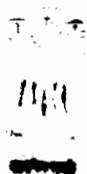


**PUBLIC ACCOUNTS COMMITTEE
(1968-69)**

(FOURTH LOK SABHA)

SIXTY-SIXTH REPORT

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 62nd Report (Third Lok Sabha) on Appropriation Accounts (Civil), 1964-65, and Audit Report (Civil), 1966 relating to Ministries of Health, Family Planning etc.]



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1969/Chaitra, 1891 (Saka)

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<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
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35	-	12	detail	details
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35	-	21-22	revenue	'Revenue
36	-		deposit	Deposit'
36	-	11	treasury	Treasury
36	-	22	obtained	obtain
35	-	11-12 from bottom	have taken	have been taken
36	-	1	vetting	vetting
33	-	5 from bottom	public	Public
37	-	4 and 5 from bottom	treasury	Treasury
33	-	14 and 25	Fourth	fourth

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6	-	4	officers	officers
5	-	12	detail	details
5	-	21	treasury	Treasury
5	-	21-22	revenue deposit	'Revenue Deposit'
6	-	11	treasury	Treasury
6	-	22	obtained	obtain
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6	-	1	vetting	vetting
3	-	5 from bottom	public	Public
7	-	4 and 5 from bottom	treasury	Treasury
3	-	14 and 25	Fourth	fourth

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(1968-69)

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Shri Avtar Singh Rikhy—*Joint Secretary.*

Shri K. Seshadri—*Under Secretary.*

*Declared elected on 19th August, 1969 vice Shri M. M. Dharia, who resigned from the Committee.

INTRODUCTION

1. the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Sixty-sixth Report on the Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 62nd Report (Third Lok Sabha) on Appropriation Accounts (Civil), 1964-65 and Audit Report (Civil), 1966 relating to Ministries of Health, Family Planning etc.

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

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

3. The draft Report was considered and adopted by the Sub-Committee at their sitting held on 10th April 1969 and finally adopted by the Public Accounts Committee on 21st April 1969.

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

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

M. R. MASANI,
Chairman,
Public Accounts Committee.

NEW DELHI;

April, 28, 1969/Vaisakha 8, 1891 (S).

CHAPTER I

REPORT

1.1. This Report of the Committee deals with action taken by Government on the recommendations of P.A.C. contained in their 62nd Report (Third Lok Sabha) on Appropriation Accounts (Civil), 1964-65, Audit Report (Civil), 1966 and Audit Report (Commercial) 1966 relating to the Ministries of Health and Family Planning, Home Affairs, Information and Broadcasting, Irrigation and Power, Labour, Employment and Rehabilitation and Mines and Metals which was presented to the House on 25th November, 1966.

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

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

S. Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, (Paras 2.35), 15 (Para 2.43), 17, 19, 20, 24, (Paras 3.59 and 3.60), 26, 29, 30, 31, 32, 33 (Para 5.24), 34, 40, 41 and 44.

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

S. Nos. 24 (Para 3.61), 25 (Paras 3.70 and 3.72), 27, 28, 33 (Para 5.23), 49, 50 and 51.

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

S. Nos. 13, 36, 37 (Paras 5.57 and 5.64), 38, 39 (Paras 5.74 & 5.75), 45, 46, 47 and 48.

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

S. Nos. 14 (Paras 2.32, 2.33, 2.34 and 2.36), 15 (Para 2.44), 18, 25 (Para 3.71), 35, 39 (Para 5.76), 42 and 43.

1.3. The Committee hope that replies to the ~~interim~~ recommendations and final replies in regard to these ~~interim~~ to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.

1.4. The Committee propose to pursue the recommendations made in paragraphs 3.30, 3.35, 3.36, 3.44–3.46 and 3.52 (S. Nos. 21–23) relating to the Children's Film Society through a separate Report.

1.5. The Committee will now deal with action taken by Government on some of the recommendations.

Land Acquisition Collectorate, Delhi, Non-maintenance of proper records of unpaid balances of awards. (Para 2.27—Sr. No. 13).

1.6. In para 2.27, the Committee had drawn attention to the absence of complete records in the Land Acquisition Collectorate in regard to award amounts deposited with them. The Committee made the following observations :

The Committee regret to note that proper records of the unpaid balances of awards and unpaid cheques had not been maintained in the Land Acquisition Collectorate, Delhi. The accumulated unpaid balances pertained to the period as far back as 1937. This clearly depicts a very unsatisfactory state of accounts in the Land Acquisition Collectorate and the Committee take a serious view of it. The Committee are not able to understand why the full details relating to awards were not kept with the Collectorate and why the unpaid balances were not deposited into the treasury as revenue deposits as required under the rules. The Committee are left with the impression that the maintenance of proper records of these unpaid balances received no attention in the past and this failure requires looking into. Now that Delhi Administration has appointed an Officer on Special Duty to look into the state of accounts, the Committee hope that suitable measures will be taken to clear the old balances and also to ensure that such unpaid balances do not accumulate in future. They also hope that unpaid balances would now be deposited in the treasury as revenue deposit as required under the rules.

1.7. In their reply dated 21st August, 1967, the Ministry of Home Affairs have furnished the following information :

"It is admitted that proper records of unpaid balances had not been kept in the past, due to which the unpaid balances could not be deposited into the Treasury as 'Revenue Deposit'. In order to prevent recurrence of such lapses, instructions have been issued on the 2nd September, 1966, that payments against the awards should be completed either by payment to the party concerned or by depositing the amount due in the Treasury as 'Revenue Deposit' (as the case may be) within a reasonable period not exceeding 30 days from the date of making the award.

A special Cell has been established in the Administration to locate the details of outstanding balances. The Deputy Commis-

tioner and the O.S.D. (Accounts) are pursuing the matter at personal level. The present position with regard to the unaccounted for balances is as follows:—

Closing balance as per cash book on 1-5-67	84,57,122.10
(—) Balance pertaining to 'Plan Schemes'	44,14,825.12
Unaccounted for balances:	40,42,296.98
Loss (i) Details available	36,35,722.91
Net unaccounted for balance	4,66,574.07

*Includes an amount of Rs. 1,81,288.24 being improvement trust funds standing on 1-2-55 when the work was transferred to Land Acquisition Collectorate, the details of which are not known.

It is expected that the final picture will emerge shortly and adjustments of the remaining amount will be forthcoming. If some amount is left unaccounted for, it would be put in the fixed deposit. As regards cases arising hereafter, instructions have been issued on 2-9-66 that payments against awards should be completed either by payment to the party concerned or by depositing the amount due in the treasury as 'Revenue Receipts' within a reasonable period not exceeding 30 days from the date of making the award.

1.8. At the instance of the Committee a further note dated the 31st December, 1968, was furnished showing the progress made in locating details of unconnected amounts and in their payment to the parties concerned. The note is reproduced below :

- (i) Out of Rs. 36.35 lakhs, a sum of Rs. 13.50 lakhs has been paid to the parties concerned upto 30-9-1968.
- (ii) Out of the amount of Rs. 4.06 lakhs for which details were not available, details for an amount of Rs. 0.80 lakh have since been located leaving a balance of Rs. 3.26 lakhs. The question of disposal of this balance is being considered in consultation with A.G.C.R.
- (iii) Compensation is being disbursed regularly and promptly. Since the issue of instructions dated 2nd September, 1966, 222 awards were announced upto 30th September, 1968. Out of these 211 have since been finally closed either by payment to the parties concerned or by depositing the unclaimed amounts into the treasury or by payment to the court in disputed cases, as laid down in the instructions.

1.9. The Committee feel that the progress in locating the details of outstanding balances of wards in respect of which money has been deposited with the Land Acquisition Collectorate, Delhi has been slow. A special cell was created for this purpose. The cell has been able to collect details in respect of deposit amounting to Rs. 81 lakhs, out of the unconnected balance of Rs. 84 lakhs, but payments to the parties is still to be made in respect of deposits amounting to Rs. 23 lakhs. The Committee note that instructions have since been issued for ensuring that compensation is regularly and promptly disbursed. They hope that these instructions will be strictly followed and that the backlog of pending payments expeditiously cleared.

DEPARTMENT OF REHABILITATION (DANDAKARANYA DEVELOPMENT PROJECT)

Consumer Goods Scheme—Paragraphs 5.56 and 5.57 (Sr. Nos. 36 and 37)

1.10. A scheme providing for retail supply of paddy and other consumer goods to settlers was started in the Dandakaranya Development Project. Though it was intended to be run on a "no profit no loss" basis, it showed a loss of Rs. 6 lakhs from its inception in January, 1959 to end of March, 1964.

1.11. The Committee made the following observations in paragraphs 5.56-5.57 :

"5.56 The Committee regret to find that the Consumer Goods Scheme which was intended to be on a "no profit no loss" basis showed a loss of Rs. 6 lakhs during January, 1959 to March 1964. They are surprised to find that the transport cost of goods was not being charged from the customers but was being met by Government which amounted to indirect subsidy given to the customers and that this was done without obtaining prior approval of the Government. The Committee hope that Dandakaranya Development Authority would now obtain *ex-post-facto* sanction to regularise the payment of this subsidy."

"5.57 The Committee are of the view that had the authorities taken adequate precautions and run the scheme in a business-like way, the loss could have been avoided. The Committee desire that efforts should be made to run the scheme on a "no profit no loss" basis."

1.12. In their reply dated the 7th July, 1967, the Department of Rehabilitation stated :

~~Paragraph~~ 5.56

A proposal has been received from the Dandakaranya Project Administration for sanction for the payment of subsidy in the sale of consumer goods and food grains to settlers in Dandakaranya. The proposal is under consideration."

1.16. The Committee feel concerned to note that the losses on the consumer goods schemes have been Rs. 18.09 lakhs. The loss upto 31st March, 1964 was Rs. 6 lakhs. Since then there have been further losses and the cumulative loss as at the end of 1965-66 Rs. 8.91 lakhs. According to Audit the Rs. 18.09 lakhs loss upto March 1967 has gone up to Rs. 18.09 lakhs. The Committee would like the Government to Rs. 18.09 lakhs in losses and to initiate necessary steps to minimise the

1.15. The Committee regret to note that a proposal made by the Dandakaranya Project Administration in January, 1967, for Rs. 1.68,604 of subsidy on the sale of consumer goods and food grains to settlers in Rs. 7.22,871 has been under consideration of the Government for over two years. The Committee desire that an early decision should be taken in the matter.

Total	Rs. 8,91,475
Loss due to difference between sale price & market price/controlled price.	Rs. 7,22,871
Loss due to shortages	Rs. 1,68,604

1.14. The Committee note from the copy of the proposal that upto 31st March, 1966, the Scheme Rs. 8.91 lakhs as follows: The proposal is still under consideration of the Government."

"A copy of the proposal contained in Dandakaranya Project Administration letter No. C-2(8)/65/P.II/124 dated the 24th January, 1967 together with its enclosures (Appendix) for Rs. 7.22,871 of payment of subsidy on sale of consumer goods and food grains to settlers in Dandakaranya is enclosed.

1.13. In a further reply dated the 23rd December, 1968, the Department of Rehabilitation stated: "The question about the sale of food grains to the settlers at Government controlled rates, which would involve a subsidy in as much as the total over heads would not be covered by the sale rate, was placed before the Dandakaranya Development Authority in its 34th meeting (Item No. 10 Part I of the Agenda) and the Authority recommended the difference between the cost price plus over heads and sale price fixed at the rates prescribed by the State Authorities, to be subsidised. A proposal has been received from the Dandakaranya Project Administration for sanction for the payment of subsidy in the sale of consumer goods in Dandakaranya. The proposal is under consideration."

Rs. 5.57

losses. Apart from shortages, the major reason for the losses would appear to be the cost of transporting the commodities to the interior for distribution to the consumers. The Committee would like Government to examine how best the transport expenses could be kept down and the shortages minimised.

DEPARTMENT OF REHABILITATION
(DANDAKARANYA DEVELOPMENT PROJECT)

Forest Organisation Scheme—Paragraphs 5.64 and 5.67 (Sr. Nos. 37 and 38)

1.17. The Forest Organisation of the Dandakaranya Development Project was set up to collect ballies from forest areas and supply them to other departments of the project, working of coupes, procuring timber and sawing it in the Project Saw mills. The proforma accounts of the scheme for the period from June 1959 to March, 1964 showed a loss of Rs. 9.59 lakhs. The Public Accounts Committee made the following observations in paragraph 5.64 :

“The Committee regret to note that due to fixing the issue rate of the products without taking into account the indirect charges, the Forest Organisation Scheme suffered a loss of Rs. 9.59 lakhs during June, 1959 to March, 1964. They desire that a proper assessment of the working of the scheme should be undertaken and steps taken to avoid such losses in future.”

1.18. In their reply dated the 30th September, 1967, the Department of Rehabilitation stated :—

“In the past, issue rates of various articles supplied to the other Project departments were fixed on the basis of royalty to be paid and actual operational charges, without taking into account the indirect charges.”

2. In the period subsequent to March, 1964, the issue rates have been fixed after taking into account not only the royalty charges and actual operational charges, but also the indirect charges incurred in the scheme.”

3. The only variable factor is the element of overhead charges. The percentage of overhead charges is revised yearly on the basis of actuals in consultations with the Financial Adviser and Chief Accounts Officer and this is accepted in arriving at the issue rates for all issues from the scheme during the year.”

“4. The working of the scheme has since been reviewed, and steps have been taken to avoid losses in future by fixing the issue rates of the products taking into account the indirect charges.”

“5. The working of the scheme during subsequent years has not resulted in any loss”.

1.19. In their reply dated the 23rd December, 1968 the Department of Rehabilitation stated :

"The assessment of the Forest Organisation Scheme for the years 1964-65 and 1965-66 made by Financial Adviser and Chief Accounts Officer, Dandakaranya Project were submitted to Audit for vetting in February, 1966 and September, 1967 respectively. Audit has intimated in August, 1968 that they do not agree with the assessment of the Financial Adviser and Chief Accounts Officer, Dandakaranya Project. Financial Adviser and Chief Accounts Officer has further explained his stand to Audit and so the matter is still under consideration."

1.20. Audit have made the following observations on the Ministry's reply :

"The assessment of the Forest Organisation Scheme for 1964-65 and 1965-66 stated to have been sent by the Financial Adviser and Chief Accounts Officer, Dandakaranya Project, to Audit for vetting in February, 1966 and September, 1967 respectively was in the form of simple financial statements containing only lump figures of direct and indirect expenditure and receipts and did not show the detailed breakup thereof. The Financial Adviser and Chief Accounts Officer was requested several times to submit the *proforma* accounts in proper form along with the Trading and Profit and Loss account, Capital Account, Balance Sheet, etc. Audit have prepared *proforma* accounts themselves on the basis of records available in the project and based on the accounts booked by the Financial Adviser and Chief Accounts Officer. The working results of the Forest Organisation Scheme as revealed in the *proforma* accounts prepared by Audit were as under :

Loss from inception to 3/64	Rs. 11.79 lakhs
4/64 to 3/65	Rs. 3.13 ..
4/65 to 3/66	Rs. 1.30 ..

Acceptance of the figures suggestions given by audit is still awaited from the Financial Adviser and Chief Accounts Officer."

1.21. The Committee desire that steps should be taken to ensure that the *proforma* accounts of the Forest Organisation Scheme are compiled in the proper form expeditiously in consultation with Audit. The information now available indicates that the scheme incurred a loss of Rs. 16.22 lakhs upto end of March, 1966. The reasons for these losses should be systematically analysed and measures taken to made the organisation at least 'break even'.

1.22. Materials valuing Rs. 21.47 lakhs were shown as supplied to various departments during the period from June, 1959 to March, 1964

of which a sum of Rs. 5.86 lakhs only had been accepted by the Departments as having been received. In one case against timber worth Rs. 13.63 lakhs shown as supplied in the accounts, supplies of Rs. 5.45 lakhs had been accepted. The Committee made the following observations in paragraph 5.67 :

“5.67. The Committee desire that early steps should be taken to reconcile discrepancies and all efforts should be made to realise the dues from the Departments which had been supplied goods.”

1.23. In their reply dated the 7th July, 1967 the Department of Rehabilitation stated :

“Action is being taken to reconcile the discrepancies. Instructions have also been issued to the different departments for accepting the debits raised for supply of materials from the scheme.”

1.24. In their further reply dated the 23rd December, 1968, the Department of Rehabilitation stated :

“Of the materials valuing Rs. 21.47 lakhs supplied to various departments to the end of March, 1964, an amount of Rs. 15.57 lakhs has since been adjusted leaving a balance of Rs. 5.90 lakhs only. In respect of timber worth Rs. 13.63 lakhs shown as supplied in the proforma accounts, reconciliation has been completed to the extent of Rs. 13.19 lakhs leaving a balance of Rs. 0.44 lakhs only. The reconciliation of the balance amount is under progress with reference to the initial records.”

2. The Officers concerned have been asked to attend to reconciliation work personally and to send the accepted vouchers expeditiously for necessary accounts adjustments.

1.25. The Committee note that an amount of Rs. 5.90 lakhs on account of the materials supplied to the various departments during the period June, 1959 to March, 1964 has yet to be adjusted. They desire that the reasons for the non-adjustment of the amount should be looked into by the Department of Rehabilitation and necessary steps taken to avoid such ~~discrepancies~~ *discrepancies*.

Industrial Schemes of Dandakaranya Development Project—Paragraphs 5.74-5.75 (Sr. No. 39).

1.26 Industrial Schemes were taken up by the Dandakaranya Project to train displaced persons in various trades to supplement their income. The working of the schemes resulted in a loss of Rs. 6.22 lakhs during the period September, 1959 to March, 1964. One of the schemes, Oil Extraction Centre, alone contributed towards the loss to the extent of Rs. 3.16 lakhs. The Committee made the following observations in paragraphs 5.74-5.75 :

“The Committee regret to note that Government had to suffer a loss of Rs. 6.22 lakhs from September, 1959 to March, 1964 on Indus-

trial Schemes which were undertaken by the Dandakaranya Development Project to train the displaced persons."

"With regard to loss in the Oil Extraction Centre it was stated in evidence that there was considerable time-lag between the time when seeds were purchased in 1961 and the time when oil was extracted between May, 1962 and March, 1964 and thus the seeds got deteriorated. Out of the total loss of Rs. 3.16 in this case, Rs. 1.67 lakhs could be attributed to the deterioration of seeds and the low production of oil."

1.27. In their reply dated 30th September, 1967, the Department of Rehabilitation stated :

"The following steps are being taken to minimise the losses in working these centres :

- (a) Maximum production.
- (b) Reducing overhead charges to the minimum.
- (c) Procurement of raw materials at the cheapest rate.
- (d) Provision of adequate storage facilities to prevent deterioration of raw materials.
- (e) Full utilisation of electric power, where available.
- (f) Closure of centres which are grossly uneconomical in working."

1.28. In a further reply dated the 23rd December, 1968 the Department of Rehabilitation stated :—

"A statement showing the abstract proforma accounts of the Industrial Centres in Dandakaranya for the years 1964-65 and 1965-66 is appended. The proforma accounts for the years 1966-67 and 1967-68 are being compiled by the Dandakaranya Project Administration."

"On the basis of the Financial results worked out in the proforma accounts to the end of March, 1966, a review of the working of the Industrial Centres (Copy enclosed) was conducted by the Dandakaranya Project Administration and was considered by the Dandakaranya Development Authority in May, 1967."

"The Authority desired that the Project Administration might appoint a team to survey and review the current working of the Industrial Units so that a correct evaluation of their performance might become available for future planning. A Team was accordingly constituted in September, 1967. The Dandakaranya Development Authority in its meeting held in September, 1967 desired that the Team should be reconstituted, preferably including an Expert drawn from the Small Industries Service Institute."

"The programme of work of the Industries Organisation for the Working Season 1967-68 came up for consideration before the Dandakaranya

Development Authority in its meeting held on 29th February, 1968. The Authority decided to discontinue most of the Industrial Schemes in Dandakaranya. In view of this decision, the Chairman, Dandakaranya Development Authority felt that reconstitution of the Team to survey and review the working of the Industrial Centres was not likely to serve any useful purpose."

Audit have offered the following comments :

"The proforma accounts in the prescribed form have not yet been received from the department from inception of this Scheme. On the basis of records made available to Audit and based on figures booked by Financial Adviser and Chief Accounts Officer, a review of the working of this scheme from inception till 31st March, 1966 was made by Audit and it appeared that the total loss upto 31-3-1966 was Rs. 35.60 lakhs and the cost of production Rs. 61.43 lakhs. Against the total production of Rs. 61.43 lakhs shown in proforma accounts the department could furnish details for Rs. 37.14 lakhs only, leaving a difference of Rs. 24.29 lakhs to be accounted for."

1.29. The Committee are concerned to note that the cumulative loss suffered by Government on the working of the Industrial Schemes run by the Dandakaranya Development Project for training displaced persons increased from Rs. 6.22 lakhs as at the end of March, 1964 to Rs. 35.60 lakhs as at the end of March, 1966. The Committee note that out of 13 schemes started by the Project, 3 schemes (including Oil Extraction Centre, Ambagude, which had contributed to a major portion of the loss upto March, 1964) have already been closed down. The Dandakaranya Development Authority have further decided to discontinue most of the Industrial Schemes in Dandakaranya. The Committee desire the working of the remaining schemes should be kept under review.

1.30. The Committee would also like the proforma accounts of the Industrial schemes since inception to be prepared expeditiously in consultation with Audit.

Uneconomical purchase of tractors—Para 5.126—5.132 (Sr. No. 46).

1.31. In August and September, 1959 quotations were received from 13 firms for 40 numbers of 40/45 Horse Power Wheel type tractors. Two quotations, one from 'A' at the rate of Rs. 11,550 each (with discount of 2½ per cent for the entire order) and another from firm 'B' at the rate of Rs. 12,093 each, were found to be suitable.

1.32. The firm 'B' had also quoted for 28 and 14 Horse Power tractors at the rate of Rs. 9,100 and Rs. 5,550 each respectively, although no quotations for these tractors had been invited. The Financial Adviser of the Project when consulted in December, 1959 advised against the purchase of tractors from firm 'B' in view of their reported unsatisfactory

performance at Bhilai. Orders were, however, placed in March, 1960 for 40 numbers of 28 Horse Power and 10 numbers of 14 Horse Power tractors at a total cost of Rs. 4.62 lakhs on the basis of a single (unsolicited) tender even though two tests carried out by the Assistant Engineer (Mechanical) in February, 1960 on the three tractors purchased for trial gave unsatisfactory performance and revealed some major defects.

1.33. The Financial Adviser, whose concurrence was sought in May, 1960 after the purchase, pointed out that the normal purchase procedure need not have been ignored as there was no urgency and that a report on the working of these tractors should have been obtained from the Bhilai Steel Project and considered before placing orders.

1.34. The supply of 14 numbers of 28 Horse Power and 10 numbers of 14 Horse Power tractors (valued at Rs. 2.02 lakhs) was completed by the end of May, 1960 but no inspection was carried out prior to receipt of supplies. The Order for the balance of 26 tractors of 28 Horse Power was cancelled in March, 1961 in view of the defects observed in the tractors.

1.35. The Committee made the following observations in paragraphs 5.126-5.131:

"The Committee feel concerned to note that a number of irregularities had taken place in the purchase of tractors. The Committee regret to note that the Dandakaranya Project Authorities did not follow the prescribed procedure (tender system) in making the purchases and deprived Government of the benefit of competitive rates."

"The Committee find from the note furnished by the Ministry (Appendix XI) that the Chief Engineer did not visit Calcutta in February, 1960 for the inspection of trailers. He, however, sent a Technical Officer to contact the firm in question and this officer was in Calcutta from 18th February, 1960 to 24th February, 1960. Secondly, order for the purchase of 28 HP and 14 HP tractors was placed with the firm by the Chief Engineer without ascertaining suitability of these tractors and without having performance test...."

