the National Co-operative Development Corporation to be utilised for the following Schemes:—

- (1) Subsidies to the State Governments for distribution of consumer articles in rural areas.
 - (2) Additional Assistance to Eastern States.
 - (3) Grants towards subsidy for meeting interest on loans to be repaid by the Nation Coop. Development Corporation to Government of India from loan obtained from Government.
 - (4) Grants for administrative expenses of the Corporation.
3. The expenditure involved will be met from the sanctioned

budget grants for the year 1964-65 under the head indicated below:—

“Demand No. 2—Community Development Projects, National Extension Service and Cooperation-Major Head “34”. A Co-operation (Plan). A. 1(2)—National Cooperative Development Corporation—Cooperative Development Schemes.”

4. The sanction is issued under the enhanced powers delegated to all Ministries vide Ministry of Finance (Department of Expenditure) Office Memorandum No. F.10(4)E(Coord)/62, dated the 1st June, 1962. The pattern of Central assistance has been approved by the Ministry of Finance and this grant has been sanctioned in accordance with the pattern of assistance.

Yours faithfully,

(Sd/-) R. VENGU

Under Secy. to the Govt. of India.

Copy to:

The National Coop. Development Corporation, New Delhi with reference to their letter No. 1(1)/64-Budget, dated the 15/16th February, 1965.

(Sd.) R. VENGU,

Under Secy. to the Govt. of India.

Copy also to:—

- (1) The Ministry of Finance (CD&C Branch).
- (2) UTB&C Section.
- (3) Guard File.

(Sd.) R. VENGU,

Under Secy. to the Govt. of India.

APPENDIX XVIII

Reference Para No. 4 of the Report

Vide Paragraph 99 of Audit Report (Civil) 1966.

PURCHASE OF FOODGRAINS

STATEMENT SHOWING THE FINANCIAL RESULTS OF STATE TRADING IN
FOODGRAINS FOR THE YEAR 1964-65.

(Figures taken from the *pro forma* accounts prepared by the Ministry
of Food and Agriculture)

(A) *Quantity Account (in tonnes)*

	Wheat	Rice	Other Grains	Total
1. Opening Stock .	8,17,226	4,94,267	2,713	13,14,206
2. Quantity purchased out- side India				
(Number of Shipments .	432	114	..	546)
(a) Quantity Manifested .	60,06,290	6,75,285	..	66,81,575
(b) Gain in voyage .	18,659	701	..	19,360
(c) Loss in voyage .	41,283	3,579	..	44,862
(d) Quantity landed .	59,83,666	6,72,407	..	66,56,073
3. Quantity purchased in India . . . .	..	10,55,896	900	10,56,796
4. Quantity sold .	64,57,483	17,72,414	1,695	82,31,592
5. Loss in distribution .	25,522	7,007	6	32,535
6. Closing stock .	3,17,887	4,43,149	1,912	7,62,948

(B) Value Account

(In lakhs of rupees)

Particulars	Wheat	Rice	Other Grains	Total	Particulars	Wheat	Rice	Other Grains	Total
Opening Stock	32,77.52	21,18.92	7.25	54,03.69	Sale proceeds	2,57,36.12	94,77.38	4.27	3,52,17.77
Cost including freight, incidental and direct charges	2,53,42.62	1,11,38.58	2.85	3,64,84.05	Deduct element of sale proceeds creditable to <i>pro forma</i> insurance fund	0.55	0.71	..	1.26
Deduct cost of shortlanded quantity charged to <i>pro forma</i> Insurance Fund	1,65.91	22.25	..	1,88.46	Net Sale proceeds	2,57,35.57	94,76.67	4.27	3,52,16.51
Profit	..	..	..	..	Miscellaneous Receipts	84.92	5.25	..	90.17
					Stock in hand	16,82.36	27,14.08	5.06	44,01.59
					Loss	9,51.38	10,38.95	0.77	19,91.10
TOTAL	2,84,54.23	1,32,34.95	10.10	4,16,99.28	TOTAL	2,84,54.23	1,32,34.95	10.10	4,16,99.28

(C) Statement showing cumulative profit/loss from 1943-44 to end of 1964-65.

(In rupees)

Name of grain	From 1943-44 to 1963-64	Profit(+) Loss(-) during 1964-65	To the end of 1964-65
Wheat	(-) 18,89,80,675	(-) 9,51,37,710	(-) 28,41,18,385
Wheat Flour	(+) 3,80,53,625	..	(+) 3,80,53,625
Rice	(-) 75,92,59,899	(-) 10,38,94,904	(-) 86,31,54,803
Milo Corn etc.	(+) 4,61,24,939	..	(+) 4,61,24,939
Barley	(-) 1,66,65,070	..	(-) 1,66,65,070
Maize	(+) 2,61,54,881	..	(+) 2,61,54,881
Paddy	(+) 27,82,866	(-) 77,327	(+) 27,05,539
Oats	(+) 1,04,492	..	(+) 1,04,492
Gram	(-) 6,72,245	..	(-) 6,72,245
TOTAL	(-) 85,23,57,086	(-) 19,91,09,941	(-) 1,05,14,67,027
<i>Deduct indirect expenses not classifiable grainwise</i>	(-) 44,55,08,212	(-) 6,66,45,705	(-) 51,21,53,917
<i>Interest on capital</i>	(-) 34,89,12,110	*(-) 7,36,26,807	(-) 42,25,38,917
GRAND TOTAL	(-) 1,64,67,77,408	(-) 33,93,82,453	(-) 1,98,61,59,861

*Includes a sum of Rs. 14,03,699 on account of interest for 1963-64 short-charged during that year.

NOTE.—A sum of Rs. 15.17 crores being the instalment for the year 1964-65 for the loss incurred on the sale of foodgrains outstanding in the Feed Trading Scheme was adjusted by transfer to revenue. The total loss charged to revenue to date amounts to Rs. 86.60 crores leaving a net loss of Rs. 69.76 crores still outstanding.

APPENDIX XIX

(Ref. para 4.6 of this Report)

*Statement showing Subsidy to be given on foodgrains during
1967-68*

**NOTE FOR THE PUBLIC ACCOUNTS COMMITTEE ON ITEM 1 OF
THE LIST OF THE POINTS ON WHICH FURTHER INFORMATION
WAS DESIRED BY THE COMMITTEE AT THEIR
SITTING HELD ON 18TH JULY, 1966 (REFERENCE LOK
SABHA SECTT. O.M. No. 2(1) (9)/66/PAC, DATED THE 27TH
JULY, 1966).**

P.A.C.'s Requirements:—

Item 1: Assuming that the quantity of foodgrains distributable during 1967-68 continues to be at the same level as in 1966-67, what would be the amount of subsidy that would be given on different items of foodgrains?

Reply:

A statement showing the amount of subsidy likely to be borne by the Government of India during the year 1967-68 on the assumption indicated by the Public Accounts Committee is enclosed.

2. The amount of subsidy in respect of rice relates to the estimated quantity of coarse rice to be issued during the year 1967-68. The rice of superior variety is sold more or less at its economic price and has, therefore, not been taken into account in working out the figure of offtake.

(J.A. DAVE)

***Director Genl. of Food and Jt. Secy.
to the Govt. of India.***

*Estimated amount of subsidy to be borne by the Government of India in the distribution of Foodgrains in the year
1967-68*

Commodity	Estimated Off take in '000 M.T.	Economic cost per quintal	Issue Price per quintal	Subsidy per quintal	Total subsidy in crores rupees
		Rs.	Rs.	Rs.	Rs.
Imported Wheat	(a) 89.27	(b) 66.20	(c) 50.00	16.20	144.62
Imported and Indigenous Rice (Coarse)	1014	As per details in the Annexure to this statement			25.73
Imported Milo	1083	52.89	33.00	19.89	21.54
					<hr/> 191.89

(a) Off take assumed to be the same as in 1966-67.

(b) Post Devaluation rate.

(c) Issue Price w.e.f. 10-6-66—assumed to be operative in 1967-68 also.

ANNEXURE

Off take of Rice (Coarse)

State	Source	Quantity M.T.	Economic cost per quintal	Issue Price per quintal	Rate of subsidy per quintal	Total subsidy in crores Rupees
			Rs.	Rs.	Rs.	
Kerala	Imported	3,85,000	102.58	69.00	33.58	12.91
	Madras	1,00,000	69.54	69.00	0.54	0.05
	A.P.	80,000	73.64	69.00	4.64	0.37
	Orissa	35,000	75.35	69.00	6.35	0.22
		6,00,000				13.55
Maharashtra	Imported	1,30,000	102.58	68.00	34.58	4.50
	Punjab	4,000	65.74	68.00 (+)	2.26	(+)0.01
		1,34,000				4.49
Gujarat	Imported	55,000	102.58	67.00	35.58	1.96
	Punjab	3,000	64.74	67.00	(+) 2.26	(+)0.01
		58,000				1.95

M. P.	Imported M.P.	27,000	102.58	60.00	42.58	1.15
		45,000	72.12	60.00	12.12	0.55
		72,000				1.70
Mysore	Imported A.P.	15,000	102.58	66.00	36.58	0.55
		20,000	73.64	66.00	7.64	0.15
		35,000				0.70
West Bengal	Imported Orissa	50,000	102.58	63.00	39.58	1.98
		30,000	75.35	63.00	12.35	0.37
		80,000				2.35
Tripura	Imported	20,000	102.58	63.00	39.58	0.79
Goa	Imported A.P.	5,000	102.58	70.00	32.58	0.16
		10,000	73.64	70.00	3.64	0.04
		15,000				0.20
GRAND TOTAL		10,14,000				25.73

APPENDIX XX

(Ref. Para No. 4.6 of this Report)

NOTE FOR THE PUBLIC ACCOUNTS COMMITTEE ON ITEM NO. 2 OF THE LIST OF THE POINTS ON WHICH FURTHER INFORMATION WAS DESIRED BY THE COMMITTEE AT THEIR SITTING HELD ON 18TH JULY, 1966 (REFERENCE LOK SABHA SECRETARIAT, O.M. NO. 2(1)/9/66/PAC, DATED THE 27TH JULY, 1966.

P.A.C. Requirements:

Item 2: It was stated in evidence that the total amount of subsidy during 1966-67 on distribution of foodgrains i.e., wheat, rice and Milo was estimated at about Rs. 106.84 crores. A statewide break-up of this amount may be furnished.

Reply:

A statement together with subsidiary statements I-A-Wheat, I-B(i) and B(ii)-Rice and I-C-Milo indicating the statewide subsidy on the distribution of these foodgrains is enclosed. In the case of rice the element of subsidy is involved only in the sale of coarse rice. The State Governments to whom no coarse rice is issued or to whom negligible quantities of coarse rice are issued have not been taken into account. The quantities of off-take taken into consideration for purposes of calculations in these statements are based on the best available estimates. Actual sales during the year may turn out to be somewhat different depending upon the availability of stocks of these foodgrains and also the requirement of the recipient States depending on various factors. It may also be stated that accounts are not maintained Statewise and, as such, the figures given in these statements are not susceptible of verification with the booked accounts.

(J. A. DAVE)

*Director Genl. of Food and Jt. Secy.
to the Govt. of India.*

To

**The Lok Sabha Secretariat,
Parliament House,
New Delhi**

Encl:—5

SUMMARY

STATEMENT — I

Statement showing amount of estimated subsidy likely to be borne by the Government of India in the distribution of wheat, Rice & Milo to various States during 1966-67

States	Wheat		Rice (Coarse)		Milo	
	Estimated off-take in '000 M.T.	Estimated subsidy in crores rupees	Estimated off-take in '000 M.T.	Estimated subsidy in crores rupees	Estimated off-take in '000 M.T.	Estimated subsidy in crores rupees
1	2	3	4	5	6	7
Andhra Pradesh	220	2.11	..	..	24	0.12
Assam	242	2.08	..	..	..	..
Bihar	697	6.50	..	..	80	0.53
Gujarat	498	5.62	58	1.34	95	0.45
Kerala	330	3.27	600	9.51	..	..
Madhya Pradesh	548	4.86	72	1.43	35	0.19
Madras	339	3.01	..	..	34	0.18
Maharashtra	1,376	12.9	134	3.09	477	2.39
Mysore	452	4.05	35	0.55	260	2.03

1	2	3	4	5	6	7
Orissa	333	2.73	..	..	11	..
Punjab	204	2.08	..	..	..	..
Rajasthan	527	4.95	..	..	50	0.15
Uttar Pradesh	663	5.89	..	..	3	(+) 0.01
West Bengal	1,781	15.73	80	1.81	13	0.03
Delhi	274	3.10	..	..	..	..
Jammu & Kashmir	161	1.23	..	..	..	..
Defence Services	200	1.87	..	..	..	..
Others (Tripura & Goa)	81	0.36	35	0.73	1	(+) 0.01
TOTAL	8,927	82.34	1,014	18.46	1,083	6.04

Total Subsidy.

Imported Wheat Rs. 82.34 crores

Coarse Rice Rs. 18.46 crores

Imported Milo Rs. 6.04 crores

Rs. 160.84 crores

STATEMENT I-A—WHEAT

Statement

showing amount of estimated subsidy borne by Government of India in the distribution of wheat to various States in 1966-67

States	Off take in ' 000 tonnes			Economic Prices per quintal		Issue price per quintal	Estimated Rate of Subsidy (—) Profit (+) borne by Govt. per quintal		Total subsidy (—) Profit (+) borne by Govt. during 1966-67		Net Subsidy (—) Profit (+) in 1966-67
	During 4/66 to 7/66	During 8/66 to 3/66	During 4/66 to 3/67	Upto 31/7/66	From 1/8/66 to 31/3/67		Upto 31/7/66	From 1/8/66 to 31/3/67	During 1/4/66 to 31/7/66	During 1/8/66 to 31/3/67	
I	2	3	4	5	6	7	8	9	10	11	12
				Rs.	Rs.	Rs.	Rs.	Rs.			
Andhra Pradesh .	70	150	220	45·37	66·20	50·00	(+) 4·63	(—) 16·20	(+) 0·32	(—) 2·43	(—) 2·11
Assam	89	154	243	„	„	„	„	„	(+) 0·41	(—) 2·49	(—) 2·08
Bihar	230	467	697	„	„	„	„	„	(+) 1·06	(—) 7·56	(—) 6·50
Gujarat . . .	108	390	498	„	„	„	„	„	(+) 0·50	(—) 6·32	(—) 5·82
Kerala	100	230	330	„	„	„	„	„	(+) 0·46	(—) 3·73	(—) 3·27
Madhya Pradesh .	193	355	548	„	„	„	„	„	(+) 0·89	(—) 5·75	(—) 4·86
Madras	119	220	339	„	„	„	„	„	(+) 0·55	(—) 3·56	(—) 3·01
Maharashtra . .	451	925	1,376	„	„	„	„	„	(+) 2·09	(—) 14·99	(—) 12·90
Mysore	157	295	452	„	„	„	„	„	(+) 0·73	(—) 4·78	(—) 4·05

1	2	3	4	5	6	7	8	9	10	11	12
				Rs.	Rs.	Rs.	Rs.	Rs.			
Orissa	128	205	333	"	"	"	"	"	(+) 0.59 (—) 3.32 (—) 2.73		
Punjab	59	145	204	"	"	"	"	"	(+) 0.27 (—) 2.35 (—) 2.08		
Rajasthan . . .	172	355	527	"	"	"	"	"	(+) 0.80 (—) 5.75 (—) 4.95		
Uttar Pradesh .	233	430	563	"	"	"	"	"	(+) 1.08 (—) 6.97 (—) 5.99		
West Bengal . .	630	1,161	1,781	"	"	"	"	"	(+) 2.92 (—) 18.65 (—) 15.73		
Delhi	64	210	274	"	"	"	"	"	(+) 0.30 (—) 3.40 (—) 3.10		
Jammu & Kashmir .	65	95	161	"	"	"	"	"	(+) 0.31 (—) 1.54 (—) 1.23		
Defence Services .	75	125	200	"	"	"	"	"	(+) 0.35 (—) 2.02 (—) 1.87		
Others	46	35	81	"	"	"	"	"	(+) 0.21 (—) 0.57 (—) 0.36		
	2,990	5,937	8,927						(+) 13.84 (—) 96.18 (—) 82.34		

NOTE.—The quantity purchased abroad from 6-6-1966 onwards (i.e. from the date of devaluation) will start coming sometimes towards the end of July, 1966. As such the Post devaluation rate of economic cost has been taken into account w.e.f. 1-8-1966 only.

