

# **PUBLIC ACCOUNTS COMMITTEE**

## **(1967-68)**

### **NINTH REPORT**

#### **(FOURTH LOK SABHA)**

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 34th Report (Third Lok Sabha) relating to grants, loans, contracts and facilities given by the Central Government's Departments/Ministries to Bharat Sevak Samaj-  
paras 65, 86(A), 86(B), 86(C), 86(D), 88(d) and 117 of  
Audit Report (Civil), 1964]



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

**October, 1967**  
**Asvina, 1889 (Saka)**

*Price : Rs. 3.00*

326.3951R  
k7

# **LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA SECRETARIAT PUBLICATIONS**

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
<b>ANDHRA PRADESH</b>			11.	Charles Lambert & Company, 101, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay.	30
1.	Andhra University General Cooperative Stores Ltd., Waltair (Visakhapatnam).	8	12.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.	60
2.	G. R. Lakshminipathy Chetty and Sons, General Merchants and News Agents, Newpet, Chandragiri, Chittoor District.	94	13.	Deccan Book Stall, Ferguson College Road, Poona-4.	68
<b>ASSAM</b>			<b>RAJASTHAN</b>		
3.	Western Book Depot, Pan Bazar, Gauhati.		14.	Information Centre, Government of Rajasthan, Tripolia, Jaipur City.	
<b>BIHAR</b>			<b>UTTAR PRADESH</b>		
4.	Amar Kitab Ghar, Post Box 78, Diagonal Road, Jamshedpur.	37	15.	Swastik Industrial Works, 59, Holi Street, Meerut City.	
<b>GUJARAT</b>			16.	Law Book Company, Sardar Patel Marg, Allahabad-1.	48
5.	Vijay Stores, Station Road, Anand.	35	<b>WEST BENGAL</b>		
6.	The New Order Book Company, Ellis Bridge, Ahmedabad-6.	63	17.	Granthaloka, 5/1, Ambica Mookherjee Road, Belgharia, 24 Parganas.	10
<b>MADHYA PRADESH</b>			18.	W. Newman & Company Ltd., 3, Old Court House Street, Calcutta.	44
7.	Modern Book House, Shiv Vilas Palace, Indore City.	13	19.	Firma K. L. Mukhopadhyay, 6/1A, Banchhuram Akrur Lane, Calcutta-12.	82
<b>MAHARASHTRA</b>			<b>DELHI</b>		
8.	M/s Sunderdas Gianchand, 601, Girgaum Road, Near Princess Street, Bombay-2.	6	20.	Jain Book Agency, Connaught Place, New Delhi.	1
9.	The International Book House (Private) Limited, 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.	22			
10.	The International Book Service, Deccan Gymkhana, Poona-4.	26			

CORRIGENDA TO THE NINTH REPORT OF P.A.C. (1967-68)  
PRESENTED TO LOK SABHA ON 14.11.1967.

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
1	2	7	3:26	3.26
7	-	2	<u>add</u> after S.No.45 'of App. XLVIII to 34th Report of P.A.C.(1964-65)	
9	1	11	kilns	klins
7	2	6	han	tnan
14	3	2	soncolidated	consolidated
	-	3	<u>delete</u> (Annexure-1)	
9	1	1	asnetrasis	asnetra is
	3	3	than	them
	-	-	EDUCATION	MINISTRY OF EDUCATION
	-	6	teh	the
9	-	16	gemrally	generally
51	3	-	Recommendations	Recommendation
32	(iii)	4	per cent.	per cent
1	-	10	voided	avoided
34	Action taken	1	<u>delete</u> 43(i)	
49	5	3	octber	October
41	2	6	<u>delete</u> of	
41	3	5	nauzi	nazul
42	-	4	Author y's	Authority's
42	3		<u>Add</u> 'ministry of Works & housing'	
78	1	2	on	an
80	4	4	your	you
			at	a
81	2		<u>Add</u> 'Min. of Finance/Planning Commission	
94	-		<u>Add</u> 'Planning Commission'	
101	-	3	kilns	klins
112	-	2	salien	salient
120	-	2	Eavak	Sevak
125	2		<u>Delete</u> 'Action taken' and <u>insert</u> in between line 4 & 1	

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
130	Insert	'Action Taken'	in between line 6 & 7	
134	2	1	is	in
134	2	3	pursuant	pursuant to
134	2	8	new Under	new Act. Under
167	Col. 4	15	afte	after
168	Col. 4	8	submiss on	submission
168	Col. 4	32	(149)3	149 (3)
168	Col. 4	41	<del>delete</del> the	

# CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE, 1967-68 . . . . .	(iii)
INTRODUCTION . . . . .	(v)
I. General . . . . .	I
II. Recommendations/observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration. . . . .	3
APPENDICES	
I. List of recommendations/observations of the Committee in respect of which no replies have so far been received. . . . .	10
II. List of Recommendations/observations of the Committee in respect of which only interim replies have been furnished by Government. . . . .	11
III. Recommendations/observations that have been accepted by Government. . . . .	12
IV. Recommendations/observations which the Committee do not desire to pursue in view of Government's reply . . . . .	87
V. Recommendations/observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration . . . . .	94
VI. Recommendations/observations to which Government have furnished interim replies . . . . .	110
VII. Summary of main conclusions/recommendations . . . . .	167

**PUBLIC ACCOUNTS COMMITTEE**  
(1967-68)

**CHAIRMAN**

Shri M. R. Masani

**MEMBERS**

2. Shri C. K. Bhattacharyya
3. Sardar Buta Singh
4. Shri Shivajirao S. Deshmukh
5. Shri R. Muthu Gounder
6. Shri D. K. Kunte
7. Shri N. R. Laskar
8. Shri V. Viswanatha Menon
9. Shri K. K. Nayar
10. Shri Mohammad Yunus Saleem
11. Shri Narendra Kumar Salve
12. Shri Yogendra Sharma
13. Shri Sheo Narain
14. Shrimati Tarkeshwari Sinha
15. Shri P. Viswambharan
16. Shrimati Devaki Gopidas
17. Shri P. K. Kumaran
18. Shri Om Mehta
19. Shri Gaure Murahari
20. Shri M. C. Shah
21. Dr. M. M. S. Siddhu
22. Shri B. K. P. Sinha.

**SECRETARIAT**

Shri Avtar Singh Rikhy—*Deputy Secretary.*  
Shri R. M. Bhargava—*Under Secretary.*

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 9th Report on the Action taken by the Government on the recommendations of the Public Accounts Committee contained in their 34th Report (Third Lok Sabha) relating to grants, loans, contracts and facilities given by the Central Government Departments/Ministries to Bharat Sevak Samaj—paras 65, 86 (A), 86 (B), 86 (C), 86 (D), 88 (d) and 117 of Audit Report (Civil), 1964.

2. On 27th June, 1967, 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 composition of the Sub-Committee is as follows:—

1. Shri D. K. Kunte—*Convener*.

2. Shri C. K. Bhattacharyya	} <i>Members</i>
3. Shrimati Tarkeshwari Sinha	
4. Shri M. C. Shah	
5. Shri B. K. P. Sinha	

3. The Draft Report was considered and adopted by the Sub-Committee at their sitting held on the 5th October, 1967 and finally adopted by the Public Accounts Committee on the 28th October, 1967.

4. For facility of reference the main conclusions/recommendations of the Committee have been printed in **thick type** in the body

(vi)

of the Report. A statement showing the summary of the main recommendations/observations of the Committee is appended to the Report (Appendix VII).

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.

NEW DELHI;  
28th October, 1967.  
Kartika 6, 1889 (Saka).