"From the evidence and from the notes submitted the Committee find that even before the Executive Committee meeting which was held on 18th March, 1960 the Chief Engineer had made up his mind to purchase these smaller HP tractors and indicated his mind also to the suppliers. The reasons for the unusual interest shown by the Chief Engineer in regard to the purchase of 23 HP and 14 HP tractors from a particular firm are not clear. They regret to note that such large purchases of tractors were made without ascertaining their utility."

"The Committee are perturbed to find that when other firms did not give any technical details in their quotations, the Dandakaranya Development Authority did not ask them to furnish such details for 28 HP and 14 HP tractors for the sake of comparison but accepted the quotation given by a particular firm."

"The Committee do not find any justification for the purchase of these tractors when their performance was doubtful in the trials made by the Project authorities and adverse reports were also received from the Bhilai Steel Project."

"They are also disappointed to find that in spite of dissatisfaction and doubts about business with the firm, trailers were obtained from this firm again in 1961 and 1964 when the quotations quoted by this firm were higher than others."

"The Committee also regret to note that the 10 per cent balance amount was paid to this firm in March, 1962, even though it came to the notice of the authorities of the Dandakaranya Project that there were some defects in the tractors. The balance of 10 per cent was released on the firm's assurance that all the tractors would be put on road. In spite of this assurance the Committee regret to note that the repairs to defective tractors were carried out in the Central Workshop of the Project instead of by the supplier or at least at his cost. The fact that two tractors were off the road for one year, does not speak well of the quality of the tractors purchased a long time and that they had been cannibalised and would have to be written off and further that two more had been off the road for by the Dandakaranya Development Authority. The Committee desire that this case may be investigated in details and responsibility fixed for various irregularities."

1.36. In their reply dated the 17th October, 1967, the Department of Rehabilitation stated :

"A senior Officer of this Department has been deputed on 2-9-1967 to investigate in detail the entire transaction relating to the purchase of the tractors by the Dandakaranya Development Authority, fix responsibility for the irregularities pointed out by the Committee and suggest suitable procedure to prevent such irregularities in future. The Public Accounts Committee will be informed of the results of investigation.

1.37. In a further reply dated the 23rd December, 1968, the Department of Rehabilitation stated :

"The position of the inquiry report was ascertained from the Enquiry Officer. He has informed that the report would be made available in a month's time. Further action will be taken on receipt of the report."

1.38. The Committee are not happy over the delay in investigating this transaction relating to the Purchase of tractors by the Dandakaranya Development Authority. As early as November, 1966 the Committee had suggested that the case might be investigated in detail and responsibility fixed for the various irregularities. The Department of Rehabilitation deputed an officer to investigate the case only on 2nd September, 1967 i.e. after 10 months. The Enquiry Officer had not submitted his Report till December, 1968 i.e. even after a lapse of 11 years. The Committee would like to impress on the Department of Rehabilitation the need for expenditure investigation of such cases as delay will defeat the very purpose of the investigations. The Committee desire that the investigation of this case should be completed quickly and action taken against the officers found responsible for the various irregularities.

Scheme of subsidy on movement of coal by rail-cum-sea route—Paragraph 6.14—6.18 (S. No. 48).

1.39. In May, 1961, Government introduced a scheme of subsidy for the movement of 2.03 million tonnes annually of coal by the rail-cum-sea route, in order to improve the position relating to the transport of coal from the collieries in West Bengal and Bihar to Southern and Western India, and to make coal available to consumers almost at the same rate as coal moved by rail. For financing the scheme, the rates of Excise Duty were raised by 80 paise per tonne on all coal-coke and by Rs. 1.20 per tonne on hard coke with effect from 8 June, 1961, by amending Section 8(a) of the Coal Mines (Conservation and Safety) Act, 1952.

1.40. The total expenditure on the scheme from the date of its inception to the end of 1964-65 worked out to Rs. 14.16 crores, as against Rs. 16.22 crores being the net proceeds of the additional Excise Duty collected during the same period, leaving a net surplus of Rs. 2.06 crores.

1.41. The Committee made the following observations in paragraph 6.14—6.18 :

“The Committee feel that the Ministry of Mines and Metals have not been able to fully justify the necessity of continuing the scheme of rail cum-sea movement of coal which was started in 1961. In the written note (appendix XII) furnished at the instance of the Committee by the Ministry, one of the reasons given for starting this scheme was that there was acute shortage of rail transport and by introducing this scheme they expected to relieve the pressure on railways while maintaining a regulated supply of coal.”

The Ministry in their note have given the following justification for levy of the excise duty and the cess :

“The transport of coal by rail-cum-sea route is more expensive largely on account of higher coastal shipping freight rates. It was, therefore,

felt that the coal transported by the sea route should be made available to the consumers at almost the same price as corresponding grades of coal transported by all rail route. This was sought to be achieved partly by reducing the rail-freight rates for the movement from Bengal/Bihar coal-fields to Calcutta port, partly by a small increase in the general rail freight rates for coal and partly by means of a subsidy which was to be covered by levy of a further cess on coal."

The Committee find, however, that the movement of coal by rail-cum-sea route did not materialise to the extent (2.03 million tonnes annually) anticipated, but it declined in respect of coal supplied both to railways as well as to industrial consumers as the years passed as will be evident from the following figures supplied by the Ministry in their note :

(Figures in million tonnes)

Year	Railways	Industrial consumers	Total	Percentage increase with year 1960 (1.07 million tonnes as base)
1961-62	1.07	0.38	1.40	30
1962-63	1.37	0.56	1.93	80
1963-64	1.32	0.44	1.76	64
1964-65	1.15	0.34	1.49	39
1965-66	0.79	0.32	1.11	3

The Committee note with regret that the Government had not even in any one year achieved the target of movement of coal by rail-cum-sea route (*viz.* 2.03 million tonnes). On the other hand, the proceeds from subsidy went on increasing from year to year. It resulted in a net surplus of about Rs. 2 crores from May, 1961 to March 1965, and yet they maintained the levy at the same rate year after year. The Government did not review the position also as they had an understanding with the shipping companies that the scheme would work for some years to come.

The Committee feel that the Government should undertake a review of the scheme to see whether it was desirable to continue the scheme any further or whether it needed change or modification. Since, the object of levying the additional excise duty was to cover the element of subsidy given to the movement of rail-cum-sea route, there is a *prima facie* case for reducing the amount of additional excise duty. The Committee would like to be informed of the action taken in this regard.

1.42. In their reply dated the 6th December, 1967, the Department of Mines and Metals stated :

The scheme was intended to subsidise such movement as took place, and it was estimated that the movement would be of the order of 2 million tonnes.

Some of the reasons for not achieving the target can be enumerated as follows :—

(1) Non-availability of adequate number of ships due to scrapping of Industry and Finance, the Ministry of Transport and Planning Commission a large number and non-replacement due to shortage of foreign exchange, diversion of a large number of ships for bringing foodgrains etc.

(2) Switching over of some of the industries from coal to oil in South and West India.

(3) Slow discharge of coal in some of the Western Ports and Southern Ports namely Sikka, Bhavnagar, Cochin and Cuddalore etc.

(4) Diversion of some of the ships to general goods when the Railways reduced their quota by sea-movement and actually planned for not taking sea-route any coal under the Fourth Plan.

As desired by the Committee, the scheme of subsidy was reviewed on 24-11-66 at an Inter-Ministerial Meeting wherein the Ministries of Finance, Railways, Industry, Transport and Planning Commission and this Ministry participated. It was proposed by this Ministry that in view of the progress already made and the gradually improving rail capacity for movement of coal in the Western, Central and Southern Regions, increase in the production of coal in the outlying areas and consequential decline in the movement of coal by the rail-cum-sea route, the scheme may be discontinued with effect from 1-4-67. While this view was supported by the Ministries of Railways, Industry and Finance, the Ministry of Transport and Planning Commission felt that the scheme should continue. It was felt by the latter group that the coastal movement of coal was important in its own way and during difficult times of floods etc. even the Railways have been taking recourse to coastal movement. With the gradual rise in the rail freight from time to time the gap between the rail and coastal freights has narrowed down and as such the incidence of the subsidy was correspondingly getting reduced. When the Haldia Port comes up, the coastal movement is likely to become comparatively more economical and it may then not be necessary to subsidise the coastal movement. Further the Ministry of Transport had ordered in 1964 four collieries in the hope that coastal movement for coal will stay over a period of years. It was, therefore, felt that coastal movement should not be depressed till such time as Haldia Port was completed.

The matter has further been considered by Government and it has been decided in that the question may further be reviewed after a period of one year and that meanwhile the scheme of subsidy should continue. The question of reducing the rate of excise duty for the movement of coal under the scheme and increasing correspondingly the rate of duty to meet the increased liability of the Coal Board for assisting the collieries etc. is under

consideration of Government. The Public Accounts Committee will be informed of the outcome in due course.

1.43. In a further reply dated 21st January, 1969, the Department of Mines and Metals have stated :

“Government have considered the question of continuance of the scheme and it has been decided to continue the scheme for a further period of one year *i.e.* upto 31st March, 1969. A further review is expected to be conducted before the end of the current financial year.”

1.44. The Committee would like to point out that the scheme of subsidised movement of coal by rail-cum-sea route was originally introduced in order to remove difficulties in transport of coal arising out of shortage of rail capacity. The Committee have pointed out in their 22nd Report (Fourth Lok Sabha) that substantial surplus capacity exists in the Railways due to the heavy over capitalisation that occurred during the Third Plan. In fact, coal was one of the commodities in respect of which traffic on the scale anticipated at the time of planning investment did not materialise. In view of this position, the Committee would like Government to ~~consider~~ whether there is any justification for extending the scheme for subsidised ~~movement~~ of coal beyond March, 1969. As already pointed out by the ~~Committee~~, the scheme involves an avoidable burden on the consumer through levy of additional excise duty. The Committee desire that all these factors should be carefully considered at the time of the next review of this scheme.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee note that no formal agreement had been entered into with the foreign Government for the supply of smallpox vaccine. However, the supplies were arranged on the basis of negotiations initiated by the representative of the foreign Government on 24th October, 1960, which had continued till an acceptance of the offer was communicated on 16th June, 1961 to the Embassy of the Foreign Government in New Delhi.

The Committee feel that it is unfortunate :

- (i) that even during the protracted negotiations no firm schedule of arrivals of the vaccine could be taken up. The requirement about accommodation had to be assumed and acquired. The result of this was that the accommodation hired was much in excess of actual needs.
- (ii) Even after the Ministry had known that the accommodation rented by them was in excess of their requirements, no effort was made to surrender the surplus accommodation.
- (iii) Measurements of the room acquired were not taken properly before hiring it, and even when correct measurements had been obtained no attempt was made to take up the matter with the firm to reduce the rent proportionately. The Committee therefore feel that there is scope, for an enquiry as to why the governments' sanction was obtained on wrong premises and desire that responsibility should be fixed for this lapse.

The Committee hope that the Govt. would look into the lapses in the above transaction and take suitable remedial measures to avoid recurrences in future.

[Sr. No. 1 of 62nd Report (Third Lok Sabha)]

Action taken

- (a) The following remedial measures have been ordered to be observed in order to avoid recurrence of such lapses in future.
 - (1) The observations of the P.A.C. with regard to the preparation of a schedule of the supply have been noted for future guidance.
 - (2) The cold storage space hired is reviewed periodically with a view to surrender any part thereof which may be surplus.
 - (3) In all future agreements to be entered into with the firms, a clause will be included to the effect that any part of accommodation found surplus will be surrendered on proportionate reduction of rent without assigning any reason.

- (4) Before hiring the cold storage, internal measurement of the room to be hired is taken as a rule and the actual amount to be paid for hiring the accommodation is calculated on the per cubic foot rate of the space to be hired.
- (5) The C.P.W.D. is being asked to lay down a schedule of rates for hire of cold storage, for future guidance.

(b) An enquiry into the matter has been conducted and it has been found that there have been no *mala fides* on the part of any one at any stage. However, displeasure of the Government has been communicated to the Officers concerned for not acting with due care and caution in entering into the transaction of hiring of cold storage space for smallpox vaccine.

[Ministry of Health & Family Planning (Deptt. of Health) O.M. No. 7-44/66-B, dated 12-7-67]

Recommendation

The Committee, no doubt, regard the withdrawals from the Employees' Provident Fund and that too without the knowledge and approval of the Board of Administration, highly objectionable. But they cannot ignore the fact that the Institution had been compelled to adopt the above course due to non-payment of grants-in-aid by Government in time. They hope that as promised during evidence, the Ministry would evolve a suitable system under which grants-in-aid payments to the Institutions like the Lady Harding Medical College and Hospital are made in time to avoid such situations in future.

[Sl. No. 2 (Para No. 1.23) of Appendix XV to the 62nd Report of the Public Accounts Committee (Third Lok Sabha)—1966-67]

Action taken

The recommendation of the Committee has been noted. Action has been taken by Government to ensure timely release of grants-in-aid to the Lady Harding Medical College and Hospital. No withdrawals from the Employees' Provident Fund have been made by the College after 30th May, 1964.

The note has been vetted by the Audit.

[Min. of Health, F.P. & U.D. (Deptt. of Health & U.D.) O.M. No. 7-44/66-B, dated 28-3-68]

Recommendation

The Committee hope that the application of instructions issued by the Ministry of Health in response to the recommendation of the Committee made in their 42nd Report (Third Lok Sabha) would improve the position and minimise local purchases of medical stores in future.

[Sl. No. 3 (Para No. 1.31) of Appendix XV to the 62nd Report of the Public Accounts Committee (Third Lok Sabha)—1966-67]

Action taken

The recommendation has been noted. Instructions have been issued to the institution to meet its requirements of stores and equipments from the Medical Stores Depot.

[Min. of Health, F.P. & U.D. (Deptt. of Health & U.D.) O.M. No. 7-44/66-B, dated 28-3-68]

Recommendation

The Committee regret to note that the out-dated medicines had been issued for clinical purposes without a prior check about their potency and harmlessness. They feel that such a practice is fraught with great risks. They suggest that instructions should be issued to all concerned so that no time-expired medicines are issued unless they have been re-tested and certified 'good' by Government laboratory. The Committee would also like to draw attention in this connection to their observations contained in para 2.13 of the 42nd Report—1965-66.

[Sl. No. 4 (Para No. 1.35 of Appendix XV to the 62nd Report of the Public Accounts Committee (Third Lok Sabha)—1966-67]

Action taken

Necessary instructions have been issued to the authorities of the Lady Hardinge Medical College and Hospital in this regard. The Director General of Health Services have also brought the observations of the Public Accounts Committee to the notice of all State Governments and Union Territories.

[Min. of Health, F.P. & U.D. (Deptt. of Health & U.D.) O.M. No. 7-44/66-B, dated 28-3-68]

Recommendation

The Committee feel that the number of persons employed in the hostel of the Lady Hardinge Medical College and Hospital, as compared to other institutions in Delhi, is on a high side. They would like the Government to have the matter examined properly, to see whether any economy is possible so that the financial burden both on the students and the Government is minimised.

[Sl. No. 5 (Para No. 1.41) of Appendix XV to the 62nd Report of the Public Accounts Committee (Third Lok Sabha)—1966-67]

Action taken

It has been decided that the expenditure on the staff employed in the hostel attached to the Lady Hardinge Medical College and Hospital should be met by the students themselves and not by the institution.

[Min. of Health, F.P. & U.D. (Deptt. of Health & U.D.) O.M. No. 7-44/66-B, dated 28-3-68]

Recommendation

The Committee would also like to suggest that if Government decides as a matter of policy to pay some subsidy to the hostels attached to Medical Colleges or institutes to meet their deficits, a uniform pattern of assistance might be laid down for the purpose.

[Sl. No. 5 (Para No. 1.42) of Appendix XV to the 62nd Report of the Public Accounts Committee (Third Lok Sabha)—1966-67]

Action taken

The Ministry of Health and Family Planning have since decided that the expenditure on the staff employed in the Hostels attached to the Medical Colleges and other teaching institutions under their control should be met by the students themselves. Thus, there is no necessity of giving any subsidy to such institutions for the purpose.

[Min. of Health, F.P. & U.D. (Deptt. of Health & U.D.) O.M. No. 7-44/66-B, dated 28-3-68]

Recommendation

The Committee would like the Ministry to take suitable steps to ensure that costly machinery does not remain unutilised for long periods due to lack of co-ordination and procedural delays as happened in these cases.

[Sl. No. 6 (Para No. 1.47) of Appendix XV to the 62nd Report of the Public Accounts Committee (Third Lok Sabha)—1966-67]

Action taken

The recommendation has been brought to the notice of the authorities of the Lady Hardinge Medical College and Hospital for future guidance. The Directorate-General of Health Services have also brought the observations of the Committee to the notice of all State Governments and Union Territories.

[Min. of Health, F.P. & U.D. (Deptt. of Health & U.D.) O.M. No. 7-44/66-B, dated 28-3-68]

Further Information

The recommendation of the Public Accounts Committee has been brought to the notice of the authorities of the Lady Hardinge Medical College and Hospital. In respect of electrical equipment specific instructions have been issued to them to ensure that the layout of the building where it is proposed to be installed is suitable for the purpose and other facilities are also available for operating it. The authorities of the Institution are now trying to complete all preliminary arrangements before procuring any costly equipment/machinery so that it may be utilised soon after procurement.

[Min. of Health, F.P. & U.D. (Deptt. of Health & U.D.) O.M. No. 7-44/66-B, dated 31-1-69]

Recommendation

The Committee desire that proper care should be taken before hand and no Government accommodation be allowed to fall in unauthorised hands. Unauthorised occupation not only involves loss to the exchequer but also leads to entering into unnecessary litigation and further it deprives the staff of the accommodation to which they are entitled to.

[Sl. No. 7 (Para No. 1.52) of Appendix XV to the 62nd Report of the Public Accounts Committee (Third Lok Sabha)—1966-67]

Action taken

The recommendation has been brought to the notice of the authorities of the institution for guidance.

[Min. of Health, F.P. & U.D. (Deptt. of Health & U.D.) O.M. No. 7-44/66-B, dated 28-3-68]

Recommendation

It also appears somewhat inequitable that Class (IV) employees are required to pay water charges under the old bye-laws, whereas the higher categories are not so required. The Committee would like the Ministry to take suitable steps to remove this anomaly.

[Sl. No. 7 (Para No. 1.53) of Appendix XV to the 62nd Report of the Public Accounts Committee (Third Lok Sabha)—1966-67]

Action taken

The management of the College has since decided that the higher categories of its employees will also pay water charges like the rest.

Action is being taken for the installation of meters in the residential quarters of such employees for the assessment of water charges. The question of recovering water charges at *ad-hoc* rates until then is also being examined and the decision when arrived at will be intimated to the Committee.

[Min. of Health, F.P. & U.D. (Deptt. of Health & U.D.) O.M. No. 7-4/66-B, dated 28-3-68]

Further Information

In an earlier note submitted to the Lok Sabha Secretariat *vide* this Ministry's O.M. No. 7-44/66-B, dated the 28th March, 1968, the Public Accounts Committee were, *inter-alia*, informed that pending the installation of meters in the residential quarters for assessment of water-charges, the question of recovering water charges at *ad-hoc* rates was being examined. It has now been decided to recover water-charges at *ad-hoc* rates (fixed by the C.P.W.D.) as indicated below from the occupants of bungalows and flats in the Lady Hardinge Medical College and Hospital, New Delhi with effect from the 1st April, 1968 till water-meters are installed :

(a) Water charges (minimum) up to 2 taps	Rs. 3-00 P.M.
(b) Additional tap beyond 2 taps—	Rs. 0-50 P.M. per tap.

- | | |
|--|----------------------------------|
| (c) Extra for flush latrine and bath tubs. | Rs. 0-50 P.M.
per connection. |
| (d) Extra for connection from overhead storage tanks other than urinals and W.C. such as geysers, air-conditioners, shower, wash basin, etc. | Rs. 1-00 P.M.
per connection. |

[Min. of Health, F.P. & U.D. (Deptt. of Health & U.D.) O.M. No. 7-44/66-B, dated 7-8-68]

Recommendation

1.64. The Committee note that during the four year's period (1961-62 to 1964-65), the Council had sanctioned 810 schemes/projects for research. Out of these 707 schemes matured and the rest i.e. 103 (12 per cent) had to be dropped or discontinued. 83 schemes, out of 103, were abandoned on the recommendation of the Expert Group, whereas 20 were dropped by the research workers themselves. On 707 schemes, which were pursued till finalisation during the period, an expenditure of Rs. 1,24,20,631.63 was incurred whereas on 103 schemes which were dropped Rs. 19,43,571 had been spent. Thus out of the total expenditure of Rs. 1,43,64,202.63 nearly Rs. 19½ lakhs (i.e. about 13.5 per cent) have yielded no final results.

1.65. The Committee feel that the percentage of schemes/projects dropped and the expenditure incurred on them is very much on the high side. Whereas they appreciate that 83 out of the 103 schemes/enquiries were dropped on the advice of Expert Group and only 20 were dropped by officers-in-charge, they desire that Government should look into the matter and see that the schemes are initiated after thorough scrutiny so that the number of schemes which are to be dropped could be minimised. They would also like that the reasons for the termination of research schemes/enquiries be properly and regularly recorded in all cases in future.

1.66. The Committee also desire that the question of refund of the un-utilised grant should be settled by Government with the Council early.
[Serial No. 8 of Appendix XV to the 62nd Report of the Public Accounts Committee (Third Lok Sabha)]

Action taken

Paras 1.64 and 1.65—The matter has been brought to the notice of the Indian Council of Medical Research. The Council has been asked to devise and intimate the safeguards aimed at minimising the number of schemes which are dropped. Reasons for the termination of the research schemes/enquiries are now being recorded.

Para 1.66—The Governing Body of the Indian Council of Medical Research resolved on 9-3-1967 that the securities of the face value of Rs. 16,73,600. - held by the Council may be transferred to the Government of India. The Council was accordingly asked in August, 1967 to endorse the securities in favour of the President of India and send them to the Manager,

Reserve Bank of India, Securities Department, Bombay for being taken over in the Central Government Cash Balance Investment Account. The Council has taken up the matter with the Reserve Bank of India and the Public Accounts Committee will be informed of the results in due course. The Council's fixed deposit with the State Bank of India amounting to Rs. 82,265 has been credited to the Council's current account on maturity of the deposits. This along with the interest accrued will be taken note of in releasing future grants to the Council.

[Ministry of Health & Family Planning (Deptt. of Health) O.M. No. 7-44/66-B, dated 23-2-68]

Recommendation

1.64. The Committee note that during the four year's period (1961-62 to 1964-65), the Council had sanctioned 810 schemes/projects for research. Out of these 707 schemes matured and the rest i.e. 103 (12 per cent) had to be dropped or discontinued. 83 schemes, out of 103, were abandoned on the recommendation of the Expert Group, whereas 20 were dropped by the research workers themselves. On 707 schemes, which were pursued till finalisation during the period, an expenditure of Rs. 1,24,20,631.63 was incurred whereas on 103 schemes which were dropped Rs. 19,43,571 had been spent. Thus out of the total expenditure of Rs. 1,43,64,202.63 nearly Rs. 191 lakhs (i.e. about 13.5 per cent) have yielded no final results.

1.65. The Committee feel that the percentage of schemes/projects dropped and the expenditure incurred on them is very much on the high side. Whereas they appreciate that 83 out of the 103 schemes/enquiries were dropped on the advice of the Expert Group and only 20 were dropped by officers-in-charge, they desire that Government should look into the matter and see that the schemes are initiated after thorough scrutiny so that the number of schemes which are to be dropped could be minimised. They would also like that the reasons for the termination of research schemes/enquiries be properly and regularly recorded in all cases in future.

1.66. The Committee also desire that the question of refund of the un-utilised grant should be settled by Government with the Council early.