STATEMENT I-B (I) RICE

Statement showing subsidy on Common Rice during 1966-67

Sl. No.	Name of recipient State/ Administration	Source of Supply	Total off take of coarse rice (quantity to be supplied)	Quantity to be supplied during			Economic cost per quintal			Issue prices per quintal			Subsidy per quintal		
				from 1-4-66 to 9-6-66	from 10-6-66 to 31-7-66	from 1-8-66 to 31-3-67	from 1-4-66 to 9-6-66	from 10-6-66 to 31-7-66	from 1-8-66 to 31-3-67	from 1-4-66 to 9-6-66	from 10-6-66 to 31-7-66	from 1-8-66 to 31-3-67	from 1-4-66 to 9-6-66	from 10-6-66 to 31-7-66	from 1-8-66 to 31-3-67
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
			M.T.	M.T.	M.T.	M.T.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1.	West Bengal	Orissa	30,000	7,000	5,000	18,000	75.35	75.35	75.35	60.00	63.00	63.00	15.35	12.35	12.35
		Imported	50,000	10,000	7,000	33,000	68.02	68.02	102.58	60.00	63.00	63.00	3.02	5.02	39.58
2.	Kerala	Orissa	35,000	8,000	5,000	22,000	75.35	75.35	75.35	66.00	69.00	69.00	9.35	6.35	6.35
		Andhra Pradesh	80,000	15,000	11,000	54,000	73.64	73.64	73.64	66.00	69.00	69.00	7.64	4.64	4.64
		Madras	1,00,000	20,000	14,000	66,000	69.54	69.54	69.54	66.00	69.00	69.00	3.54	0.54	0.54
		Imported	3,85,000	75,000	53,000	2,57,000	68.02	68.02	102.58	66.00	69.00	69.00	2.02	(+)0.98	33.58
3.	Maharashtra	Punjab	4,000	4,000	..	..	75.74	65.74	65.74	65.00	68.00	68.00	0.74	..	..
		Imported	1,30,000	26,000	17,000	87,000	68.02	68.02	102.58	65.00	68.00	68.00	3.02	0.02	34.58

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
4. Gujarat	Punjab	3,000	3,000	..	..	64.74	64.74	64.74	64.00	67.00	67.00	0.74	..	..	..
	Imported	55,000	11,000	8,000	36,000	68.02	68.02	102.58	64.00	67.00	67.00	4.02	1.02	35.58	..
5. Mysore	Andhra Pradesh	20,000	4,000	2,000	14,000	73.64	73.64	73.64	63.00	66.00	66.00	66.00	10.64	7.64	..
	Imported	15,000	3,000	2,000	10,000	68.02	68.02	102.58	63.00	66.00	66.00	5.02	2.02	36.58	..
6. Madhya Pradesh	Madhya Pradesh	45,000	9,000	6,000	30,000	72.12	72.12	72.12	57.00	60.00	60.00	15.12	12.12	12.12	..
	Imported	27,000	6,000	3,000	18,000	68.02	68.02	102.58	57.00	60.00	60.00	11.02	8.02	42.58	..
7. Goa	Andhra Pradesh	10,000	2,000	1,000	7,000	73.64	73.64	73.64	67.00	70.00	70.00	6.64	3.64	3.64	..
	Imported	5,000	..	..	5,000	68.02	68.02	102.58	67.00	70.00	70.00	1.02 (+)	1.98	32.58	..
8. Tripura	Imported	20,000	5,000	3,000	12,000	68.02	68.02	102.58	60.00	63.00	63.00	8.02	5.02	39.58	..

NOTES:—

- (1) The quantity purchased abroad from 6-6-66 onwards (i.e. the date of devaluation) will start coming sometime towards the end of July, 1966. As such the revised economic cost, which is calculated on basis of arrivals in a year, may have effect from 1-8-1966 only.
- (2) In the figures given by U.S. (P) I in "advance Budget" quantity of off take of rice is more than its availability both from imported and indigenous sources. In working out the subsidy on rice as above it has been assumed that the shortfall to the extent of about 1.20 lakh tonnes will be met from imports.
- (3) For calculation of total amount of subsidy please see annexure below.

STATEMENT - I-B (II) RICE

Calculation Statement of subsidy on basis of Statements—I.

Serial No.	Recipient State/Administration	Source of Supply	Quantity to be supplied in Metric Tonnes	Rate of Subsidy (—) Profit (+) per Metric Tonne	Subsidy (—) Profit (+) in lakh rupees	Total Subsidy (—) in lakh rupees
1	2	3	4	5	6	7
1	West Bengal	Orissa	7,000	(—) 153·50	(—) 10·75	
		Orissa	23,000	(—) 123·50	(—) 28·41	
		Imported	10,000	(—) 80·20	(—) 8·02	
		Imported	7,000	(—) 50·20	(—) 3·51	
		Imported	33,000	(—) 395·80	(—) 130·61	(—) 181·30
2	Kerala	Orissa	8,000	(—) 93·50	(—) 7·48	
		Orissa	27,000	(—) 63·50	(—) 17·15	
		Andhra Pradesh	15,000	(—) 76·40	(—) 11·46	
		Andhra Pradesh	65,000	(—) 46·40	(—) 30·16	
		Madras	20,000	(—) 35·40	(—) 7·08	
		Madras	80,000	(—) 5·40	(—) 4·32	
		Imported	75,000	(—) 20·20	(—) 15·15	

1	2	3	4	5	6	7	
		Imported	53,000	(+)	9·80	(+)	5·19
		Imported	2,57,000	(—)	335·80	(—)	863·01
3. Maharashtra		Punjab	4,000	(—)	7·40	(—)	0·30
		Imported	26,000	(—)	30·20	(—)	7·85
		Imported	17,000	(—)	0·20	(—)	0·03
		Imported	87,000	(—)	345·80	(—)	300·85
4. Gujarat		Punjab	3,000	(—)	7·40	(—)	0·22
		Imported	11,000	(—)	40·20	(—)	4·42
		Imported	8,000	(—)	10·20	(—)	0·82
		Imported	36,000	(—)	355·80	(—)	128·09
5. Mysore		Andhra Pradesh	4,000	(—)	106·40	(—)	4·26
		Andhra Pradesh	16,000	(—)	76·40	(—)	12·22
		Imported	3,000	(—)	50·20	(—)	1·51
		Imported	2,000	(—)	20·20	(—)	0·40
		Imported	10,000	(—)	3	(—)	36·58
6. Madhya Pradesh		Madhya Pradesh	9,000	(—)	151·20	(—)	13·61
		Madhya Pradesh	36,000	(—)	121·20	(—)	41·63

	Imported	6,000	(—)	110·20	(—)	6·61	
	Imported	3,000	(—)	80·20	(—)	2·41	
	Imported	18,000	(—)	425·80	(—)	75·64	(—) 142·90
7. Goa]	Andhra Pradesh	2,000	(—)	66·40	(—)	1·33	
	Andhra Pradesh	8,000	(—)	36·40	(—)	2·91	
	Imported	5,000	(—)	325·80	(—)	16·29	(—) 20·5
8. Tripura	Imported	5,000	(—)	80·20	(—)	4·01	
	Imported	3,000	(—)	50·20	(—)	1·51	
	Imported	12,000	(—)	395·80	(—)	47·50	(—) 53·02
Grand Total							(—) 1845·92

Statement I-C
Estimated subsidy borne by Govt. of India

State	Estimated Off-take in '000 M.T.				Estimated economic Cost per quintal		Issue price per quintal	
	from 1-4-66 to 9-6-66	from 10-6-66 to 31-7-66	from 1-8-66 to 31-3-67	Total Offtake to 1966-67	from 1-4-66 to 31-7-66 Rs.	from 1-8-66 to 31-3-67 Rs.	from 1-4-66 to 9-6-66 Rs.	from 10-6-66 to 31-3-67 Rs.
1	2	3	4	5	6	7	8	9
Andhra Pradesh .	9	9	6	24	56.92	52.89	40.00	33.00
Bihar	40	10	30	80	..	..	..	..
Gujarat	58	7	30	95	..	..	..	..
Madhya Pradesh .	15	10	10	35	..	..	..	..
Madras	17	7	10	34	..	..	..	..
Maharashtra . . .	221	126	130	477	..	..	..	..
Mysore	95	60	105	260	..	..	..	..
Orissa	8	2	1	11	..	..	..	..
Uttar Pradesh . .	2	1	..	3	..	..	..	..
Rajasthan	30	10	10	50	..	..	..	..
West Bengal . . .	4	9	..	13	..	..	..	..
Others	1	..	..	1	..	..	..	..
TOTAL	500	251	332	1083				

Note—The Quantity purchased abroad w.e.f. 6-6-66 onwards (the date of devaluation) will start coming towards the end of July 1966 only. As such the post devaluation rate of economic cost has been taken into account w.e.f. 2-8-66.

—Mile

In Distribution of Mile to various States in 1966-67

Estimated element of Subsidy (—)/ Profit (+) per quintal			Total estimated Subsidy (—)/Profit (+) borne by Govt. of India			Total net subsidy for 1966-67 in crores
from 1-4-66 to 3-6-66 Rs.	from 10-6-66 to 31-7-66 Rs.	from 1-8-66 to 31-3-67 Rs.	from 1-4-66 to 3-6-66 Rs.	from 10-6-66 to 31-7-66 Rs.	from 1-8-66 to 31-3-67 Rs.	Rs.
10	11	12	13	14	15	16
(+)3.08	(—)3.92	(—)19.89	(—)0.03	(—)0.03	(—)0.11	(—)0.11
..	(+)0.12	(—)0.04	(—)0.60	(—)0.52
..	(+)0.18	(—)0.03	(—)0.60	(—)0.45
..	(+)0.05	(—)0.04	(—)0.20	(—)0.19
..	(+)0.05	(—)0.03	(—)0.20	(—)0.18
..	(+)0.68	(—)0.49	(—)2.59	(—)2.40
..	(+)0.29	(—)0.23	(—)2.09	(—)2.03
..	(+)0.02	(—)0.01	(—)0.01	..
..	(+)0.01	negligible	—	(—)0.01
..	(+)0.09	(—)0.04	(—)0.20	(—)0.15
..	(+)0.01	(—)0.04	—	(—)0.03
..	(+)0.01	—	—	(+)0.01
			(+)1.54	(—)0.98	(—)6.60	(—)6.04.

APPENDIX

REFERENCE PARA No. 4-63

Statement showing the Number of Godowns hired, as well as owned, their capacity and

S. No.	Name of the State/ Centre	No. of owned godowns	Capacity	Stocks of foodgrains	Others	Total Stocks	Capacity unusable for operational or other reasons
1	2	3	4	5	6	7	8
1.	Andhra Pradesh	—	—	—	—	—	—
2.	Bihar	18	2,15,515	95,229	5,155	1,00,384	43,103
3.	Delhi	35	1,00,978	71,462	6,238	77,700	21,995
4.	Goa	—	—	—	—	—	—
5.	Gujarat	4	23,161	14,272	11,971	46,243	14,652
6.	Manipur	1	4,600	2,200	800	3,000	910
7.	Maharashtra	28	5,80,084	1,24,986	62,966	1,87,952	1,17,733
8.	M. Pradesh	8	58,500	15,135	1,492	16,727	11,740
9.	Madras	—	—	—	—	—	—
10.	Punjab	1	17,100	3,100	—	3,100	3,420
11.	Tripura	25	18,698	10,537	—	10,537	3,739
12.	Uttar Pradesh	88	3,23,566	1,41,262	2,036	1,43,298	64,504
13.	W. Bengal	11	2,02,200	16,104	29,579	45,592	40,460
TOTAL		224	16,21,701	5,14,205	1,20,237	6,34,442	3,22,278

ASSAM

Note.— In respect of Assam State, 'Stocks' and 'Vacant space' shown relate to the entire depot as break up of stocks between 'hired' and 'Govt. owned' godowns is not available

	54	49,939	16,873	1,630	18,503	9,438
No. of owned godowns	4			Capacity		23,925
No. of hired godowns	50			Capacity		26,014
	54					49,939

XXI

OF THIS REPORT

Actual Quantity of Foodgrains and others stored in them, as on 31st March 1966.

Vacant space	No. of hired godowns	Capacity	Stocks of foodgrains	Others	Total stocks	Capacity unusable for operational or other reasons	VACANT SPACE
9	10	11	12	13	14	15	16
—	9	12,797	Nil	1,085	1,085	2,560	9,158
72,028	20	15,726	7,048	795	7,843	2,754	5,129
10,283	—	—	—	—	—	—	—
—	3	9,344	Nil	7,932	7,932	1,412	—
12,266	35	1,09,006	25,957	29,850	55,807	21,801	31,908
690	—	—	—	—	—	—	—
2,81,177	11	1,30,840	12,418	17,480	29,898	26,150	74,792
10,333	47	18,241	8,097	1,220	9,137	3,100	5,824
—	9	33,364	377	11,401	11,778	6,673	14,913
10,571	—	—	—	—	—	—	—
4,422	—	—	—	—	—	—	—
1,15,764	11	19,732	4,098	1,535	5,633	3,945	10,154
1,16,247	9	1,74,719	12,082	23,219	34,301	44,066	95,352
6,55,981	154	5,23,769	70,077	94,517	1,64,594	1,12,461	2,46,714

21,998

ASSAM

[O. M. No. 21,456-67/BRCI dt. 13th October, 1966 from the Ministry of Food and Agriculture (Deptt. of Food)]

APPENDIX XXII

(Ref. Para 5.4 of the Report)

MINISTRY OF INDUSTRY

Note on construction of Small Industries Service

INSTITUTE BUILDING AT CALCUTTA

Tender of M/s R. C. Mitter and Co. was the lowest of the seven tenders received on 7th November, 1959. The difference between this tender and the next above was Rs. 98,188. The firm reported that they had been enlisted as Class I contractors by the Chief Engineer of Construction Board, West Bengal Government. It was also reported by the firm that they had carried out the following works under the officers shown against each:—

- | | | |
|----|---|---|
| 1. | Construction of single storeyed one roomed tenements at Patulia, (24 Paraganas)—Rs. 3.60 lakhs. | Chief Engineer, Housing Directorate. |
| 2. | Construction of K type quarters (4 storeyed) and G type (3 storeyed) quarters at Calcutta—Rs. 5.42 lakhs. | Superintending Engineer, Presidency Circle. |

Before deciding the award of work, the above officers were addressed to verify the above facts. The Chief Engineer, Construction Board had confirmed that the firm was enlisted as Class I contractor. The monetary limit of Class I contractors was Rs. 1.00 lakhs, but they were allowed to participate in open tenders without limit".