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



## CHAPTER I

### GENERAL

In this Report the Committee have dealt with the action taken by Government on their recommendations/observations made in their 34th Report (Third Lok Sabha), which had dealt with the grants, loans, contracts and facilities given by the Ministries/Departments of the Government of India to Bharat Sevak Samaj—paras 65, 86, 86(A), 86(B), 86(C), 86(D), 88(d) and 117 of Audit Report (Civil), 1964.

1.2. The 34th Report was presented to Lok Sabha on 12th April 1965 and some of the Action Taken Notes received upto April, 1966 were reviewed by the Committee in their 52nd Report (Third Lok Sabha). At that time, as would be seen from Appendix III of 52nd Report, a large number of replies were awaited from the various Ministries/Departments. The Committee, therefore, observed in para 3:26 of the 52nd Report that "The Sub-Committee decided to keep the matter pending till all the replies are received from the Ministries/Departments concerned. They would urge that the replies on all the recommendations may be expedited."

1.3. The number of recommendations contained in the 34th Report and the number out of them to which interim or no replies have so far been received are as follows:—

Total No. of Recommendations	No. of Recommendations to which <i>no</i> reply has been received till September, 1967	No. of Recommendations to which only interim replies have been received
1	2	3
63	3	14

1.4. A list of recommendations of the Committee in respect of which no replies have so far been received is given in Appendix I.

A list of recommendations of the Committee in respect of which interim replies have been received is given in Appendix II.

**1.5. The Committee are glad to note that replies to almost all the recommendations have since been received, though the time taken by the Ministries to furnish them was unduly long.**

**1.6. The statement showing action taken on the recommendations of the Committee contained in their 34th Report have been categorised under the following headings:—**

- (1) Recommendations/observations that have been accepted by Government.
- (2) Recommendations/observations which the Committee do not desire to pursue in view of the Government's reply.
- (3) Recommendations/observations in respect of which replies of Government have not been accepted by the Committee and which require reiteration.
- (4) Recommendations/observations to which Government have furnished interim replies.

**1.7. The recommendations/observations in respect of which Government's replies have not been accepted by the Committee and which require reiteration have been dealt with in Chapter II.**

**1.8. The Committee would like that the Government should furnish the replies to outstanding recommendations/further information where required at an early date.**

## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

#### PLANNING COMMISSION

*Release of grants to Bharat Sevak Samaj in contravention of the provision of G.F.R. 149(3)—para 14—S. No. 4 of Appendix XLVIII to 34th Report of PAC (Third Lok Sabha).*

In para 14 of their 34th Report, the Public Accounts Committee (1964-65) observed *inter alia* as under:—

“The Committee regret to note that the Commission has adopted a complacent attitude in respect of the contravention of the provisions of the Rule 149 (3) of G.F.R. in spite of the magnitude of the grants given year after year. The Committee cannot escape the conclusion that the Planning Commission has not exercised the financial controls that the rules prescribe and that whatever check has been exercised has been perfunctory and inadequate.

The Committee, therefore, recommend that the Planning Commission should without any further delay insist on the submission of consolidated and duly audited accounts of Bharat Sevak Samaj showing the overall financial position of the organisation for every year since it started receiving grants from the Government. The Committee further recommend that no further grants should be made till the provisions of Rule 149(3) are fully complied with. However, a time limit of six months may be allowed to B.S.S. for the submission of consolidated Accounts in respect of all the earlier years.”

2.2. In their reply the Planning Commission have *inter alia* stated:

“.....However, in compliance with the recommendations of the Public Accounts Committee, the Bharat Sevak Samaj have been requested to furnish their consolidated

statement of accounts for all the previous years. To facilitate compilation of their accounts and later check by the Government, a proforma has been prescribed in consultation with the Accountant General, Central Revenues, New Delhi, in which the consolidated accounts are to be maintained.

The Bharat Sevak Samaj had been given time to submit the consolidated accounts by the 10th November, 1965. This marked the expiry of a period of 6 months since the Samaj were first invited to a meeting to discuss the recommendations of the Public Accounts Committee. However, the Samaj have so far submitted their accounts for the years 1962-63, 1963-64 and 1964-65 only. These do not include the accounts of the Construction Service. Certain gaps have been noted in these accounts and the Samaj have been advised to fill them. The accounts of the construction service are also awaited.

The Samaj have since been allowed time to complete the accounts for the three years 1962-63, 1963-64 and 1964-65 upto 31st May, 1966 and to submit the accounts for the remaining period since the inception of the Samaj by the 30th September, 1966.

Meanwhile, in order that the Government programmes which are being implemented through the Samaj do not come to a standstill the grant due for 1965-66 was released to the Samaj.....".

2.3. The Planning Commission have furnished the following further information on 25th September, 1967 (not vetted by Audit):—

- “(i) The Bharat Sevak Samaj has not yet furnished consolidated accounts including those of its Construction Service. It has submitted the accounts for its general activities (i.e. other than its construction activities) for the years 1962-63 onwards. In respect of the earlier years it has produced accounts for activities supported by grants-in-aid from Central Government agencies only. These accounts have already been audited by Chartered Accountants.
- (ii) In regard to the accounts of the Construction Service, the Samaj has furnished the audited accounts of its Central Construction Service upto 31st July, 1963. It has also furnished the accounts of the Central Construction Service for the period ending 31st March, 1966. But these have

not been audited. It is understood from the Samaj that the audit of these accounts is in progress. It is further understood that the Bharat Sevak Samaj, Central Office has received construction accounts, some audited some un-audited, from several Pradesh/District units but it has not been able to furnish an integrated picture of such construction accounts because of gaps which have yet to be filled.

- (iii) Auditing and verification of the correctness of the accounts of the Samaj will be done when consolidated accounts are received.
- (iv) An amount of Rs. 3,66,750 was released to the Bharat Sevak Samaj as grant-in-aid during 1966-67 with a stipulation that it should submit the consolidated accounts for the organisation as a whole and as recommended by the P.A.C. before the release of further instalments is considered. The above amount represented an instalment covering approximately three months activities of the Samaj.
- (v) No further grant-in-aid was given to the Samaj during the year 1966-67 and none in 1967-68 so far."

2.4. The Committee are constrained to note that even after a lapse of more than two years since the presentation of the 34th Report of the P.A.C. in April, 1965, the Bharat Sevak Samaj have not been able to submit their consolidated accounts (inclusive of Construction Service), even though the time-limit for submission of these accounts was extended by Government from time to time. The Committee would like to know the action taken by Government on the consolidated accounts when received from Bharat Sevak Samaj.

2.5. The Committee are not happy over the manner in which the Government have extended the time-limit for submission of the consolidated accounts by Bharat Sevak Samaj. The Committee also regret to note that the grants for the year 1965-66 and partly for the year 1966-67 were released to the Bharat Sevak Samaj without furnishing of the consolidated accounts. The Committee note that no further grant-in-aid was given to the Bharat Sevak Samaj in the year 1967-68 so far. They would also like to reiterate the observation contained in para 14 of their 34th Report regarding submission of the consolidated and duly audited accounts of the Bharat Sevak Samaj.

2.6. The Committee hope that the Government will strictly adhere to the provision of Rule 149(3) of General Financial Rules in future in such cases.

#### MINISTRY OF INFORMATION AND BROADCASTING

Para 32, Sl. 22(i) of Appendix XLVIII to 34th Report of P.A.C. (Third Lok Sabha).