[Serial No. 8 of Appendix XV to the 62nd Report of the Public Accounts Committee (Third Lok Sabha)]

Action taken

Paragraphs 1.64 & 1.65: In our earlier note forwarded to the Lok Sabha Secretariat *vide* Ministry of Health and F.P. O.M. No. F. 7-44/66-B, dated the 23rd February, 1968, the P.A.C. were informed that the reasons for the termination of the research schemes/enquiries were being recorded and that the Indian Council of Medical Research had been asked to devise and intimate the safeguards aimed at minimising the number of schemes which were dropped. After examining the matter carefully, in consultation with the Council, the Ministry of Health, Family Planning and Urban

Development consider that the system of scrutiny devised by the Indian Council of Medical Research both for preliminary screening for research projects as well as for the evaluation of the projects year by year, provide safeguards consistent with the requirements of scientific research, which ensure that the number of infructuous research schemes is minimised. The Officer-in-Charge, under whom a scheme is sanctioned, is required by the Council to submit a detailed report on the work carried out by him during the year till the date of submission of the report. The progress of the work done, as reported by the Officer-in-Charge, is scrutinised in the same way as is done in the preliminary stage, by the Expert Group concerned, and then by the respective Advisory Committee. This scrutiny is done with a view to assessing whether the work is proceeding on the right lines. The scheme is sanctioned for continuation by the Governing Body only if it has been recommended by the Scientific Advisory Board, on the basis of the comments made by the Expert Group/Advisory Committee concerned. Funds are released by the Council only after thorough evaluation of the project.

Paragraph 1.66 : It was stated in this Ministry's note sent with the above-mentioned Office Memorandum that the Indian Council of Medical Research has taken up the matter of transfer of securities of the face value of Rs. 16,73,600 held by the Council to the Central Government Cash Balance Investment Account with the Reserve Bank of India, Bombay and that the Public Accounts Committee would be informed of the results in due course. The Council have now intimated that the securities in question have since been taken over in the Central Government Cash Balance Investment Account on the 6th March, 1968 by the Reserve Bank of India, Bombay.

[Min. of Health, F.P. & U.D. (Deptt. of Health & U.D.) O.M. No. 7-44 66-B, dated 7-6-68]

Recommendation

The Committee regret to note that the equipment costing about Rs. 26,000 had been allowed to lie without use for a period of six years and that the question of repairing it, was taken up in a most leisurely manner. They hope that the Institute would now take immediate steps to ensure utilisation of the equipment.

[SI. No. 9 of Appendix XV, Public Accounts Committee to the 62nd Report of the (Third Lok Sabha)]

Action taken

The instrument in question (Infracord Spectro-photometer) has been set right by the supplying firm and has been in working order since 17-11-1966. It is being used in the department of Biochemistry.

[Ministry of Health & Family Planning (Deptt. of Health) O.M. No. 7-44/66-B, dated 1-8-1967]

Recommendation

From the information furnished by the Ministry, the Committee observe that during the period the officer was without a post, eight officers were appointed to the posts of Secretary or equivalent posts. Out of those eight officers, one was posted as Special Secretary to the Ministry of Finance, Company Law Division, whereas the officer concerned had already held the post of Secretary of the Department of Company Law Administration before the Department was tagged on to another.

Home Secretary stated in evidence at a very outset that "I would say straightway that it was an unfortunate case and I cannot say that it is possible to justify what actually happened." The Committee consider it unfortunate that such a senior officer as a Secretary of a Department of Government of India was kept without a posting for a long time without any justification and was placed in circumstances which compelled him to seek premature retirement. The Committee need hardly emphasize that apart from involving Government in an infructuous expenditure of Rs. 22,000 such a case is likely to have a demoralising effect on the Administration which could easily have been avoided.

[S. No. 10 of the Appendix XV of the Sixty-second Report of the Public Accounts Committee (Third Lok Sabha)—1966-67]

Action taken

The Committee's observations have been noted.

[Ministry of Home Affairs O.M. No. 34, 46/66-AC.I, dated 29-12-66]

Recommendation

The Committee note that during the three years *i.e.* 1962-63 to 1964-65, the amount of compensation was enhanced in appeal in respect of 64.7 per cent to 73.4 per cent of cases decided by Courts. The Committee feel that this percentage is very high and is indicative of some lacuna in the procedure of fixing compensation. They would, therefore, like that the present system of fixing the rate of compensation should be gone into and necessary measures taken to improve the position. (Sl. No. 11—Appendix XV to 62nd Report of the PAC for 1966-67).

Action taken

The system of fixing the quantum of compensation in respect of land acquired has been reviewed from time to time by the Delhi Administration with the objective of ensuring that land owners get a fair deal. Instructions were issued in May, 1966 that all awards, where the amount of compensation exceeded Rs. 1,00,000/- or the rate of compensation exceeded Rs. 3 per sq. yard, should be put up to the Deputy Commissioner for approval. Similarly, detailed instructions, outlining the procedure to be followed in determining the compensation so that chances of enhancement of compensation allowed by the Civil Courts in references under Section 18 of

the Land Acquisition Act are minimised, were issued *vide* No. F/ADM(LA)/PA/46/66, dated 28th August, 1966.

Full impact of these instructions by way of reduction in the number of cases where enhancement of compensation was allowed by the court would be known only when the references made after the issue of the said instructions are decided by the Civil Courts. Some more time is likely to elapse before the achievement as a result of the issue of new instructions can be known.

Not only the instructions are followed strictly now, but even the awards drawn up previously but not announced were revised in the light of these instructions. All efforts are thus being made to reduce the number of cases where enhancement is allowed by the courts. It has, however, to be appreciated that the enhancement of compensation is a matter of judicial discretion which cannot be circumscribed. The Administration hopes that as a result of the instructions issued recently, the number of such cases will decline.

Recommendation

The Committee feel concerned to note that due to delay, which was avoidable, a payment of more than Rs. 2.42 lakhs was made by way of interest in 262 cases. The Committee regret to point out that there was failure of the Administration in this case. The delay in payment of enhanced compensation not only inconvenienced the recipients of compensation, but also put the exchequer to a great loss. The Committee recommend that some positive steps should be taken to eliminate such delays in future. The Committee also regret to note that the details of case-wise litigation expenditure are not available with the Land Acquisition Collectorate. (Sl. No. 12—Appendix XV to 62nd Report of P.A.C. for the year 1966-67).

Action taken

Instructions have been issued by D.C. Delhi (*vide* No. F. ADM/LA/PA/66/1/11766-80, dated 2-9-1966) regarding expeditious depositing of the amount of enhanced compensation with the additional District Judge. Under para 7(v) of the instructions, it is the personal responsibility of the Land Acquisition Collector to ensure that the enhanced compensation is remitted to the Court of the Additional District Judge within a week of the receipt of certified copy of judgement. In this connection, it may, however, be pointed out that there are certain reasons which contribute towards the accrual of interest charges :—

These are :—

(a) *Delay in the receipt of copies of judgements* : The enhanced compensation can only be paid after certified copies of judgement of the courts become available. It has been analysed that the courts normally take a long time to deliver certified copies. With a view to overcome the delay in

getting these copies, an attempt was made to obtain uncertified copies from the Courts so that the amount of enhanced compensation could be intimated to the Departments concerned without undue delay. The effort has not succeeded. Instructions have been issued to ensure that there is no delay in applying for the certified copies of judgements, and in conveying the quantum of enhanced compensation to the Department concerned.

Sometimes, the Courts effect changes in regard to area, amount etc., in the judgements even after they have been announced. In some cases, they have to be approached officially for correction of some of the errors in judgement. These applications are heard again, and fresh decisions given by correcting the mistakes pointed out. In such cases, the question of counting the delay in depositing the enhanced compensation from the date of the decision in the reviewed application is being examined.

(b) Before depositing the amount, it has also to be determined whether an appeal should be filed against the decision of the Additional Distt. Judge or not. This can only be decided after the advice of the legal adviser has been received. In cases where it is decided that appeals should be filed, the Administration have also to move the High Court for payment of amount of enhanced compensation against the bank security. This procedure again is time consuming.

(c) The major hurdle in the payment of enhanced compensation arises out of the non-availability of funds in cases of land acquired for non-plan works. The Departments concerned do not make the additional amounts available expeditiously. It is expected that the revised instructions will improve matters to the extent possible.

As regards maintaining a record of litigation expenditure, the cases fall into two categories viz. (i) expenditure on plan schemes and (ii) expenditure on non-plan items. Entire expenditure on litigation in respect of non-plan cases is borne by the Departments concerned and demands are regularly passed on to them. Since the Land Acquisition Collectorates does not bear the litigation expenditure on these cases it does not maintain records on this account. The Plan cases are the responsibility of the Housing Department and requisite information is available with that Department.

Recommendation

The Committee also desire that the Delhi Admn. should issue suitable instructions to all the Drawing and Disbursing Officers impressing upon them the necessity of strictly observing the financial rules prescribed for them and also making it clear to them that any failure on their part to observe the prescribed rules would be taken a serious note of. (Para 2.35—Part SI. No. 14—Appendix XV to 62nd Report of the P.A.C. for the year 1966-67).

Action taken

Instructions have been issued in the O.S.D. (Accounts)'s d.o. Circular No. OSD/Accts/66 dated the 27th August, 1966, drawing the attention of

the Secretaries and the Heads of Departments to the various provisions of the Central Treasury Rules wherein instructions to be kept in view by the Drawing and Disbursing Officers in the matter of drawal of money from the Treasury, appropriation of the departmental receipts, custody of cash, disbursement of amounts drawn on bills and maintenance of cash books, etc. have been laid down. The imperative need for the observance of Financial Rules has again been reiterated in the Chief Secretary's D.O. No. OSD/Accts/4-66/67/355 dated 27-3-1967, wherein the Heads of Offices have been reminded of their direct responsibility in this regard.

[Ministry of Home Affairs O.M. No. 19/17/66-Ac.II, dated 21-8-67.]

Further Information

Question : Please state whether in compensation award cases, in respect of which application for correcting errors in judgement are made, a decision has been taken on the question whether time for purpose of payment of compensation is to be reckoned from the date of decision on the revised application.

Answer : This question has been considered by Delhi Administration in consultation with their Law and Judicial Department who have advised that in cases where the amount of compensation is enhanced on a review as a result of action taken under Sec. 152 C.P.C. interest is payable on the enhanced compensation too from the date of possession of land to the date of payment of the compensation into the court.

[Ministry of Home Affairs DO Letter No. 19/20/68-Ac II]
Dt. 30-12-68]

Recommendation

It is surprising that supply orders were placed on the contractor without entering into any formal agreement with him and without obtaining the security deposit. The unusual hurry in placing orders with the contractor led to a loss of Rs. 2.35 lakhs in this case.

[Sl. No. 15, Appendix XV, Para No. 2.43 of Sixty-second Report Public Accounts Committee—Third Lok Sabha]

Action taken

The conclusion of the Committee in the above paragraph has been noted. Necessary instructions have been issued to NEFA Administration and a copy of those instructions is enclosed. (Annexure I).

ANNEXURE I

Copy of letter No. 745(1)/66-NI, dated the 11th March 1968 addressed to the Adviser to the Governor of Assam, Shillong

SUBJECT :—*Loss due to non-execution of a formal agreement.*

I am directed to forward herewith an extract from the recommendations of the Public Accounts Committee contained in their Sixty-second Report (1966-67) (Third Lok Sabha). It is requested that in future no supply order should be placed by NEFA Admn. on any contractor before entering into a formal Agreement. Wherever necessary, adequate security deposit should also be obtained prior to the conclusion of the contract. The instructions may be brought to the notice of all the Departments under your control.

Recommendation

The Committee would like to be informed of the results of the action taken in this case after the S.P.E. had finalised its investigation. The Committee would, however, like to impress upon the Ministry the necessity of early finalisation of action in such cases as delays generally have the frustrating effect on the results of investigation and also make it difficult to take action against persons responsible for embezzlement/misappropriation.

[Sl. No. 17 Appendix XV, Para 2.54 of 62nd Report (Third Lok Sabha)]

Action taken

The recommendation in the above para pertains to the following two cases :—

(i) Misappropriation of Government Money (Rs. 13,250)

The S.P.E., Shillong, after making a detailed investigation in the matter, recommended in February, 1967 regular departmental action against the suspect official. However, the official concerned had already been convicted on 11th April, 1967 by the Additional District Magistrate, Mokokchung, in another case of defalcation of Rs. 696.75. Orders for the dismissal of the official were passed on 21st September, 1967 and the official was dismissed with retrospective effect from 11th April, 1967. In view of his dismissal, no disciplinary proceedings were instituted against him. However the NEFA Administration requested the S.P.E., Shillong in June, 1967 to take this case to Court of Law.

(ii) Misappropriation of Government Money (Rs. 6,000)

The S.P.E., Shillong, after making a detailed investigation in the matter recommended in April, 1967 prosecution of the persons concerned in a Court of Law. Sanction under section 6(1)(c) of the Prevention of Corruption Act, 1947 for the prosecution of the two accused was issued in August, 1967, by the Inspector General of Assam Rifles.

According to the F.I.R. sent by S.P., SPE, Shillong, the Commandant 10th Bn. Assam Rifles, was also involved in the case. However, it has been decided to cite him as a witness in the court case referred to above and the question of recommending administrative action against him will be considered after the trial in this case is over.

After detection of both the above embezzlement cases, the Commandant of the Bn. made an attempt to recover the money from the suspect officials, but the latter stubbornly refused to refund any money.

The Committee's observations regarding the necessity of early finalization of action in such cases have been noted for future guidance.

Recommendation

The Committee are surprised to observe that the Political Sufferers Relief Committee had been composed mainly of members belonging to one political party only. They feel that it would be in the fitness of things if the character of the Committee is made more broad-based and representative (Sl. No. 19 Appendix XV to 62nd Report of the P.A.C. for the year 1966-67).

Action taken

The Committee has been reconstituted vide Delhi Administration's Notification No. F. 6(14)/66-CN, dated 19-9-1966, and it now comprises representatives of various shades of political opinion.

[Ministry of Home Affairs OM No. 19/17/66-AC. II dt 21-8-67]

S. No.	Para No.	Recommendations
1	2	3
20	3.19	<p>From the evidence, the Committee finds :</p> <p>(i) That for a competitive and exclusive festival to be held for the first time in the country in January, 1965, the rules were finalised as late as in June, 1964 and these were circulated to foreign countries only in August, 1964 <i>i.e.</i> after a lapse of two months;</p> <p>(ii) that the Ministry in its zeal and fervour to hold the festival on the scheduled dates proceeded to book hotel accommodation for the prospective invitees in spite of the fact that no recognition had been received from the International Federation of Film Producers' Association which was a pre-requisite for the festival by then;</p> <p>(iii) that the Ministry asked Ashoka Hotel to reserve accommodation of 250 rooms as early as in June, 1964 whereas the invitations to certain categories of invitees were issued as late as November, 1964, hardly two months before the commencement of the festival. Thus in June, 1964, at the time of making a request for reservation of the accommodation the</p>

1	2	3
		<p>Ministry had no definite idea of the number of invitees who would attend the festival. Not only that, the Ministry had no idea as to whom they were going to extend invitation. Under these circumstances, it is not clear as to how the Ministry decided the extent of accommodation to be reserved in the Ashoka Hotel. Ultimately, however, only 100 beds were reserved and they too proved excessive.</p>
		<p>(iv) The Ministry of Finance had cautioned against making huge bookings which unfortunately were not given due attention by the Directorate, who preferred to go ahead with their own plans if the suggestions of the Ministry of Finance had been accepted, the loss suffered by Government would have been much less.</p> <p>(v) The Ministry do not appear to have made any effort to secure to cooperation from other premier hotels in the Capital to meet their emergency requirements arising out of the last minute arrivals of the delegates.</p>
20	3.20	<p>The Committee feel that in their desire to play safe, the Festival Directorate over-booked the hotel accommodation in this case. Further they are left with the unfortunate impression that the festival was organised without drawing a detailed and definite plan well in advance.</p>
	3.21	<p>From the very beginning the events had indicated that the festival would not get as many participants as the Festival Directorate were hoping because the response till 30-9-1964 was very poor, as a result of which the dates of entry etc. had to be extended. This itself should have cautioned the Directorate to be realistic in their approach.</p>
	3.22	<p>However, in the beginning of November, 1964, when the acceptance had been received only from 29 countries as against 71 countries to whom the invitations were issued, the Film Directorate should have initiated some action in reducing the accommodation which they reserved for the delegates. The Committee regret to note that no such action was taken till the first week of January, 1965 and even at that stage all surplus beds were not released.</p>
	3.23	<p>The Committee also do not appreciate the action taken by the Festival Directorate in reserving 80 beds for non-guests i.e. persons connected with the Film Industry as they were neither the guests of the Festival Directorate nor they had asked for the reservation of the accommodation for them. The Ministry however, as a result of verbal, and general discussion with the Film Federation of India reserved hotel</p>

1	2	3
		accommodation for these persons and thus entailed a lot of expenditure from the Government Exchequer which could have been otherwise avoided.
3.24		The Committee feel that if the Ministry had shown equal zeal and enthusiasm which they had shown in reserving the accommodation in coordinating matters even for inviting the foreign delegates, much of the infructuous expenditure could have been avoided. It is surprising that at no time the Ministry had ever tried to review their progress and revise their needs for accommodation.
20	3.25	As a result of all these the Government had to so suffer on two counts—for payment of accommodation which was not utilised (about Rs. 52,000 in this case) and being deprived of the foreign exchange which the country could have earned had this accommodation been allotted to some foreign tourists. The Committee hope that the Ministry will draw a lesson from this case and for any such festivals to be organised by them in future, they would exercise utmost care and caution to ensure that the lapses which occurred in the present case are not repeated.

[Sr. No. 20 of 62nd Report (Third Lok Sabha)]

Action taken

Noted for guidance.

[Ministry of Information & Broadcasting OM No. 3, 29/66-Parl.,
dt. 3-7-67]

S. No.	Para No.	Recommendations
1	2	3
24	3.59	The Committee note that the Accounts Clerk-cum-Cashier who was responsible for mis-appropriation of Govt. money in this case has been convicted and sentenced to undergo one year's rigorous imprisonment. They also note that the services of the supervisory officer (non-gazetted) were terminated w.e.f. 13-7-65.

Recommendation

- 3.60 During evidence it was deposed that the Supervisory Officer whose services were terminated, had put in 7 years of service and that no explanation was called from him on charges framed against him before terminating his services under Rule 5 of the Central Civil Services (Temporary Service) Rules, 1965. The committee feel that in fairness, the Government should have given an opportunity to the supervisory Officer to explain his conduct before terminating his services. They hope that this aspect will be kept in view by the Ministry while dealing with such cases in future.

Action taken

Noted

Recommendation

- 3.62 The Committee hope that the instructions now issued regarding maintenance of cash book and remittance of amounts into treasury would be implemented scrupulously and there will be no scope for such lapses in future.

Action taken

The instructions are being observed by the Regional Distribution Offices. The Accounts Officer of the Division has also

1	2	3
		undertaken regular inspections of the Cash and Accounts records of the Regional Distribution Offices in order to ensure the proper observance of the instructions so that there may be no scope lapses in future

Recommendation

[Ministry of Information & Broadcasting O.M. No. 3/29/66-Parl.,
dt. 3-7-67.]

The Committee find from evidence that the expectation of the Ministry to have better control over expenditure had been belied by the facts that there were not only over-payments but double payments also. The total amount of over-payments so far made to and accepted by NPCC is to the extent of Rs. 4.32 lakhs. In addition to this, a sum of Rs. 21,36,580 has also been detected by the concurrent audit of the project as over-payments in the irregular claim by NPCC of depreciation charges for repairs etc. which is however, being disputed by the Corporation.

[Sr. No. 26 of 62nd Report (Third Lok Sabha) 4.10]

Action taken

The fact of overdrawal on account of reserve for repairs and major overhauls has been accepted by N.P.C.C. The total overdrawal on this account is Rs. 35.52 lakhs, and this has since been recovered from the N.P.C.C.

Recommendation

The Committee cannot understand how double payments were made in the first instance and why they remained undetected for a long time. They feel that there is an immediate case for a thorough enquiry into this aspect of the case. It is all the more surprising that while over-payments could be adjusted against the bills of NPCC for the following months, the double payments to the tune of Rs. 1,66,696 were also being adjusted in the same way. It is unfortunate that the seriousness of over-payments and the difference between over-payment and double payment was not appreciated. The Committee are of the view that any double payment detected should be realised forthwith instead of being adjusted subsequently. Necessary instructions should also be issued to ensure that such mistakes of double payments do not occur in future.

[Sr. No. 26(4.11) of 62nd Report (3 IS)]

Action taken

These double payments were made during the years 1964-65 and 1965-66. The concurrent post audit commenced in the project from January '66. These overpayments were detected in the concurrent post audit and objection raised on 28-5-66. On 8-6-66 the N.P.C.C. accepted that they had claimed twice for these materials. They suggested that deductions on this account may be made from the next cost bill for the month of June '66 payable in July '66. Since, however, the double claims related to earlier financial years, they gave the credit for these double claims in their March '66 (supplementary I) cost bill. The March '66

(supplementary part I) bill involved a net payment of Rs. 12,40,490.72 for the work done by them in 1965-66. This amount was not, however, claimed by them till August, 66. In this bill, which was claimed by them in arrears, they afforded a credit for Rs. 1,16,266.71 on account of the double claims.

Necessary instruction has been issued to ensure that such mistakes do not recur in future.

Recommendation

4.12. As regards recovery of overpayments the Committee are of the opinion that although the N.P.C.C. is public undertaking, it is not desirable to allow huge arrears to pile up on its account. The Committee are distressed to learn that the Corporation had failed to pay even the admitted liability of Rs. 1 lakh in time and the schedule of payment had to be revised in its favour. They feel that it would be more appropriate for the Ministry to give financial assistance to this Corporation to enable it to function efficiently rather than violate normal healthy financial principles to give it indirect benefits. The Committee are also not happy to find that the Ministry took about 2½ years to introduce post-audit in view of the fact that N.P.C.C. had not agreed to pre-audit due to administrative difficulties.

[Sr. 26(4.12) of 62nd Report (31S)]

Action taken

As explained by F.A. & C.A.O., the post audit could not be conducted in time as he did not have adequate staff and also a proposal for conversion of cost plus contract to itemised rate contract with retrospective effect was under consideration, the acceptance of which would have done away with the need of post audit.

It is regretted that there was delay in taking up post audit

Recommendation

The Committee find that in allotting the contract to NPCC, the Ministry did not invite any tender on the ground of urgency and on the presumption that there would not be many firms to offer tenders because of the intricate nature of the work. In the absence of any tender notice, the Ministry could not have the benefit of having competitive rates and could not know whether the rates quoted by NPCC were reasonable or on the high side. The Committee feel that the assignment of works of the magnitude of about Rs. 14.50 crores without inviting tender and the absence of any effort to find out reasonableness of the rates for the work to be done, are objectionable. The Committee also feel that the procedure of entrusting the work to a public sector undertaking at negotiated rates is likely to create a sense of complacency on the part of the public sector undertaking in managing its affairs in a competitive and economical manner. They would, therefore, urge that it should be ensured that even when the

work has to be given to a public sector undertaking, the normal procedure of inviting tenders should invariably be followed.

[Sr. No. 29 (4.18) of 62nd Report (3LS)]

Action taken

It is agreed that the normal procedure for inviting tenders for allotment of works even to public sector undertaking is desirable. The exceptional circumstances which prevailed in the case of Farakka Barrage Project, necessitating the allotment of work to N.P.C.C., have already been explained.

Recommendation

The Committee find that even though no formal agreement had been signed, the Ministry had advanced a sum of Rs. 50 lakhs to NPCC. The Committee feel that Government should have provided adequate safeguards before making an advance of Rs. 50 lakhs in this case. They suggest that a formal agreement should be signed with NPCC without further delay.

[Sr. No. 30 (4.20) of 62nd Report (3rd Lok Sabha)]

Action taken

The N.P.C.C. has since signed the deed of hypothecation for the advance issued to them.

The agreement has since been signed.