The Chief Engineer, Housing Directorate and Superintending Engineer, Presidency Circle had also confirmed that the firm carried out the above said works satisfactorily.

The construction of the building for the Institute at Calcutta was therefore given out on contract to the lowest tenderer, M/s R. C. Mitter and Co. The amount of tender was Rs. 5,86,938.

The date of commencement of the work as per agreement was 1st Mach, 1960. The stipulated period of contract being 10 months, the due date of completion was 31st December, 1960.

Though the date of commencement as per agreement was 1st March, 1960, the work could not be started as the layout of the buildings was not finalized by the Architects till 19th April, 1960. Thereafter the foundations were excavated but the concrete could not be laid as the bearing capacity of the soil was to be checked by the Architects. The testing was done and the Architects actually passed the foundation after inspection of site on 11th May, 1960. It may be recalled that the design of the Institutes at Bombay, Delhi, Madras and Calcutta was entrusted to the Architects M/s Kanvinde & Rai who were also responsible for supervision of work. Thus nearly 2½ months of working season were lost.

The monsoon breaks in this region early and work in foundations becomes difficult. The particular site is in a low lying area (in Bon Hooghly) and a light shower makes the area boggy. This position continues upto October. The foundation work on Administration Block though commenced in October, 1960 could go on vigorously only in November, 1960. By the end of November all the column footings were concreted.

During the execution certain defects were noticed. On 10th November, 1960 the architect's representative opened up the concrete in one column base and found it to be substandard by visual inspection. He had asked the contractor to open a few more footings.

On 17th November, 1960 another inspection was carried out by the architect's representative and the Deputy Director (IC&C). The samples revealed poor quality of concrete.

Further inspection was done on 22nd November, 1960 [Samples were taken by the Deputy Director (IC&C) and sent to Government Test House for testing]. On this occasion also the samples had shown defective work. The contractor was asked to divert his labour on the museum and workshop blocks and not to proceed further on defective column bases. The contractor did not cooperate with the department regarding the testing of concrete and raised petty dispute regarding responsibility for bearing the cost of testing etc. On 6th December, 1960 the architect's representative refused to recommend payment for the defective work and the running account bill was withheld.

On 12th December, 1960 the Deputy Director (IC&C) wrote to the contractor that he should rectify the defective columns.

Thus the defective work was pointed out on 10th November, 1960 and due to contractor's non cooperative attitude, his bill was with-

held on 6th December, 1960 and rejection of work intimated in writing.

The contractor disputed the responsibility for this defective work and this led to a controversy. The matter was under correspondence with the contractor from January, 1961 onwards. To settle this dispute the department set up a committee on 4th April, 1961 under the Chairmanship of the Chief Engineer, Construction Board of West Bengal. The Committee held three sittings on 19th April, 1961, 11th May, 1961 and 31st August, 1961 and recommended acceptance of column bases whose concrete showed a strength of 1000 lbs./sq. in. and above and strengthening of the column footings in which the strength of concrete was reported to be less than 1000 lbs./sq. in. The Architects were requested to furnish design for strengthening the columns. On 2nd November, 1961 the Architects produced the designs. The architects expressed their dissatisfaction with the above recommendation and disowned any responsibility regarding the work if the department implemented the recommendations. The contractor was addressed to undertake the rectifications and resume the work which was suspended all along. The latter, however, contended that he should be paid for the rectifications and also raised certain claims for idle labour and rise in market rates of materials. The contractor resumed the work in April, 1962. In spite of notices under the terms of the contract, the contractor showed little interest to accelerate the progress and finally stopped all work in the first week of May, 1962. The Ministry was approached on 5th June, 1962 to approve rescission of contract and action under Clause 3(C) of the agreement.

A final notice was served on the contractor on 31st July, 1962 and the unfinished work was taken away from him under Clause 3(C) of the agreement on 26th September, 1962.

Sd./-

(A. K. ROY)

*Joint Secretary to the Government of India,
Ministry of Industry.*

[Ministry of Industry O.M. No. 5(15)/B&A/66, dated 10th August, 1966 refers].

APPENDIX XXIII

(Ref. Para 5.24 of the Report)

MINISTRY OF INDUSTRY

Note on the Points relating to the Indian Standards Institution on which Public Accounts Committee desired to be furnished with further information at their sitting held on 13th July, 1966 (Afternoon).

Para 134—(A)-pages 155—158—Indian Standards Institution:

2. (i) From the statement at page 1356 of the Audit Report (Civil) 1966, it has been observed that the income under each head was more or less constantly increasing. If the law of diminishing returns was operating, the income should not increase proportionately. During the evidence, the Committee have been informed that if the charges were increased, the law of diminishing returns would work. A note giving the figures to prove that law of diminishing returns operate in the above mentioned case, may be furnished.

Note:—

A reference to the law of diminishing returns was made in regard to Institution's income from subscribing members. During the evidence, the Committee was informed that any increase in the subscription rates chargeable from the members, no doubt, would result in overall increase in revenue but such an increase in revenue is not likely to be proportionate to the increase in rates.

In the year 1960-61 the Institution increased subscription rates of its members in the following manner:—

	Subscription rate	Increase	Percentage
	Rs.	Rs.	
1. Sustaining Member(1359)	250.00	350.00	40%
2. Sustaining Member (Associate)	100.00	150.00	50%
Weightage Average = 42 per cent.			

It was found that the above increase in rates could not result in proportionate increased income. The relevant figures in the table given below would prove that the law of diminishing returns has actually operated in the present case.

Year	Subscription collected (Rs. in lakhs)	Percentage Increase from year to year	No. of Subscribing members	Average Subscription per member	
1	2	3	4	5	
1951-52	2.04	..	758	289	
1952-53	2.21	8.3	814	271	
1953-54	2.42	9.5	897	269	
1954-55	2.68	10.7	1032	260	
1955-56	3.02	12.7	1181	255	
1956-57	3.36	11.3	1347	Average increase per year 177.	249
1957-58	3.68	9.5	1510		244
1958-59	3.99	8.4	1770		225
1959-60	4.32	8.3	1946		222
1960-61	6.01	39.1	2065		291
1961-62	6.51	8.3	2310		282
1962-63	7.17	10.1	2705		265
1963-64	8.07	12.6	3091		261
1964-65	8.98	11.3	3520		255

From column 3 of the above table, it is clear that there has been an average increase of about 10 per cent in subscription collection each year. The year 1960-61, however, registered an increase of 39 per cent over the previous year. This abnormal increase of 29 per cent (39-10 normal) is the result of the increased rates of subscription. It is clear that the increase of about 29 per cent in revenue could not keep pace with the increase in the subscription rates which was about 42 per cent.

Column 4 of the above table indicates that the number of subscribing members rose from 1946 in the year 1959-60 to 2065 in the year 1960-61, thereby showing a net increase of 119 only, whereas the average increase during the Second Plan was 177. It proves that the normal increase in membership could not be maintained because of increased rates in membership subscription.

Again column 5 of the above table indicates that average subscription per member rose from 222 in 1959-60 to 291 in 1960-61 thereby registering a percentage increase of about 31 per cent. This increase is against the 42 per cent. increase in subscription rate. However, it will be noted that in the subsequent years after 1960-61, whereas the total subscription has gone up, the average subscription per member has shown a downward trend.

It was in the above context that the Committee was informed that the law of diminishing returns was operating in respect of membership subscription income.

(Sd.) A. K. ROY,

Jt. Secy. to the Govt. of India.

[Ministry of Industry O.M. No. 5(15)/B&A/66, dated 10th August, 1966 refers.]

APPENDIX XXIV

(Ref. Para 5.37 of the Report)

Note containing the further information relating to Licences granted by ISI (129) required for vetting the Note for the Public Accounts Committee forwarded vide Ministry of Industry letter No. N8(5)P&D/66, dated 1-10-66 addressed to Accountant General C. W. & M. New Delhi and copy to Lok Sabha Secretariat (PAC Branch) New Delhi.

* The position with regard to 129 licences mentioned in the Note for Public Accounts Committee earlier sent to the Accountant General, Commerce, Works and Miscellaneous Delhi for vetting have been explained by the Indian Standards Institution, New Delhi vide their letter No. MD/AO, dated 16th September, 1966 to the AG. CW&M in response to their letter No. OAD(C)/ISI./66-67/1195-96, dated the 3rd August, 1966. A statement regarding the 129 licences mentioned in the Audit's letter dated 3rd August 1966 referred to above is enclosed which indicates the date of grant of licence and the yearly marking fee received till 1965 in respect of each licence.

2. The Indian Standards Institution have scrutinized the list of 129 licences, and found that in the case of the following 30 licences the minimum marking fee has already been fixed:—

Category	Serial number of the list	Total No.
A. Licences where minimum marking fee has already been fixed from the date of grant of licences.	83, 84, 97, 123, 124, 128 and 129.	7
B. <i>Licences under Small Scale Industries:—</i> The minimum marking fee has already been fixed <i>w.e.f.</i> 1-4-64 which is as under:	(3, 4, 5, 6) under one licence, 24, 41, 42, 43, 44, 47, 48, 49, 50, 51, 57, 59, 60, 61, 64, 66, 81, 89, 93.	

Rs. 250.00 per annum per licence subject to an overall minimum of Rs. 1000.00 during a calendar year.

Licences mentioned at serial No. 19, 22, 23, 94 and 95 are actually two licences which will bring down the total number of cases by 3. It would thus be observed that the total of 33 cases could be omitted from the list. Further, 7 licences (serial No. 80, 116, 117, 118, 119, 120 and 121) have been issued in 1966 and the marking fee for them will be received later in this year. In respect of the remaining licences, the marking fee realized in 1965 comes to Rs. 128435.00 averaging Rs. 1443.09 per licence.

3. The ISI Certification Marks Rules and Regulations dealing with fees do not stipulate a minimum marking fee. Though a marking fee proportionate to the quantum of annual production covered under this scheme has to be levied, it is not incumbent on ISI to charge a minimum marking fee for each licence. When the rules and regulations were framed we had felt that specifying a minimum marking fee could prove a severe financial burden for small and medium scale industries and our experience so far substantiates it. The following are the reasons which have not enabled us to specify a minimum marking fee in all cases:—

- (i) When the production is small, the minimum marking fee becomes a disproportionately high rate per unit production;
- (ii) If the minimum marking fee is fixed to suit small scale industries, it serves little purpose since expenses of the Institution can never be met from such minimum marking fees; and
- (iii) Frequently, the same party operates a number of licences and if a minimum marking fee is imposed for each licence, total fee may become too high irrespective of the fact that some of the items may be produced in small quantities.

However, it is the objective of the ISI to ensure that each licence should bring in an adequate revenue. With the end in view, ISI is trying to specify a minimum marking fee in most cases, but as explained above, they have to make exceptions under certain circumstances.

Sl. No.	IS: No. and Title	Sl. No.	Name of Licensee	Licence No. (EM/L)	Date of Grant of Licence	Annual		Marketing
						1955	1956	1957
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	IS: 1-1964 National Flag of India (Cotton Khadi)	1	Bombay Suburban Village Industries Association, Bombay	15	2-10-56	..	..	590.09
2	IS: 17-1956 Bleached Lac	2	Angelo Brothers Ltd., Calcutta	775	16-9-64	..	..	..
3 to 6	IS: 93-1950 IS: 93-1950 IS: 98-1950 IS: 99-1950	3 to 6	to Savlar Paints & Varnish Works, Bombay	109	17-11-58	..	..	..
			Oil Paste for Paints					
			Do. Zinc Oxide					
7	IS: 120-1959 Ferro-Gallo-Tannate Fountain Pen Ink	7	Sulekha Works Ltd., Calcutta	156	1-12-59	..	..	..
		8	Krishnaveni Ink Factory, Madras	250	1-1-61	..	..	..
		9	Chelpark Co. Pvt. Ltd., Madras	260	1-3-61	..	..	..
		10	Industrial Research Corp., Madras	977	16-12-64	..	..	..
8	IS: 161-1950 Copper Sulphate Technical	11	Travancore Chemical Mfg. Co. Ltd., Alwaye (Kerala)	71	1-4-58	..	..	..
		12	Mysore Chemical Mfr's Ltd., Bangalore	106	17-11-58	..	..	..
9	IS: 169-1958 Ordinary Rapid Hardening & Low Heat Portland Cement	13	Shri Digvijay Cement Co. Ltd., Sikka (Gujarat)	30	24-10-56	..	0 30	2523.99
		14	Indic Cement Ltd., Sankarnagar	30	16-7-57	..	..	1085.79
		15	Wuyan Cement Factory (M/s. J. K. Minerals Ltd., Wuyan, Kashmir)	58	15-10-63	..	..	..
10	IS: 182-1963 Hard-Drawn Copper Conductor for Overhead Power Transmission	16	Indian Cable Co. Ltd., Calcutta	4	1-1-56	..	..	1031.81
		17	National Insulated Cable Co. of India, Ltd., Shamnagar (W.B.)	34	16-11-57	..	..	..
11	IS: 188-1960 Copper Rods for Boiler Stay Bolts and Rivets	18	National Pipe & Tubes Co. Ltd., Shamnagar, (E. Rly.) office at Calcutta	163	1-3-60	..	..	..
12	IS: 191-1961 Naval Brass Rods Bars & Sections	19	National Pipe & Tubes Co. Ltd., Shamnagar, (E. Rly.), Office at Calcutta	162	1-3-60	..	..	..
13	IS: 319-1962 Free Cutting Brass Rods & Sections	20						

 Fee Received (1 January to 31 December)

1958	1959	1960	1961	1962	1963	1964	1965	
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
881.08	1032.47	765.64	480.21	933.22	1294.98	1287.92	852.28	
..	..	..	..	..	..	..	7.00	
..	42.50	113.31	168.20	88.03	28.81	31.00	841.20	Under Small Scale Industry Rs. 250.00 per licence per an- num with an overall mini- mum of Rs. 1000.00 per year with effect from 1-3-65.
..	..	13.20	11.00	832.70	1100.00	1188.00	1628.00	
..	..	..	145.00	140.00	140.00	108.90	118.80	
..	..	..	364.82	703.34	866.13	717.13	805.09	
..	..	..	..	..	..	..	128.70	
1329.50	3493.80	4556.00	5126.00	4876.00	4440.00	6044.00	3448.00	
245.00	2523.20	3057.30	3185.11	2467.60	2500.70	2925.20	1741.50	
4199.63	4214.41	4418.17	4336.40	3959.53	3801.38	5058.59	4999.39	
2869.32	4000.06	5492.16	5453.73	5415.77	5796.00	5509.96	5804.12	
..	..	..	..	..	..	84.45	106.17	
2066.25	725.89	1807.08	1897.03	659.93	249.60	737.83	389.33	
612.64	1163.65	1948.00	1012.34	686.66	43.26	19.97	..	
..	..	..	..	5.85	83.81	76.93	62.46	
..	..	..	13.52	281.81	981.83	975.48	1071.60	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	IS: 920-1951 High Strength Brass Rods Bars & Sections	21						
14	IS: 119-1962 Free Cutting Brakes Rods and Bars for use in Screw chimes	22	Devidayal Tube Industries, Bom- bay	497	1-2-63 Lapsed after 31-1-64 & again renewed from 16-2-65	..	..	..
		23	Kamani Tube Pvt. Ltd., Bombay	582	15-10-63	..	..	..
15	IS: 937-1951 Var- nish Finishing Interior	24	Bhagsona Paints Industries (India), New Delhi	1068	1-6-65	..	..	..
16	IS: 131-1961 Hy- droquinone photo- graphic Grade	25	Kesar Sugar Mills Ltd., Bombay	112	1-1-59	..	..	..
17	IS: 411-1961 Tita- nium Dioxide for Paints	26	Travancore Tita- nium Products Ltd., Trivandrum (Kerala)	66	1-10-58	..	..	..
18	IS: 450-1964 Cot- ton Covered Round Copper Conductors	27	Indian Cable Co. Ltd., Calcutta	3	1-1-56	..	221 00	752 07
		28	National Insulated Cable Co. of India Ltd., Shamnagar, 24 Parganas	38	16-11-57	..	..	..
19	IS: 459-1955 Un- reinforced cor- rugated cement	29	Rohas Industries Ltd., Dalmienagar (Bihar)	115	1-7-61	..	..	..
20	IS: 458-1961 Con- crete Pipes (With and without Rein- forcement)	30	Concrete Spun Pipe Works, Kan- pur	77	1-5-59	..	..	..
21	IS: 551-1955 Rosin (Gum Rosin)	31	Indian Turpentine & Resin Co. Ltd., Bareilly	190	1-6-60	..	..	..
		32	Himachal Govt. Rosin & Turpen- tine Factory, Nahan	751	16-8-64	..	..	..
		33	Sarvodaya Rosin Works, Hoshiar- pur	1130	1-9-65	..	..	..
22	IS: 564-1961 DDT Dusting Powder	34	Tata Pison Indus- tries, Ltd., Bom- bay	29	16-7-57	..	..	..
		35	Tata Pison Indus- tries, Cochin	99	1-10-58	..	..	..
		36	B.I.D. Parry Ltd., Madras	132	1-7-59	..	..	..