2.7. In para 32(i) of their 34th Report, the Public Accounts Committee (1964-65) suggested *inter alia* as under:—

“The Committee desire that the Ministry of Information and Broadcasting should also follow the same course of action as has been suggested in para 14 of this Report in regard to insisting on the immediate submission of consolidated and duly audited accounts of the Samaj and the stoppage of grants till the provisions of Rule 149(3) of the General Financial Rules are fully complied with.”

2.8. The Ministry of Information and Broadcasting have in their action taken note *inter-alia* stated as under:—

“.....The Bharat Sesevak Samaj has since submitted statements of consolidated accounts for the years 1962-63, 1963-64 and 1964-65 to the Planning Commission. These accounts are, however, not complete in certain respects. The Planning Commission allowed the Samaj to complete the accounts upto 31st May, 1966 and to submit the accounts for the remaining years since the inception of the grant to the Samaj by the 30th September, 1966. Meanwhile, in order that the Government publicity programmes which are being implemented through the Samaj do not come to a standstill, the grant due for 1965-66 was released to the Samaj.”

2.9. The Ministry of Information and Broadcasting have also intimated in October, 1967 that no grant was released by that Ministry to Bharat Sevak Samaj during the years 1966-67 and 1967-68 (till 7th October, 1967).

2.10. The Committee regret to note that the Ministry of Information and Broadcasting also released grant to the Bharat Sevak Samaj for the year 1965-66 without insisting on the receipt of consolidated and duly audited accounts from the Samaj. Furnishing of consolidated accounts by the Samaj, the Committee feel, was a pre-condition for the release of grants and should have been insisted upon.

**2.11. The Committee hope that the Government will strictly adhere to the provision of Rule 149(3) of General Financial Rules in future in such cases.**

**MINISTRY OF HOME AFFAIRS/PLANNING COMMISSION**

Government officers doing the work of Bharat Sevak Samaj—  
Technical Personnel made available. (Para No. 59, S. No. 45).

2.12. In para 59 of the 34th Report, the Public Accounts Committee (1964-65) *inter-alia* observed:—

- (i) "The Committee feel that this practice of utilising the services of Government Officers exclusively for the work pertaining to a private organisation is improper;
- (ii) .....The Committee do not understand on what basis and under what procedure increase in the staff of Government Departments can be made for meeting the needs of technical personnel of a voluntary organisation. This means in other words that Government should recruit technical officer for appointment in Government Departments and then make them available to the voluntary organisations. The Committee are unable to appreciate the logic or the desirability of introducing such a procedure. The Committee are of view that the practice of deputing Government officers on loan to private bodies who execute works on contracts, and earn profits is objectionable in principle and should be discontinued."

2.13. In their reply the Government have stated. "Government have accepted the principle underlying the recommendation (i).

Recommendation (ii) of the Public Accounts Committee is a corollary to recommendation (i). We agree that it is not correct for a Government servant remunerated by Government to work on behalf of voluntary and private organisations. It, therefore, goes without saying that Government Departments cannot be permitted to augment their staff to provide the manpower for private and voluntary organisations. Government have, therefore, accepted this recommendation also.

Necessary instructions, giving effect to the above recommendations, have been issued by Government (copies enclosed at Annexures I and II).

The recommendation (i), namely that the practice of utilising the services of Government officers exclusively for the work pertaining to a private organisation is improper, arose out of the appointment of the Director, Construction Services, and the Financial Adviser attached to the National Advisory Committee on Public Co-operation in the Planning Commission who devoted their time mainly to the Bharat Sevak Samaj (*vide* para 59 of the Report). So far as these two officers are concerned, the matter has been reviewed by the Planning Commission and the following decisions have been taken:—

- (a) The Financial Adviser attached to the NACPC will in future function as Internal Financial Adviser to the Planning Commission not only for (i) all Public Cooperation Programmes which include other voluntary organisations and institutions such as the Bhartiya Grameen Mahila Sangh, Central Institute of Research and Training in Public Cooperation, Planning Forums etc., and (ii) the Rural Industries Planning Committee of the Planning Commission.

The quantum of grants disbursed under the various Public Co-operation schemes during the last two years is as follows:—

(i) 1965-66	..	Rs. 13.62 lakhs.
(ii) 1966-67	..	Rs. 6.47 lakhs.

The reduction in the quantum was mainly due to the curtailment of grants-in-aid to the Bharat Sevak Samaj.

There have, however, been additions to the responsibilities of the Financial Adviser during the period as shown below:—

- (i) assessment of financial position of the Samaj as a whole, particularly construction service;
- (ii) watching and suggesting methods for recovery of loans given to the Construction Services of the Samaj, repayment of which has been delayed by the Samaj;
- (iii) advising the Central Institute of Research and Training in Public Cooperation;
- (iv) advising the Rural Industries Planning Committee which is handling grants and loans of about two crores of rupees per annum;



- (b) The Director of Construction Service will in future supervise and generally guide the working of (i) the Construction Service of all voluntary organisations (and not Bharat Sevak Samaj alone) who come forward to undertake construction works and (ii) Labour Cooperatives whose activities are proposed to be intensified and expanded in the Fourth Plan. He will also assist the Economy in Construction Costs Division to the extent such economics are proposed to be achieved through the efforts of voluntary organisations and labour cooperatives such as opening of brick kilns, quarrying of sand etc.

The value of work done by the Bharat Sevak Samaj Central Construction Service in 1965-66 was Rs. 260 lakhs (approx.). But during that year, as some sanctioned posts in the newly created Construction Economy Division of the Planning Commission could not be filled, the Director (C.S.) had to perform substantial work in the Division. The post of Director (C.S.) fell vacant in June 1966 and has not been filled so far."

2.14. The Committee have no doubt that, having regard to the acceptance of the afore-mentioned principles, the transfer of executive functions from the Planning Commission to Central Ministries and the need for observing the utmost economy, Government would review further the question of retention of the two posts of Financial Adviser and Director (Construction Services), the incumbents of which were working hitherto exclusively for the Bharat Sevak Samaj.

NEW DELHI;  
28th October, 1967  
Kartika 6, 1889 (Saka).

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

## APPENDIX I

(Vide para 1.4 of Report)

*List of Recommendations/observations of the Committee in respect of which no replies have so far been received.*

---

Para No. of P.A.C. Report	Serial No.	Ministry/Department concerned
------------------------------	------------	-------------------------------

---

61	47	Works and Housing
----	----	-------------------

67	53	-Do-
----	----	------

71	57	-Do-
----	----	------

---

## APPENDIX II

(Vide para 1.4 of Report)

*List of Recommendations/observations of the Committee in respect of which only interim replies have been furnished by the Government.*

Para. No. of P.A.C. Report	Serial No.	Ministry/Department concerned
15	5	Law
22	12	Planning Commission
26	16	Do.
27	17	Do.
28	18	Do.
32	22(ii)	Do. /Information & Broadcasting.
	22(iv)	Do. Do.
39	29	Education/P'anning
63	49	Planning Commission
66	52	Do.
74	59	} Department of Revenue
75	60	
76	61	
77	62	Planning
78	63(a)	Do.
	63(b)(3)	Do.
	63(b)(4)	Do.

### APPENDIX III

*Recommendations/observations that have been accepted by Government.*

GOVERNMENT OF INDIA

PLANNING COMMISSION

#### Recommendation

*It is indeed surprising to the Committee that the list of names etc. which 'shall be filed' once in every year, has been filed for the first time since the registration of the Society and that too on the 19th March, 1965 after the Committee desired to be furnished with such a list. The Committee feel unhappy that provisions of the legal requirements has not been complied with by the Bharat Sevak Samaj.*

[S. No. 1, para 10 of Appendix XLVIII to the 34th Report 1964-65.]