Recommendation

The Committee are of the view that, with a little care, the Government could have saved the extra expenditure of Rs. 29,967. Even though the contractor had quoted different terms for tons and cord, the Department accepted the supply of mangroves in cords but agreed to pay the contractor in terms of tons in a ratio of 1 cord equal to 2.5 M. tons. Since it was within the knowledge of the Department that the ratio of 1 cord equal to 2.5 M tons was not realistic as the weighment was done in rainy season when the mangroves contained moisture, the proper course for the Department would have been to follow the conversion ratio indicated by the contractor himself in his offer. Failure to do this, resulted in the contractor getting undue benefit of Rs. 29,967 which he was not entitled to. Surprisingly enough, not only the officer concerned in this case had erred but the senior officers too were indifferent and no enquiry was held as to how all this had happened.

[Sl. No. 31 (Para No. 4.24) of Appendix XV to the 62nd Report of the Public Accounts Committee—(Third Lok Sabha)]

The Committee hope that the Department would exercise greater care and caution in future in such matters and in all cases make sure that the interest of Government is properly safeguarded. They would further like to know the action taken in this case against the officer/officers responsible for the lapse.

[Sl. No. 31 (Para No. 4.25) of Appendix XV to the 62nd Report of the Public Accounts Committee—(Third Lok Sabha)]

Action taken

The Committee's observation have been brought to the notice of the Chief Commissioner, Andaman and Nicobar, to ensure that such lapses do not recur. As regards taking action against the officer/officers responsible for the lapse, explanations of the persons concerned were obtained and examined with a view to fixing responsibility. After careful examination of the explanation submitted by the officers concerned and the comments of the Chief Commissioner, Andaman and Nicobar, thereon, Government have come to the conclusion that there was a lapse on the part of the Resident Engineer, Electricity Department, Andamans, in that he did not display the same sense of responsibility as could be expected of an officer of his position and experience. However, no *mala fide* intention has been established behind the deal with the contractor. Also, the officer is due to retire from Government service shortly (*i.e.* on 2-5-1967) after putting in nearly 20 years' service with the Andaman Administration. In the circumstances, a warning has been administered to the officer concerned.

S.No. of Appendix XV Para No.	Recommendations	Action taken
32	5.14 The Committee feel that the entire scheme was rather ill-conceived. In order to make the trainees fit for enrolment in the Defence establishments, the complete details of the training to be imparted to them should have been ascertained from the Ministry of Defence and finalised in advance before the scheme was started in view of the fact that the scheme was started only after the acute phase of emergency was over.	Noted.
	5.15 From the note furnished (Appendix VIII) it is learnt that only 4,160 persons were absorbed in Defence Services on completion of training out of a total of 10,095 civilians trained. But this does not include information relating to Gujarat, Punjab, U.P. and Delhi. Information regarding the number of persons who still remain to be absorbed is not available. The Committee regret to note that the Ministry did not maintain proper records in order to keep a watch over the progress of the implementation of the scheme. They are of the view that the expenditure on the scheme has largely been ineffective. They would suggest that schemes involving large amounts of expenditure and utilisation of extensive manpower should be formulated after fully ascertaining the actual requirements of the various organisations intending to utilise the services of the trainees.	Noted.

[Ministry of Labour, Employment and Rehabilitation (Deptt. of Labour and Employment) O.M. No. 6/4/66 dt. 7-6-67]

NEW DELHI;
May 18, 1967.

Recommendation

They hope that the Corporation would keep a proper watch over the construction of capital works so that the employees are provided with adequate hospital facilities.

[S. No. 33 para 5.24 Appendix XV to 62nd Report (Third Lok Sabha)]

Action taken

The capital construction works of the Corporation are carried out through the agencies of the Central/State PWDs or Housing Boards. The Corporation keeps a close watch over the progress of such construction works by getting progress reports of these works from the Executing agencies through the State Governments. Wherever delay is expected in the progress of construction, the matter is taken up with the State Government/executing agencies for taking immediate remedial measures.

[Ministry of Labour, Employment & Rehabilitation (Deptt. of Labour & Rehabilitation) OM No. 4/2/66-H, dated 7-9-67]

Recommendation

From the note, the Committee find that in respect of 31,758 occupants contacted by the squads of Rehabilitation Ministry and which involved rent recovery of Rs. 83.55 lakhs, only Rs. 57.87 lakhs was found to be correctly recoverable. This clearly establishes, that there is an urgent necessity to work out the correct amounts of arrears in respect of balance of arrears of Rs. 215.18 lakhs also. The Committee desire that this should be done without loss of time so that actual amounts due as rent are worked out and realised. The Committee are also not happy over the progress of realisation of rent and desire that effective steps should be taken to realise the outstanding arrears of rent urgently.

[S. No. 34 (Para 5.30) of Appendix XV to 62nd Report (Third Lok Sabha)]

Action taken

In the note which was submitted to the Public Accounts Committee in September, 1966, it was stated that up to 30-6-1966, 31,758 occupants involving arrears to the tune of Rs. 83.55 lakhs had been contacted by the squads in Delhi and Punjab. Out of this, the correct amount due was found to be Rs. 57.87 lakhs only. Since then further progress has been made in as much as that up to 31-12-1966, the squads have been able to contact

37,295 occupants involving arrears to the extent of Rs. 102.84 lakhs. A sum of Rs. 15.39 lakhs has been deleted as unreal demand. By adding the amount since written off and recovered, this would leave a balance of Rs. 66.67 lakhs as recoverable. The Statewise break up of Rs. 66.67 lakhs is as under :—

Punjab.....	Rs. 16.74 lakhs
Delhi.....	Rs. 49.93 lakhs

TOTAL :—Rs. 66.67 lakhs

Some amount out of this may also be written off as irrecoverable. This will be done after following the prescribed procedure.

The work relating to the recovery of arrears of rent in the States of Punjab, Haryana, Himachal Pradesh and Delhi is being handled departmentally; whereas the work in other States has since been transferred to the State Governments on agency basis. (The work in Maharashtra and Madras has not so far been transferred to the State Governments but negotiations with them in this regard are already going on). Where the work is being handled departmentally, it has been observed that the best way to liquidate the arrears and also to determine the correct demand is through the rent recovery squads. These squads have already been introduced in the State of Punjab and Delhi. The results are quite encouraging and there is also a proposal to intensify these squads. The Regional Settlement Commissioner, Jullundur has pointed out that if some additional staff constituting four rent recovery squads is sanctioned, it would be possible for him to complete this work in a period of about one year. Necessary action to obtain sanction for providing additional staff is also being taken.

[Ministry of Labour, Employment & Rehabilitation (Deptt. of Rehab.)
O.M. No. 4 26 66 dt. 19-5-1967]

Recommendation

The Committee feel concerned to note that the temporary advances paid to departmental officers were not cleared as required within one month of payment and were allowed to accumulate. They regret that due to this failure on the part of authorities, a sum of Rs. 37.63 lakhs which was paid as temporary advances to departmental officers in 406 cases up to March, 1965, remained unadjusted till the end of July 1965 for want of detailed bills.

[Serial No. 40 (Para 5.79) of Appendix XV to Sixty-second Report (Third Lok Sabha)]

Action taken

An amount of Rs. 37.63 lakhs paid as temporary advances to departmental officers in 406 cases which remained unadjusted to end of July 1965

has been reduced to Rs. 3.35 lakhs (211 items) at the end of November 1966 and has further been reduced to Rs. 1.88 lakhs (194 items) as at the end of March, 1967.

2. The following steps have been taken for expeditious clearance of outstanding balances :—

- (a) Special parties are sent to the departmental offices to analyse the outstanding temporary advances, lying with them and to help them in preparing adjustment accounts with reference to the paid vouchers available with them for payments made out of the temporary advances.
- (b) In cases, having heavy outstanding balances, the inspecting officers of the Financial Adviser and Chief Accounts Officer visit the departmental offices and suggest to the heads of offices the further action to be taken by them for the clearance of the balances.
- (c) The heads of offices/organisations are addressed demi-officially every month intimating the position of outstanding advances lying with them and urging them for expeditious clearance.
- (d) Instructions have also been issued on 24th May, 1967 to the effect that no fresh advances would be paid unless the old advances are cleared. In emergent cases, where second advance is considered necessary, even though the old advance has not been cleared, approval of Financial Adviser and Chief Accounts Officer/Chief Administrator has to be obtained.

[Ministry of Labour, Employment & Rehabilitation (Deptt. of Rehabilitation) DO 16(6)/68 DNK dt. 24-12-1968]

Further information

The latest position of adjustment of temporary advance made to departmental officers, Dandakaranya may please be intimated.

Action taken

Out of Rs. 37.65 lakhs outstanding temporary advance, only an amount of Rs. 1.19 lakhs is still outstanding. Of Rs. 1.19 lakhs, an amount of Rs. 99,787.28 could not be adjusted as the records pertaining to them were in the possession of the Special Police Establishment. The details are as follows :—

1963-64	Director of Industries	Rs. 16,000-00
	(Transport Officer)	Rs. 18,690-11
	(Industries)	Rs. 40,000-00
1964-65	(Industries)	Rs. 25,097-17
TOTAL		Rs. 99,787-28

As regards the balance amount of Rs. 19,222.72, the position of adjustment is as follows :—

1961-62	(i) Director of Industries	Rs. 210-00	The relevant bills have been misplaced. Duplicate copies of the bills are being prepared from old records.
	(ii) Executive Engineer, Kondagaon (Defunct)	Rs. 220-00	
1962-63	Director of Agriculture	Rs. 9,639-30	Payment has been made to the Collector, Koraput for land acquisition. Adjustment account is still awaited.
1963-64	Executive Engineer, M.H.	Rs. 8,824-76	Payments have been made to State Land acquisition authorities for payments to the parties concerned as compensation for acquisition of land. They have to furnish relevant documents and payees receipts etc. through Accountant General. One of which is still awaited.

New Delhi:
23rd December, 1968

Recommendation

The Committee would like to know how in the absence of detailed bills, the Administration ensured that the amounts advanced were not mis-utilised. They desire that all efforts should be made to adjust the outstanding amounts at an early date. It should also be ensured that such accumulation does not take place in future as delay in furnishing the accounts was likely to lead to frauds and embezzlements.

[Serial No. 40 (Para 5.50) of Appendix XV to Sixty-second Report (Third Lok Sabha)]

Action taken

The following procedure was followed in regard to the grant of temporary advances to minimise the chances of mis-utilisation.

(1) Advances were allowed only against specific sanctions for specific purposes and only in cases of urgency where the normal payment procedure to suppliers by cheques could not be followed, e.g., purchases of bullocks, procurement of paddy seeds, subsidy payments etc.

(2) In addition, there were periodical local inspections by Audit.

(3) Out of the outstanding of Rs. 37.63 lakhs, an amount of about Rs. 36 lakhs has since been adjusted.

(4) Instructions have since been issued that every bill for temporary advances should enclose a statement indicating the total amount of temporary advance outstanding against the drawing officer on the date of drawal and the reasons for non-submission of adjustment bills in respect of each different item.

(5) It has also now been laid down that no advance will be paid by the Pay Branch of the Office of the Financial Adviser and Chief Accounts Officer to an officer unless he renders accounts for the previous advance. For emergent cases, prior approval of the Chief Administrator or the Financial Adviser and Chief Accounts Officer has to be obtained.

New Delhi

September 30, 1967.

[Ministry of Labour, Employment & Rehabilitation (Deptt. of Rehabilitation) D.O. No. 16(6)/68-DNK dt. 24-12-1968]

Recommendation

The Committee are distressed to find that due to lack of proper planning and co-ordination Government had to incur an infructuous expenditure of Rs. 1.74 lakhs. They feel that a little more co-ordination between the Dandakaranya Project authorities and the Orissa State Government could have avoided this expenditure.

[Serial No. 41—(Para 5.84) of Appendix-XV to Sixty-second Report
(Third Lok Sabha)]

Action taken

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

New Delhi:

March 1, 1967.

[Ministry of Labour & Rehabilitation (Department of Rehabilitation) O.M. No. 16-1-DNK/66 dt. 31-3-1967]

Recommendation

The Committee trust that with the experience gained in this case, the Project Authorities would work in co-ordination with the State Government and finalise their programmes on more realistic basis.

[Serial No. 41—(Para 5.85) of Appendix—XV to Sixty-second Report
(Third Lok Sabha)]

Action taken

Noted for future guidance.

[Ministry of Labour & Rehabilitation (Deptt. of Rehabilitation) O.M. No. 16-1-DNK/66, dt. 27-7-1967]

Recommendation

In the opinion of the Committee, the right course for the Chief Administrator in such a situation when he himself could not determine whether the foreign engineer's claim was right or Dandakaranya Development Authority's claim was right, was to refer the matter to an independent technician.

[Serial No. 44 (Para 5.121) of Appendix XV to Sixty-second Report
(Third Lok Sabha)]

Action taken

Noted for future guidance.

**{Ministry of Labour & Rehabilitation (Department of Rehabilitation) O.M.
No. 16/1/DNK/66 dt. 7-7-1967}**

CHAPTER III

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

Recommendation

[Sr. No. 24 (3.61)]

The Committee would also like to know as to whether any responsibility has been fixed for not taking action on the irregularities pointed out by Audit after July, 1961.

Action taken

The primary responsibility for not taking action on the irregularities pointed out by Audit was that of the Sales Representative who was in charge of the Regional Distribution Office, Bombay. Instructions had been issued to him for ensuring proper observance of the regular procedure for the writing of cash book, for depositing the amount in the bank etc.

This lapse on the part of the Sales Representative could have been detected and proper observance of procedure enforced if the Division had ensured periodical inspection of the accounts of the Regional Distribution Office by its Accounts Officer. This could not be done till July 1964 as the Accounts Officer was, in addition to his own work, entrusted with drawing and disbursing and other duties at headquarters. He was relieved of most of the additional work in July 1964 when regular inspections were introduced. There was thus delay in this regard for which no individual responsibility can be fixed.

S. No. of Appendix XV	Para. No. of Report.	Recommendation	Action Taken
1	2	3	4
2*	3.70	The Committee note that the Ministry of Law have since advised that if sufficient proof had been made available against the officer, the claim could be pressed against the Insurance Co. even if the departmental proceedings had not been concluded. The Committee desire that Films Division should press their claim for payment of fidelity guarantee with the Insurance Pool.	The Indian Insurance Companies' Association Pool have since sent the cheque of Rs. 2,000/- only with their Memo. No. V/3330/66 letter dated 31-8-66 in full settlement of the claim under the Fidelity Bond. The cheque has since been credited to the Reserve Bank of India, Bombay on 11-10-1966 to the Head XXXII Misc. Social and Developmental Organisation—Central Receipts of the Films Division for 1966-67—Other items. Interm of the fidelity guarantee

1	2	3	4
25	3.72	<p>It is also surprising that the Ministry failed to take notice of the irregularities in the maintenance of cash book as pointed out by Audit during 1959-60. The Committee deprecate such tendency on the part of the Ministry of ignoring such financial irregularities even when pointed out. They would like that responsibility be fixed for the lack of timely action on the irregularities as pointed out by the Audit.</p>	<p>bond, the pool was liable to pay only Rs. 2,000/- for which the bond was executed.</p> <p>The irregularities in the maintenance of cash book first came to the notice of the Ministry when a copy of the Audit Report on the accounts of Films Division, Bombay for the period 1-10-58 to 30-9-59 was received in February 1960 from the Accountant General, Bombay. No special attention was invited to para 17 (Cash Book irregularities) in the letter forwarding the Audit Report. The irregularities were again brought to the notice of Controller of the Films Division, Bombay by Senior Deputy Director, Commercial Audit in his letter dated 21-1-61.</p> <p>A statement showing the action taken in chronological order is attached.</p> <p>Immediately on receipt of this report Controller of Films Division was asked to let the Ministry know as to what arrangements he was making for investigation into cash dealings of the Division with a view to ensure that proper procedure was followed in maintaining the cash book in future.</p> <p>A senior Accountant from the Office of the Director of Commercial Audit was also appointed in the Films Division for this work for about a year. A complete rechecking of the accounts was undertaken with the help of the then cashier and the then A.A.O. soon after receipt of Audit Report. Further action was continued in different stages as follows:—</p> <p>(a) Initial verification of all the papers and record in July,</p>

1961 followed by a detailed verification by cashier and the then A.A.O.

- (b) From July to June 1962, 1963 further detailed examination of the various points raised by an Auditor from the Office of the Director of Commercial Audit which pertained to the cash accounts for the period 1.12.59 to 30.6.61 was then carried out departmentally.
- (c) The cashier and the then A.A.O. gave their replies on the report by the auditor and further verification of the report and replies was undertaken in October/November, 1963 followed by suspension of the then A.A.O. in January, 1964.
- (d) A further scrutiny of the cash accounts pertaining to the periods from 1.4.59 to 30.11.59 and from 1.7.61 to 31.3.1962, was also felt necessary in view of the findings of the earlier investigation done in respect of the period from 1.12.1959 to 30.6.1961. The scrutiny was, therefore, arranged to be carried out by a party from the Audit Office and the points raised by Audit were further examined departmentally.
- (e) Finally the accounts were examined during 10.6.65 to 20.1.66 by the Special Police Establishment before charge sheet was drawn up (31.5.66).

Statement Showing the Action Taken to Chronological Order

	Dates
1. Audit Report for the period 1.10.58 to 30.9.1959 received from Accountant General, Bombay on	1-2-1960
2. Reply to Audit Report (Para 17) issued to Accountant General, Bombay on	30-5-1960
3. Provisional acceptance of the reply to para. 17 by the Accountant General, Bombay	18-6-1960
4. Transfer of audit of Films Division from Accountant General, Bombay to Commercial Audit	1960

5. Director of Commercial Audit's intimation that reply to para 17 will be examined in next audit received on 25.3.1961
6. Cash book irregularities specifically brought to the notice of Controller of Films Division by Deputy Director of Commercial Audit, Bombay on 21-1-1961
7. (Remedial Steps taken) Audit report for the period 1.10.59 to 30.11.60 inviting special attention to irregularities in cash book and suggesting thorough investigation received on 2-6-1961
8. Ministry asked for a detailed report from CFD on 20-6-1961
9. Controller's d.o. reply explaining the position to Senior Deputy Director of Commercial Audit issued on 22-7-1961
- 9a. Reply from C.F.D. received on 24-7-1961
10. Films Division's reply to audit in respect of audit report 1959-60 saying that the mistakes have since been set right by suitable write back of entries issued on 9-8-1961
11. Audit's reply that Films Division's reply will be verified in next audit received on 23.8.1961
12. Audit's suggestion based on the audit conducted for the period 1.12.60 to 31.3.61 for a thorough investigation by an independent authority was received on 24.10.1961
13. Detailed independent investigation of accounts from 18.12.1959 onwards under personal supervision of A.O. commenced in November, 1961 and continued in 1962.
14. CFD discussed the matter with Deputy Director of Commercial Audit, Bombay on 23.12.61
15. Ministry requested to sanction an Accountant's post to go into the whole matter thoroughly on 8.1.1962
16. Detailed audit for the period from 1.12.1959 to 30.6.61 by the Accountant on deputation from Deputy Director of Commercial Audit conducted for the period 17.7.1962 to 29.6.1963
17. Accountant's post was sanctioned on 25.1.1962
18. Assistant Account's Officer and Cashier asked to give comments on the report of the accountant on 4.7.1963
19. Accounts re-checked on the basis of reply from Cashier and Assistant Accounts Officer and report submitted on 15.11.1963
20. Intimation to Senior Dy. D.C.A. Bombay that an audit party be deputed to check the final position of defalcated amount issued on 21.11.1963
21. Suspension of Assistant Accounts Officer (Admin.) given effect from 6.1.1964
22. Senior Deputy Director of Commercial Audit, Bombay letter to Film Division intimating that special check cannot be undertaken unless specially requested by Ministry and approved by C & A.G. 16.1.1964
23. Suspension of Cashier given effect from 19.3.1964
24. Request to C. & Ar. G. by Ministry for setting up a special audit party for detailed investigation issued on 25.2.1964
25. C. & Ar. G.'s letter agreeing to special audit received on 31.3.1964
26. Special audit by Sr. Dy. D.C.A. started on 3.6.1964
27. Verification of replies of Cashier and A.A.O. on accountant's Report completed on 16.9.1964

28. Intimation by special audit party of results of examination of cash book received on	30-9-1964
29. Films Division's remarks on the above report given on	19.10.1964 and 27.10.64
30. Special audit comments for 4/59 to 11/59 received on	24.10.1964
31. Films Division's remarks on above comments sent on	6.1.1965
32. Final comments of audit received on	3.3.1965
33. Films Division's comments on the final report given on	5.3.1965
34. Final audit report from audit received on	8.3.1965
35. Report forwarded to Ministry by Films Division for decision on	18.3.1965
36. C.B.I. requested to conduct detailed investigation through Special Police Establishment	29.4.1965
37. SPE took over records for investigation on	14.6.1965
38. C.B.I.'s report received on	21.1.1966
39. Report sent to Films Division on	24.2.1966
40. Ministry's decision to initiate departmental action for imposition of major penalty issued on	22.3.1966
41. Draft charge sheet forwarded to SPE for review and transmission to Ministry issued on	7.5.1966
42. Charge sheet issued to Audit Accounts Office and Cashier on	31.5.1966
43. Enquiry Officer appointed on	23.7.1966
44. Preliminary hearing of the case by Enquiry Officer held on	21.9.1966
44a. Hearing of the case began on	26.10.1966
45. Further hearing of the case held on	20.12.1966
46. Enquiry Officer proceeded on leave preparatory to retirement and new enquiry officer appointed on	3.2.1967

Recommendation

4.14. The Committee would like to observe in this connection that a system of payment at cost plus basis has built in tendency to inflate the total cost. As pointed out by Audit, according to an assessment made by the Financial Adviser in January, 1965 while the work was in progress, the estimated rates on "cost plus" basis in a major number of items were more than the rates settled with a private firm. The Farakka Barrage Control Board was, however, of the view that the picture might be "entirely different" after the work had sufficiently progressed. The Committee hope that after the Ministry have been able to finalise the accounts up to June, 1966 they would be in a position to assess as to whether "cost plus" or the "item-wise" basis for assigning contracts is beneficial. They would like to be informed of the results of such assessment.

[Sr. 27(414) of 62nd Report (3LS)]

Action taken

A note is attached indicating the result of the studies made. Annexure I.

Recommendation

4.16. The Committee feel that the provision of 150 per cent for depreciation on equipment is on the high side. They would, therefore, urge the Ministry to examine as to what extent it is really justified. They would also like to be informed of the decision taken in regard to the utilisation of the depreciation amount in respect of which a reference has been made to the Government.

[Sr. No. 28(4.16) of 62nd Report (3LS)]

Action taken

The provision of 150% depreciation is for field repairs workshop charges & major overhauls in the case of earth moving machinery. The standards adopted in some other big Projects in this respect is given below :

Damodar Valley Corporation—200%

Durgapur Steel Project—150%.

As such, the provision of 150% in the contract of M/s. N.P.C.C. Ltd. settled by the Negotiation Committee is not high side.

Recommendation

The Committee are not happy over the accumulation of large surpluses with the Corporation.

[S. No. 33 para 3.23 Appendix XV to the 62nd Report (Third Lok Sabha)]

Action taken

The surplus i.e. excess of income over expenditure for the last few years is as follows :—

Year	Excess (Rs. in lakhs)
1961-62	177.27
1962-63	206.91
1963-1964	320.30
1964-1965	403.41
1965-1966	242.39
1966-1967 (Budget)	177.79

From the above figures it may be observed that the surplus has started dwindling from the year 1965-66. Increase in surplus during the years 1962-63, 1963-64 and 1964-65 had been the result of increase in the rate of employers' special contribution from 14% to 21% of the total wage bill of the employees. This increase in the rate of employer's special contribution had been introduced in various areas served by the Scheme from 1-4-1962.