(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
..	..	..	..	..	42.00	..	..
...	...	...	...	...	...	1460.60	1829.59	
...	...	...	...	...	...	...	41.67	Under Small Scales Industry Rs. 250.00 per licence per an- num with an overall mini- mum of Rs. 1000.00 per year. Deferred after 31-5-66 and balance of Rs. 458.33 is due. Received balance Rs. 458.33.
..	1752.03	1750.03	1257.92	1240.00	2067.20	1819.20	1874.24	
..	1545.03	2617.03	2547.15	1023.62	3078.30	3534.70	2010.90	
1371.04	770.60	662.35	1068.43	1491.80	1162.42	951.74	951.33	
171.24	170.34	136.54	324.20	651.81	798.28	938.91	1007.33	
...	...	...	...	2799.59	3197.08	3186.49	4686.77	
...	...	...	...	...	...	...	...	Lapsed after 30-4-60.
...	...	101.36	1219.14	1002.09	1117.27	1627.49	2168.51	
...	...	...	...	...	...	382.40	804.00	
...	...	...	...	...	...	...	54.13	
358.45	263.50	468.32	109.19	17.45	226.37	366.39	430.11	
..	249.00	302.70	209.92	183.34	214.28	171.64	119.72	
..	30.00	604.59	678.25	558.01	508.72	413.70	184.53	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		37	Tata Pison Industries, Ltd., Calcutta	141	1-10-59	..	..	..
		38	Bharat Pulverising Mills P. Ltd., Bombay	145	16-10-59	..	..	..
		39	Do. Madras	200	1-7-60	..	..	..
		40	Tata Pison Industries Ltd., Agra	333	1-9-61	..	..	..
		41	Mysore Insecticides Co. P. Ltd., Madras	340	1-10-61	..	..	..
		42	Geo Industries & Insecticides P. Ltd., Madras	507	15-3-63	..	..	..
		43	Yawalkar Insecticides & Chemicals, Nagpur	512	15-3-63	..	..	..
		44	Annapurna Pulverising Mills, Eluru	585	15-10-63	..	..	..
		45	Pesticides India, Udaipur	677	1-7-64	..	..	..
		46	Sree Venkateswara Minerals P. Ltd., Madras	756	1-9-64	..	..	..
		47	Flintrock Products P. Ltd., Bombay	800	1-11-64	..	..	..
		48	All India Medical Corpn., Bombay	994	1-2-65	..	..	..
		49	Bengal Tar Products, Dhanbad	1135	16-9-65	..	..	..
		50	Ruppee Insecticides & Fertilisers P. Ltd., Katni	1139	1-10-65	..	..	..
		51	Hindustan Mineral Products Co. P. Ltd., Bombay	1213	1-3-66	..	..	..
23	IS: 565-1961 DDT Water Dispensable Powder Concentrates	52	Tata Pison Industries Ltd., Bombay	29	16-7-57	..	..	..
		53	Tata Pison Industries Ltd., Cochin	139	16-9-59	..	..	..
		54	Bharat Pulverising Mills P. Ltd., Bombay	147	16-10-59	..	..	..
		55	Bharat Pulverising Mills P. Ltd., Madras	201	1-7-60	..	..	..
		56	Tata Pison Industries Ltd., Calcutta	217	15-9-60	..	..	..
		57	Flintrock Products P. Ltd., Bombay	269	1-2-61	..	..	..
		58	Tata Pison Industries Ltd., Agra	304	15-6-61	..	..	..

(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
..	26.50	62.47	5.90	36.06	56.00	59.25	72.50	
..	70.00	101.20	20.00	15.00	..	240.00	792.00	
..	..	30.00	230.00	250.00	544.00	232.00	1970.00	
..	..	..	..	264.10	334.80	..	20.50	
..	..	..	10.00	200.00	120.00	622.50	460.00	Under Small Scale Industry Rs. 250.00 per licence per annum subject to an overall of Rs. 1000.00 per year with effect from 1-4-64.
..	..	..	..	..	326.00	606.50	250.00	
..	..	..	..	..	..	250.00	250.00	
..	..	..	..	..	..	187.50	250.00	
..	..	..	..	..	..	10.00	178.00	
..	..	..	..	..	..	166.67	284.00	
..	..	..	..	..	..	51.67	250.00	Under Small Scale Industry Rs. 250.00 per licence per annum subject to an overall of Rs. 1000.00 per year with effect from 1-4-64.
..	..	..	..	..	..	..	250.00	
..	..	..	..	..	..	..	72.92	
..	..	..	..	..	..	..	125.00	
..	
368.45	263.50	468.33	109.19	17.45	228.38	366.40	430.11	
..	75.00	199.43	136.10	94.75	300.20	324.75	238.63	
..	61.25	272.06	155.00	100.00	75.00	790.00	330.00	
..	..	..	25.00	50.00	26.50	39.00	98.00	Deferred after 30-6-61 and again renewed with effect from 20-2-62.
..	..	46.15	376.39	412.65	258.65	286.68	253.00	Deferred after 14-9-62 and again renewed with effect from 10-11-62.
..	..	..	50.00	182.00	48.88	363.13	562.90	Under Small Scale Industry Minimum Rs. 250.00 and maximum Rs. 1000.00
..	..	..	44.05	58.91	83.32	113.46	143.28	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		59	All India Medical Corpn., Bombay	342	1-10-61	..	..	..
		60	Annapurna Pulverising Mills, Eluru	658	1-6-64	..	..	..
		61	Central Insecticides & Fertilizers, Indore	1169	1-1-66	..	..	..
14	15-573-1954 Trisodium Phosphate Technical	62	Indian Rare Earths Ltd., Alwaye	296	15-5-61	..	..	..
25	15-533-1956 DDT Emulsifiable Concentrates	63	Tata Fison Industries Ltd., Agra	536	1-6-63	..	..	..
		64	Plintrock Products P. Ltd., Bombay	693	16-7-64	..	..	..
		65	Bharat Pulverising Mills Ltd., Bombay	1038	1-4-65	..	..	..
		66	Bengal Tar Products, Dhanbad (Bihar)	1143	1-10-65	..	..	..
16	16-1009-1957 Maids	67	Jawala Flour Mills, New Delhi	179	1-3-61	..	..	..
		68	Standard Flour & Oil Mills P. Ltd., (Gan) Bonoda	583	15-10-63	..	..	..
		69	Ganges Flour Mills, Kanpur	584	15-10-63	..	..	..
17	15-1011-1957 Biscuits (Excluding Wafer Biscuits)	70	Patjala Biscuits Mf's P. Ltd., Rappura	161	1-2-60	..	..	..
		71	Shalimar Biscuits P. Ltd., Bombay	167	1-3-60	..	..	..
		72	Britannia Biscuits P. Ltd., Calcutta	170	1-4-60	..	..	..
		73	Britannia Biscuits P. Ltd., Bombay	171	1-4-60	..	..	..
		74	Parle Products Mfg. Co. Ltd., Bombay	172	1-4-60	..	..	..
		75	Lily Biscuits Co., P. Ltd., Calcutta	173	1-4-60	..	..	..
		76	Sathe Biscuits & Chocolate Co. Ltd., Poona	174	1-4-60	..	..	..
		77	Renown Biscuits Co., Bombay	207	1-8-60	..	..	..
		78	J.B. Mangharam Co., Gwalior	299	15-5-61	..	..	..
		79	Kolay Biscuits Co., P. Ltd., Calcutta	499	1-2-63	..	..	..
		80	Annapurna Biscuits Mfg. Co., Kanpur	1210	16-2-66	..	..	..

[illegible]

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
28	IS: 1505-1959 BHC Smoke Generators	81	Pest Control Corpn. Calcutta	414	15-5-62	..	..	..
		82	India Explosives Ltd., Gomia (Bihar)	648	16-4-64	..	..	..
29	IS: 1507-1959 Cop- per Oxychloride water Dispensable Powder Concen- trates	83	Tata Pison Indus- tries Ltd., Cochin	256	15-1-61	..	..	..
		84	Boots Pure Drug Co. (India) P. Ltd., Bombay	387	15-3-62	..	..	..
		85	Tata Pison Indus- tries Ltd., Bombay	252	1-1-61	..	..	..
		86	Travancore Che- micals mfg. Co. Ltd., Alway	259	1-1-61	..	..	..
		87	Tata Pison Indus- tries Ltd. Cochin	257	15-1-61	..	..	..
		88	Boots Pure Drug Co. (India) P. Ltd., Bombay	258	1-2-61	..	..	..
		89	Sudhir Chemical Co. Bombay	275	2-3-61	..	..	..
		90	Tata Pison In- dustries Ltd. Cal- cutta	539	15-6-63	..	..	..
		91	Tata Pison In- dustries Ltd. Agra	568	1-9-63	..	..	..
		92	Bharat Pulverising Mills P. Ltd., Bombay	640	1-4-64	..	..	..
		93	All India Medical Corpn. Bombay	996	1-2-65	..	..	..
30	IS: 17845-1962 and Common Salt for	94	Sambhar Salts Ltd.	462	15-10-62	..	..	..
31	Butter and Cheese Industry		Sambhar Lake					
	IS: 2033-1961 Free- Flowing Table Salt	95						
32	IS: 2982-1965 Bare Annealed high conductivity Cop- per conductors for Insulated Cables	96	Jyoti Wires In- dustries, Bombay	459	15-10-62	..	..	..

(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
..	48.60	133.80	40.80	250.00	Under Small Scale Industry Min. Rs. 250.00 and Max. Rs. 1000.00
..	39.14	
..	1000.00	1000.00	1000.00	1000.00	875.00	
..	1000.00	1000.00	1000.00	875.00	CM/L-256 & 387 are for IS:1506-1959 Copper Oxide Dusting Powders and the minimum marking fee is Rs. 1000.00 per year and from 1-11-65 the minimum marking fee of Rs. 250.00 per year has been fixed.
..	12.90	318.58	428.99	860.53	1134.26	
..	765.00	1465.00	1815.00	1415.00	1365.00	
..	439.05	1020.00	1200.55	1448.00	1234.51	
..	177.50	302.50	242.50	605.00	346.00	
..	255.55	39.00	128.50	401.00	750.00	
..	214.45	1150.66	932.05	Under Small Scale Industry.
..	84.45	151.25	209.42	
..	60.00	140.00	
..	250.00	Under Small Scale Industry Min. Rs. 250.00 and Max. Rs. 1000.00
..	11.25	760.75	573.15	571.93	
..	517.73	430.12	435.77	86.03	Deferred after 14-10-63 and again renewed with effect from 6-3-64.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
33	IS: 1149-1965 Enamel wire for Home use	97	Bengal Enamel Works Ltd., Enam Nagar, Patna (B.W.)	1198	1-3-66	..	..	..
34	IS: 198-1961 Hard-Drawn Stranded Aluminium and Steel-Cored Aluminium Conductors for overall Power Transmission Purposes	98	Aluminium Industries Ltd., Kundera	1	1-8-55	2135.00	4713.00	4855.00
		99	Indian Cable Co. Ltd. Calcutta	2	1-1-56	..	..	634.68
		100	Electrical Mfg. Co. Ltd. Calcutta	27	1-6-57	..	..	1593.32
		101	National Insulated Cable Co. of India Ltd., Calcutta	38	16-11-57	..	..	..
		102	Hindustan Brown Ltd. Faridabad	88	2-6-58	..	..	..
		103	Aluminium Industries Ltd., Hiraikul	108	1-2-60	..	..	..
		104	Shahibganj Electric Cable Ltd. Calcutta	272	29-2-61	..	..	..
		105	Aluminium Cables & Conductors (U.P.) P. Ltd., Calcutta	278	1-3-61	..	..	..
		106	National Screw & Wire Products Ltd. Howrah	379	15-2-62	..	..	..
		107	Anam Electrical Mfg. Co. B.G. Distt. (A.P.)	424	1-7-62	..	..	..
		108	Prem Industrial Corpn. Madras	540	15-6-63	..	..	..
		109	Indian Aluminium Cable Ltd. New Delhi	555	15-7-63	..	..	..
		110	Power Cables Pvt. Ltd. Kalyan	557	3-7-63	..	..	..
		111	Premraj Ganpatraji & Co. P. Ltd. Madras	607	1-8-64	..	..	..
		112	Jainpur Metal & Electricals Ltd. Jaipur	616	1-2-64	..	..	..
		113	Aluminium Corpn India, Asansol (W. Bengal)	791	16-10-64	..	..	..
		114	Express Cables P. Ltd. P. O. Neora, Distt. Patna	1127	1-9-65	..	..	..
		115	National Cable Works Ltd. Calcutta	1159	1-12-65	..	..	..
		116	Prem Cables P. Ltd. Pipalhan Kalan	1162	1-1-66	..	..	..