#### ACTION TAKEN

The Bharat Sevak Samaj has regretted that the list of Members of the Governing body of the Bharat Sevak Samaj was filed only for the first time on the 19th March, 1965. This legal requirement was not noticed earlier by the Samaj. The Bharat Sevak Samaj have advised that as soon as these requirements were brought to their notice, necessary action was taken by them. In future the requirement will be fully complied with. A copy of the Resolution passed by the Central Administrative Committee of the Samaj in this regard is enclosed (Annexure).

The Planning Commission have advised the Samaj on 16-8-1965 that the list of members of the Governing Body, as submitted to the Registrar of Societies may also be forwarded to the Planning Commission and the other Central Ministries concerned, for their information and record.

*Planning Commission U.O. No. 24 (1) /65-Pub., dated 20-4-1966.*

## ANNEXURE

*Extracts from the minutes of the first meeting of the re-constituted (1965) Administrative Committee of the Central Bharat Sevak Samaj, New Delhi, held on Monday, the 23rd August, 1965.*

*'12.—Filing of list of members of the Administrative Committee with the Registrar of Societies under the Societies Registration Act, 1860.*

As desired by the Planning Commission, it may be confirmed that the BSS will file with the Registrar of Societies every year in time a list of the members of the Administrative Committee as required under the Societies Registration Act, 1860'.

## Recommendation

*The Committee were surprised to learn that, in spite of the specific provisions in rule 149 (3) of the General Financial Rules no consolidated accounts were asked for from the Bharat Sevak Samaj at any time till October, 1963. The Committee were pained to learn that in spite of the fact that audit had drawn the attention of the Planning Commission to this continuing lapse more than a year ago (July 1963) and the Planning Commission had as a consequence agreed to advise the Samaj to maintain consolidated accounts, the answer given to the Committee in evidence was: "in the Planning Commission the view taken was that section-wise accounts met the needs of the rule". The Committee need hardly emphasise that mere section-wise accounts neither meets the requirement of the rules nor depict "the overall financial position" of the organisation, which is a sine qua non for judging:—*

- (a) whether the organisation has utilised the grants for the purposes for which they were given;
- (b) whether grants to cover the same expenses have been raised from any other source; and
- (c) whether the performance and the methods of functioning of the organisation entitled it to such grants from the Government.

[S. No. 2, para 12 of Appendix XLVIII to the 34th Report 1964-65.]

### Recommendation

*In the absence of the consolidated accounts, it is also not possible for the Committee to know the ratio of grants received by the Bharat Sevak Samaj from Central and State Governments and the collections made by them from the public but the sectional accounts for the year ended 1962-63 show that the receipts of the Samaj from sources other than Government amounted to less than Rs. 1 lakh as against Rs. 28 lakhs provided by Government. The question as to how far the exercise of control and supervision over the activities of Samaj has been commensurate with the large amount of funds placed at its disposal has been examined in subsequent paragraphs of this Report dealing with expenditure from the grants.*

[S. No. 3, para 13 of Appendix XLVIII to the 34th Report 1964-65.]

### ACTION TAKEN

The Bharat Sevak Samaj have sent a detailed note on the 4th August, 1965 which sets out the view point and the practical difficulties of the organisation in the preparation of the consolidated statement of accounts.

2. However, in compliance with the recommendations of the Public Accounts Committee, the Bharat Sevak Samaj have been requested to furnish their consolidated statement of accounts for all the previous years. To facilitate compilation of their accounts and later check by the Government, a proforma has been prescribed in consultation with the Accountant General, Central Revenues, New Delhi, in which the consolidated accounts are to be maintained.

3. The Bharat Sevak Samaj has been given time to submit the consolidated accounts by the 10th November, 1965. This marked the expiry of a period of 6 months since the Samaj were first invited to a meeting to discuss the recommendations of the Public Accounts Committee. However, the Samaj have so far submitted their accounts for the years 1962-63, 1963-64 and 1964-65 only. These do not include the accounts of the construction service. Certain gaps have been noted in these accounts and the Samaj have been advised to fill them. The accounts of the construction service are also awaited.

4. The Samaj have since been allowed time to complete the accounts for the three years 1962-63, 1963-64 and 1964-65 upto 31st May, 1966 and to submit the accounts for the remaining period since the inception of the Samaj by the 30th September 1966.

5. Meanwhile, in order that the Government programmes which are being implemented through the Samaj do not come to a standstill the grant due for 1965-66 was released to the Samaj.

6. As regards the collection made by the Bharat Samaj from their own resources it may be pointed out that the proforma prescribed by the Government requires submission of detailed information separately about the grants received from the Central and State Governments and their own contribution in cash and kind. The consolidated statement of accounts will thus give separate information about the total collections made by the Samaj and the Government grants received by them.

Planning Commission U.O. No. 24(1)/65-Pub. dated 20-4-1966.

#### ACTION TAKEN BY THE MINISTRY OF INFORMATION AND BROADCASTING

The observation of the Public Accounts Committee have been noted.

#### Recommendation

*The Committee are surprised that despite the fact that there is no independent agency to assess the work done by the Bharat Sevak Samaj or to check the figures furnished by it to the Planning Commission, claims have been made before the Committee by the Commission which do not appear to be sustainable. From the facts and figures placed before the Committee, the Committee feel that neither the claim regarding the increase in the membership of co-operative nor the claim about the contribution made through sharmdan activities, has been substantiated. They also cannot appreciate the position that Government which gives such large grants to a private organisation has to rely entirely on the facts and figures furnished by the grantee organisation and has no independent machinery of its own to scrutinise claims and assess and evaluate performance.*

[S. No. 6, para 16 of Appendix XLVIII to the 34th Report 1964-65.]

#### ACTION TAKEN

The Lok Karya Kshetra programme was evaluated once in 1960. The Planning Commission requested in 1962 the Programme Evaluation Organisation to undertake a second evaluation of the working of the Rural Lok Karya Kshetras. This evaluation work was undertaken in 1964-65. The Report of the second evaluation has not been received so far. An evaluation team was also set up on

22-9-1965 to evaluate the working of the Urban Lok Karya Kshetra. Similarly an evaluation will be made soon of the Lok Karya Training Centres at Trivandrum and Delhi.

2. The Planning Commission have issued instructions to the State Governments requesting them for periodical inspection of the Lok Karya Kshetras. In this connection attention is invited to the reply against recommendation No. 8.

Planning Commission U.O. No. 24(1)/65-Pub. dated 20-4-1966.

### Recommendation

*The Committee are surprised at the claim that this (unanimous election of the Panchayats) has been a notable work of the Lok Karya Kshetras organised by the Bharat Sevak Samaj. It is not clear to the Committee how the Planning Commission apprised the role of the Lok Karya Kshetras personnel who had been appointed after a training of three months duration and distinguished their work from that of other influential bodies or individuals in the respective areas.*

[S. No. 7, para 17 of Appendix XLVIII to the 34th Report 1964-65.]

### ACTION TAKEN

As explained by the then Secretary, Planning Commission, Panchayat elections generate a lot of heat. Unanimous election to such bodies is, therefore, a desirable objective. The local Bharat Sevak Samaj workers, because of their knowledge of the people and circumstances, are in a position to mobilise local public opinion in favour of such unanimous elections. It is not the intention to deny credit in this respect to any other influential body or individual who also took up this work.

Planning Commission U.O. No. 24(1)/65-Pub. dated 20-4-1966.