2. The total accumulated surplus with the Corporation on the 31st March, 1966 was Rs. 3,392.57 lakhs. As against this, a sum of Rs. 3,307.97 lakhs (inclusive of a loan of Rs. 100 lakhs sanctioned for construction of hospitals/

dispensaries by the State Government) had been committed up to the 30th November, 1966 for capital construction.

A sum of Rs. 1892.33 lakhs has already been released up to 30-11-1966 towards the capital construction which includes Rs. 73,69,766 paid as loan to the State Government and Rs. 10,69,35,174 presently booked under Suspense Account pending adjustment on receipt of the audited statements of accounts from the State Governments/State Accountants General. The construction relating to the balance is in various stages of progress.

Recommendations

From the note furnished by the Ministry of Mines and Metals, the Committee find that the 'Jambad-Kajora and Area F Ropeways' were scheduled to be completed by January, 1966 and October, 1966 respectively, but the expected completion dates were now January 1967 and December, 1967 respectively. As a consequence the likely extra cost under escalation on the two ropeways was estimated to be as follows :—

<i>J.—K. Ropeway</i>	<i>Area 'F' Ropeway</i>
Rs. 25.97 lakhs	Rs. 52.00 lakhs.

Extra liability due to devaluation for payment of imported materials is likely to be of the following orders :—

<i>J.—K. Ropeway</i>	<i>Area 'F' Ropeway</i>
Rs. 65.03 lakhs	Rs. 35 lakhs

[SL No. 49 (Para 6.23) Appendix XV to 62nd Report (Third Lok Sabha)].

The Committee feel that the work on the two ropeways had been considerably delayed and this was likely to raise the total cost of the two ropeways by as much as Rs. 77.97 lakhs.

[S. No. 49 (Para 6.24) Append. XV to 62nd Report (Third Lok Sabha)].

The Committee desire that the Ministry should inquire into the reasons for delay in implementation of these two schemes and should also make special efforts to expedite the erection of the two ropeways and complete the work without further delay.

[SI No. 49 (Paras 6.25) Appendix XV to the 62nd Report (Third Lok Sabha)].

Action taken

The prices in the case of Jambad-Kajora ropeways contract were those prevailing in March, 1961, and for 'F' ropeways contract those prevailing in August, 1961. These were the dates when the contractors had submitted their tenders. As provided in clause 6(a) of the Jambad-Kajora ropeway contract, the escalation on prices of British materials was to be limited to a total of 5% of the contract price. Similarly, in clause 5(e)

of the area 'F' ropeway contract, the escalation on U.S. equipments has been limited to 5%. The position in respect of each item is explained below :—

'J-K' Ropeways : The escalation of 25.97 lakhs represents the total escalation as per terms of the contract excluding increase in cost of labour, if any, and comprises of 18.47 lakhs for imported materials and 7.50 lakhs for indigenous materials. So far as imported materials are concerned, the escalation had already been reached prior to the original date of the completion of the contract *i.e.*, 31-1-1966, hence there is no additional liability on this due to delay in completion of work. So far as indigenous material are concerned, there is no additional liability in respect of steel in as much as purchase of steel was completed prior to the original target date, *i.e.*, January, 1966. Some quantity of cement was supplied after the original target date, for which there is likely to be an additional liability to the tune of Rs. 1,500 approx.

'F' Ropeway : The escalation of Rs. 52 lakhs represents the total escalation as per terms of the contract excluding increase in cost of labour, if any, and comprises of Rs. 22 lakhs for imported materials and Rs. 30 lakhs for indigenous materials. Most of the shipment (99.5%) of U.S. materials were made before October, 1966 *i.e.*, original target date. The contractors have not yet claimed any escalation in this respect. Any additional expenditure due to delay in completion of the work within the target date is not, therefore, likely to arise.

The escalation in respect of indigenous materials is to be regulated as per clause 10 of the contract. It may be stated that there will be no additional liability due to delay in completion of the work as per terms of the contract as price of cement and steel had no upward trend beyond the original target date.

Extra cost if any, due to increase in cost of labour : It has not been possible so far to determine this due to certain practical difficulties.

Summing up : Besides the escalation under the conditions of contract for supply of equipment, the likely extra cost on the J-K and F ropeways as a result of the delay in completion of the project is—

(a) J-K Ropeway—Rs. 1,500

(b) 'F' Ropeway—Nil

(c) extra cost due to increase in cost of labour is not determinable.

The main reasons for delay in implementation of the Jambad-Kajora and 'F' Ropeways scheme have been the delay in approval of the Protection Bridge designs by the Railways and availability of access to sites, the latter being the result of circumstances like obstructions by the owners of land

and delay in finalisation of land acquisition proceedings at the State Governments, end, etc. Action is already being taken to expedite the scheme.

New Delhi,
the 6th December, 1967.

Recommendations

The Committee regret to note the serious lapses that occurred in this case. Although in April, 1965, the Board came to know about the sale of hypothecated assets by the Company, and the Company had defaulted in repayment of the 8th instalment fell due in September 1965, till September 1965, they had not been able to recover more than one instalment of the dues, nor did take any action for breach of contract against the Companies (the Company which sold and the Company which purchased) and to recover the money due to the Board.

[Sl. No. 50 (Para 6.34) Appendix XV to 62nd Report (Third Lok Sabha)].

Another lapse for which no explanation could be given was the fact that though the legal advice given in July, 1965 was to give notice to both the parties, yet for reasons not easy to understand the Board gave notice to one party only and thus not only forfeited their right to safeguard their interest but further jeopardised it.

[Sl. No. 50 (Para 6.35) Appendix XV to 62nd Report (Third Lok Sabha)].

It is evident from all this that the Board had not taken such an active interest to recover the loan amount etc. as should have been done.

[Sl. No. 50 (Para 6.36) Appendix XV to 62nd Report (Third Lok Sabha)].

The agreement signed with the Company does not provide that the Board's claim on the company will be given preference over all other claims but it contains the following provisions :—

"The said machinery and plant and each and every one of them shall be kept in the possession of the Hirer at the said colliery or at such other addresses as the Board may by writing authorise free from distress, execution or other legal process whatsoever and the Hirer shall on no occasion resell, assign or deal with nor shall the Hirer part with possession thereof or any portion thereof".

"The hirer shall not so long as any money remains due and payable to the Board under the provision hereof create or purport or agree to create any mortgage or charge on the said colliery or any of the lands, mines and buildings thereof without the previous consent in writing of the Board."

[Sl. No. 50 (Para 6.37) Appendix XV to 62nd Report (Third Lok Sabha)].

In spite of this provision the Board sought no legal remedy to bring the company to book. For some time there appeared to be some confusion

in the Board as to what machinery or assets were hypothecated, whether the company could legally do so, and what machinery was acquired on hire purchase basis. As a result they could not take any action against the company which hypothecated a part of the machinery which belonged to the Board without the Board's knowledge or consent in writing. The Committee regret to note this lapse on the part of the Board and suggest that the Board should be more careful in future in safeguarding public funds.

[Sl. No. 50 (Para 6.38) Appendix XV to 62nd Report (3rd Lok Sabha)].

The Committee would like to be informed of the final position about the recovery of the balance of the loan and interest outstanding against the colliery in due course.

[Sl. No. 50 (Para 6.39) Appendix XV to 62nd Report (Third Lok Sabha)].

The Committee regret to note that the Ministry do not seem to have a proper system of scrutinising the Audit Reports and initiating action thereon. They therefore desire that Ministries of Government should improve their system of scrutiny of Audit reports not only in respect of the Ministries themselves but in respect of all Boards/Departments/Organisations under them and ensure that all actions arising therefrom are initiated promptly.

[S. No. 50 (Para 6.40) Appendix XV to the 62nd Report (3rd Lok Sabha)]

Action taken

The Committee's suggestions have been noted for guidance in future.

It is correct that the Board came to know in April, 1965 about the sale of some portion of the hypothecated assets, it will however be not correct to say that the Board took no action in the matter of ensuring repayment of loan or replacement of the sold assets. The Board issued notice on the owner of the colliery to pay up the dues. The Owner having failed to pay, legal steps were contemplated and solicitor consulted, who advised filing of a suit in Purulia Court. However filing of the plaint had to be deferred as several suits from different creditors of the Company were pending in the Calcutta High Court and the Board had filed affidavits praying adjustment of the loan amount against the subsidies payable to the owner of the Colliery by way of stowing and special assistance subsidies. In one of such cases, the Calcutta High Court ordered on 2-5-1967, that the amounts due from the colliery should be realised from the amounts of assistance payable to the owner of the Colliery by way of stowing and special assistance subsidies. It is however, true that there was oversight on the part of the Board in not having issued timely notice on the purchaser of the hypothecated assets. This, however, has caused no harm as all instalments have been adjusted from assistance payable as stated above. The Calcutta High Court permitted the Board on 2-5-1967 to adjust an amount of Rs. 51,060.66 P. representing the entire balance of the loan amount plus

interest up to 8-2-1967 (which was the due date for the 10th and final instalment) from the amounts payable by the Board to the colliery on account of stowing and special assistance subsidies. In accordance with the Court's order the entire amount has been realised by adjustment. The Court has also ordered that balance interest and cost of applications if any, should also be realised from subsequent subsidies when they become payable.

New Delhi,

the 6th December, 1967.

Recommendation

The Committee regret to note that in spite of their recommendation for revision of the system of grading of coal in 1963 in para 21 of their 25th Report (1963-64), reiterated in their 54th Report (1965-66), no action appears to have been taken by the Government in this regard so far. The system of grading of coal is still far from satisfactory and because of the defective system, the consumer in the country is sometimes required to pay much more than the quality of coal offered in return. The Committee hope that suitable steps would be taken to implement their earlier recommendations.

[S. No. 51 (Para 6.47) Appendix XV to the 62nd Report (3rd Lok Sabha)].

Action taken

The question of grading coals on the basis of their useful heat value had been under active consideration of Government for some time. However, in the light of decontrol, the consumer is at liberty to pay to the supplier any price he considers reasonable on the basis of the quality of coal actually received by him.

New Delhi,

the 6th December, 1967.

Further Information

It has been stated in the note 'The matter has further been considered by Government and it has been decided in that the question may further be reviewed after a period of one year and that meanwhile the scheme of subsidy should continue. The question of reducing the rate of excise duty for the movement of coal under the scheme and increasing correspondingly the rate of duty to meet the increased liability of the Coal Board for assisting the collieries etc. is under consideration of Government.'

Please intimate when a review of the scheme of subsidy on movement of coal by rail-cum-sea route is to be taken up and whether any decision has been taken on question of reducing the rate of excise duty.

(S. No. 48 Para 6.18)

Reply by Government

Government have considered the question of continuance of the scheme and it has been decided to continue the scheme for a further period of one

year *i.e.*, up to 31st March 1969. A further review is expected to be conducted before the end of the current financial year.

New Delhi,
the 21st January, 1969.

Further Information

The present position of erection of the ropeways and the likely date of completion may please be intimated.

(S. No. 49 Paras 6.23, 6.24 and 6.25)

Reply by Government

'D' Ropeway was taken over by the Coal Board in December 1965.

J & K Ropeways

This ropeway has three installations. Installation No. 3 of this ropeway was taken over by the Coal Board in March 1967. Installations 1 & 2 have been taken over by the Board on the 18th November 1968.

F Ropeway

On account of issue of court injunction against Coal Board, resulting in delay in the approval of designs of the protective bridges by the Railways and other such difficulties, this ropeway is being completed in parts and will be taken over by the Coal Board in parts and will start working section by section. There may be delay in the commissioning of two out of seven dumps. Prehand-over tests are already in progress.

New Delhi,
the 21st January, 1969.

Further Information

It has been stated in the note "The question of grading coals on the basis of their useful heat value had been under active consideration of Government for some time."

Please intimate the present position regarding revision of the system of grading of coals.

(S. No. 51 Para 6.47)

Reply by Government

As already stated, in the light of the decontrol the consumer is at liberty to pay to the supplier any price he considers reasonable on the basis of the quality of coal actually received by him. The question of grading coal on the basis of their useful heat value therefore has not much of its significance as related to the payment of a certain price for a certain quantity of coal.

New Delhi,
the 21st January, 1969.

CHAPTER IV

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

Recommendation

The Committee regret to note that proper records of the unpaid balances of awards and unpaid cheques had not been maintained in the Land Acquisition Collectorate, Delhi. The accumulated unpaid balances pertained to the period as far back as 1937. This clearly depicts a very unsatisfactory state of accounts in the Land Acquisition Collectorate and the Committee take a serious view of it. The Committee are not able to understand why the full detail relating to awards were not kept with the Collectorate and why the unpaid balances were not deposited into the treasury as revenue deposits as required under the rules. The Committee are left with the impression that the maintenance of proper records of these unpaid balances received no attention in the past and this failure requires looking into. Now that the Delhi Administration has appointed an Officer on Special Duty to look into the state of accounts, the Committee hope that suitable measures will be taken to clear the old balances and also to ensure that such unpaid balances do not accumulate in future. They also hope that unpaid balances would now be deposited in the treasury as revenue deposit as required under the rules.

[Sl. No. 13—Appendix XV to 62nd Report of P.A.C. for the year 1966-67].

Action taken

It is admitted that proper records of unpaid balances had not been kept in the past, due to which the unpaid balances could not be deposited into the Treasury as 'Revenue Deposit'. In order to prevent recurrence of such lapses, instructions have been issued on the 2nd September, 1966, that payments against the awards should be completed either by payment to the party concerned or by depositing the amount due in the Treasury as "Revenue Deposit" (as the case may be) within a reasonable period not exceeding 30 days from the date of making the award.

A special Cell has been established in the Administration to locate the details of outstanding balances. The Deputy Commissioner and the O.S.D. (Accounts) are pursuing the matter at personal level. The present position with regard to the unaccounted for balances is as follows :—

Closing balance as per cash book on 1.5 67	84,57,122.10
(—) Balance pertaining to 'plan schemes'	44,14,825.12
Unaccounted for balances	40,42,296.98
Less (i) Details available	36,35,722.91
Net unaccounted for balance	4,66,574.07*

It is expected that the final picture will emerge shortly and adjustments of the remaining amount will be forthcoming. If some amount is left unaccounted for, it would be put in the fixed deposit. As regards cases arising hereafter, instructions have been issued on 2-9-1966 that payments against awards should be completed either by payment to the party concerned or by depositing the amount due in the treasury as "Revenue Receipts" within a reasonable period not exceeding 30 days from the date of making the award.

Recommendation

The Committee regret to find that the Consumer Goods Scheme which was intended to be on a 'no profit no loss' basis showed a loss of Rs. 6 lakhs during January, 1959 to March, 1964. They are surprised to find that the transport cost of goods was not being charged from the customers but was being met by Government which amounted to indirect subsidy given to the customers and that this was done without obtaining prior approval of the Government. The Committee hope that Dandakaranya Development Authority would now obtained *ex post facto* sanction to regularise the payment of this subsidy.

[Serial No. 36 (Para 5.56) of Appendix-XV to Sixty second Report (Third Lok Sabha)].

Action taken

A proposal has been received from the Dandakaranya Project Administration for sanction for the payment of subsidy in the sale of consumer goods and food-grains to settlers in Dandakaranya. The proposal is under consideration.

New Delhi,
the July 7, 1967.

Recommendation

The Committee regret to find that the Consumer Goods Scheme which was intended to be on a 'no profit no loss' basis showed a loss of Rs. 6 lakhs during January, 1959 to March, 1964. They are surprised to find that the transport cost of goods was not being charged from the customers but was being met by Government which amounted to indirect subsidy given to the customers and that this was done without obtaining prior approval of the Government. The Committee hope that Dandakaranya Development

*Includes an amount of Rs. 1,81,288.24 being improvement trust funds standing on 1-2-1955 when the work was transferred to Land Acquisition Collectorate, the details of which are not known.

Authority would now obtain *ex post facto* sanction to regularise the payment of this subsidy.

[Serial No. 36 (Para 5.56) of Appendix XV to Sixty-second Report (Third Lok Sabha)].

Action taken

A proposal has been received from the Dandakaranya Project Administration for sanction for the payment of subsidy in the sale of consumer goods and food-grains to settlers in Dandakaranya. The proposal is under consideration.

Recommendation

The Committee are of the view that had the authorities taken adequate precautions and run the scheme in a businesslike way, the loss could have been avoided. The Committee desire that efforts should be made to run the scheme on a 'no profit no loss' basis.

[Serial No. 37 (Para 5.57) of Appendix-XV to Sixty second Report (Third Lok Sabha)].

Action taken

The question about the sale of food-grains to the settlers at Government controlled rates, which would involve a subsidy in-as-much-as the total overheads would not be covered by the sale rate, was placed before the Dandakaranya Development Authority in its 34th meeting (Item No. 10 'Part I of the Agenda) and the Authority recommended the difference between the cost price plus overheads and sale price fixed at the rates prescribed by the State Authorities, to be subsidised. A proposal has been received from the Dandakaranya Project Administration for sanction for the payment of subsidy in the sale of consumer goods in Dandakaranya. The proposal is under consideration.

Further information called for by the Committee

Please furnish a copy of the proposal made by the Dandakaranya Project Administration for sanction of payment of subsidy on sale of consumer goods and food-grains to settlers in Dandakaranya and the decision taken by Government thereon.

Action taken

A copy of the proposal contained in Dandakaranya Project Administration letter No. C-2(8)/65/P-II/124, dated the 24th January, 1967 together with its enclosures for sanction of payment of subsidy on sale of consumer goods and food-grains to settlers in Dandakaranya is enclosed (Annexure II).

The proposal is still under consideration of the Government.

New Delhi,
23rd December, 1968.

ANNEXURE II

DANDAKARANYA DEVELOPMENT AUTHORITY

No. C-2(8)/65/P, II/124.

**Project Headquarters,
Koraput (Orissa)**

Dated the 24th January, 1967.

25th Pausa, 1888.

From :

The Deputy Chief Administrator,
Dandakaranya Development Authority,
Koraput (Orissa)

To

The Under Secretary to the
Government of India,
Ministry of Labour, Employment &
Rehabilitation,
(Department of Rehabilitation)
Jaiselmer House, Man Singh Road,
New Delhi.

SUBJECT :—*Subsidy and loss in the Sale of food-grains.*

Sir,

I am to refer to your letter No. 7(247)/66-DNK, dated 9th November, 1966 on the subject cited above and to forward herewith the proforma accounts for Consumer Goods since the inception to 31st March, 1966. The comments of the Financial Adviser and the Chief Accounts Officer, Dandakaranya Project are enclosed.

2. It will be observed that from inception up to 31st March, 1966 the scheme has involved financial implication of Rs. 8,91,475 as per details below :—

(i) Extent of subsidy involved in keeping sale price on par with the prevailing market rate/prevaling Government controlled rate.	Rs. 7,22,871 00
(ii) Loss due to shortages.	1,68,604 00
	<hr/> 8,91,475 00 <hr/>

3. The figures pertain to the period ending 31st March, 1966. Figures for the financial year 1966-67 will be worked after completion of the current financial year and will be furnished to the Ministry in due course.

4. It may be mentioned in this connection that sale of consumer articles to the settlers at prevailing market rates and at Government controlled rates have been approved by the Dandakaranya Development Authority (Minutes of Item 24 of 22nd Meeting and Item 10 of 34th Meeting of Dandakaranya Development Authority are relevant).

5. It is requested that orders of the Government in respect of subsidy and for writing off of the loss may kindly be communicated at an early date.

Yours faithfully,
Deputy Chief Administrator.

Enclosure to letter No. C-2/8/65/P-II, dated 24th January, 1967.

(COPY)

GOVERNMENT OF INDIA
OFFICE OF THE FINANCIAL ADVISER,
DANDAKARANYA DEVELOPMENT AUTHORITY,
P.O. Koraput (Orissa)

A copy of the proforma accounts for the Consumer Goods Scheme for the period from the inception to 31st March, 1966 received from the Zonal Administrator, Kondagaon is enclosed.

2. As the Chief Administrator is aware the sales had to be made for the controlled commodities at the controlled rates and for other commodities at the prevailing market rates. The margin of surplus involved between the controlled or the market rate as the case may be and the purchase costs did not cover the huge transportation cost, the Project had to incur in transporting these food-grains to the Resettlement Zones situated at long distances from the rail heads.

3. A note had accordingly been put up at the 34th Meeting of the DDA vide Item 10 of Part I recommending that the extra expenditure, not covered by the sales at such controlled rates should be treated as subsidised.

The DDA's decision was that the sales of food-grains should be done at the rates prescribed by the State Government Authorities and the difference between the cost price plus overheads and the sale price fixed was to be subsidised and the proposal be taken up with the Government for subsidising the extra expenditure indicating the financial implication of the proposal.

4. The Proforma Accounts now prepared brings out the following position :—

1 Total purchase value of consumer goods including grinding charges of wheat, if any.

Rs. 67,69,208

L29LSS(CP)/69-5

2. Overheads:	Cost Rs.	Percentage
(a) Transportation	10,55,277	15.58
(b) Incidental and handling charges	22,592	0.33
(c) Misc. Expenses	30,826	0.46
(d) Administrative Expenses	3,77,857	5.57
(e) Depreciation and Buildings, Furniture and other equipment	99,102	1.47
Total overheads over the purchase value	15,83,654	23.42

5. It is thus seen that out of the above 23.42% of the purchase cost roundabout 15.6% constitutes the transport expenses only.

6. The Proforma Accounts reveal a net loss of Rs. 8,91,475 for the entire period from inception till the end of March, 1966.

An analysis of the loss as compared to the turnover is given below :—

(a) Total turnover or sale	Rs. 64,86,005
(b) Loss	Rs. 8,91,475
(c) Percentage of (b) to (a)	13.74%
Loss due to shortages	Rs. 1,68,604
Percentage of the loss due to shortage to the turnover	2.6%
Loss due to sale involving subsidy due to sales being made at not more than the prevailing controlled rates or market rates as the case may be.	Rs. 7,22,871
Percentage of loss due to such subsidised sales to the turnover for the year.	11.14%

7. It will be seen from the above position that as against a total loss of 13.7% against the turnover, 2.6% constitutes actual shortages and 11.14% constitutes the loss due to non-coverage of the entire over-heads in the sale prices *i.e.*, due to subsidised sales involved in the scheme.

8. It will be apparent from the above that the loss or short-fall is mainly due to the high over-heads on account of transportation, which cannot be avoided in view of the fact that the commodities have to be moved to the far-flung Zones at a distance of normally 200 to 250 miles from the nearest rail head.

9. The above position may be brought to the notice of the Ministry and the Ministry approached to approve the recommendation of the DDA that the loss involved between the cost price plus over-heads and the sale price may be treated as subsidised in respect of the scheme.

10. Action should also be taken to have the shortages to the extent of Rs. 1,68,604 written off by the Ministry.

11. This issues with the approval of the F.A., DDA.

Asstt. Financial Adviser(F).

Chief Administrator, Koraput.

U.O. No. F.A. Fin.-I/9(24)/A/66-67/2854, dated 15-11-1966.

DEBIT		CREDIT	
	Rs. Ps.		Rs. Ps.
To Purchase of stores including liabilities.	43,73,420-00	By sales	44,73,290-00
To transportation charges.	6,37,444-00	By closing stock.	3,59,399-00
To handling charges.	1,209-00	By Excess of expenditure over income.	2,10,210-00
To miscellaneous expenses.	30,826-00		
	50,42,899-00		50,42,899-00
To gross loss	2,10,210-00	By Net Loss	5,78,652-00
To Administrative expenditure	2,82,087-00		
To Depreciation :-			
Building	82,250-00		—
Furniture	875-00		—
Misc. Equipment	2,022-00		—
Empty Containers.	1,208-00		—
	5,78,652-00	Grand Total.....	5,78,652-00
Grand total :-			

NOTE:- This is a provisional Proforma Account for the following reasons:-

1. The Zonal Administrator, Umerkote has furnished provisional figures of credit sales.
2. The Mana, Bhansi & Podia camps were transferred to the D.G. (R) with effect from 1-4-1964. The actual transfer was however made on later dates and the transactions relating to these camps from 1-4-64 to the actual dates of transfer were booked in the Dandakaranya accounts. The exact figures of expenditure and receipts in respect of these camps for '64-'65 are being worked out for transfer to the P & A O, (WHR). This Proforma Account incorporates these transactions.