1	2	3	4	5	6	7	8	9
		117.	Prem Conductors P. Ltd. Vastiva, Gujarat.	1168	1-1-66	..	..	..
		118.	J. J. H. Industries P. Ltd. Calcutta	1225	16-9-66	..	..	..
		119.	Bhindwala Indus- trial Corp. Rishra (Hooghly)	1226	16-3-66	..	..	..
		120.	Madhya Pradesh Industries, Gwalior	1178	1-1-66	..	..	..
		121.	Indo Engg (Kota) Pvt. Ltd. Kotah	1186	1-1-66	..	..	..
35.	IS: 374-1960 Elec- tric Ceiling Fans and Regulators	122.	Metropolitan En- terprises P. Ltd., Calcutta	537	1-6-63	..	..	..
36.	IS: 2932-1964 En- amel Synthetic Exterior Type 1	123.	Kohinoor Paint Colours & Varnish Works, Amritsar	580	1-10-63	..	..	..
		124.	Noble Paint & Varnish Co. Pvt. Ltd. Bombay	527	15-5-64	..	..	..
37.	IS: 1481-1960 Ferro Gallo Tan- nate Fountain Pen Ink	125.	Camlin Pvt. Ltd., Bombay	175	1-4-60	..	..	..
38.	IS: 1259-1962 Vinyl Coated Fab- rics (Leather Cloth)	126.	Bhor Industries Ltd. Bombay	617	16-2-64	..	..	..
		127.	Dharampur Leather Cloth Co. P. Ltd. Distt. Surat	813	16-11-64	..	..	..
39.	IS: 2415-1963 Bicycle Rubber Tube	128.	Ruby Rubber Works Ltd., Rubynagar, Kerala	1236	1-4-66	..	..	..
40.	IS: 2883-1964 Toilet soaps	129.	Vegetable Soap Works, Calicut, Kerala.	235	1-11-60	..	..	..

10	11	12	13	14	15	16	17	18
..	
..	
..	
..	
..	
..	13.50	..	Lapsed after 31-5-1966.
..	290.00	1000.00	1000.00	Minimum marking fee of Rs. 1000.00 has already been fixed. Cancelled with effect from 5-5-1966. Minimum marking fee of Rs. 1000.00 has already fixed.
..	629.03	1000.00	1006.41	
..	..	1060.00	1151.00	1144.00	1070.30	1377.20	1494.90	
..	99.62	51.00	
..	470.87	
..	Minimum marking fee of Rs. 1000.00 has already been fixed. Minimum marking fee of Rs. 1000.00 has already been fixed.
..	166.67	1000.00	1000.00	1000.00	1000.00	

APPENDIX XXV

(Reference Para 5.46 of the Report)

MINISTRY OF INDUSTRY

Note on the points relating to the Indian Standards Institution on which P.A.C. desired to be furnished with further information at their sitting held on 13th July, 1966 (Afternoon).

Para 134 (A) Pages 155—158—Indian Standards Institution

(iii) (C) (i)—*Excess purchase of paper.*

A statement showing the rates fixed by the Indian Standards Institution against orders placed by them with different presses during 1959 for printing of running matter may be furnished.

Note—

A statement showing the rates fixed by ISI against orders placed with the presses during 1959 for printing of running matter is enclosed (*Annexure*). Since the number of Indian Standards being printed was continually rising due to increased activity in accordance with the Second Five Year Plan, the Catholic Press, Ranchi, which had been doing ISI work since 1949, was unable to handle the printing of all Standards, and heavy arrears got accumulated. It, therefore, became necessary to find one more press to share the load of work. Quotations were, therefore, invited in 1959 from 7 presses, out of which 3 presses, namely, Classgow Printing Press, Calcutta, Sree Saraswaty Press Ltd., Calcutta and Times of India, Bombay sent their quotations. The rates of Classgow Printing Press were found to be the lowest, and those of the Times of India as the highest. A trial order was placed with Classgow Press in July 1959. But the speed of output of this Press was found to be terribly slow. It had produced the first standard in five months. Not only that, even the work produced by the Press was also not found up to the mark. Keeping in view the high quality of printing of ISI publications which is indispensable and of absolute necessity, a decision had to be taken to drop this Press altogether and to withdraw the job already with it. In its place, the press with the next lowest quota-

tions, namely Sree Saraswaty Press Ltd., Calcutta was selected. Since the Catholic Press is at Ranchi where labour cost of production is comparably cheaper, its rates are very much lower. Hence, it was kept on for sharing the load of ISI work as much as it could.

A. K. ROY,

Joint Secretary to the Govt. of India.

[Ministry of Industry. O.M. No. 5(15)/B&A/66, dated 10th August, 1966 refers].

ANNEXURE

Statement showing the rates of various presses in 1959 for printing of Indian Standards

	A 4 Size (210 x 297 mm)				A 5 size (210 x 148)			
	Catholic Press		Saraswati Press		Catholic Press		Saraswati Press	
	1st 1000	Subse- quent 1000	1st 1000	Subseq- uent 1000	1st 1000	Subseq- uent 1000	1st 1000	Subseq- uent 1000
Rates of running text in 10 pt. :								
per forme of 16 pages			468.00	60.00	140.50	24.75	270.00	30.00
Per forme of 8 pages		137.50	234.00	30.00	79.75	16.50	153.00	25.00
per forme of 4 pages		74.25	135.00	25.00	46.75	13.75	90.00	20.00
per forme of 2 pages		42.90	81.00	20.00	29.15	10.45	54.00	15.00
per forme of 1 page		26.52	32.50	10.00	18.15	8.25	19.00	8.00

APPENDIX XXVI

(Ref. Para No. 622 of the Report.)

DEPARTMENT OF SOCIAL WELFARE

Statements showing Number of women rehabilitated from July, 1958 to 31st March, 1966

Serial No.	Name of Trades	1958-59	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	Total
1	Teachers	..	..	1	..	4	4	6	5	20
2	Craft Teachers	..	..	..	2	3	2	5	2	13
3	Mid-Wife	1	2	..	2	2	1	10	16	33
4	Nurses	..	..	..	..	1	5	1	1	8
5	Care takers and Ayahs	1	1	7	2	3	5	5	1	25
6	Cooks and Domestic servants	1	4	2	1	1	5	6	1	21
7	Family reconciliation	..	2	2	..	4	3	5	2	18
8	House keeper	..	..	..	..	..	..	..	1	1
9	L.D.C./Gram Sevika	..	..	1	1	..	..	..	1	3
10	Nursery Teachers	..	..	..	1	2	2	1	..	6
TOTAL :		3	9	13	9	20	27	39	28	148

(A) Statement showing the Old Dietary Scales for Adults Inmates

242

XXV B

SOCIAL WELFARE

OF THE REPORT

in the various Institutions of Directorate of Social Welfare

After Care Home for Boys			After Care Home for Women	Probation Hostel for Boys	
Daily	Breakfast	Weekly		Daily	Weekly
6	7	8	9	10	11
900 gms.	—	—	350 gms.	520 gms.	—
—	30 gms. for Khichari.	30 gms. for Khir 100 gms. (Atta deducted) on Sunday.	117 gms. once in a week instead of Atta.		240 gms. for breakfast.
50 gms.	30 gms. for Khichari.	—	58 gms.	60 gms.	60 gms. dal chana for breakfast.
10 gms.	—	—	7 gms.	15 gms.	—
10 gms.	—	—	15 gms.	15 gms.	—
20 gms. oil sarson.	—	18 Bottle Kerosene Oil	58 gms. Ghee.	30 gms. Ghee 20 gms. Oil.	—
25 gms. bee.	—	—	—	—	—
35 kg. soft coke (consolidated)	—	—	467 gms.	400 gms. soft Coke.	—
8 kg. wooden chips daily consolidated).	—	—	—	60 gms. fire wood	—
250 gms.	—	—	117 gms.	230 gms.	—
2 gms.	—	—	4 gms.	2 gms.	—
2 kg. daily (Consolidated) for tea for all inmates.	—	—	117 gms.	38 gms.	—
30 gms.	30 gms. for Dalda	30 gms. for Khir once in a week	44 gms.	40 gms.	60 gms. gur.
—	—	30 gms. for Halwa once in a week.	—	—	—
—	—	30 gms. for Halwa on Sunday.	—	—	40 gms.
—	—	1 once in a week.	—	—	—
—	30 gms. for breakfast given turn by turn daily.	—	—	—	80 gms.
—	30 gms. chana Kalagiven turn by turn daily.	—	—	—	60 gms.

(B) *New Dietary scale for adults approved by Delhi Administration, Delhi.*

Serial No.	Name of the Item	Daily scale per adult inmate
1	Atta	*470 Gms.
2	Grams	30 Gms.
3	Rice	*470 Gms.
4	Dal	70 Gms.
5	Vegetables	230 Gms.
6	Salt	15 Gms.
7	Condiments	5 Gms.
8	Mustard Oil/Vegetable Ghee	15 Gms.
9	Pire Wood	350 Gms.
10	Gur	Nil.
11	Sugar	40 Gms.
12	Wheat Dalia	Nil.
13	Milk for Tea	40 Gms.
14	Tea Leaves	3 Gms.

*Note:—The quantity of Atta and/or Rice issued should not exceed 470 Gms.

APPENDIX XXVIII

(Ref. Para No. 6.35 of the Report)

DEPARTMENT OF SOCIAL WELFARE

Note giving the present position of arrears of rent in respect of residences occupied by the officials of various welfare institutions.

Of the 75 residential units under the control of the Directorate, it has been decided to allot 45 as rent-free accommodation to the members of staff of various institutions whose presence is supposed to be essential on the premises for the efficient running of the institutions. With the concurrence of the Finance Department, the matter has been referred to the Department of Social Welfare of the Government of India vide Administration's letter No. F. 1(81)61-DSW(IV), dated the 29th October, 1965 for according their formal approval. From November, 1965 onwards rent is being recovered from the employees who are occupying the remaining 30 residential units under the Directorate. Arrears of house rent, water and electricity in their cases amounted to Rs. 25,400.00, 5054.03 and 1061.60 respectively. An amount of Rs. 3987.60 relating to house rent was recovered. The affected staff has, however, represented to the Chief Commissioner on this point and each individual case is separately under examination. Four cases of unauthorised occupation are included in the 30 cases where the staff is not entitled to rent-free accommodation. The question of recovery for the period of unauthorised occupation will be kept in view when the cases are examined as stated above.

The recovery regarding electricity and water charges is being continued and an amount of Rs. 1,499.50 and Rs. 878.00 respectively have since been recovered.

Though some sort of records were being maintained by the individual institutions, it is proposed to issue regular allotment orders and to maintain systematic records at the headquarters as soon as the approval of the Government of India is received.

APPENDIX XXIX

Summary of main Conclusions/Recommendations

S. No.	Part No.	Deptt./Ministry concerned	Conclusions/Recommendations
1	2	3	4
1	1.18	Ministry of Education	<p>The Committee do not find any justification for the Department of Archaeology to draw advances aggregating to Rs. 6.21 lakhs when a sum of Rs. 2.65 lakhs only had been sanctioned by Government for meeting expenditure on centenary celebrations. If expenditure was likely to exceed the amount sanctioned for the purpose, the Department should have obtained revised sanction of the Government. It is also beyond the comprehension of the Committee why the items of expenditure on centenary celebrations were clubbed together with other items (viz. normal contingencies of the Department) for which no sanction of the Ministry was required. The Committee are not convinced with the argument that all advances were drawn under the same head because of pressure of work. On the other hand, the Committee cannot discount the possibility that this method of booking expenditure might have been resorted to to meet excess expenditure on centenary celebrations as distinct from normal contingencies. They are also of the view that the interval of about 5 months between the date of sanction (August 1961) of the expenditure on</p>

celebrations and the actual celebrations (December 1961) was quite sufficient to have enabled the Department to follow the regular procedure. This clearly indicates that the Department was not careful enough to follow the regular procedure even when there was sufficient time at their disposal. The Committee would therefore urge that the matter should be thoroughly investigated and responsibility fixed for not following the regular procedure so that such things may not occur in future.

2

1.31

-do-

The Committee regret to note that even though centenary celebrations were held in December, 1961, it had not been possible for the Department to segregate the expenditure till March 1963, when vouchers were taken away by S.P.E. The Committee feel that there was a complete lack of proper accounting of the expenditure by the Department in this case. The Committee desire that the Department should segregate the expenditure on Centenary celebrations immediately.

247

1.32

-do-

The Committee are not convinced that the expenditure in excess of Rs. 2.65 lakhs was under the permissible head and did not require special sanction. From the evidence before the Committee it is quite clear that the entire amount was spent on exhibition or centenary celebrations one way or the other. In the opinion of the Committee the full amount of Rs. 6.21 lakhs should have been properly sanctioned before spending it.

1.33

-do-

From the note (Appendix I) furnished by the Ministry, the Committee find that even out of normal contingent expenditure of Rs. 2.08

lakhs, an expenditure of Rs. 1.16* lakhs approximately was incurred on centenary celebration. The Committee feel that without proper sanction of the Ministry, it was irregular for the Department of Archaeology to have spent this amount on centenary celebrations— an item of special sanction.

1-42

Ministry of
Education

The Committee are of the view that the Department's failure to observe the prescribed rules and regulations regarding the grant of sanctions and the drawal of advances, has led to various serious irregularities in this case. This, coupled with lack of proper supervision and control on the part of the supervisory staff and inadequate accounting arrangements has given rise to a suspicion that there was large-scale misutilisation/misappropriation of funds. A glaring example of lack of supervision on the part of the authorities is the handling of the contract for hiring of electrical goods. It is unbelievable that an amount of Rs. 1.61 lakhs could be spent on hiring of the electrical goods the total value of which was only Rs. 52,000. What is more surprising are the facts that no open tenders were invited, and the work of receiving quotations was entrusted to a non-gazetted official. Further no effort was made to verify the correctness of the quotations at any time, nor any written record had been maintained regarding the acceptance of the contract, nor written approval of any officer competent to sanction the contract was obtained. The Committee take a serious view of these lapses.

1.43

do-

It was stated in evidence that the matter was under the investigation of the S.P.E. since March, 1963. The Committee would like to be informed whether the S.P.E. has given its report and whether any follow up action has been taken as a result thereof. They would also like to be informed whether any departmental investigation has also been made to fix responsibility on supervisory staff for lack of proper supervision and control on their part.

1.44

Ministry of
Education
Ministry of
Finance

The Committee also feel that apart from lack of proper supervision and non-observance of rules and orders, there was inadequate arrangement to keep a proper watch over the maintenance of accounts of centenary celebrations. In this connection, they would like the Ministry of Finance to issue suitable instructions to all Ministries/Departments of Government of India to make adequate arrangements for proper maintenance of accounts in cases where public funds are sanctioned/spent on special occasions.

1.52

Ministry of
Education

It appears that the amount of Rs. 2.65 lakhs was sanctioned ad hoc without drawing any detailed estimate or without proper planning. The Department should have obtained expert advice in the matter. The Committee feel that the Department should have anticipated that the exhibition would be extended and it should have been planned accordingly.

It was stated during evidence that malpractices and irregularities were suspected to have been going on since 1957. The Committee are surprised to learn how in a Government Department such malpractices etc. could go on unnoticed till 1965 i.e., for more than 8

*According to Audit the expenditure on centenary celebrations out of Rs. 2.65 lakhs works out to Rs. 1.28 lakhs.

years. They are, therefore, of the opinion that this case also shows lack of proper supervision and control on the part of the higher authorities.

1.53

-do-

The Committee note that instructions have been issued for strict observance of the prescribed financial rules and that wrong accounting procedures have since been corrected. They hope that with the appointment of a senior officer from the Indian Audit and Accounts Department in the Archaeological Survey of India, there would be proper check in observance of financial rules and cases of this type would not recur.

1.54

Ministry of
Education

The Committee would like to be informed of the outcome of the case filed by the SPE against the Cashier-cum-Accountant, the Superintendent of the Archaeological Survey of India and the Assistant Superintendent-in-charge. The Committee would also like to be informed whether the case was investigated departmentally and if so, with what results.