### Recommendation

*The Committee do not feel that the existing machinery for the inspection of the Lok Karya Kshetras is adequate. The inspection is not being done by independent authorities. Even so, the Committee find that adverse remarks about the working of L.K.K. have been made in a number of reports of Inspection that the officers of the Samaj themselves have submitted. As for instance in the tour note dated 6-6-1961 about Lok Karya Kshetras in Jammu and Kashmir, it has been stated "This Kshetra (at Marh-Jammu) was established in the first phase of our Lok Karya activity, but not much*



*impact appears to have been made during all this period." In the same report about Lok Karya Kshetra at Kulgam (North Kashmir) it has been stated "The real purpose of the Lok Karya Kshetra is not being served for want of collaboration and coordination with Block Development Authorities". The Committee, however, find it significant that the Secretary Construction Service, B.S.S. and member, Central Lok Karya Committee in his tour notes dated the 11th July, 1962 has made the following remarks which speak for themselves.*

*"General Remarks.—In Jammu and Kashmir as in other Pra-deshes, it was found that the main activities in the L.K.Ks. are the running of Balwadis and women's centre and observing cultural programmes etc. All these activities are much akin to those which are being conducted in the rural projects which have been sponsored by the Central Social Welfare Board and the State Social Advisory Boards."*

The Committee would like the Planning Commission and the Department of Social Security to take note of the duplication of activities and take urgent steps to avoid it and thereby save avoidable expenditure.

[S. No. 8 (Para 18) of Appendix XLVIII to the 34th Report 1964-65.]

#### ACTION TAKEN

The programme of Lok Karya Kshetras was started in November, 1958. So far the programme has been evaluated twice by the Programme Evaluation Organisation which is the prescribed independent evaluation authority for assessing the performance of the Planning programmes. The first evaluation was done in 1960 when the programme consisted of about 50 Kshetras. The second evaluation was carried out during 1964-65 when there were about 200 Kshetras. The report of the second evaluation has not been received so far.

2. In addition to the two independent evaluation mentioned, the Bharat Sevak Samaj have been continuously screening the Kshetras through their own Central Office workers and State Level Organising Secretaries. The report of the Secretary, Construction Service of Bharat Sevak Samaj, on the Lok Karya Kshetras in Jammu and Kashmir is part of one such screening.

3. However, in compliance with the wishes of the Public Accounts Committee, instructions have been issued to the State Gov-

ernments requesting them to make periodical inspection and assessment of the Lok Karya Kshetras both in the Central and State Sectors (Annexure-I).

4. Since the start of the Kshetra scheme, there has been no general complaint of non-cooperation and lack of coordination with the Block Authorities. The Lok Karya Kshetras programme is complementary to the Community Development programme. However, in compliance with the wishes of the Public Accounts Committee, necessary instructions have been issued to the State Government asking them to ensure requisite coordination and collaboration through the State Lok Karya Committee.

5. The instruction of the Public Accounts Committee regarding duplication of activities have been noted. The Planning Commission and the Department of Social Security are checking in consultation with the Bharat Sevak Samaj that Government grant is not released from the Planning Commission and from the Central Social Welfare Board for the same project in the same locality, namely, a rural/urban Lok Karya Kshetra or rural/urban welfare extension project or Balwadi or Mahila Mandal or any other scheme.

*Planning Commission U.O. No. 24(1)/65-Pub. dated 20-4-66.*

#### **Recommendation**

*In view of the remarks of the office-bearers of the Bharat Sevak Samaj, the Committee consider it hardly necessary to make any further comments about the working of the Lok Karya Kshetras.*

[S. No. 9, (Para 19) of Appendix XLVIII to the 34th Report 1964-65.]

#### **ACTION TAKEN**

This is covered by the reply against item No. 8.

*Planning Commission U.O. No. 24(1)/65-Pub. dated 20-4-66.*

#### **Recommendation**

*The Committee learnt with surprise that inspite of the fact that twenty-one Lok Karya Kshetras which proved to be particularly inefficient had to be closed down and even after the report about the 'dismal failure' of the Kshetras as reported by the Secretary, Construction Service of the Bharat Sevak Samaj, grants continued.*

to be released without any further safeguard. This gives the Committee the impression that the Planning Commission has not been keen to exercise control over the Bharat Sevak Samaj to ensure effective utilisation of the grants released by them.

[S. No. 10 (Para 20) of Appendix XLVIII to the 34th Report 1964-65.]

#### ACTION TAKEN

The closure of some of the Lok Karya Kshetras is an indication of the desire of the Bharat Sevak Samaj to ensure that a certain standard is maintained. The Planning Commission will make every endeavour to ensure that the grants released by it are utilised effectively.

Planning Commission U.O. No. 24(1)/65-Pub. dated 20-4-66.

#### Recommendation

The Committee feel that in view of the specific language of the letter there was no scope for mis-interpretation that was made in this case.

[S. No. 11, para 21 of Appendix XLVIII to the 34th Report 1964-65.]

#### ACTION TAKEN

The observations have been noted.

Planning Commission U.O. No. 24(1)/65-Pub. dated 20-4-1966.

#### Recommendation

When a representation was made to the Planning Commission they acknowledged the difficulty and issued an order on the 22nd April, 1964. The Committee are surprised to observe that though this order was ostensibly meant to cover all the voluntary organisations which were grantees of the Commission, in actuality, it resulted in the Bharat Sevak Samaj becoming the main beneficiary of the new order.

[S. No. 13 para (23) of Appendix XLVIII of the 34th Report 1964-65.]

#### ACTION TAKEN

The order of the 22nd April 1964 was applicable to all voluntary organisations in receipt of grants from the Public Cooperation funds. The grants received by the Bharat Sevak Samaj were com-

paratively larger than those received by the other Organisations. In this sense it is conceded that the Samaj benefited more than the other voluntary organisations.

However, the provision for carrying over a reasonable amount of unspent balance of grants from one financial year to the next is not a new one. It is provided subject of course to certain conditions in para 2 of the Ministry of Finance O.M. No. F. 11(6)-E.-II/61, dated the 6th March, 1961 which is reproduced as para (a) of the Government of India's decision below para 151 of the G.F. Rs.

Planning Commission, U.O. No. 24(1)/65-Pub. dated 20th April, 1966.

### Recommendation

*If a voluntary organisation faces great difficulties in paying salaries and allowances of its staff for the months of April and May, as they get their annual grants late it is a clear indication that the activities of such an organisation are being financed mostly by grants from the public exchequer and that the part played by public contributions, donations etc. is very minor one. In this connection the Committee can do no better than to quote the following observations of the then Finance Minister made in the meeting of the National Advisory Committee on Public Cooperation held on the 27th and 28th August, 1960:*

*"If voluntary organisations were maintained or run with Government grants, they would cease to be voluntary organisations. They would become official and then the very root of the matter would be lost. The organisational expenses of voluntary organisations should be met entirely by themselves. Voluntary organisations which could not raise funds to maintain their office expenses could hardly be described as voluntary in the real sense of the term. He was not personally against giving Government grants for specific schemes or projects, implemented by voluntary organisations and the staff, technical and others, required to work the scheme could, be provided from out of the grants. But the expenses required to run the organisations as such should not be met through Government grants."*

[S. No. 14 (para 24) of Appendix XLVIII of the 34th Report 1964-65.]

## ACTION TAKEN

The schemes of the Bharat Sevak Samaj may broadly be divided into two parts: First their own activities which the Samaj have themselves organised and for which they either do not receive any Government grant or only such grants as cover part of the expenses. The other category of schemes are Plan schemes which are entrusted by the Government to the Samaj for implementation. The latter type of schemes may be divided into two parts: Firstly, the Headquarters Office at the Centre and secondly, the field units. The Headquarters Office consists mostly of workers who are giving their services in an honorary capacity or on payment of a small honourarium. The salary of the other staff of the Samaj at Headquarters as well as in the field is comparatively modest. The then Finance Minister conceded that grants could be given for specific schemes or projects and the staff, technical and others, required for the purpose could be provided from out of the grants.