Sd/-
Zonal Administrator
Kondagaon.

BALANCE SHEET OF CONSUMER GOODS SCHEME FROM INCEPTION TO 31.3.1965.

<i>LIABILITIES</i>		<i>ASSETS</i>	
	Rs.	Rs.	
1. Transportation charges (outstanding liabilities).			
Departmental	3,28,698 -00		1. Buildings
Private	39,511 -00		Less depreciation since inception to 31.3.65 @ 5% for 5 years.
	<hr/>		82,250 -00 2,46,750 -00
		3,68,209 -00	2. Furniture.
2. Miscellaneous Liabilities			Less depreciation since incep- tion to 31.3.65 @ 10% for 5 years.
		1,168 -00	875 -00 8,750 -00
3. Liabilities towards cost of Paddy pur- chased from the Farm Superintendent, Paralkote.			
		14,647 -00	3. Misc. Equipments.
			Less depreciation since inception @ 10% for 5 years.
4. Capital Outlay.			4,045 -00
		54,40,101 -00	2,022 -00 2,203 -00
			4. Empty containers.
			Less depreciation @ 10% for 5 years.
			2,415 -00
			1,208 -00 1,207 -00
			5. Recoverable dues for credit sales.
			3,27,118 -00 3,27,118 -00
			6. Stock in hand.
			3,59,399 -00

41,32,375-00

7. Deposit sale proceeds,
including recovery through
bills.

8. *Cash in hands*
Headquarters 1,58,516-00
Sale proceeds 21,529-00
Temporary advance pending
with Inspectors. 681-00

1,80,726-00
5,000-00

Less relating to Mana.

1,75,726-00
5,78,652-00
58,24,125-00

Net Loss.

58,24,125-00

GRAND TOTAL :-

**DETAILS OF THE VARIOUS FIGURES OF THE PROFORMA ACCOUNTS—
CONSUMER GOODS SCHEME FROM BEGINNING TO 31-3-1965**

1. Purchase of stores :

	Rs.	Ps.
(a) As per cash book	39,31,543	78
(b) Purchase made by the DSP, Koraput.	4,10,751	97
(c) Expenses incurred by the S.O.C. 1959-60	8,920	50
	<hr/>	<hr/>
	43,51,216	31

Liabilities :

(a) Purchase made by the Zonal Administrator, Malkangiri from out of the sale proceeds which are yet to be recouped.	7,556	18
(b) Farm Superintendent, Paralkote Zone.	14,647	00
	<hr/>	<hr/>
Total :	43,73,419	52

2. Other Expenses :

(a) Transport	Actual	2,69,234	37
Transport	Liabilities	3,68,209	22
		<hr/>	<hr/>
		6,37,443	59
(b) Handling	Actual	1,209	18
	Liabilities	Nil	
(c) Miscellaneous Actuals		25,017	58
Expenses incurred by the S.O.C. in 58-60		4,740	05
Liabilities		1,068	60
		<hr/>	<hr/>
		30,825	63

3. Sales:

Centre	Cash	Credit	Remarks
Kondagaon	67,134.83	-	Including cash
Boregaon	1,71,089.37	9,622.00	sale and recoveries
Umerkote	1,26,247.13	3,92,804.40	of credit sales.
Paralkote	4,92,058.42	6,71,465.69	
Malkangiri	65,339.83	8,14,598.38	
Mana	11,90,784.93	38,893.09	
Bhanshi	1,04,462.47	-	
Podia	1,72,560.33	38,375.28	
Workcentre	60,853.73	-	
	<hr/>	<hr/>	
TOTAL	24,57,531.04	20,15,758.84	

4. *Outstanding credit sales as on 31-3-1965:*

Kondagaon	313·16
Boregaon	2,953·09
Mana	21,942·94
Podia	Nil
Workcentre	2,387·49
Malkangiri	51,706·18
Paralkote	86,635·19
Umerkote	1,61,180·69
	3,27,118·74

5. *Closing stock as on 31st March, 1965:*

Centre	Paddy	Rice	Other commodities	Total
	Rs.	Rs.	Rs.	Rs.
Malkangiri	4,430·00	86,699·00	8,253·00	96,382
Umerkote	20,447·00	219·00	8,360·00	29,026
Paralkote	21,209·00	32,800·00	23,368·00	77,377
Jagdapur	18,375·00	Nil	Nil	18,375
Kondagaon	44,286·00	4,241·00	6,551·00	55,078
Boregaon	1,539·00	982·00	7,597·00	10,118
Podia	Nil	55,540·00	17,503·00	73,043
	1,10,286·00	1,80,481·00	68,632·00	3,59,399·00

Sd.:-

Zonal Administrator
2-11-66Dandakaranya Project
Kondagaon (M.P.)

TRADING AND PROFIT AND LOSS ACCOUNT OF CONSUMER GOODS SCHEME FOR THE YEAR ENDING 31ST MARCH, 1966.

Details of Commodities	Quantity		Value	Total	Quantity		Value	Total
	Qtl.	Kg.	Grm.	Rs.	Qtl.	Kg.	Grm.	Rs.
Opening Stock.					By Sales			
(i) Paddy @ 35	3188	52	463	1,11,599	(i) Paddy. cash	1544	91	750
(ii) Rice @ 58	3109	37		1,80,343	@ 37-15	266	21	500
(iii) Other commodities				67,457	(ii) Rice Cash	22105	55	914
				3,59,399	Credit	4,17,354	00	4,17,354
					@ 63.83	5008	31	850
Purchased during the year					(iii) Wheat. Cash	588	35	110
(i) Paddy @ 33	59	99	333	1,989	Credit @	79	11	800
(ii) Rice @ 55.67	31003	48	500	17,25,964	54.82			4,306
(iii) Maize @					Credit (damaged	44	49	00
64.13	118	17	400	7,566	wheat @ 30)			1,335
(iv) Jowar @	233	06	200	12,774	(iv) Atta. Cash	1769	72	730
54.65					Credit @	433	95	546
(v) Arhar dal	37	60	000	3,008	60.80			20,626
(Seed) @ 80/-					(v) Jowar. Credit			
(vi) Wheat @	11974	12	894	5,99,836	@ 54.65	55	32	300
50.10					(vi) Maize. Cash	88	87	500
					Credit,	24	68	200
Total Wheat procured								1,624
	11974	12	894					7,454

Loss issued to Mills for Grinding.

5378 31 020
6995 81 874

Wheat issued

for Grinding: 5378 31 020

Less 2% waste in process

of grindings 107 56 620

Actual Atta received after grinding.

5270 74 400

vii) Arhar Dal (seed) @ 80/-
other commodities

37 60 000 3,008 400
21,778 59
7,581 57 29,361 400

Closing Balance:

Paddy: 1437 38 293

679 05 335

Less shortage:

768 33 958 @ 35-26,543 000

Incidental & banding charges on

(i) Rice	266 00
O.S 1 lb.	500 00
(ii) Wheat	1,248 00
O.S 1 lb.	2,500 00

(iii) Jowar	38 00
(iv) Maize	34 00

Grinding charges of wheat

Jowar	177 73 900	
Loss shortages	00 41 000	
	<hr/>	
	177 32 900	9,691 00
	@ 54 65	

Maize	4 61 700	
Loss shortage:	3 15 900	
	<hr/>	
	1 45 800	93 50

8,586 00

13,382 00

Alla

1065 01 116

Less transit
shortage:

1 51 008

47 18 097

Godown shortage

18 57 740

2997 74 271

67 26 845 @ 60 80

(Other commodities:

()

46 700 66

(-)

40 522 79

(--)

201 60

BALANCE SHEET OF CONSUMER GOODS FOR THE YEAR ENDING 31.3.1966

Liabilities		Assets		
	Amount	Grand Total	Amount	Grand Total
Transportation charges as on 1.4.65	2,91,514		1. Building as on 1.4.65	2,46,750
Addition during the year	3,12,119		Less depreciation @ 5%	12,337
			2. Furniture & Fixture as on 1.4.65	875
Less payment made during the year (Private Transport)	6,03,633		Less depreciation @ 10%	87
	960		3. Misc. equipments	12,022
	6,02,673		Less depreciation @ 10%	202
				1,820
				73
2. Rly. Freight & Out Agency charges.	(-) 1,05,714	7,08,386	Addition during '65-66	1,207
			4. Empty containers as on 1.4.65.	121
			Less depreciation @ 10%	
3. Miscellaneous:			5. Recoverable dues for Credit Sales Balance as on 1.4.65.	3,27,118
(a) Handling charges on sales (Balance of last year)	1,168		Less recoveries made during 1965-66	1,23,040
Addition during the year.	10,172			2,04,078
(b) Handling charges on Liabilities towards the cost of paddy purchased from Farm Supdt. Paraikote	11,340		6. Deposit of sale proceeds including recovery through bills (Previous year)	41,32,278
	3,000	11,340	Addition during year (+)	16,68,077
	14,647	14,647		58,00,452

Liabilities	Amount		Assets		Grand Total	
	Rs.	Rs.	Rs.	Rs.	Amount	Grand Total
Liability towards the cost of rice purchased from C.C. Mana 99 Qtl. 85 Qtls. 00 Grms.)	3,165	1,58,516.66	7- Hd. Qrs. Temporary advance as on 31.3.65	3,165		
Liabilities towards grinding charges of wheat	13,382	1,52,820.00	Less adjusted on 15.5.65 vide bill No. 114 (dated 25.5.65. (---))	13,382		
Capital Outlay.				80,87,363		
			Less refunded by D.D. on 29.4.65 to Jagdalpur		696.00	
			Less refunded vide Ch. No. dt. 16.4.65		71.66	
					625.00	
			Less adjusted on 3.6.65 & 16.4.65 vide bill No. 128 & 143 respectively:		625.00	
			Temporary advance outstanding in Hqrs. as on 31.3.66.		14,045.00	
			Temporary advance pending with the Inspectors as on 31.3.65		5,906.00	
			Sale proceeds not deposited.		2,31,800.00	
			Sale proceeds not deposited (Bhansi)		13,795.00	
					2,65,546.00	2,65,546

8. Closing stocks	9,77,384
9. Actual net loss upto 31.3.65.	5,78,652-00
Addition during 1965-66.	3,12,823-00
88,41,783	8,91,475
Grand Total:-	88,41,783

M.T. MAHAJAN
Zonal Administrator
 Dandakaranya Project
 Kondagaon (M.P.)
 dt. 2.11.66

Recommendation

The Committee are of the view that had the authorities taken adequate precautions and run the scheme in a businesslike way, the loss could have been avoided. The Committee desire that efforts should be made to run the scheme on a 'no profit no loss' basis.

[Serial No. 37 (Para 5.57) of Appendix-XV to Sixty-second Report (Third Lok Sabha)].

Action taken

The question about the sale of foodgrains to the settlers at Government controlled rates, which would involve a subsidy in-as-much-as the total overheads would not be covered by the sale rate, was placed before the Dandakaranya Development Authority in its 34th Meeting (Item No. 10 Part I of the Agenda) and the Authority recommended the difference between the cost price plus overheads and sale price fixed at the rates prescribed by the State Authorities, to be subsidised. A proposal has been received from the Dandakaranya Project Administration for sanction for the payment of subsidy in the sale of consumer goods in Dandakaranya. The proposal is under consideration.

New Delhi;

July 7, 1967.

Recommendation

The Committee regret to note that due to fixing the issue rate of the products without taking into account the indirect charges, the *Forest Organisation Scheme* suffered a loss of Rs. 9.49 lakhs during June, 1959 to March, 1964. They desired that a proper assessment of the working of the Scheme should be undertaken and steps should be taken to avoid such losses in future.

[Serial No. 37 (Para 5.64) of Appendix-XV to Sixty-second Report (Third Lok Sabha)].

Action taken

In the past, issue rates of various articles supplied to the other Project departments were fixed on the basis of royalty to be paid and actual operational charges, without taking into account the indirect charges.

2. In the period subsequent to March, 1964, the issue rates have been fixed after taking into account not only the royalty charges and actual operational charges, but also the indirect charges incurred in the scheme.

3. The only variable factor is the element of overhead charges. The percentage of overhead charges is revised yearly on the basis of actuals in consultation with the Financial Adviser and Chief Accounts Officer and this is adopted in arriving at the issue rates for all issues from the scheme during the year.

4. The working of the scheme has since been reviewed, and steps have been taken to avoid losses in future by fixing the issue rates of the products taking into account the indirect charges.

5. The working of the scheme during subsequent years has not resulted in any loss.

New Delhi;
September 30, 1967.

Recommendation

The Committee regret to note that due to fixing the issue rate of the products without taking into account the indirect charges, the *Forest Organisation Scheme* suffered a loss of Rs. 9.49 lakhs during June, 1959 to March, 1964. They desired that a proper assessment of the working of the Scheme should be undertaken and steps should be taken to avoid such losses in future.

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Action taken

In the past, issue rates of various articles supplied to the other Project departments were fixed on the basis of royalty to be paid and actual operational charges, without taking into account the indirect charges.

2. In the period subsequent to March, 1964, the issue rates have been fixed after taking into account not only the royalty charges and actual operational charges, but also the indirect charges incurred in the scheme.

3. The only variable factor is the element of over-head charges. The percentage of over-head charges is revised yearly on the basis of actuals in consultations with the Financial Adviser and Chief Accounts Officer and this is adopted in arriving at the issue rates for all issues from the scheme during the year.

4. The working of the scheme has since been reviewed, and steps have been taken to avoid losses in future by fixing the issue rates of the products taking into account the indirect charges.

5. The working of the scheme during subsequent years has not resulted in any loss.

Further information called for by the Committee

Please furnish a note indicating whether a proper assessment had since been made of the Forest Organisation Scheme of Dandakaranya. If so, the profit/loss incurred on it since 1964 (year-wise) may be intimated.

Action taken

The assessment of the Forest Organisation Scheme for the years 1964-65 and 1965-66 made by Financial Adviser and Chief Accounts Officer, Danda-

karanya Project were submitted to audit for votting in February, 1966 and September, 1967 respectively. Audit has intimated in August, 1968 that they do not agree with the assessment of the Financial Adviser and Chief Accounts Officer, Dandakaranya Project. Financial Adviser and Chief Accounts Officer has further explained his stand to Audit and so the matter is still under consideration.

New Delhi;
23rd December, 1968.

Recommendation

The Committee desire that early steps should be taken to reconcile discrepancies and all efforts should be made to realise the dues from the Departments which had been supplied goods.

[Serial No. 38 (Para 5.67) of Appendix-XV to Sixty-second Report
(Third Lok Sabha)].

Action taken

Action is being taken to reconcile the discrepancies. Instructions have also been issued to the different departments for accepting the debits raised for supply of materials from the scheme.

New Delhi,
July 7, 1967.

Further Information

Please intimate the precise progress made in the reconciliation of discrepancies and in realising the value of supplies made.

Action taken

Of the materials valuing Rs. 21.47 lakhs supplied to various departments to the end of March, 1964, an amount of Rs. 15.57 lakhs has since been adjusted leaving a balance of Rs. 5.90 lakhs only. In respect of timber worth Rs. 13.63 lakhs shown as supplied in the proforma accounts, reconciliation has been completed to the extent of Rs. 13.19 lakhs, leaving a balance of Rs. 0.44 lakhs only. The reconciliation of the balance amount is under progress with reference to the initial records.

2. The officers concerned have been asked to attend to reconciliation work personally and to send the accepted vouchers expeditiously for necessary accounts adjustments.

New Delhi;
23rd December, 1968.

Recommendations

The Committee regret to note that Government had to suffer a loss of Rs. 6.22 lakhs from September, 1959 to March, 1964 on Industrial Schemes which were undertaken by the Dandakaranya Development Project to train the displaced persons.

[Serial No. 39 (Para 5.74) of Appendix XV to Sixty-second Report (Third Lok Sabha)]

Action taken

The following steps are being taken to minimise the losses in working these centres :—

- (a) Maximising production.
- (b) Reducing overhead charges to the minimum.
- (c) Procurement of raw materials at the cheapest rate.
- (d) Provision of adequate storage facilities to prevent deterioration of raw materials.
- (e) Full utilisation of electric power, where available.
- (f) Closure of centres which are grossly uneconomical in working.

New Delhi:

September 30, 1967.

Further Information

(i) Please furnish a note indicating the extent to which losses have been curtailed in the working of each of the industrial schemes since April, 1964. (year-wise).

Action taken

A statement showing the abstract proforma accounts of the Industrial Centres in Dandakaranya for the years 1964-65 and 1965-66 is appended. The proforma accounts for the years 1966-67 and 1967-68 are being compiled by the Dandakaranya Project Administration.

On the basis of the financial results worked out in the proforma accounts to the end of March, 1966, a review of the working of the Industrial Centres (copy enclosed) was conducted by the Dandakaranya Project Administration and was considered by the Dandakaranya Development Authority in May, 1967.

The Authority desired that the Project Administration might appoint a team to survey and review the current working of the Industrial Units so that a correct evaluation of their performance might become available for future planning. A Team was accordingly constituted in September, 1967. The Dandakaranya Development Authority in its meeting held in September, 1967 desired that the Team should be reconstituted, preferably including an Expert drawn from the Small Industries Service Institute.

The programme of work of the Industries Organisation for the Working Season 1967-68 came up for consideration before the Dandakaranya Development Authority in its meeting held on 29th February, 1968. The Authority decided to discontinue most of the Industrial Schemes in Dandakaranya. In view of this decision, the Chairman, Dandakaranya Development Authority felt that reconstitution of the Team to survey and review the working of the Industrial Centres was not likely to serve any useful purpose.

New Delhi:
23rd December, 1968.

SUBJECT :—A review of the working of the Industrial Centres.

The following Industrial Centres were set up by the Dandakaranya Development Authority from the dates noted against each for the purpose of training the displaced persons in various trades and providing off-season and subsidiary employment to agriculturist families as also those P.I. families who were unable to utilise agriculture as a means of their livelihood.

Sl. No.	Name of the Centre	Date of commencement.	REMARKS
1.	Industrial Centre, Boregaon	Sept. 1959	
2.	Weaving Centre, Boregaon	April 1960	
3.	Industrial Centre, Umerkote	Dec., 1961	
4.	Oil Extraction Centre, Ambaguda	May, 1962	Closed on 31.7.64 & transferred to RLC in February 65.
5.	Industrial Centre, Jagdalpur	Sept. 1962	Closed on 30.5.65 & transferred to RLC.
6.	Industrial Centre, Govendapalli.	Nov. 1962	Closed on April '65
7.	Industrial Centre, PV-32	Dec. 1963	
8.	Industrial Centre, Ambaguda	Aug., 1964	
9.	Industrial Centre, MV-7	April, 1965	
10.	Industrial Centre, MV-19	Sept. 1965	
11.	Industrial Centre, MV-17	Jan., 1966	
12.	Weaving Centre, Jugani	Jan., 1966	
13.	Weaving Centre, Narainpur	March 1966	

2. The above industrial centres are not commercial production centres.

3. Nevertheless, financial statements of income and expenditure have been prepared with a view to review the general working of these centres.

4. A statement is enclosed indicating in respect of each centre, the capital investment, the direct running expenses, the value of out-turn and the excess of expenditure over income or the excess of income over expenditure during the various financial years from their inception to end of 1965-66 (*vide* Annexure 'A').

5. As could be seen from the working results, the total capital investment on these centres to end of 1965-66 has been Rs. 13.14 lakhs :—

Total direct running expenses	Rs. 54.61 lakhs
Value of outturn	Rs. 55.58 lakhs

The details are as below :—

Sl. No.	Industrial Centres	Capital investment	Direct running expenses.	Value of outturn.
(Rupees in lakhs)				
1.	Boregaon.	5.50	27.25	27.72
2.	Weaving Centre, Boregaon Jagam & Narainpur.	0.54	1.48	1.55
3.	Umerkote	1.51	8.02	9.28
4.	Oil Extraction Centre, Ambaguda.	2.12	6.34	4.27
5.	Jagdajpur	1.25	2.13	2.50
6.	Govindapalli	0.21	1.31	1.23
7.	P.V. 32.	0.44	3.07	3.36
8.	Ambaguda.	1.12	1.27	1.79
9.	MV-7.	0.08	3.20	3.31
10.	MV-19	0.07	0.16	0.19
11.	MV-17.	—	0.38	0.38
Total:		13.14	54.61	55.58

6. Even though according to the norms set by the Government of India in respect of Industrial centres intended to train craftsmen, the outturn should only cover the cost price of the raw materials actually used in their manufacture in respect of the industrial centres set up by the Dandakaranya Development Authority the value of outturn exceeded the direct expenses to end of March, 1966.

7. During 1965-66, the direct running expenses of all the centres were Rs. 15.48 lakhs, whereas the value of outturn was Rs. 18.14 lakhs.

8. The centre-wise details of expenditure during 1965-66 are as follows :—

Sl. No.	Industrial Centre	Direct running expenses	value of outturn	Excess of the value of outturn over the direct running expenses.
(Rupees in lakhs)				
1.	Boregaon	7.41	8.81	1.40
2.	Weaving Centre, Boregaon Jugam & Narainpur.	0.23	0.94	0.71
3.	Umerkote	2.62	2.99	0.37
4.	Govindapalli.	0.31	0.33	0.02
5.	PV-32	1.11	1.39	0.28
6.	Ambaguda.	0.83	1.27	0.44
7.	MV-17.	0.38	0.38	—
8.	MV-19.	0.16	0.19	0.03
9.	MV-7.	1.03	1.84	0.81
Total:		15.48	18.14	2.66

9. The excess of the value of outturn over the direct running expenses (viz. Rs. 2.66 lakhs) almost covered the establishment charges of the Project staff engaged in the various centres for the purpose of imparting training, supervision, watch and ward etc. (Rs. 2.67 lakhs).

Sd/-
Chief Administrator,
11-4-1967.

Sd/-
Financial Adviser,
Dandakaranya Dev. Authority

ANNEXURE-A TO PART II ITEM 12 (d) OF THE AGENDA
Statement showing year wise expenditure of capital investment, Direct/Indirect running expenses value of outturn etc. in respect of Industrial Centres in Dadakurayya Project.