1.72

-do-

The Committee are constrained to observe that while such an important job for the preparation of a standard dictionary was entrusted to the Hindustani Culture Society, Allahabad in September, 1953 on the understanding that the work was to be completed in two years, no serious effort was made by the Ministry of Education to find out whether any progress had been made by the Society till December, 1958, i.e., even after a lapse of more than 5 years. The

Committee are of the view that the work of the Society should have been periodically reviewed by the Ministry and further grant should have been stopped if the work of the Society had not been found to be satisfactory. They are unhappy to note that there is difference of opinion as to the quality of the product, as it finally emerged and that the Government are not prepared to take the responsibility of publishing it under their own Seal. The dictionary has not yet (July, 1966) been published even though it was to be completed by September, 1955. The Committee cannot but come to the conclusion that the whole project was ill-conceived and the expenditure incurred thereon did not achieve or serve the purpose in view. In this connection the Committee would like to draw the attention of the Ministry to their earlier recommendation contained in para 4.256 of the 41st Report (1965-66).

1.73

-do-

The Committee feel that in this case, the Society gave a deliberately low estimate in the beginning, so that later on pleading helplessness that the work could not be completed within the grant paid, it could induce the Government to increase the estimates and make further grants. The Committee feel that the Ministry should be extra cautious to verify the credentials of societies and bodies, etc. before making any grant in future.

1.74

-do-

The Committee regret to note that the accounts of the society were not critically examined by the Ministry before the issue of the utilisation certificates and the certificates were issued to Audit in a routine way. They desire that necessary action should be taken against the officer concerned to prevent recurrence of such lapses in future.

1	2	3	4
6	1-82	-do-	As admitted by the C.S.I.R. during the course of evidence, the Committee regard this contract as a very unfortunate one. The Council and the N.B.D.C. with the help of their experts, should have carefully judged the ability of the party in question to carry out the job before awarding the contract. The failure of the NPL and the NRDC to carry out their obligations to supply them with the plant in time and in a working condition is also regrettable.
	1-83	-do-	The Committee note from evidence that a new party has been selected to undertake the work and that production is expected to commence shortly. They would like to be informed of the date on which production actually commences and the date from which the import of the cinema Projector Carbons is stopped.
7	1-91	-do-	The Committee are surprised to note that the Director of the Central Food Technological Research Institute acted in disregard of the decision of the Executive Council of the Institute in this case and thus caused an infructuous expenditure of more than Rs. 7,000. The Committee feel that C.S.I.R. should take due note of this lapse and also take steps to avoid recurrence. They are also unable to understand why large-scale trials with the plant were continued over a long period when the results of the experiments were not found to be encouraging. The Committee feel that the losses incurred could have been avoided if the use of the plant had been discontinued as soon as it was realised that its efficiency was low and its working uneconomical.

8	I-98	-do-	It is not clear to the Committee why the amount of Rs. 1.05 lakhs was deposited by the Council at their own initiative with the State Government without any demand from them. The Committee feel that the Council's decision to make advance payment for the land was premature and was taken without having full knowledge of the financial implications of the transaction. The Committee are only left with the impression that the officer concerned deposited this amount of Rs. 1.05 lakhs at the end of March, 1962 with a view to avoid lapse of funds. They hope that such instances would be avoided in future.
	I-99	-do-	It is also learnt from the note furnished by the Ministry (Appendix III) that the acquisition proceedings have not yet been finalised. The Committee regret to note the delay of over 4 years which has taken place for the acquisition of land in this case. They desire that the Council should take up the matter with the State Government to expedite the acquisition of land for which advance deposit was made in March, 1962.
	I-100	-do-	The Committee also note that the value of land which was considered to be approximately Rs. 750 per acre plus statutory allowances and establishment charges in March, 1962, was now being indicated at Rs. 1,750 per acre.
9	I-104	-do-	The Committee regret to note that the C.S.I.R. which has been in existence for over two decades did not think of introducing a system of costing for the processes developed by them. The Committee feel that this should have been done much earlier. The Committee note that the work relating to the costing of scientific and

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industrial processes developed for commercial exploitation has been introduced from last year in 7 or 8 of the laboratories only by the Council. They desire that as a result of this experiment the system of costing should be further extended to all other laboratories. With the introduction of a system of costing of processes, the Committee hope that the Council would be able to have an idea of the total expenditure incurred by it on the development of various processes.

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I. 106

-do-

From the note the Committee find that only 8 cases of patents filed were based on research sponsored by private industry.

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I. 111

-do-

The Committee are disappointed to note that out of 494 scientific and industrial processes developed for commercial exploitation by the Council upto 1964-65, only 89 are in actual production at present. This clearly indicates that these processes were either not commercially viable or better substitutes were already available in the market. The Committee would, therefore, urge that more care should be taken in future in the selection of processes for development. There should also be a liaison with the industry. This is imperative not only from the point of view of avoiding in fruitless expenditure, but also from the point of view of proper utilisation of indigenous talent.

12

I. 113

-do-

From this Statement the Committee find that as many as eighteen schemes involving foreign collaboration were approved during 1964-

65 against the advice of the C.S.I.R. The Committee would like to know the justification for ignoring the advice of C.S.I.R. in these cases.

13

I.117

-do-

The Committee regret to note that none of the 156 processes patented in foreign countries between April, 1945 to October, 1965 could be released to industry in foreign countries. They feel that the reasons for which there was no demand for the processes in foreign countries should be looked into. The N.R.D.C. should also investigate why the agents appointed by them to sell these patents in foreign countries had failed to do their job.

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I.118

-do-

The Committee hope that efforts would be made to ensure the commercial exploitation of the processes patented abroad.

14

I.124

-do-

The Committee are unhappy at the inordinate delay in the commencement of production on the part of the firm concerned with resultant loss of royalty to the Council. They are surprised that the Council entered into the agreement with the firm on the basis of a fixed percentage as royalty on production, while it had no control over production. It was stated in evidence that the firm hoped to go into production in a few months' time. The Committee would like to be informed of the latest position.

I.125

-do-

The Committee suggest that the various processes developed by the Council should be taken back from the parties in case they fail to develop the same in one or two years. In such cases, the processes should be given to other parties who could develop the same

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			<p>quickly. Release of processes on an all exclusive basis should be avoided, as far as possible. The Committee also desire that a review of all the processes so far developed should be conducted keeping in view the above observations.</p>
15	I.131	-do-	<p>The Committee regret to note that while there is a dearth of technical and engineering education in the country, the funds allotted for technical and engineering education have been diverted for other purposes. In evidence the Secretary, U.G.C. stated that in view of the delay in getting the plans approved by the All India Council of Technical Education, certain funds were diverted and utilised for strengthening science education which is considered the base of technical education. The Committee believe that in that case also, the prior approval of the Ministry for the diversion of funds should have been obtained as required under the rules. They hope that such cases would not recur.</p>
16	I.137	-do-	<p>The Committee feel that the financial accountability does not in any way clash with the academic freedom of the Central Universities. Further, Audit Reports of the Central Universities are placed in the Library of Parliament and as such are already available to the Members of Parliament. The Public Accounts Committee has been laying emphasis on the presentation to Parliament of the Audit Reports of the Central Universities from the year 1952-53 onwards.</p>

The Committee therefore, would like to reiterate their observations contained in para 2.7 of their 52nd Report (1965-66) and suggest that the Audit Reports of the Central Universities should be presented to Parliament in future.

1.138

-do-

It was also deposed before the Committee by the witness that it was decided to wait for the Report of the Education Commission before taking a final decision in this matter. He further added that the report of the Education Committee had been received and was under consideration of the Government, and that he would place the whole matter before the Education Minister for a final decision. The Committee suggest that if necessary, the matter may even be placed before the Cabinet. In this connection the Committee would like to draw the attention of the Ministry of Education to para 2.52 of their 52nd Report (1965-66) wherein the Committee have observed that if there is any difficulty in implementing the recommendation reiterated by the Committee, the matter should be submitted to the Cabinet and its decision communicated to the Committee.

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1.141

-do-

The Committee observe from the note furnished by the Ministry that there has been no appreciable increase in enrolment in most of the courses offered by the University and in some courses there has actually been a decline. The per capita expenditure has, however, shown a steep rise from Rs. 1961 in 1962-63 to Rs. 2,367 in 1964-65. The Committee desire that reasons for this state of affairs should be ascertained and suitable remedial measures adopted to arrest both

1	2	3	4
			decline in enrolment in some courses and rise in per capita expenditure.
18	I.146	-do-	The Committee would like to be informed of the outcome of the case registered in the Court against the persons suspected to be guilty of mis-appropriation. They hope that consequent to the remedial measures stated to have been taken by the authorities, such cases would not recur in future.
19	I.150	-do-	The Committee regret to note that the failure on the part of the Executive Council to observe the rules and the irregularly decisions taken by them in these cases resulted in an infructuous expenditure of Rs. 2.62 lakhs. They desire that action in such cases should be initiated strictly according to the letter and spirit of rules and after weighing all the pros and cons of the situation. They further hope that such costly mistakes shall be avoided in future.
20	I.154	-do-	The Committee desire that proper legal opinion should be taken in the matter and then it should be dealt with accordingly.
21	I.158	-do-	The Committee fail to understand why stocks of books and other publications were allowed to be built up over a period of 40 years, when the sales were not at all encouraging. They also regret to note that no physical verification has ever been done in order to assess the correct position in regard to the balance in stock. From

the note furnished, the Committee find no basis for the statement made in evidence by the witness that most of the books were recommended to be sold as waste paper by Audit. The Committee regret that this incorrect information was given by the witness to the Committee. They desire that the witnesses appearing before them on behalf of the university should be sure of the facts before deposing before them. They would also like to be informed of the present position in regard to the disposal of the stock.

22 I-161 -do-

32 I-162 -do-

The Committee would like to be informed whether the Chief Technical Examiner has completed the examination of the building and submitted his report and if so, what action has been taken thereon. They would also like to be informed of the date from which the building is put to proper use.

23 I-164 -do-

32 I-162 -do-

The Committee would like to be informed whether the ex-post-facto sanction has since been received from the Ministry and the expenditure regularised. They hope that such cases would be avoided in future.

24 I-171 -do-

The Committee are surprised to learn that posts carrying initial salary of Rs. 500 and above were created, or new establishment incurring a total expenditure exceeding Rs. 30,000 per annum was appointed by the Aligarh Muslim University without the prior concurrence of the Government of India and an expenditure of Rs. 2.89 lakhs was incurred by the Aligarh Muslim University without adequate sanction. They strongly deprecate such action and hope that

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			such things would not recur. They also desire that <i>ex-post-facto</i> sanction of the competent Authority viz. Government of India should be taken to regularise this expenditure, if not already done. The Committee also hope that <i>ex-post-facto</i> sanction of Government of India/U.G.C. would also be taken to regularise expenditure on the purchase of horses, if not already done.
25	1.175	-do-	The Committee desire that vigorous efforts should be made to boost the sale of books and publications. Any tendency to accumulate books etc. for which there is no reasonable demand must be curbed.
26	1.177	-do-	From the figures furnished, the Committee find that the number of admissions of scheduled Caste/Scheduled Tribes Students is small. They suggest that efforts be made to increase the number, in all the Central Universities.
27	2.15	Ministry of Food, Agriculture, CD & Co-operation (Deptt. of Agriculture)	The Committee take a serious view of the embezzlement of about Rs. 96,000 in the Deptt. of Animal Husbandry, Delhi which took place during June, 1962 to September, 1964. This embezzlement arose primarily out of non-observance of the rules prescribed in the Central Treasury Rules regarding the maintenance of cash books by Drawing & Disbursing officers. The fact that this embezzlement could not be detected for a period of about 2 years shows carelessness and

negligence on the part of the Drawing & Disbursing officer, and also on the supervisory officer. If the prescribed rules had been observed properly, this embezzlement would easily have been detected if not avoided. The Committee would like to know the action taken against the Drawing & Disbursing officer in this case for their negligence. They would also like to be apprised of the results of prosecution launched against the cashier.

2.16

-do-

It is surprising that no security deposit was taken from the cashier inspite of the fact that such security is required to be taken under the rules. In this case normally security of Rs. 2,000 should have been received from the cashier. The Committee take a serious view of this omission also.

2.17

-do-

The Committee had already commented adversely on the unsatisfactory state of account of the Delhi Administration in para 3.59 of their 42nd Report (1965-66). This case of embezzlement in the Deptt. of Animal Husbandry has confirmed their apprehension that the unsatisfactory condition of accounts in the Delhi Administration had already assumed serious proportions. The Committee feel that immediate remedial measures are necessary in order to avoid recurrence of such cases.

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The Committee are glad to note that as a result of their recommendation in para 3.58 of their 42nd Report, the Delhi Administration has appointed a senior officer from the office of Comptroller & Auditor General of India. The Committee hope that with the help

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			of this officer, the Delhi Administration will be able to (a) assess the arrears/state of accounts in the different Departments and (b) take suitable remedial measures.
	2.19	-do-	The Committee also desire that learning from the experience of this case the Delhi Administration would issue suitable instructions to all the Drawing & Disbursing officers regarding maintenance of cash books and taking of security from the cashiers. Negligence in observance of prescribed rules regarding maintenance of cash books etc. by the Drawing & Disbursing officers should be viewed seriously.
28	2.28	-do-	The Committee are surprised to note that the Deptt. of Agriculture is unable to give the financial position of the poultry farm prior to 1960-61. From the table furnished by the Deptt. of Agriculture giving the receipts and expenditure in respect of the poultry farm and the development scheme from the year 1960-61 to 1965-66 the Committee note with regret that the scheme has been incurring loss year after year. In evidence, it was stated that the commercial side of the Poultry Farm had not yet been developed. The Committee desire that early steps should be taken to run the commercial side of the poultry farm on commercial lines or on business principles so that losses are minimised and that eventually the scheme runs on a no-loss/no-profit basis.

- 29 2.31 -do- The Committee regret that the refrigeration plant which was to be installed in March, 1960 was installed by the firm only in November, 1963. They are sorry to observe that no damages could be recovered from the firm for the delay of more than 3 1/2 years in installing the plant.
- 2.32 -do- They desire that as advised by the Addl Secretary, this case may be referred again to the Ministry of Law for their opinion to recover damages from the firm for failure to discharge its contractual obligations.
- 30 2.38 -do- The Committee regret that the Delhi Administration took more than 2 years to repair the ceiling of the cold storage room. This slackness on the part of Delhi Administration delayed the commissioning of the refrigeration plant. They would like to know the reasons for not taking prompt action in getting the ceiling reconstructed soon after its collapse when the expenditure on repair was only Rs. 4,000. The net result of all this has been that the cold storages Plant, indent for which was placed on 6th November, 1957, was commissioned finally on 4th June, 1966 i.e., after a period of over eight years. This showed that the work which should not normally have taken more than a year or so took almost a decade.
- 2.39 -do- The Committee are also not happy to find that the Delhi Administration has failed to take the proposed departmental action against the Poultry Development Officer till now. They may be apprised of the final action taken in the matter.
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31	2.52	Ministry of Food, Agriculture, CD & Cooperation (Deptt. of Agriculture)	<p>The Committee are surprised to find that the Exploratory Tubewells Organisation could utilise only *24,600 rft. of pipes till the end of November, 1965 against a total quantity of 1,21,500 rft. valued at Rs. 12.49 lakhs purchased during December, 1963 to December, 1964. They regret to find that this quantity utilised was even much less than the quantity purchased (50,000 rft.) against the first order placed in December, 1963. From the evidence, the Committee also find that the delay in the utilisation of pipes was due to many factors namely the State Governments to whom these pipes were to be supplied were not consulted about the types of pipes which they would require, no programme was chalked out beforehand about the drilling of tubewells, and the pipes received under the U.S. foreign aid were utilised first in preference to these pipes.</p>
	2.53	-do-	<p>They trust that in future such huge amounts of Government money would not be blocked unnecessarily and that the purchases would be made consistent with requirements after taking into account all relevant factors.</p>
32	2.57	-do-	<p>The Committee are sorry to observe that only 6 days before the arrival of goods, a request for the supply of power-crane of 10 ton capacity to unload the wagons was made to the Railways. This shows that either the necessity of the power-crane was not felt or the concerned officer was complacent and did not care to apply early for its</p>

supply. It is also surprising that the concerned officer remained unaware of the revised Rules of demurrage which had come into operation about six weeks earlier. The Committee cannot understand why the goods were not cleared with the hand-operated crane as after all the weight of each pipe was only .03 tons. They regret that due to this failure the Ministry had to suffer a loss of Rs. 52,500 by way of demurrage paid to the Railways.