It may be clarified in this connection that the Planning Commission O.M. No. 5(3)/63-Pub. dated the 22nd April, 1964 was meant to apply to only such staff of the voluntary organisations, both at the Headquarters and in the field, as were directly engaged on Government schemes or projects.

*Planning Commission U.O. No. 24(1)/65-Pub. dated 20th April, 1966*

## Recommendation

*The Committee regret that while giving grants in the past, the Planning Commission has not taken into account the amount of monies collected by the Samaj with the result that certain activities of the Samaj have been practically financed entirely by Government without laying down any specific conditions to relate the quantum of Government assistance to the extent to which the Samaj was able to secure funds from non-Government sources by its own efforts. The Committee view this as a lapse and hope that the principle underlying the Finance Minister's observation quoted above would be carefully followed in future.*

[S. No. 15 (para 25) of Appendix XLVIII to the 34th Report, 1964-65.]

**ACTION TAKEN**

As already explained in the oral evidence, recorded at page 24 of the P. A. C. Report, the balance in the Slum Welfare Fund is now being utilised for meeting the expenditure on schemes for which Government grant would have been otherwise given. It is expected that the entire amount in this fund will be adjusted during the financial years 1965-66 and 1966-67.

2. The instructions of the Public Accounts Committee have been noted for purpose of future compliance.

*Planning Commission U.O. No. 24(1)/65 PUB. dated 20th April, 1966.*

**Recommendation**

*The Committee were surprised to learn that tools and equipment purchased by the Bharat Sevak Samaj from the grants released by the Planning Commission, were taken on the Stock Register of Central Bharat Sevak Samaj and then they were transferred to the Block Development officers who were supposed to keep the stores in their custody and also maintain the stock registers. The Committee feel that the proper course would have been for the Ministry of Community Development to sanction the expenditure for purchase of necessary tools and equipment in which case they would have remained with the B. D. Os. as property of Government.*

[S. No. 19 (Para 29) of Appendix XLVIII to the 34th Report 1964-65]

**ACTION TAKEN**

The instructions of the Public Accounts Committee have been noted for future compliance by the Planning Commission and the Ministry of Food and Agriculture, Community Development and Cooperation.

There is, however, no further scheme to sanction grant-in-aid to Bharat Sevak Samaj for purchase of tools and equipment.

*Planning Commission U.O. No. 24(1)/65-PUB. dated 20th April, 1966.*

### Recommendation

*The Committee are surprised at this reply, ("In 1957, it appears that they were satisfied"). It really passes their comprehension how a written statement could be made that "Government of India is satisfied about the financial position of the Bharat Sevak Samaj", in an official communication without there being a satisfactory ground. The Committee cannot approve of practice of recording such certificates relating to private bodies in Government documents as a routine matter.*

[S. No. 20 (Para 30) of Appendix XLVIII to the 34th Report 1964-65]

### ACTION TAKEN

There has throughout been a close liaison between the Planning Commission and the Bharat Sevak Samaj. The Planning Commission is therefore in a position to have a general idea of the financial position of the Samaj from time to time. However, in future, the certificate as to its financial position will be given on the basis of the consolidated accounts of the Samaj.

*Planning Commission U.O. No. 24(1)/65-PUB. dated 20th April, 1966.*

### Recommendation

*The Committee note with regret the circuitous and abnormal procedure followed in this case by the Planning Commission. They take strong exception to the procedure adopted in this case for the purchase of tools. They can find no justification for the plea of urgency adopted in this case to justify the Bharat Sevak Samaj purchasing tools and equipment costing Rs. 4.38 lakhs from the grants released by the Planning Commission on the ground that time could be saved and tenders avoided if the purchase could be made through the B. S. S. instead of Ministry of Community Development.*

*The Committee regret to note that to avoid the established procedure and buying stores through regular tenders, this devious method was followed. Apart from the fact that they do not find any urgency in the matter, they deprecate this method of circumventing the healthy safeguards provided for preventing wasteful expenditure.*

[S. No. 21 (Para 31) of Appendix XLVIII to the 34th Report, 1964-65]

**ACTION TAKEN**

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

*Planning Commission U.O. No. 24 (1) /65-PUB. dated 20th April, 1966.*

**Recommendation**

*In view of the opinion on Plan Publicity expressed by the Secretary, Ministry of Information and Broadcasting, the Committee feel that a very thorough probe into the whole question of Plan Publicity with a view to making it more effective with regard to economy in expenditure is called for without delay.*

[S. No. 22 (iii), Appendix No. XLVIII to the 34th Report, 1964-65]

**ACTION TAKEN**

A thorough probe into the question of plan publicity has already been conducted by the Study Team on Plan Publicity which was appointed by the Government in April, 1963. With the implementation of the recommendations of the Committee, it is expected that positive results will be achieved in the matter of plan publicity. Further, the Government appointed another Committee in December, 1964 under the Chairmanship of Shri A. K. Chanda for evaluating the work at present being done by the various media units of this Ministry. The recommendations of this Committee, it is expected, will go a long way in bringing about the efficient working of the media units. Apart from this, the appointment of a Committee in the Planning Commission under the Chairmanship of the Secretary, Planning Commission for devising better means of publicity as also the appointment of Adviser, Plan Publicity are the other steps which are expected to give a fillip to plan publicity work.

**Recommendation**

*The Committee desire that the provisions of the rules and conditions relating to grants-in-aid to private bodies should be strictly enforced in all cases and no relaxation should be made in practices and procedures relating to financial transaction unless in any*



case Government consider that there is special justification for such relaxation and place it on record.

[S. No. 22 (v), Appendix No. XLVIII to the 34th Report, 1964-65]

#### ACTION TAKEN

(i) The observations of the Public Accounts Committee have been noted for guidance.

#### MINISTRY OF EDUCATION

##### ACTION TAKEN

(ii) Noted.

#### MINISTRY OF FINANCE

(Department of Expenditure)

##### ACTION TAKEN

The recommendation has been noted and brought to the notice of all the Ministries/Depts. for information and guidance.

#### Recommendation

*The Committee hope that early action will be taken to review if similar misclassification had occurred in the past.*

(S. No. 23, Appendix No. XLVIII to (34th Report 1964-65)

##### ACTION TAKEN

The position in regard to similar mis-calculation in other years has been reviewed and it has come to notice that the expenditure on telephones was also charged to 'Brochures' during the year 1955-56 and the expenditure on telephones, house rent and electricity charges was charged to 'Brochures' during the year 1957-58. However, such mis-classification did not affect the admissibility of over-all grant-in-aid since the Ministry gave grant to cover the net expenditure in respect of all the publicity activities of the Samaj during those years.

#### Recommendation

*The Committee are greatly disappointed at this observation of Samanta Committee and hope that urgent steps would be taken either to close down such centres or to improve their working so as to avoid further wastage of funds.*

(S. No. 24, Appendix No. XLVIII to the 34th Report 1964-65)

### ACTION TAKEN

The Bharat Sevak Samaj have since closed all the non-effective Plan Information Centres which were found incapable of improvement. Such Centres were 22 in number.

### Recommendation

*The Committee do not find the break-up of the sum of Rs. 3,50,000 which is stated to have been worked out by the Planning Commission on rough and ready basis, in the note of the Ministry of Information and Broadcasting. They are, however, surprised to note that in the statement of the Planning Commission, sale proceeds of brochures, journals and bulletins have been indicated as 'local contributions raised by the Bharat Sevak Samaj'.*

(S. No. 26 Appendix No. XLVIII to 34th Report 1964-65).