Sl. No	INDUSTRIAL CENTRE UMERKOTE			INDUSTRIAL CENTRES BOREGAON				
	Upto 1962-63	1963-64	1964-65	1965-66	Upto 1962-63	1963-64	1964-65	1965-66
(a)	99,465	10,060	49,117	22,610	1,67,800	1,80,515	1,86,900	14,988
(b)	99,465	1,09,525	1,58,642	1,81,252	1,67,800	3,48,315	5,35,215	5,50,204
(c)	76,659	1,06,155	3,56,348	2,62,020	5,45,516	4,18,629	10,19,444	7,41,554
(d)	84,545	1,27,122	4,17,833	2,98,955	5,77,991	3,94,471	9,18,745	8,80,804
(e)	7,580	9,50,967	1,61,485	4,36,935	1,32,365	-24,158	1,00,699	1,139,250
(f)	20,623	18,353	36,252	57,306	68,316	68,316	38,215	97,753
(g)	8,716	8,909	9,070	9,704	79,235	27,752	18,750	32,891
(h)	2,938	4,040	4,484	4,624	24,408	10,747	10,117	17,010
(i)	32,277	31,302	67,306	67,667	1,71,599	77,460	1,11,373	1,91,739
INDUSTRIAL CENTRE, AMBAGUDA P.V.-32								
WEAVING CENTRES, BOREGAON								
JUGANI AND NARAINPUR								
(a)	1,11,822	1,11,822	1,11,822	44,371	44,371	40,000	10,316	3,166
(b)	1,11,822	1,11,822	1,11,822	44,371	44,371	40,000	50,316	53,482
(c)	44,637	82,744	1,96,188	1,96,188	110,739	12,348	52,946	83,160
(d)	52,472	1,26,717	1,95,559	1,95,559	1,19,358	12,275	48,075	94,263

1	2	3	4	5	6	7	8	9
(d)	Excess of income over expenditures (+) excess of expenditure over income (-)	+ 7,835 11,557 1,962 785	1,43,973 19,906 2,151 861	-629 20,333 4,473 1,775	-28,619 43,112 3,992 1,614	2,070 1,992	+4,871 9,156 2,995 1,524	+11,104 21,927 2,903 1,951
(e)	Indirect charges: (i) Establishment (ii) Depreciation, (iii) Interest on capital outlay, (iv) Other Indirect charges, Total Indirect charges.	14,304	22,918	26,581	51,937	3,970	13,675	26,781

Sl. No. INDUSTRIAL CENTRE, AGDALPUR OIL EXTRACTION CENTRE, AMBAGUDA

Sl. No.	Upto 1962-63	1963-64	1964-65 Upto 31.3.7963	1963-64	1964-65
(a)	97,252		1,60,283	51,152	662
(b)	9,252	67,252	1,24,925	1,60,283	2,12,101
(c)	28,120	91,133	93,846	2,96,659	33,819
(d)	50,739	1,05,902	93,172	1,24,395	46,652
(e)			674	-1,72,264	+12,833
(f)	22,619	31,760	21,584	19,600	4,163
(g)	12,277	30,188	10,154	22,181	7,923
(h)	4,863	9,725	3,306	12,800	3,721
(i)	1,920	3,840	35,044	54,601	15,752
(j)	19,079	43,753			

INDUSTRIAL CENTRES

Govindapalli	M.V.-17	M.V.-7	M.V.-19
1964-65	1965-66	1964-65	1965-66

(a)	(i) Capital investment during the year.	11,000	9,900	—	4,048	34,643	7,000
	(ii) Total progressive capital investment to the end of the year.	11,000	20,900		4,048	7,691	7,000
(b)	Direct running expenses.	99,944	30,874	38,146	1,37,151	1,82,809	16,267
	Value of outturn.	89,305	33,359	38,306	1,47,753	1,83,744	18,756
(c)	Excess of income over expenditure (+) excess of expenditure over income (-)	(-)	2,485	+ 160	+ 10,602	+ 935	+ 2,489
	Direct charges: (i) Establishment.	18,982	2,923	2,923	10,978	20,329	1,469
	(ii) Depreciation.	1,100	990	—	405	364	333
	(iii) Interest on capital outlay.	440	396	—	162	146	133
	Total indirect charges.	20,522	3,812	2,923	11,545	20,839	1,935

Recommendation

With regard to loss in the Oil Extraction Centre it was stated in evidence that there was considerable time-lag between the time when seeds were purchased in 1961 and the time when oil was extracted between May, 1962 and March, 1964 and thus the seeds got deteriorated. Out of the total loss of Rs. 3.16 lakhs in this case, Rs. 1.67 lakhs could be attributed to the deterioration of seeds and the low production of oil.

[Serial No. 39 (Para 5.75) of Appendix XV to Sixty-second Report
(Third Lok Sabha)].

Recommendation

The Committee feel concerned to note that no care was taken to utilise seeds immediately after purchase and those were allowed to deteriorate resulting in a loss of Rs. 1.67 lakhs. The Committee would like to know the results of the efforts made by the Dandakaranya Development Authority in asking Orissa State Electricity Board for charging for electricity on the basis of actual consumption. Another factor was charges for electricity of about Rs. 0.52 lakhs which had been taken into account whereas the actual consumption of electricity was worth Rs. 3,000/- only. There was some contract payment to Orissa State Electricity Board.

[Serial No. 39 (Para 5.76) of Appendix-XV to Sixty-second Report
(Third Lok Sabha)].

Action taken

The final reply from Orissa State Electricity Board is yet to be received. The matter is being pursued with the Orissa State Electricity Board.
July 7, 1967.

Recommendations

The Committee feel concerned to note that a number of irregularities had taken place in the purchase of tractors. The Committee regret to note that the Dandakaranya Project Authorities did not follow the prescribed procedure (tender system) in making the purchases and deprived Government of the benefit of competitive rates.

[Serial No. 45 (Para 5.126) of Appendix XV to Sixty-second Report
(Third Lok Sabha)]

The Committee find from the note furnished by the Ministry (Appendix XI) that the Chief Engineer did not visit Calcutta in February, 1960 from the inspection of trailers. He, however, sent a Technical Officer to contact the firm in question and this officer was in Calcutta from 18th February, 1960 to 24th February, 1960. Secondly, order for the purchase of 28 HP and 14 HP tractors was placed with the firm by the Chief Engineer without ascertaining suitability of these tractors and without having performance test.

[Serial No. 46 (Para 5.127) of Appendix XV to Sixty-second Report
(Third Lok Sabha)]

From the evidence and from the notes submitted the Committee find that even before the Executive Committee meeting which was held on 18th March, 1960 the Chief Engineer had made up his mind to purchase these smaller HP tractors and indicated his mind also to the suppliers. The reasons for the unusual interest shown by the Chief Engineer in regard to the purchase of 28 HP and 14 HP tractors from a particular firm are not clear. They regret to note that such large purchases of tractors were made without ascertaining their utility.

[Serial No. 46 (Para 5.128) of Appendix XV to Sixty-second Report
(Third Lok Sabha)]

The Committee are perturbed to find that when other firms did not give any technical details in their quotations, the D.D.A. did not ask them to furnish such details for 28 HP and 14 HP tractors for the sake of comparison but accepted the quotation given by a particular firm.

[Serial No. 47 (Para 5.129) of Appendix XV to Sixty-second Report
(Third Lok Sabha)]

The Committee do not find any justification for the purchase of these tractors when their performance was doubtful in the trials made by the Project authorities and adverse reports were also received from the Bhilai Steel Project.

[Serial No. 47 (Para 5.130) of Appendix XV to Sixty-second Report
(Third Lok Sabha)]

They are also disappointed to find that inspite of dissatisfaction and doubts about business with the firm, trailers were obtained from this firm again in 1961 and 1964 when the quotations quoted by this firm were higher than others.

[Serial No. 47 (Para 5.131) of Appendix XV to Sixty-second Report
(Third Lok Sabha)]

The Committee also regret to note that the 10 percent balance amount was paid to this firm in March, 1962, even though it came to the notice of the authorities of the Dandakaranya Project that there were some defects in the tractors. The balance of 10 per cent was released on the firm's assurance that all the tractors would be put on road. In spite of this assurance the Committee regret to note that the repairs to defective tractors were carried out in the Central Workshop of the Project instead of by the supplier or at least at his cost. The fact that two tractors were off the road for a long time and that they had been cannibalised and would have to be written off and further that two more had been off the road for one year, does not speak well of the quality of the tractors purchased by the D.D.A. The Committee desire that this case may be investigated in detail and responsibility fixed for various irregularities.

[Serial No. 47 (Para 5.132) of Appendix XV to Sixty-second Report
(Third Lok Sabha)]

Action taken

A Senior Officer of this Department has been deputed on 2-9-1967 to investigate in detail the entire transaction relating to the purchase of the tractors by the Dandakaranya Development Authority, fix responsibility for the irregularities pointed out by the Committee and suggest suitable procedure to prevent such irregularities in future. The Public Accounts Committee will be informed of the results of investigation.

Further Information

Please furnish a copy of the report of the Officer who had been appointed to investigate in detail the entire transaction relating to the purchase of the tractors by the Dandakaranya Development Authority and a statement showing recommendations and the main recommendation and action taken thereon.

Action taken

The position of the inquiry report was ascertained from the Enquiry Officer. He has informed that the report would be made available in a month's time. Further action will be taken on receipt of the report.

New Delhi,

23rd December, 1968.

Recommendations

The Committee feel that the Ministry of Mines and Metals have not been able to fully justify the necessity of continuing the scheme of rail-cum-sea movement of coal which was started in 1961. In the written note (Appendix XII) furnished at the instance of the Committee by the Ministry, one of the reasons given for starting this scheme was that there was acute shortage of rail transport and by introducing this scheme they expected to relieve the pressure on railways while maintaining a regulated supply of coal.

[Sl. No. 48 (para 6.14) of Appendix XV to 62nd Report (3rd Lok Sabha)]

The Ministry in their note have given the following justification for levy of the excise duty and the cess :

"The transport of coal by rail-cum-sea route is more expensive largely on account of higher coastal shipping freight rates. It was, therefore, felt that the coal transported by the sea route should be made available to the consumers at almost the same price as corresponding grades of coal transported by all rail route. This was sought to be achieved partly by reducing the rail-freight rates for the movement from Bengal/Bihar coal-fields to Calcutta

port, partly by a small increase in the general rail freight rates for coal and partly by means of a subsidy which was to be covered by levy of a further cess on coal”.

[Sl. No. 48 (para 6.15) of Appendix XV to 62nd Report (3rd Lok Sabha)]

The Committee find, however, that the movement of coal by rail-cum-sea route did not materialise to the extent (2.03 million tonnes annually) anticipated, but it declined in respect of coal supplied both to railways as well as to industrial consumers as the years passed as will be evident from the following figures supplied by the Ministry in their note :

(Figures in million tonnes)

Year	Railways	Industrial consumers	Total	Percentage increase with year 1960 (1.07 million tonnes as base)
1961-62	1.07	0.38	1.40	30
1962-63	1.37	0.56	1.93	80
1963-64	1.32	0.44	1.76	64
1964-65	1.15	0.34	1.49	39
1965-66	0.79	0.32	1.11	3

[Sl. No. 48 (para 6.16) of Appendix XV to 62nd Report (3rd Lok Sabha)]

The Committee note with regret that the Government had not even in any one year achieved the target of movement of coal by rail-cum-sea route (viz. 2.03 million tonnes). On the other hand, the proceeds from subsidy went on increasing from year to year. It resulted in a net surplus of about Rs. 2 crores from May, 1961 to March, 1965, and yet they maintained the levy at the same rate years after year. The Government did not review the position also as they had an understanding with the shipping companies that the scheme would work for some years to come.

[Sl. No. 48 (para 6.17) of Appendix XV to 62nd Report (3rd Lok Sabha)]

The Committee feel that the Government should undertake a review of the scheme to see whether it was desirable to continue the scheme any further or whether it needed change or modification. Since, the object of levying the additional excise duty was to cover the element of subsidy given to the movement of rail-cum-sea route, there is a prima facie case for reducing the amount of additional excise duty. The Committee would like to be informed of the action taken in this regard.

[Sl. No. 48 (Paras 6.18)—Appendix XV to the Sixty-second Report (3rd Lok Sabha)]

Action taken

The scheme was intended to subsidise such movement as took place, and it was estimated that the movement would be of the order of 2 million tons. Some of the reasons for not achieving the target can be enumerated as follows :—

(1) Non-availability of adequate number of ships due to scrapping of a large number and non-replacement due to shortage of foreign exchange, diversion of a large number of ships for bringing foodgrains etc.

(2) Switching over of some of the industries from Coal to oil in South and West India;

(3) Slow discharge of coal in some of the Western Ports and Southern Ports namely Sikka, Bhavnagar, Cochin and Cuddalore etc.,

(4) Diversion of some of the ships to general goods when the Railways reduced their quota by sea-movement and actually planned for not taking by sea-route any coal under the Fourth Plan.

As desired by the Committee, the scheme of subsidy was reviewed on 24-11-1966 at an Inter-Ministerial Meeting wherein the Ministries of Finance, Railways, Industry, Transport and Planning Commission and this Ministry participated. It was proposed by this Ministry that in view of the progress already made and the gradually improving rail capacity for movement of coal in the Western, Central and Southern Regions, increase in the production of coal in the outlying areas and consequential decline in the movement of coal by the rail-cum-sea route, the scheme may be discontinued with effect from 1-4-1967. While this view was supported by the Ministries of Railways, Industry and Finance, the Ministry of Transport and Planning Commission felt that the scheme should continue. It was felt by the latter group that the coastal movement of coal was important in its own way and during difficult times of floods etc. even the Railways have been taking recourse to coastal movement. With the gradual rise in the rail freight from time to time the gap between the rail and coastal freights has narrowed down and as such the incidence of the subsidy was correspondingly getting reduced. When the Haldia Port comes up, the coastal movement is likely to become comparatively more economical and it may then not be necessary to subsidise the coastal movement. Further the Ministry of Transport had ordered in 1964 four collieries in the hope that coastal movement for coal will stay over a period of years. It was, therefore, felt that coastal movement should not be depressed till such time as Haldia Port was completed.

The matter has further been considered by Govt. and it has been decided in that the question may further be reviewed after a period of one year and that meanwhile the scheme of subsidy should continue. The question of reducing the rate of excise duty for the movement of coal under the

scheme and increasing correspondingly the rate of duty to meet the increased liability of the Coal Board for assisting the collieries etc. is under consideration of Government. The P.A.C. will be informed of the outcome in due course.

New Delhi,
6th Dec. 1967.

Further Information

It has been stated in the note 'The matter has further been considered by Government and it has been decided in that the question may further be reviewed after a period of one year and that meanwhile the scheme of subsidy should continue. The question of reducing the rate of excise duty for the movement of coal under the scheme and increasing correspondingly the rate of duty to meet the increased liability of the Coal Board for assisting the collieries etc. is under consideration of Government'.

Please intimate when a review of the scheme of subsidy on movement of coal by rail-cum-sea route is to be taken up and whether any decision has been taken on question of reducing the rate of excise duty.

(S. No. 48 Para 6.18)

Reply by Government

Government have considered the question of continuance of the scheme and it has been decided to continue the scheme for a further period of one year i.e. up to 31st March 1969. A further review is expected to be conducted before the end of the current financial year.

New Delhi,
the 21st January 1967.

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Recommendation

The Committee regret to note that a sum of Rs. 1.28 lakhs was fraudulently withdrawn from the Bank in December, 1964 by certain employees of the Collectorate in this case. Since the case is *sub-judice* the Committee would not like to make any comment at this stage.

[Para 2.32—Part Sl. No. 14—Appendix XV to 62nd Report of the P.A.C. for the year 1966-67)]

Action taken

To ensure that such a lapse does not recur, instructions have been issued on 2-9-1966, that (i) each cheque book must be kept under lock and key in the personal custody of the Land Acquisition Collector and (ii) the cheques shall be written both in words and figures by the Land Acquisition Collector in his own hands. The case is still *sub judice*. It may, however, be mentioned that no official of the Land Acquisition Collectorate is involved in the criminal proceedings. A preliminary inquiry to fix responsibility had been ordered. It has, however, been deferred on the advice of the Chief Public Prosecutor, as he did not wish to face the possibility of evidence recorded during the inquiry being at variance with the evidence in the court. Explanation of the Land Acquisition Collector concerned has been obtained and is being examined. However, it is clear that the fraud could have been prevented and at least detected earlier if the reconciliation of the accounts had regularly been done as prescribed. For this the then Accountant cannot be absolved and the Accountant General, Central Revenues, has been moved for disciplinary action against him.

Recommendation

The Committee are, however, left with an unfortunate impression that the unsatisfactory state of accounts in Delhi Administration had already assumed serious proportions and requires immediate drastic remedial measures. In another case, in the Department of Animal Husbandry (para 47 of Audit Report (Civil) 1966, paras 2.15 to 2.19 of their 59th Report 1966-67) mis-appropriation of Government's money aggregating Rs. 86,599 during the period June, 1962 to September, 1964 took place. That embezzlement was also facilitated primarily due to the non-observance of the

various checks prescribed in the Central Treasury Rules. The Committee take a very serious view of the non-observances of the prescribed financial rules by the Drawing and Disbursing Officers of the Delhi Administration, as it is this failure on their part that often leads to embezzlement of Government money (Para 2.33—Part Sl. No. 14—Appendix XV to the 62nd Report of the PAC for the year 1966-67).

Action taken

The position in regard to the Land Acquisition cases has been explained in the preceding paragraphs.

Recommendation

The Committee desire that such failure on the part of the Drawing and Disbursing Officer to observe the prescribed financial rules should be viewed very seriously by Delhi Administration and suitable disciplinary action taken in case where they fail to do the same.

[Para 2.34—Part Sl. No. 14—Appendix XV to 62nd Report of the P.A.C. for the year 1966-67]

Action taken

Instructions in regard to maintenance of accounts etc. have already been issued on 2-9-1966. As regards disciplinary action, the position has been explained under para 2.32 (Part S. No. 14—Appendix XV to 62nd Report) above.

Recommendation

The Committee also desire that the Delhi Admin should issue suitable instructions to all the Drawing and Disbursing Officers impressing upon them the necessity of strictly observing the financial rules prescribed for them and also making it clear to them that any failure on their part to observe the prescribed rules would be taken a serious note of.

[Para 2.35—Part Sl. No. 14—Appendix XV to 62nd Report of the P.A.C. for the year 1966-67]

Action taken

Instructions have been issued in the O.S.D. (Accounts)'s d.o. Circular No. OSD/Accts. 66 dated the 27th August, 1966, drawing the attention of the Secretaries and the Heads of Departments to the various provisions of the Central Treasury Rules wherein instructions to be kept in view by the Drawing and Disbursing Officers in the matter of drawal of money from the Treasury, appropriation of the departmental receipts, custody of cash,

disbursement of amounts drawn on bills and maintenance of cash books, etc. have been laid down. The imperative need for the observance of Financial Rules has again been reiterated in the Chief Secretary's D.O. No. OSD/Accts/4-66/67/355 dated 27-3-1967, wherein the Heads of Offices have been reminded of their direct responsibility in this regard.

Recommendation

The Committee would also like to be informed of the results of the efforts initiated in this case to make good the loss from the bank which honoured these forged cheques.

[Para 2.36 Part Sl. 14—Appendix XV to 62nd Report of the P.A.C. for the year 1966-67]

Action taken

The bank with whom the matter was taken up did not own responsibility. Advice of the Judicial Department was obtained and on their advice a formal notice under Section 80 was given to the bank to which they have replied disowning responsibility. Further action in the matter would only be taken after the result of the criminal case is known. Final reply in this regard will be furnished to the Public Accounts Committee in due course.

Recommendation

The Committee are surprised to observe that the Political Sufferers Relief Committee had been composed mainly of members belonging to one political party only. They feel that it would be in the fitness of things if the character of the Committee is made more broad-based and representative.

[Sl. No. 19 Appendix XV to 62nd Report of the P.A.C. for the year 1966-67]

Action taken

The Committee has been reconstituted vide Delhi Administration's Notification No. F.6(14)/66-CN, dated 19-9-1966, and it now comprises representatives of various shades of political opinion.

Recommendation

2.44. The Committee regret to note that inspite of this heavy loss in this case no action was taken to enquire into and fix responsibility in this case. They hope that an enquiry into this case would be made now and action taken against those found responsible for this loss.

[Sl. No. 15. Appendix XV, Para No. 2.44 of Sixty-second Report Public Accounts Committee—Third Lok Sabha]

Action taken

Explanation of the officers concerned were obtained and the enquiry into the matter was completed by the Judicial Officer, NEFA in August, 1967. The NEFA Administration have recommended that the case may be closed. This issue is under consideration. The PAC would be informed of the final decision as soon as the same is arrived at.

Recommendation

The Committee consider it most unfortunate that the Administration should have taken a long time of about 20 months to come to a decision to refer the case to S.P.E. for investigation. Such a great lag of time between the commission of default and the investigation is bound to hamper seriously the probe and the subsequent follow up action. The Committee hope that the S.P.E. will be able to finalise its findings without loss of further time.

[Sl. No. 18, Appendix XV, Para 2.60 of 62nd Report—Third Lok Sabha]

Action taken

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

The S.P.E., Shillong have since completed investigation in the case and furnished their report, recommending administrative action against the official involved and black-listing of the firms concerned. The P.A.C. will be informed of the final results in due course.

1	2	3	4
25	3.71	The Committee would like also to be informed of the action taken against the persons found responsible for misappropriation as a result of the report of the SPE in this case.	Action taken The Enquiry Officer appointed (on 23.7.66) by the Government conducted a part of the enquiry. That Officer having proceeded on leave preparatory to retirement, a new Enquiry Officer was appointed on 3.2.1967. The completion of the enquiry is likely to take some time. Further developments will be reported to the public Accounts Committee in due course.

Further Information

The enquiry is still in progress. The prosecution has closed its case before the Enquiry Officer on 20th March, 1968. The delinquent officials

have opened their defence. The last hearing of the case was held in Bombay from 28th to 30th August, 1968. Further hearing is expected shortly.

Recommendations

5.46. The Committee find that out of 29 cases of suspected fraud involving an amount of Rs. 1,21,364 handed over to S.P.E., only in five cases prosecution could be launched while in 12 cases departmental actions have been suggested for want of adequate evidence. In the remaining 12 cases also departmental enquiry was being held. Not only that the administrative machinery in Sriganganagar was inefficient and their activities were not free from doubts but the supervision of this Centre by the Regional Settlement Commissioner was also superficial and ineffective and as a result of all these the delinquent officials at Sriganganagar Centre were enabled to perpetuate this fraud. It is indeed distressing to note that the Regional Settlement Commissioner could come to know about all the cases only through a pseudonymous complaint in November, 1964, stating that Sanads were issued without recovery of full values of agricultural land, and it was only when nearly seven months had elapsed that an enquiry was actually instituted.

5.47. The Committee are also disappointed to find that even when the delinquent officials had removed records from the files to cover up their own guilt, no investigation appears to have been made to enquire about that and no charges were framed till July, 1966. The very fact that the returns were not being submitted in time by the Sriganganagar Office, despite reminders, should have alerted the Regional office, Jaipur to take immediate action for better supervision but the Committee regret to find that the Regional Office failed to rise to the occasion. The Office of the Chief Settlement Commissioner, New Delhi too played a passive role and even though copies of the reminder were forwarded to his office, adequate timely action was not taken to look into the failure of the Managing Officer, Sriganganagar to furnish these returns.

5.48. Even when the S.P.E. report was available with the Regional Settlement Commissioner for departmental action on 2nd November, 1965, the department initiated the enquiry only in July, 1966 i.e., after about 8 months. In a note furnished to the Committee (Appendix IX), the Ministry have stated that before starting departmental enquiry it was considered necessary to scan all the five thousand and odd cases in which sanads had been issued so that concerted action might be taken simultaneously in respect of all the cases. The Committee have also been informed that departmental proceedings have since been instituted.

5.49. From all these, the Committee feel that the Ministry should take immediate steps to effect proper coordination between the Chief Settlement

Commissioner's Office/Regional Settlement Commissioner's office and the subordinate offices so that similar cases do not recur in future. They would like the Ministry to examine in the light of the experience gained from all these cases, to provide suitable checks in the administrative procedure whereby the chances of repetition of similar cases are eliminated altogether. The Committee desire that the Ministry in consultation with Audit should evolve a procedure whereby the furnishing of monthly returns is not allowed to remain outstanding for a long time. They would also like to be informed of the action taken in regard to all cases of fraud detected and the action taken against the delinquent officials.

[Serial No. 35 (5.46, 5.47, 5.48, 5.49) of Appendix XV of 62nd Report of the Public Accounts Committee (Third Lok Sabha)].

Action taken

5.46. 29 cases came to light in which sanads had been issued without recovering full cost of land on the basis of forged challans, involving an amount of Rs. 1,21,364. Out of the above 29 cases 17 cases were referred to the S.P.E. who had registered 5 cases with them and returned the remaining 12 cases to the RSC Jaipur for departmental enquiry as the S.P.E. was of the opinion that since in some of the cases it was not possible to collect sufficient evidence to warrant a successful prosecution in the Court of law and the two accused persons are common in all these cases and already four cognizable offences against them are pending trial in the court in which it is reasonably presumed that these accused persons would get sufficient punishment, taking up more cases on more or less identical facts against the same set of accused persons would not serve any useful purpose. In view of the above opinion of the S.P.E. the remaining 12 cases were not referred to the S.P.E. as they were also identical in nature having the same set of accused persons and the evidence in these cases was also not sufficient. Simultaneously the pace of scanning of about five thousand sanad cases was accelerated with a view to find out and collect all cases of suspected fraud so that a concerted action might be taken at one time. It was in itself an up hill task which took a considerable time as the scanning work continued till the second week of July, 1966.