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The Committee would like to be apprised of the action taken against the officer concerned.

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The Committee regret to note that though the Central Council of Gosamvardhana was set up about 14 years ago, and though it is financed mainly by grants of the Central Government, no steps had so far been taken to evaluate the work done by this institution. The total amount of grant given to this institution by the Government during the 14 years came to Rs. 55,76,000. In the absence of any evaluation it is difficult to assess how far the amount spent was commensurate with the results achieved. The Committee are, however, glad to learn that the Government have now decided to review the work done by the institution, and that a committee was being appointed for the purpose. The Committee would like to be informed of the findings of that committee in due course.

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The Committee suggest that all efforts should be made to find out ways and means to run gosadans on no loss basis so as to make them self-supporting.

*It is understood from Audit that upto 31-7-66, 64425 rft of pipes were utilised.

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35	2.76	Ministry of Food, Agriculture, CD & Cooperation (Deptt. of Agriculture)	The Committee trust that with the cut in the expenses of Journals; the Central Council of Gosamvārdhana would be able to minimise or eliminate the losses suffered by them on this account. They desire that all efforts should be made by them in this direction. They also feel that the actual usefulness of this journal must be periodically assessed and the grants should be given only if they are found to serve a useful public cause.
36	2.78	-do-	The Committee are surprised to learn that out of 10,000 copies of free publications printed during 1961 to 1963 by the Council the number of copies actually distributed till June, 1965, was only 1,918 which constituted 19% of the total number of copies of publications printed. They however note that the council has been able to distribute further 75 % of the copies of publications with a period of one year after the Audit report, keeping 6% of copies of such publications to meet their future demand.
36	2.79	-do-	They desire that in future care should be taken to print only the requisite number of copies of such publications as would be required by them in the near future.
37	2.89	-do-	The Committee regret to find that three horticultural research schemes undertaken by the Uttar Pradesh State Horticultural Research Institute, Saharanpur, with financial assistance from the Indian Council of Agricultural Research were abandoned after a period of 2 to 5 years after incurring an expenditure of Rs. 1.25

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lakhs. The reasons given for abandonment of these schemes are also contradictory and unconvincing.

From the audit para, the Committee find that in one case the State Government felt that the research connected therewith was neither well defined nor was such as could reasonably be dealt with in a short period at a State Institute to yield results of practical value. In the second case, the council felt that the officer-in-charge of the scheme did not possess the necessary technical knowledge and experience nor had the requisite guidance from the Directorate of the Institute who was also not a specialist in the line. During evidence, the explanation of the Ministry in the first case was that the transfer of the Head of the Horticultural Research Institute, Saharanpur, and a senior officer of the Institute who was an expert on mites and spiders completely changed the situation as the experts were no more available. The Ministry did not agree with the opinion of the State Government that the scheme was ill-conceived and not well defined.

The Committee are, however, glad to be assured during the course of evidence that in future the pattern of financing the research scheme would be such that there would be made stress on co-ordinated research. The Committee hope that this would improve the position.

The Committee are not fully convinced with the arguments advanced during the course of evidence that the expenditure on administration could not be reduced as some additional functions were

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entrusted to the Sugarcane Committee by the Government. The Committee would like Government to ensure that whenever any schemes are transferred to State Governments, there should be a corresponding reduction in staff handling those schemes at the Central level.

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|----|-------|---|--|
| 39 | 2.100 | Ministry of Food, Agriculture, CD & Cooperation (Deptt. of Agriculture) | <p>The Committee regret that the Sugarcane Committee failed to obtain the progress reports of the schemes financed by them from a number of States. It is obvious that in the absence of progress reports the Sugarcane Committee could not possibly have exercised any control with a view to ensure that the schemes were being implemented satisfactorily or that the money was not misutilised or blocked. The Committee would like the Ministry to ensure that such a situation is not allowed to rise in future.</p> |
| 40 | 2.103 | -do- | <p>The Committee are not happy to note that at the end of August, 1965, audit and utilisation certificates covering Rs. 1.93 lakhs were outstanding in respect of 17 cases of grants-in-aid paid from 1956-57 to 1962-63. The subsequent progress in obtaining these certificates is also not satisfactory. The Committee would like that vigorous efforts may be made to obtain these outstanding certificates and to avoid such arrears accumulating again.</p> |
| 41 | 2.109 | -do- | <p>The Committee regret to note that while the supply of seed coconuts to the States of West Bengal and Assam started in October, 1959,</p> |

the erstwhile Indian Central Coconut Committee asked those States in July, 1962 i.e., after a period of 2½ years of the inception of the scheme to furnish particulars of the sale of seedlings effected by them and to arrange credit to the Coconut Committee of its share of the sale proceeds. They also regret to observe that the State Governments of West Bengal and Assam did not respond to the repeated reminders and D.O. letters of the Coconut Committee for years together.

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From the note, the Committee are surprised to find that the State Governments of West Bengal and Assam have failed to furnish statements showing the seedlings raised and sold and the receipts realised till date.

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The Committee are also surprised to learn that although the share of the Coconut Committee out of the sale proceeds of seedlings was about Rs. 5 lakhs upto July, 1965, nothing has been credited to the accounts of the erstwhile Coconut Committee till this date.

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-do-

The Committee are of the view that in cases where money is to be realised and the other parties do not respond inspite of repeated reminders for years, some drastic steps should be taken against them to realise the money.

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The Committee desire that this matter may be vigorously pursued at the appropriate level to obtain the share of the erstwhile Coconut Committee and they may be apprised of the results achieved in this direction.

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42	2.121	Ministry of Food, Agriculture, C.D. & Cooperation (Deptt of Agriculture)	The Committee are surprised to find that the Ministry have given different facts in their note. The Committee feel that all these facts should have been brought to the notice of Audit by the Ministry even at the time when the draft Audit para had been sent to them for factual verification. They would like to know the circumstances under which Audit was not apprised of the factual position of this case. The Committee are unhappy to note the delay of more than three years in providing service connection and putting the building to use. They desire that such delays should be avoided in future, the Committee may also be apprised of the progress made in putting the building to use.
43	2.125	-do-	The Committee trust that outstanding audit certificates would be received soon.
44	2.127	-do-	The Committee are surprised to find that Rs. 2.51 lakhs remained unutilised with the State Governments out of the grants paid to them during 1955-56 to 1963-64. The Committee would like the Ministry to ensure that the unutilised portions of grants are promptly refunded by the State Governments concerned. The Committee would like to be informed of the position of recovery of the balance of Rs. 1,29,000.
45	2.132	-do-	The Committee regret to note from the list showing the amounts paid to the C.P.W.D. for construction of works, adjustment made and the balances to be accounted for as furnished by the Ministry

that Rs. 17,81,774 are still to be adjusted. They are also surprised to find that although money had been advanced to the C.P.W.D. by the erstwhile Indian Central Tobacco Committee, in one case work was still pending completion since 1955-56 and in another case since 1957-58.

The Committee would like the Ministry to inquire into the reasons for the delay in completion of work by the C.P.W.D. and to ascertain what efforts, if any, were made by the erstwhile Tobacco Committee to get them executed in time. The Committee desire that responsibility should be fixed for this long delay and suitable remedial measures be taken to avoid recurrence of such delays in future.

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The Committee regret to note that the need of constructing the air-conditioned godown which was felt in 1957 and for which sanction was given in 1959, could not be completed in full during a period of 7 years. They are surprised to learn that the air-conditioning equipment has not been installed so far and the godown has not been put to any use even now.

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From the statement (Appendix XVI) showing progress in the construction of the air-conditioned godown, the Committee find that there has been delay at different stages.

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The Committee desire that responsibility should be fixed for this inordinate delay. They also desire that such delays in construction works should be strictly avoided as they result in heavy losses to exchequer.

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47	3.12	Departments of Community De- velopment & Co- operation	The Committee are unhappy to learn that since the inception of the scheme in 1961-62, no assessment had been made of the actual impact of this scheme on the block workers and how far the books written by different authors were popular among them and their reaction to such books. Since the books were likely to be read by other people of the block also, the Committee feel that proper assessment should have been made to find out the actual demand of the people, their usefulness to the workers in their day to day work and how far the scheme was working to their advantage.
	3.13	-do-	The Committee suggest that an evaluation of the scheme may be done by the Programme Evaluation Organisation of the Planning Commission or a similar agency.
4b	3.20	-do-	From the above the Committee find that the funds were released in favour of the Corporation for specific purposes mentioned above. Although there was no specific mention in the sanction letters releasing grants that the balances left over should be refunded to the Government, the Committee feel that the Corporation should have obtained a specific sanction from the Government to retain the funds released in excess with them rather than utilising the same for other purposes. The Committee therefore, would like the Government to examine this aspect of the case in consultation with the National Co-operative Development Corporation as to whether the unutilised

portions of grants and subsidies released in favour of the Corporation for specific purposes should not be refunded by the latter.

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From the evidence the Committee find that the NCDC Bill, as passed by Parliament, stipulated that Government would pay to the Corporation by way of grant each year, such sum of money as is required by the Corporation for giving subsidies to State Governments and for meeting its administrative expenses; and some loans on such terms and conditions as the Central Government may determine. (*). From the note furnished by the Department, the Committee find that the Ministry of Finance had advised the Ministry of Community Development and Cooperation prior to the passing of the Bill that

".....In actual practice no interest will be charged on the amount given to the Board for the purpose of giving loans to State Government. This would not be provided for in the law but would be implemented by administrative instructions. In actual practice, therefore, Government will give loans to the Board on such terms and conditions as are fixed from time to time. If interest is charged Government would subsidise the Board by grants to the requisite extent."

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The Department of Community Development and Cooperation acting on this advice started giving grants to N.C.D.C. to neutralise

*Section 12 of the N.C.D.C. Act, 1962 reads as under: The Central Government shall, after due appropriation made by Parliament by law in this behalf, pay to the Corporation,—(a) by way of grant each year, such sum of money as is required by the Corporation for giving subsidies to State Governments and for meeting its administrative expenses; and (b) by way of loan such sum of money on such terms and conditions as the Central Government may determine.

lise the interest that the Corporation were paying to the Government. If the intention of the Government in giving these grants was to augment the funds of the Corporation, they could have done so in regular annual allotments to them instead of in a round about manner.

3.26 Departments of Community Development & Cooperation The Committee suggest that Government should reconsider the question of refunding the amounts of interest payments to the N.C.D.C., in the light of their above observations.

3 34 -do- Since the matter is not free from doubt as to whether the various activities mentioned at items (i) to (iv) are strictly covered under the provision of N.C.D.C. Act, particularly in the case of giving assistance for marketing lac where even a high level Committee led by Shri Dantawala has recommended that N.C.D.C. Act might be amended so as to cover one or two commodities such as lac, the Committee feel that the Department of Community Development and Co-operation should examine the above cases in detail. In order to set these doubts at rest, the position should be clarified once for all and if necessary the N.C.D.C. Act suitably amended.

The Committee note that as against an amount of Rs. 33.94 crores spent on subsidising supply of foodgrains in 1964-65, the amount of estimated subsidy in 1966-67 would be Rs. 106.84 crores. Based on the estimated quantities supplied in 1966-67, the amount of subsidy

in the year 1967-68 would be Rs. 191.89 crores. The fact that the amount of subsidy is expected to increase to Rs. 191.89 crores in 1967-68 as against Rs. 33.94 crores in 1964-65 is significant. Part of this rise might be due to increase in the import of foodgrains but most of it due to devaluation. In view of the fact that huge amounts of subsidies are likely to be given on the supply of imported foodgrains, the Committee can hardly over-emphasize the necessity of devising ways and means to increase indigenous production of foodgrains and cutting down the imports.

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The Committee also note that the issue price of imported wheat was raised from Rs. 48 per quintal to Rs. 50 per quintal on 15th November, 1965, on the grounds that there should be some relationship between the price of indigenous as well as imported wheat and other foodgrains. Further the increase of price in wheat would help to lessen the pressure on Government stock and it was the intention of the Government to get some money for the agricultural development. They, however, regret to note that this scheme which was used as one of the justifications for the increase in the prices of wheat was "never worked out or organised."

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The Committee note that in 1964-65, Government reviewed their policy in regard to subsidy, and decided in the context of the food situation then prevailing that the subsidy should be gradually abolished. In the context of devaluation, the prices of foodgrains have increased considerably, but Government decided to maintain the prices at the level they existed immediately before the devaluation.

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			The position, therefore, is that Government would have to subsidise foodgrains to a very considerable extent, for a considerable period of time.
51	4-14	-do- Ministry of Transport	From a note furnished by the Ministry the Committee find that during January, 1965 to May, 1966 the total amount of freight charges paid in dollars to foreign shipping companies for the import of foodgrains amounted to Rs. 917.30 laks*. The Committee regret to learn that the percentage of imported foodgrains carried in Indian bottoms is negligible, resulting in heavy payments of freight charges in foreign exchange. The Committee hardly need reiterating the urgency of conserving the much-needed foreign exchange which is now being spent for carrying foodgrains on foreign ships. The Committee would like the Ministries of Food and Agriculture and Transport to make special efforts to improve the position in this regard. They would also like to be informed of the progress made in acquiring the tankers and also the extent to which the off-take of cargo by Indian ships has been augmented as a result thereof.
52	4-18	Deptt. of Food	The Committee are glad to note that as a result of the energetic steps taken by the Ministry the position clearance of foodgrains at the ports has improved considerably and during 1963-64 to 1965-66 the total amount of despatch money earned (Rs. 112.99 lakhs) was more than the demurrage paid (Rs. 76.55 lakhs).