### ACTION TAKEN

The observations of the Public Accounts Committee were brought to the notice of the Planning Commission and they have observed as follows:—

*"The figures furnished by the Planning Commission were not claimed to be precise figures of local contributions, they were called for at short notice and were intended to give only a broad indication of the order of local contributions of the Samaj."*

The correct position in regard to the revenue accruing to the Samaj during the years 1959-60 to 1963-64 from all its resources, including local contributions as well as sale-proceeds from its publications, has been explained in the note submitted by Ministry of I. & B. to the Public Accounts Committee as incorporated in Appendix XIII of the 34th Report of the PAC.

### Recommendation

*The Committee feel disturbed to learn that most of the brochures brought out by the Samaj with the subsidy given by the Ministry of I. & B. for plan publicity deal with the objectives and activities of the Bharat Sevak Samaj and were not in conformity with the objective viz. plan publicity programme for which the Ministry gave grants. In evidence the Committee were informed that the Samaj had given an assurance on 9th March, 1961 that they would see that what had been laid down by the Ministry was followed in future. The Committee find from a note furnished in this connection that the Bharat Sevak Samaj had stated "we find*

it difficult to accept that the literature produced by us contains exclusive and all pervasive emphasis on publicity for the Samaj and its aims and programmes." The other portions of that letter also indicate that there is no clear assurance. The Committee also find that the matter was not discussed at the meeting held on 14th March, 1961 according to the note furnished by the Ministry. The Committee very much regret that wrong information was given by the I. & B. Secretary when he said that at a subsequent meeting this assurance was given. The Committee do not find in these circumstances any justification on the part of the Ministry in admitting an expenditure of Rs. 28,701 incurred on 14 Brochures although in their own opinion the material brought out was not in conformity with the objective for which the subsidy was given.

(S. No. 27 (i), Appendix No. XLVIII to 34th Report 1964-65).

#### ACTION TAKEN

The circumstances in which it was decided to admit the expenditure on 14 brochures brought out by the Samaj during the year 1959-60 have been duly brought to the notice of the Public Accounts Committee. As already explained, it was found necessary to curb the tendency on the part of the Samaj to bring out brochures with greater emphasis on their own activities rather than on subjects of plan publicity. While disallowing the expenditure on 3 brochures brought out that year, the expenditure on the other 14 was admitted, as a special case, on the basis of broad interpretation of the term "plan publicity". This Ministry's views conveyed in letter No. 1/35/59-PP dated 27th February, 1961 (Annexure VII to Appendix XIII of the Thirty-Fourth Report of the Public Accounts Committee (1964-65) were intended for the future guidance of the Bharat Sevak Samaj.

#### Recommendation

The Secretary also admitted that they had not been examining the manuscript of the brochures etc. before publication and it did not occur to them to ask for titles of brochures and scripts so as to examine them when it came to notice in 1961 that money was spent for the publicity of the Samaj, or even afterwards. Such a lapse on the part of the Ministry, the Committee find inexplicable. The Committee has been furnished with a note indicating whether the Brochures are examined in the Ministry and the result of such examination. The Committee are distressed to find that despite the 'so called' assurance of the Samaj, of the three brochures brought out by the Samaj during 1963-64 it had to be decided not to admit expenditure on one "as its subject matter does not concern plan publicity".

The Committee find that the Samaj had not been able to distribute about 69,000 copies of the brochures etc. which had been attri-

buted during evidence as indicating that either they were not efficient or they were not working properly.

The Committee feel that in view of the continued tendency on the part of Bharat Sevak Samaj to publish brochures whose "subject matter does not concern plan publicity" it should now be seriously considered as to whether it would be desirable to continue grants and subsidies to that body for plan publicity through brochures.

(S. No. 27(ii) Appendix No. XLVIII to 34th Report 1964-65).

#### ACTION TAKEN

The Bharat Sevak Samaj has since set up a Committee under the Chairmanship of Shri Amar Nath Vidyalankar, M.P. for vetting the manuscripts of the brochures proposed to be brought out by the Samaj. Two officers of this Ministry are also represented on this Committee. It is hoped that prior scrutiny of the manuscripts will ensure that only such publications as have a bearing on the plan publicity are henceforth brought out by the Samaj.

#### Recommendation

The Committee regret that the Ministry put complete reliance on the statement made by the Bharat Sevak Samaj and furnished it to Audit without exercising any check of their own. The Committee would like the Ministry to ensure that a proper mailing list and Registers of sales and stock are regularly maintained by the Bharat Sevak Samaj.

The Committee also learn from a note furnished that the amount of Rs. 8973/- paid in excess has been recovered from the Samaj by adjustment against the instalment of grant-in-aid released to the Samaj in March, 1964. The Committee hope that circumstances under which this excess payment occurred would be avoided in future.

(S. No. 28 Appendix No. XLVIII to the 34th Report 1964-65).

#### ACTION TAKEN

The observations of the Public Accounts Committee for the maintainance of a proper mailing list and registers of sales and stock have been noted. The Committee's observations for greater vigilance in the scrutiny of the Accounts of the Bharat Sevak Samaj so as to avoid overpayment as a result of wrong classification of the items of expenditure have also been noted for future guidance.

## EDUCATION

### Recommendation

The Committee note that the recommendation of the Committee on Plan Projects made in 1959, that the scheme of Labour & Social Service Camps should be discontinued as it did not adequately serve the purpose, was ignored by the Ministry. Instead, it appointed the Committee for Coordination and Integration of Schemes operating in the field of Physical Education, Recreation and Youth Welfare, in 1959, with Dr. Kunzru as Chairman. This Committee submitted its report in December, 1963. In the meantime for a period of four years the Ministry continued to give grants for the scheme. It is, however, significant to note the following evaluation of achievements of the Scheme of Labour and Social Service Camps, made by the Kunzru Committee: "In the Labour and Social Service Camps, as they are organized at present, the campers are required to devote about 4 hours per day to manual labour. The main emphasis appears to be on hard work rather than on the educational value of these camps. It has been found that generally there is little follow up of the work done and, in several kinds of cases, the projects become unserviceable soon after their completion. For instance, the approach roads constructed by the campers or the trees planted by them disappear not long after the campers leave the camp. This creates disappointment in the community and the material value of the work undertaken becomes nil. There is no real or meaningful coordination between the community and the campers. On the administrative side also, in the case of voluntary organization, the Ministry of Education had recently sent a team to observe the conduct of the reoriented camps and the report presented by them revealed the fact that there was poor advance planning, poor execution and a general attitude of carelessness about the management of these camps which was quite discouraging".

The recommendations of the Kunzru Committee about Labour and Social Service Camps are, however, very clear. It has been recommended by that Committee that—"(i) in proper hands and under proper control, the camp movement can lead to a development of character and personality. It is, however, essential that the organization and control of these camps should be vested in educational organizations. Outside agencies should be excluded from managing these camps.

(ii) A strict control should be kept on the financial aspect and proper accounts should be rendered to the Ministry of Education by the appointed time.

(iii) *In matters of organization, the main emphasis should be placed on the educational values of camping. Considering the age of the campers, the social service component of these camps is not of very great value. Social Service is undoubtedly useful, but need not be unduly stressed in these camps*".

*The Committee are sorry to note the state of affairs that the findings of Kunzru Committee reveal. The Committee are of the view that the above recommendations of the Kunzru Committee about Labour and Social Service Camps should be implemented without further delay to avoid wastage of funds.*

[S. No. 30 of Appendix XLVIII (Para No. 40) to the 34th Report (1964-65)].