5.47. In November 1964 a complaint was received in which it was alleged that sanads were issued on the basis of forged challans without recovery of full price of land inconnivance with the officials of the office of Settlement Officers Sriganganagar. There were 5200 cases in which sanads had been issued to the allottee of evacuee land in Sriganganagar. 29 cases came to light in which sanads had been issued without recovering full cost of land on the basis of forged challans. Out of the 29 cases 17 cases were referred to the S.P.E. for investigations who had registered 5 cases with them and returned the remaining 12 cases to the Regional Settlement Commissioner

Jaipur for departmental enquiry as the S.P.E. was of the opinion that since in some of the cases it was not possible to collect sufficient evidence to warrant a successful prosecution in the Court of law and the delinquent officials would get sufficient punishment in the cases already pending trial against them. The 5200 cases had to be scanned with a view to find out and collect all the cases of suspected fraud so that a concerted action might be taken at one time, which took a considerable time as the scanning work continued till the second week of July 1966.

After receipt of a copy of the Pay and Accounts Officer's letter bearing No. RVI/Raj/Receipt/58-59-59A, dated the 18th April, 1963, addressed to the Accounts Officer of the Regional Settlement Commissioner, Jaipur no complaint on the subject was received by the Chief Settlement Commissioner up till 18-4-1966. On receipt of copy of the letter, dated 18-4-1963 the Chief Settlement Commissioner himself addressed a D.O. letter to the Regional Settlement Commissioner on 24-5-1963 emphasising the urgency of the matter and calling for the explanation of the Managing Officer for the serious lapses on his part in not complying with the instructions. The matter was pursued till December 1963 when the Regional Settlement Commissioner *vide* his D.O. letter dated 9/10-12-1963 forwarded the explanation of the Managing Officer to Chief Settlement Commissioner's office wherein the Managing Officer had stated that his staff deputed for reconciliation work was busy in connection with the recovery work and as such this item of work remained unattended. However, the staff was warned by him to be more careful in future. He, further stated that the returns were now being sent to the Pay and Accounts Officer regularly. The Regional Settlement Commissioner considering the explanation satisfactory recommended that the matter may be dropped. The case was closed accordingly.

As already stated, after the aforesaid D.O. letter, dated 18-4-1963 the Pay and Accounts Officer complained to Chief Settlement Commissioner again only in April 1966 *i.e.*, after a lapse of 3 years about the non-submission of returns for the period 12/58 to 6/62 and 2/63 in respect of Managing Officer Sriganganagar. The said letter was dealt with promptly and the Regional Settlement Commissioner, Jaipur was asked to get the submission of the requisite statements expedited under intimation to the Pay and Accounts Officer. Later the Pay and Accounts Officer intimated *vide* his U.O. note No. Cent(R)/2(21)/KWO-2199, dated 1-8-1966 that the statements from the year 1964 were being received by them regularly.

In view of the above facts it will be observed that all the communications received from the Pay and Accounts Officer were promptly dealt with in the Office of the Chief Settlement Commissioner and vigorous efforts were made to get the submission of returns to the Pay and Accounts Officer expedited.

5.48. The S.P.E., completed investigation in the 5 cases referred to them and decided to file a charge sheet to prosecute two Lower Division Clerks of the office of the Regional Settlement Commissioner, Jaipur, and also desired the Regional Settlement Commissioner to issue sanction order under Section 6(1)(c) of the Prevention of Corruption Act II of 1947 for the prosecution of the said officials. The same was issued by the Regional Settlement Commissioner on 16-10-1965 and the officials concerned were suspended on 31-5-1965. The S.P.E. also recommended Departmental Enquiry against the delinquent officials. Since in a large number of these cases it became difficult to contact the concerned parties who had shifted from their previous addresses and due to very poor communications in Sriganganagar Distt. preliminary investigations which were necessary to establish *prima facie* cases, also took a considerable time. However departmental action was started in April, 1966 when explanations of the delinquent officials were called in cases in which investigations were completed. Subsequently, charge sheets were issued to the officials under the C.C.S. (CCA) Rules, 1965.

2. The scrutiny of these cases showed that the Managing Officer who had been attesting various entries in the Ledger Account of the allottees concerned and also sanads might not be justifiably liable for a criminal offence, yet he could be charged with negligence in the discharge of his duties. The S.P.E. advised that the then Managing Officer had been cited as an important witness in the cases pending trial in the court and on the finalisation of these cases, judgement of the court, could be expected to bring out a more clear picture of the whole matter and in the light of the same, it would be advisable to take further action, if any. However, the delay in taking departmental action against the then Managing Officer, could in no way affect the merits of the case against him, if any. The departmental action against the then Managing Officer was stayed till his examination is over in the cases which were pending in the Court.

5.49. With a view to obviating this type of mal practice, confidential instructions were issued to all Regional Settlement Commissioners by this office *vide* D.O. letter No. 50(27)/B&IA/65, dated 8-9-1965 that proper reconciliation of the property Cash Book with the Treasury should be made monthly and the fact recorded in the Cash Book. In order to avoid the risk of forged challans transfer documents should not be issued unless it was verified from the treasury that the amount of the Treasury Challans had actually been received. It was also mentioned in the said communication that while completing the work of verification and reconciliation of the deposits, it should be seen whether the Cash stated to have been sent to the treasury as per Cash Book from time to time was actually deposited into the treasury. The said procedure was introduced in consultation with the Accountant General, Commerce, Works & Misc., New Delhi.

A special audit party of the Accountant General, Commerce, Works & Misc. was deputed to the office of the Managing Officer Sriganganagar in

December, 1966 to have an on-the-spot test check of the records of that office to examine the matter further. According to the findings of the Inspecting Officer, it was the non-maintenance of the records properly which facilitated the fraud. Certain other irregularities were also pointed out by the Special Audit Party. A special cell under the charge of an Accounts Officer has been created for the authentication of records and remedying all types of defects pointed out either by the Accountant General, Commerce, Works & Misc. or by Joint Chief Settlement Commissioner/Chief Settlement Commissioner and Internal Audit Party of the Deptt. The progress of the cell is being watching by the Chief Settlement Commissioner's office through a monthly progress report prescribed for the purpose. After the completion of the records, the Accountant General will be requested to conduct the inspection of the records of the office of the Managing Officer, Sriganganagar.

The matter was also discussed in the Regional Settlement Commissioners conference held on 6th and 7th January, 1967 where the Pay and Accounts Officer was also present. In accordance with para 5 of the erstwhile Ministry of Rehabilitation letter No. 2/24/55(SII)-SA, dated 11-7-1956 the Pay and Accounts Officer was required to check the figures shown in the monthly statements received from the Regional Settlement Commissioners with these shown in the treasury receipt received from the various Managing Officers with the sale account and the monthly statements of rent realizations and in case of difference, he was required to take up the matter with the Regional Settlement Commissioners or the Managing Officers as the case may be. The Pay and Accounts Officer stated that there was no proper systematic record being maintained in his office regularly and that with a view to watching the proper submission of the statements in respect of deposits of money realised on account of rent, sale proceeds etc. of pool properties, he had issued an office order No. Cent/(R)/67, dated 5-1-1967. It will be observed that the Pay and Accounts Officer has issued strict instructions to the effect that where the deposit statements are not received from the Managing Officers by the 10th of the month following the month to which they relate and from the Regional Settlement Commissioners by the 5th of the month following the month to which they relate the matter will be reported to the concerned authorities and pursued vigorously till the waiting statements are actually received. If there is no satisfactory response by the Managing Officers/Regional Settlement Commissioners concerned within a reasonable period say two months, the matter will be brought to the notice of higher authorities i.e., Regional Settlement Commissioners concerned and Chief Settlement Commissioner demi-officially.

Instructions have also been issued by the Chief Settlement Commissioner to all the Regional Settlement Commissioners *vide* Joint Chief Settlement Commissioner's D.O. letter No. ASO(I)IV(1)/67, dated 13-1-1967 asking them to make out a regular programme for inspection of their subordinate

offices and copies of their inspection notes are required to be sent to Central Office with a view to achieving effective coordination between Regional Settlement Commissioners and Central Office.

The Departmental enquiry against both Lower Division Clerks (under suspension) under the CCS(CCA) Rules, 1965 is in progress. The Superintendent of Police, S.P.E. Jaipur informed the Regional Settlement Commissioner, Jaipur that certain important witnesses were common to both the prosecution evidence in the court of law, as well as in the Departmental Enquiry against the said two officials. The Statements of such witnesses recorded during the course of departmental enquiry would be relevant for the purpose of the trial as well. The S.P.E. was of the opinion that such statements already recorded by the Investigating Officer of the S.P.E. should be in conformity with these representing the true state of affairs and that any discrepancy now would result in complications at later stage. He added that as a matter of abundant caution, it would be advisable to stay the departmental enquiry till the pending trial in the court was finalised, though he felt that the trial would end in conviction, looking to the serious charges against these two suspect officials. The S.P.E., had further suggested to the Regional Settlement Commissioner, Jaipur that they had no objection to the reinstatement of these two accused persons now under suspension, and posted in two different places far away from Sriganganagar.

It has since been decided in consultation with the Ministry of Home Affairs that the Departmental Enquiry against the two officials may be kept pending till the court trial is over as the basic charges both in the court as well as in the departmental enquiry were the same. However, they are not being reinstated.

Recommendation

Please intimate the present position regarding the criminal case and disciplinary proceedings against the officials concerned.

(62nd Report, Third Lok Sabha)

Action taken

In our earlier note dated 14th July, 1965, we had submitted the detailed position with regard to the action taken on the recommendations of the Public Accounts Committee contained in paras 5.46 to 5.49 of Appendix XV of 62nd Report of the Public Accounts Committee (Third Lok Sabha). In so far as the disciplinary aspect of the matter is concerned, it was ~~announced~~ against Sl. No. 5.48, that two officials were ~~suspended~~ on 31st May, 1965. As regards action against the Managing Officer, it was deferred, on the advice of the S.P.E., until his examination as an important-witness was over in the cases against the aforesaid 2 officials pending trial in the court. On the completion of the trial, it was thought that the judgement of the court

could be expected to bring out clearer and surer picture of the whole matter and in the light of the same, further action, if any, considered advisable, would be taken. The Asstt. Settlement Commissioner I.C., Jaipur has been pursuing the matter closely with the S.P.E. and the latest report says that the case is still pending in the court. The two officials involved in the case have filed revision petition in the High Court of Rajasthan *vide* Misc. Criminal Revision No. 185/68 in the first week of June, 1968, on a point of production of records. The High Court has stayed further proceedings in the case. As to the progress made in the trial court, two defence witnesses are still to be examined, before hearing of arguments and the judgement of the court. The final position in this connection will be submitted as soon as the case is decided by the court.

New Delhi,

Dated : 24th Dec., 1968.

Recommendation

The Committee feel concerned to note that no care was taken to utilise seeds immediately after purchase and those were allowed to deteriorate resulting in a loss of Rs. 1.67 lakhs. The Committee would like to know the results of the efforts made by the Dandakaranya Development Authority in asking Orissa State Electricity Board for charging for electricity on the basis of actual consumption. Another factor was charges for electricity of about Rs. 0.52 lakhs which had been taken into account whereas the actual consumption of electricity was worth Rs. 3,000 only. There was some contract payment to Orissa State Electricity Board.

[Serial No. 39 (Para 5.76) of Appendix—XV to Sixty-second Report
(Third Lok Sabha)]

Action taken

The final reply from Orissa State Electricity Board is yet to be received. The matter is being pursued with the Orissa State Electricity Board.

Recommendation

The Committee regret to note that the Dandakaranya Development Project had to incur an avoidable expenditure of Rs. 43,797 on payment of electric charges to Orissa State Electricity Board. It is rather surprising to note that Dandakaranya Development Authority were not conversant with the technicalities of the contract which they entered into with the Orissa State Electricity Board. The Committee feel that before signing the contract the Chief Administrator should have properly examined the financial implications of the contract.

[Serial No. 43—(Para 5.100) Appendix—XV to Sixty-second Report
(Third Lok Sabha)]

Action taken

Noted for future guidance.

2. The Orissa State Electricity Board has been moved for charging the actual consumption of electricity as against the contract rates as per the agreement. This matter is under consideration of the Electricity Board.

Further Information

Please state the outcome of correspondence with the Orissa State Electricity Board about charging for electricity on the basis of actual consumption may also be intimated.

Action taken

The Orissa State Electricity Board informed Dandakaranya Development Authority in July, 1967 that they were willing to consider the request for reviewing the charges payable. They had, accordingly, decided to charge a minimum of 15% of the cost incurred by them.

Since, however, the Public Accounts Committee had recommended payment on actual consumption basis, Dandakaranya Development Authority decided to ascertain from the Orissa State Electricity Board the actual amount of building agreed to by them on the basis of 15% of the Capital Cost. This would show the difference between the charges now payable and the actual consumption.

The Board has, however, not yet intimated the capital cost despite reminders. The matter is being persued.

New Delhi;

23rd December, 1968.

Recommendation

The Committee note with regret that in this case a number of irregularities had been committed namely :—

- (i) Contracts were entered into by a Director (Stores Purchase) with local firms without the approval of Government.
- (ii) Purchase of automobile spare parts was being made from certain firms from December, 1960, two months prior to the conclusion of the running contracts with them and contracts in respect of three firms were renewed from time to time up to March, 1963.
- (iii) Overpayments amounting to Rs. 34,397 was noticed by Audit in June, 1963 in respect of spare parts purchased by the Administration due to their failure to verify the billed cost of spare parts with the manufacturers' price lists. This amount had not been recovered up to October, 1965.

- (iv) The supplies received were not certified either by the suppliers or the receiving officers as manufactured by the standard manufacturers (Prices of spare parts were to be paid for according to the standard manufacturers' price lists).
- (v) According to the Works Manager of the Central Workshop the terms and conditions of the rate contracts were vague and that it was, therefore, not possible to insist on the genuine parts manufactured by the original manufacturers.
- (vi) Except in respect of springs, samples were not drawn from the supplies and got tested in exercise of the rights reserved in the contracts.

[Serial No. 42—(Para No. 5.95) of Appendix—XV to Sixty-second Report (Third Lok Sabha)]

Action taken

A circular has now been issued on 15-7-1967 to all indenting officers prohibiting the execution of local rate contracts.

2. Action for the recovery of the over-payments noticed by Audit in June, 1963 will be taken on return of the files concerned from the Special Police Establishment.

New Delhi,
September 30, 1967.

Recommendation

The Committee take a serious view of the lapses and irregularities committed in the purchase of spare parts. They desire that early action should be taken against those who are found guilty. They also desire that efforts should be made to recover the amount of Rs. 34,397 paid in excess on the purchase of spare parts.

[Serial No. 42 (Para 5.96) of Appendix XV to Sixty-second Report (Third Lok Sabha)]

Action taken

Of the four cases, which were being investigated by the Central Vigilance Commission, one has been closed, as no action is called for against any officer involved in the case. In another, the Central Vigilance Commission has advised that no action beyond administering a caution to the officer concerned is called for. The case has since been disposed of by administering a caution to the officer. In the third case, the Central Vigilance Commission has intimated that the report does not make out a case for criminal prosecution. Further clarification has been sought from Central Vigilance Commission whether any departmental action is called for against the accused officer. In the fourth case, a report from the Special Establishment is still awaited.

On completion of the investigation by the Special Police Establishment, the question of recovery of the amount paid in excess on the purchase of the spare parts from the outstanding bills of the suppliers will be taken.

New Delhi
July 7, 1967.

Further Information

(i) It has been stated in the Ministry's note "In the third case, the Central Vigilance Commission has intimated that the report does not make out a case for criminal prosecution. Further clarification has been sought from Central Vigilance Commission whether any departmental action is called for against the accused officer. In the Fourth case, a report from the Special Police Establishment is still awaited."

Please indicate the departmental action taken in the third case and the outcome of investigation in the Fourth case.

(ii) It has been further stated "On completion of the investigation by the Special Police Establishment, the question of recovery of the amount paid in excess on the purchase of the spare parts from the outstanding bills of the suppliers will be taken".

Please indicate the progress made in recovery of over-payments to suppliers.

Action taken

In the third case, the Central Vigilance Commission were consulted whether any departmental action was called for against the officers involved. The Commission advised that on the merits of the case, no action was called for against any of the suspect officers involved in the case.

In the Fourth case, the Special Police Establishment were of the view that there was no *prima facie* case for court trial made out against the accused persons and that the commissions and omissions done by the Transport Officer justify for taking suitable departmental action. On a reference, the Central Vigilance Commission advised that no action was necessary against any of the suspects.

All the firms have been requested to refund the overpayments made to them but none of the firms except one has refunded the amount paid in excess. Steps have however, been taken to withhold all the outstanding claims of those firms to whom overpayments have been made, as a safe guard.

The files are still with the Special Police Establishment. Efforts are, however, being made to get back the files. On return of the files, accounts

of the firms will be finalised to effect recovery of overpayments, if any, made to them.

23rd December, 1968.

Recommendation

The Committee regret to note that the Dandakaranya Development Project had to incur an avoidable expenditure of Rs. 43,797 on payment of electric charges to Orissa State Electricity Board. It is rather surprising to note that Dandakaranya Development Authority were not conversant with the technicalities of the contract which they entered into with the Orissa State Electricity Board. The Committee feel that before signing the contract the Chief Administrator should have properly examined the financial implications of the contract.

[Serial No. 43—(Para 5.100) Appendix—XV to Sixty-second Report (Third Lok Sabha)]

Action taken

Noted for future guidance.

2. The Orissa State Electricity Board has been moved for charging the actual consumption of electricity as against the contract rates as per the agreement. This matter is under consideration of the Electricity Board.

New Delhi;
July 7, 1967.

M. R. MASANI
Chairman,
Public Accounts Committee.

NEW DELHI;
April 28, 1969.
Vaisakha 8, 1891 (Saka)

APPENDIX

Summary of Main Conclusions/Recommendations

Sl. No.	Para No. of Report	Ministry/Department concerned	Recommendation												
1.	1.3	Home Affairs, Information & Broadcasting, Rehabilitation	The Committee hope that replies to the outstanding recommendations and final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.												
2.	1-14	Do.	<p>The Committee note from the copy of the proposal that upto 31st March, 1966, that the Scheme incurred a loss of Rs. 8-91 lakhs as follows :—</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td colspan="2"></td> <td style="text-align: right;">Rs.</td> </tr> <tr> <td>Loss due to difference between sale price & market price/control-led price</td> <td style="text-align: right;">7,22,871</td> <td></td> </tr> <tr> <td>Loss due to shortages ..</td> <td style="text-align: right;">1,68,604</td> <td></td> </tr> <tr> <td>TOTAL ..</td> <td style="text-align: right; border-top: 1px solid black;">8,91,475</td> <td></td> </tr> </table>			Rs.	Loss due to difference between sale price & market price/control-led price	7,22,871		Loss due to shortages ..	1,68,604		TOTAL ..	8,91,475	
		Rs.													
Loss due to difference between sale price & market price/control-led price	7,22,871														
Loss due to shortages ..	1,68,604														
TOTAL ..	8,91,475														
	1-15	Do.	The Committee regret to note that a proposal made by the Dandakaranya Project Administration in January, 1967, for payment of subsidy on the sale of consumer goods and foodgrains to settlers in Dandakaranya has been under consideration of the Government for over two years. The Committee desire that an early decision should be taken in the matter.												
3.	1-16	Do.	The Committee feel concerned to note that the losses on the consumer goods scheme have been increasing. The loss upto 31st March, 1964 was Rs. 6 lakhs. Since then there have been further losses and the cumulative loss as at the end of 1965-66 amounted to Rs. 8-91 lakhs. According to Audit the cumulative loss upto March, 1967 has gone upto Rs. 18-09 lakhs. The Committee would like Government to investigate the reasons for increase in losses and to initiate necessary steps to minimise the losses. Apart from shortages, the major reason for the losses would appear to be the cost												

- of transporting the commodities to the interior for distribution to the consumers. The Committee would like Government to examine how best the transport expenses could be kept down and the short-ages minimised.
- 1.9 Home Affairs
- The Committee feel that the progress in locating the details of outstanding balances of awards in respect of which money has been deposited with the Land Acquisition Collectorate, Delhi has been slow. A special cell was created for this purpose. The cell has been able to collect details in respect of deposit amounting to Rs. 81 lakhs, out of the unconnected balance of Rs. 84 lakhs, but payments to the parties is still to be made in respect of deposits amounting to Rs. 23 lakhs. The Committee note that instructions have since been issued for ensuring that compensation is regularly and promptly disbursed. They hope that these instructions will be strictly followed and that the backlog of pending payments expeditiously cleared.
4. 1.21 Rehabilitation
- The Committee desire that steps should be taken to ensure that the *proforma* accounts of the Forest Organisation Scheme are compiled in the proper form expeditiously in consultation with Audit. The information now available indicates that the scheme incurred a loss of Rs. 16.22 lakhs upto end of March, 1966. The reasons for these losses should be systematically analysed and measures taken to make the organisation at least 'break even'.
5. 1.25 Do.
- The Committee note that the amount of Rs. 5.90 lakhs on account of the materials supplied to the various departments during the period June, 1959 to March, 1964 has yet

- to be adjusted. They desire that the reasons for the non-adjustment of the amount should be looked into by the Department of Rehabilitation and necessary steps taken to avoid such accumulation.
6. 1.29 Rehabilitation
- The Committee are concerned to note that the cumulative loss suffered by Government on the working of the Industrial Schemes run by the Dandakaranya Development Project for training displaced persons increased from Rs. 6.22 lakhs as at the end of March, 1964 to Rs. 35.60 lakhs as at the end of March, 1966. The Committee note that out of 13 schemes started by the Project, 3 schemes (including Oil Extra Centre, Ambagude, which had contributed to a major portion of the loss upto March, 1964) have already been closed down. The Dandakaranya Development Authority have further decided to discontinue most of the Industrial Schemes in Dandakaranya. The Committee desire the working of the remaining schemes should be kept under review.
- 1.30 Do.
- The Committee would also like the proforma accounts of the Industrial schemes since inception to be prepared expeditiously in consultation with Audit.
7. 1.38 Do.
- The Committee are not happy over the delay in investigating this transaction relating to the Purchase of tractors by the Dandakaranya Development Authority. As early as November, 1966 the Committee had suggested that the case might be investigated in detail and responsibility fixed for the various irregularities. The Department of Rehabilitation deputed an officer to investigate the case only on 2nd September,

8. 1.44 Mines and Metals

1967 i.e. after 10 months. The Enquiry Officer had not submitted his Report till December, 1968 i.e. even after a lapse of 1½ years. The Committee would like to impress on the Department of Rehabilitation the need for expeditious investigation of such cases as delay will defeat the very purpose of the investigations. The Committee desire that the investigation of this case should be completed quickly and action taken against the officers found responsible for the various irregularities.

The Committee would like to point out that the scheme of subsidised movement of coal by rail-cum-sea route was originally introduced in order to remove difficulties in transport of coal arising out of shortage of rail capacity. The Committee have pointed out in their 22nd Report (Fourth Lok Sabha) that substantial surplus capacity exists in the Railways due to the heavy over capitalisation that occurred during the Third Plan. In fact, coal was one of the commodities in respect of which traffic on the scale anticipated at the time of planning investment did not materialise. In view of this position, the Committee would like Government to examine whether there is any justification for extending the scheme for subsidised movement of coal beyond March, 1969. As already pointed out by the Committee, the scheme involved an avoidable burden on the consumer through levy of additional excise duty. The Committee desire that all these factors should be carefully considered at the time of the next review of this scheme.

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