	4.19	do.	The Committee would, however, like to stress that not only the progress should be maintained but also efforts should be made to reduce the demurrage charges further.
59	4.22	<u>-do-</u> Ministry of Health	The Committee regret to note that even though the Ministries of Food and Health exercise supervision and check against adulteration yet nine out of fourteen samples drawn from the Delhi Flour Mills were found not conforming to the specifications laid down as the mills did not clean the dirt which was there in the wheat. The Committee were informed in evidence that prior to 1st July, 1966, "Supervision and check" exercised was not of the same degree. The Committee are glad to be assured that from 1st July, 1966, a very strict check is being maintained on the products marketed by the Mills.
	4.23	do.	The Committee suggest that the Ministries of Food and Health should carefully check up and if necessary tighten their procedure further with a view to ensuring that adulteration is eliminated and that the products supplied to the public at large are genuine and pure. The Committee would also like to know the action taken against the flour mills whose samples were found defective in this case.
	4.24	Deptt. of Food	The Committee would also like to be informed of the number of adulteration cases which were dealt with by both the Ministries during the last one year and out of them how many cases were brought to the notice of the Ministry concerned by the public and the nature of the action taken against the respective dealers.

*According to Audit this figure should be Rs. 956.45 lakhs.

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54	4.26	do.	The Committee would like to be informed of the action taken and the results achieved in this matter.
55	4.29	do.	While noting with satisfaction the progress made by the Ministry, the Committee hope that the present arrears would be liquidated completely without any undue delay and that such heavy arrears would not be allowed to accumulate in future.
56	4.32	Deptt of Food.	The Committee hope that the Ministry would continue to make energetic efforts to reduce storage losses, as also in regularisation of the losses where they have taken place.
57	4 38	do.	The Committee are glad that the Department of Food have agreed to entrust the work of physical verification in regard to the 84 depots under their control to independent authorities as suggested by the Committee earlier. The Committee feel that in regard to the remaining depots which have been transferred to FCI, the Department should impress upon the Corporation to follow the healthy practice of verifications being done by the independent authorities. They are glad to note that there has been some improvement in regularising the losses noticed as a result of physical verification. They hope that the Department would improve the administrative machinery further so that the time taken for regularising the losses for a particular year is reduced. The Department should examine whether a time limit could not also be fixed for the disposal of such cases.

58	4-43	do.	The Committee feel that the Ministry should sort out very difficult cases which are pending disposal for a long time and take them up at a higher executive level of the other Ministry for disposal. Inter-Ministerial talks should be held at regular intervals to settle cases instead of allowing the Government machinery to pursue them in a routine manner.
59	4-46	do.	The Committee regret to note that with no tangible control on private firms the Government continued to supply damaged foodgrains unfit for human consumption to the private firms for being used as cattle or poultry feed. The Committee cannot help feeling that the system was defective in as much as the possibility of the misuse of such foodgrains could not be ruled out. They are, however, glad to note that the procedure has since been changed and such foodgrains are now to be supplied only to State Government agencies. In this connection, the Committee hardly need emphasising the paramount need to exercise utmost care in the disposal of such foodgrains and to adopt such foolproof methods and introduce such stringent measures to ensure that these foodgrains are not utilised for being mixed with grains meant for human consumption.
60	4-52	do.	The Committee in para 6.49 of their 41st Report had recommended that the stocks transferred to the Food Corporation should be shown at the cost price of the Ministry and the subsidy given shown separately. The Committee regret to note that the Ministry have not yet seen their way to implement this recommendation.
	4-53	do.	The Committee would reiterate their recommendation made in para 6.49 of their Forty-First Report. (Third Lok Sabha).

1	2	3	4
61	4-64	do.	

The Committee regret to note that an infructuous expenditure of Rs. 9.51 lakhs was incurred for hiring a godown which remained practically vacant for a period of one year and that during that period only 3 tonnes of foodgrain sweeping were stored there.

4-65

Dept. of Food

From the statement (Appendix XXI) the Committee find that as on 31st March, 1966 Government were occupying 432 godowns out of which 228 were owned by the Government and 204 were hired. The usable storage capacity of all the godowns together was 17,42,232 metric tonnes and the vacant space was to the extent of 9,24,693 metric tonnes. The Committee also note from the facts mentioned in the Audit Report that during June, 1964 and December, 1964 (and subsequently in March, 1966) the percentage of vacant space in Calcutta region was also as high as 55%. The order of February, 1964 to vacate the godown at Chengail was withdrawn in June, 1964 under the assumption that the authorities would be able to persuade the Calcutta Port Commissioners to change their objection to organise movement in block rakes. The act of persuasion seemed to have taken a long period and by the time the Port Commissioners agreed to change their stand the utility of the godown had ceased because of the decisions taken in April-May, 1965 that movement of rice from Punjab and M.P. to Calcutta would not take place and in June, 1965 to the effect that food stocks for Calcutta city were to be stored by the State Government. Despite the arguments advanced during the course of

evidence regarding the practical difficulties in acquiring storage accommodation, the uncertainties involved in regard to production, import and off-take of foodgrains, and the view of the Ministry that godowns in port towns should not be given up easily, the Committee are inclined to infer that the Government were conscious of the fact that a considerable space in the godown was not being used gainfully for quite sometime and that they were inclined to surrender it. In fact the order of February, 1964 substantiates all these. Not only that, the Regional Director had reported in June, 1964 the availability of surplus storage capacity of one lakh tonnes in other godowns. According to evidence the Department were also aware that the overall requirement of storage space in that area did not necessitate the use of the godown. It was stated in evidence "whether it was Chengail or any other place, it would not have been used for most of the year because of the fast turnover of imported grain stocks."

281

4.66

do.

Had it been so, the Committee feel that the Ministry could have safely implemented their first order of February, 1964 without any risk because the storage space at the port town was in reality no problem at that time. The only redeeming feature in this case is that the Department had surrendered some small godowns though subsequently with a view to retaining this big godown at Chengail.

4.67

do.

While the Committee agree that the assessment of the future needs of storage capacity for foodgrains do rest on variable factors, they feel that it is not wholly unpredictable and that such a reasonable assessment should not be so difficult for a Ministry with years of ex-

perience. The Committee are further surprised to find that Government prefer to pay rent for vacant godowns (unnecessarily under the apprehension that once godowns are surrendered these would not be available again) even though they are not able to fully utilise the storage accommodation available with them. The Committee also note the fact that out of the usable capacity for storage in the hired and Government owned godowns, more than 50 per cent of the space is not being utilised. They feel that in view of a substantial storage capacity remaining unutilised year after year, and of the large expenditure on rent and maintenance of hired godowns the whole matter should be examined afresh in detail so that the Ministry are able to arrive at some norms which would enable them to work out their requirements more realistically. The Ministry should also explore the possibility of reducing the number of hired godowns by making full use of the Government owned godowns and also by expediting construction of Government godowns.

The Committee are unhappy about the way the Chengail godown was surrendered. Despite the definite knowledge of the difficulty of acquiring storage space in port cities and the fact that a change in tenancy was likely to raise the hire charges, the Department does not seem to have made any effort to ascertain from the State Government whether they would be requiring the same godown, for the fulfilment of their responsibility under the orders of June, 1965. As a result of this lapse, the State Government had to pay 10 per cent

more for the rental for the same godown just after two weeks when it was hired by them. With a little initiative and imaginative approach the Ministry could have helped the State Government to save extra expenditure which they had to incur on the rental of the godown.

63	4-77	do. Ministry of Defence	Even though the Army Purchase Organisation has been functioning as an appendage to the Department of Food for a long time, the Committee find from evidence that there is no special advantage for this organisation being under the Department of Food. In view of this, the Committee suggest that the question whether the present arrangement should be allowed to continue or whether the Army Purchase Organisation should be taken over by the Ministry of Defence, may be jointly reviewed by the Ministries of Food and Agriculture and Defence.
64	4-78	Deptt. of Food	Since the cases are before an arbitrator, the Committee would like to be informed of their results in due course.
65	4-82	do.	It is unfortunate that out of 11 pending cases action could be taken by Government so far in regard to 5 cases only. The Committee suggest that expeditious action should be taken in other cases also.
66	4-88	do.	The Committee regret to note that Government had to sustain a loss of Rs. 58,000 for their inability to enforce the provisions of risk purchase against a firm which failed to supply stores of the acceptable quality. The legal opinion in this case which prevented Government from recovering the extra cost was that the period of six months prescribed for re-purchase for the purpose of recovery of

extra cost involved should be counted from the date of expiry of the delivery period as originally prescribed in the contract and not from the date on which the consignment was finally rejected in appeal despite the fact that the contractor appealed for a resample which was accepted by the Department.

The Committee observe that while on the one hand the contractor appeal to resample the stores after the expiry of the original delivery period was accepted, government on the other hand jeopardised its right to enforce recovery of extra cost. They, therefore, feel that there is a lacuna in the procedure by which the firms get away without payment of the risk purchase amount due to the time required in deciding the appeal on rejection of samples. The Committee are also of the view that the legal opinion in this case, if it necessary should have been obtained well in time, and repurchase should have been effected within the period prescribed in the contract, in order to avoid Government claim going by default.

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5.5

Ministry of
Industry

The Committee feel that this case reveals lack of proper planning in the construction of the building for the Small Industries Services Institute at Calcutta. Though the date of commencement of work as per agreement was 1st March, 1960, the layout of the building was not finalised by the architects till 19th April, 1960. Some time also was taken by the architects in testing the load having capacity of the land. Had these preliminary works been completed by the Architects prior to the agreement with the contractor, nearly 24 months

of working season would not have been lost. Further due to the break of Monsoon in this region in early May, the foundation work could be started only in October, 1960 and it was completed by the end of November, 1960 only. All these factors should have been taken into consideration before the time schedule for construction work of the building was decided upon. The date of commencement and date of completion viz., 1st March, 1960 and 31st December, 1960 respectively stipulated in the agreement thus became un-realistic.

5.6 do

The Committee trust that the Ministry will ensure better planning for construction of such buildings in future.

58 5.9 do

The Committee regret to note that 24 columns out of 84 built by the contractor were defective. The Committee feel that if there had been proper supervision over the construction of this work simultaneously, defective execution of the work could have been avoided or at least detected earlier. This laxity in supervision also required to be looked into.

59 5.12 do

The Committee regret to note that although the matter regarding recovery of damages from the 1st Contractor has been pending before arbitrator for the last 18 months i.e. from January, 1965, Government have not even filed their counter claims so far against the contractor before the arbitrator. They desire that the Ministry should take necessary steps to ensure that their counter claim against the contractor for damages is filed before the arbitrator, without further delay.

5.13 do

The Committee would also like to be apprised of the result of arbitration.

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70	5.31	do	<p>The Committee hope that I.S.I. would make every effort to ensure further improvements in different directions viz., reducing the duration for the preparation of standards, and also raising the income and by the sale of standards either by increasing the rates of publications or by extending the coverage expenses or by making the rates of membership fee even so as to reduce the dependence on Government's grants.</p> <p>The Committee would also like to be informed of the action taken in this regard.</p>
71	5.35	do	<p>The Committee hope that the Department would also be able to collect the outstanding amounts without much delay.</p>
72	5.39	do	<p>The Committee would like the Ministry to see that the scheme becomes self supporting as originally envisaged.</p>
73	5.43	Ministry of Industry	<p>The Committee find that I.S.I. do not pay anything to the presses for storage of the paper in their godowns and as a matter of goodwill the presses have agreed to make good any loss of paper while it was stocked in their godowns. As there is no other consideration except goodwill, there is no legal contract with the presses in this regard. I.S.I. will not get any help in the event of loss of paper, unless there is a legal contract between the presses and I.S.I. The Committee therefore, suggest that the paper to be kept with the presses should be insured against other types of losses in addition to that by fire and theft.</p>

- 5.44 do The Committee also hope that the accuracy in arriving at the annual requirements of papers will be improved so as to avoid the necessity of carrying over excess stock of papers.
- 74 5.47 do From the note the Committee find that the I.S.I. had issued a tender for quotation from private presses for their printing work only in 1959 and no tender appears to have been issued subsequently. The work is being assigned to private presses on the basis of quotations furnished in 1959.
- 5.48 do The Committee are not happy with this procedure. In the absence of any fresh tender inquiry since 1959, the argument of Government regarding dearth of good quality printers in the country does not sound very convincing. The Committee therefore, desire that the Ministry must try to test the market from time to time instead of continuing with the same parties indefinitely.
- 5.49 do The Ministry of Industry should in consultation with the Ministry of Works, Housing and Urban Development, explore the possibilities of improving the existing Government Machinery so that the quality printing as required by I.S.I. could also be done in the Government of India presses and to that extent the dependence on private presses could be minimised.
- 5.50 do The Committee would like to be informed of the results of the efforts made in this direction.
- 5 5.53 do The Committee desire that the recovery of the outstanding dues should be expedited without further loss of time.

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	6.8	Department of Social Welfare	The Committee are surprised to note that such wide variations exist in the <i>per capita</i> expenditure on the inmates of different welfare institutions. They feel that such wide disparity requires to be narrowed down.
	6.9	do	Now that the Department proposes to undertake a review of all the aspects of the working of these institutions, the Committee hope that this review apart from looking into wide variations in <i>per capita</i> expenditure would also take into consideration whether the pattern of training or the standard of amenities provided in these institutions require any modification as also what economies are possible.
	6.10	do	The Committee would also like to be informed of the result of this review
77	6.17	do	The Committee suggest that more stress should be laid on the type of training to be imparted to the inmates of these institutions so that they become more useful citizens.
	6.18	do	The Committee also feel that some system should be evolved to ensure that these persons after receiving training are gainfully employed in their respective professions.
78	6.20	do	It is really surprising to the Committee that the Administration was imparting training in printing work, but was not issuing any certificates to these trainees, which would be a proof of their having

completed the training successfully. It need hardly to be pointed out that in the absence of any such proof of their training, it would be difficult for these persons to get suitable employment and properly utilise their training. The Committee, therefore, suggest that after completion of training, suitable certificates should invariably be issued to these trainees.

79 6 22 do. The Committee observe from this note that during the period July, 1958 to March, 1963, 148 women were rehabilitated which figure includes 20 trained as teachers, 13 as craft-teachers and 33 as midwives. In 8 years period this number of 148 is not very impressive to make the Committee happy.

80 6.24 do. The Committee trust that suitable instructions would be issued without delay to avoid such shortfalls in future. The Committee regret to note that such an obvious thing was not done till now and the training programme was allowed to suffer. They hope that now at least a suitable system would be evolved without any further delay.

6 25 do. They also hope that the services of the craft-instructors would be utilised fully in future.

81 6 31 do. From the notes received in this connection, (Appendix XXVII) it is clear that one of the items of ration (viz. Atta) for the inmates of these institutions, which is supposed to form the major part of their diet, had shown in the past great disparity. The Committee are, however, glad to learn that a uniform scale for diet has since been prescribed. The Committee trust that the revised uniform scale

1	2	3	4
			has been evolved after consulting a diet specialist. If not, this should be done.
82	6 33	do.	The Committee suggest that the question of reconstituting the Advisory Committees periodically every two or three years, so as to bring in new and fresh ideas may be examined.
83	6 38	do.	The Committee regret to note the delay in finalising the decision regarding the pending cases of rent free accommodation. As the realisation of a substantial amount as rent, water and electricity charges etc. is pending, the Committee desire that the action in this case should be expedited. They would like to be informed of the results of the action taken in this case. They would also like to be informed of the action taken in four cases of unauthorised occupations.
84	6 41	do.	The Committee would like to be informed of the result of the enquiry now being held in this case.
	6 42	do.	The Committee regret that in the course of evidence on this para, some facts and figures given in the Audit para were controverted by the witnesses without giving any intimation to Audit beforehand. They would like to draw the attention of the Department of Social Welfare to the recommendation contained in Para 9 of Introduction to their 42nd Report (Second Lok Sabha) and would urge for its strict compliance in future.