#### ACTION TAKEN

Two months before the Report of the Committee on Plan Projects was received, the Kunzru Committee had been set up. Nevertheless, the recommendation of the Committee on Plan Projects that "the scheme of Labour & Social Service Camps should be discontinued" was examined in the Ministry and it was decided that "until such time as the National Service Scheme is implemented, we should not drop the Labour & Social Service Camps Scheme". In the meanwhile, before the Kunzru Committee had submitted its report, a small Committee under the Chairmanship of Shri Asoka Mehta had been set up in June, 1962 to evaluate the working of this scheme. This Committee submitted its report in January, 1963, and came to the conclusion that the scheme "has developed into a camp movement with its own characteristics and contributions. The scheme has proved useful in meeting some of the gaps in the educational programme of our youth and needs to be promoted and expanded more effectively".

The Government have accepted the recommendation of the Kunzru Committee that the organization and running of Labour & Social Service Camps should be the exclusive responsibility of the educational institutions. Accordingly, the Central Govt. will be dealing with camps organized by the Universities/Colleges and the camps organized by the schools shall be the concern of State Educational Departments. Necessary instructions in this behalf have already been issued on the 12th February, 1965 and the 17th April, 1965 to the Vice-Chancellors of the Universities and Education Secretaries of the State Governments.

## DEPARTMENT OF SOCIAL WELFARE

### Recommendation

*The Committee would like the Central Board of Social Welfare to look into this matter (Realisation of amounts separately from students).*

[S. No. 31, Appendix XLVIII of the 34th Report (1964-65)]

### ACTION TAKEN

The Central Bharat Sevak Samaj had informed the Central Social Welfare Board that the records of Night Shelter, Ambala, did not show separately the amount collected from students. The rent collected from students is included in the total collection as shown in the audited statement of accounts for 1962-63 and 1963-64. As the old caretaker is no longer in service, it is not possible to ascertain the number of students and the amount collected from them separately and to take him to task for admitting students and charging high rent from them. The lack of proper supervision over the caretaker by the local authorities of the Bharat Sevak Samaj is also partly responsible for admission of students into the shelter and for rent being charged from them. The Central Social Welfare Board has been asked to carefully safeguard against such practices in future. In this connection, it is also mentioned that the rent collected from students forms part of the Bharat Sevak Samaj's contribution towards the expenditure of the Shelter, of which the Central Social Welfare Board has reimbursed only 50 per cent. to the Samaj in the form of grants.

### Recommendations

(i) *The Committee regret to learn that in some cases where defects have been pointed out, replies have not yet been furnished by the Bharat Sevak Samaj. In the opinion of the Committee, if no suitable replies relating to the irregularities mentioned by the Inspectors of the Central Social Welfare Board are received within a reasonable time, strict action including stoppage of grants should be considered. The Committee would like to be informed regarding the action taken against the organiser at the Saupal Shelter (Bihar), as also the action taken in the case of Ambala Night Shelter, where rent at the rate of Rs. 5.00 per month was charged from students;*

(ii) *With regard to the night shelter at Cuttack, the Committee learnt with regret that the organiser of the Bharat Sevak Samaj himself was living in the shelter whereas such shelters are meant*

*for the poor and the needy. It is indeed surprising that the organiser neither sought prior permission of the Board, nor did he inform anyone that he was occupying the shelter. The Committee note that at the last meeting of the Central Social Welfare Board, it was decided that the scheme of planning of the night shelters would be opened to other institutions also, since it was found that the Bharat Sevak Samaj could not shoulder the responsibility of running the shelters.*

(iii) *The Committee agree with the views of the Chairman, Central Social Welfare Board, that the scheme of night shelters is a very good scheme, since it meets the growing need in urban areas. It is, therefore, all the more regrettable that nearly 50 per cent. of the Night Shelters run by the Bharat Sevak Samaj had to be closed down, due to inefficient or improper management.*

*The Committee desire that a review of the position should be made in the case of night shelters which are still being run by the Bharat Sevak Samaj, in view of the facts that have come to light.*

[S. No. 32, Appendix XLVIII of the 34th Report (1964-65)]

#### ACTION TAKEN

(i) The position regarding the Ambala Night Shelter has been explained in reply to Sl. No. 31 above. As regards the Saupal Shelter (Bihar), the question of shelter being thrown open to college students was taken up with the Central Bharat Sevak Samaj by the Central Social Welfare Board. The Board has since been informed that some students were accommodated in the Night Shelter under special circumstances. There are no students in the Shelter at present and the caretaker has been warned not to admit any students in future. The State Board Member, who visited the shelter, reported that the authorities were still not conforming to the prescribed procedure and conditions. The grant for 1964-65 was, therefore, not renewed.

(ii) The Bharat Sevak Samaj had been advised by the Central Social Welfare Board that the organiser of the Cuttack Night Shelter should find separate residential accommodation. The Board has since been informed by the Samaj that this organiser was allowed to stay in the premises of the night shelter in the initial stages so that he could exercise proper supervision and control over the Unit. At present, none but the beneficiaries, for whom the night shelter is intended, are staying in this night shelter.

(iii) A review of the Night Shelters run by the Bharat Sevak Samaj is being made by the Central Social Welfare Board from time to time. The Shelters, which are found functioning satisfactorily,



are being given assistance in subsequent years and wherever the working of a shelter is found unsatisfactory on the basis of the progress reports and inspection reports, the grants were being discontinued. Grants for 7 night shelters (i.e. those at Rajmundry, Srinagar, Nagpur, Kolhapur, Hubli, Gorakhpur & Imphal) have thus been discontinued. While examining the progress/inspection reports mentioned above, the need for continuing the night shelters, which are meeting an essential need of a very weak section of the society, is, of course, kept in view. As a matter of fact, it is for this reason that the Board have decided to sanction grants to other voluntary institutions also, besides the Bharat Sevak Samaj, for running the Night Shelters.

## MINISTRY OF WORKS, HOUSING AND URBAN DEVELOPMENT

### Recommendation

*The witness (Secretary, Ministry of Works and Housing) promised to check up if the Bharat Sevak Samaj had or had not included in either of the Projects an item which was shown as rent for the floor area occupied by the two Institutes. He also promised to find out if this particular accommodation was occupied by any similar organisation earlier, if they were paying rent and if the Ministry asked them to vacate it. The information is awaited.*

[S. No. 33, Para 43 (1) of Appendix XLVIII to the 34th Report (1964-65)].

### Recommendation

*The Committee, however, feel perturbed over some disturbing features disclosed in this case, which are as follows:—*

- (i) *According to the Ministry the Bharat Sevak Samaj, a non-Government body has been treated as a 'limb of the Planning Commission' for purposes of Government accommodation by an official order. As a result they have allotted Government accommodation for residential purposes on payment of rent (at rents lower than market rates in three cases) and office accommodation free of rent. No satisfactory reasons for doing so have been advanced. This concession becomes unjustifiable when it is noted that Government have been and still are very much hard pressed for office accommodation for official purposes as well as for residential accommodation for their own use. To give such concession to a particular private body, appears to the Committee to be quite irregular. In their*

view if such a concession, which is unusual, is to be given, it should be done by giving an open grant for renting accommodation and not in this hidden manner. This matter should, therefore, be looked into from this angle.

The Committee consider the issue of an official order stating that the Bharat Sewak Samaj should be treated as a limb of the Planning Commission' as highly misleading and objectionable in principles. Such blurring of the line of demarcation between a private voluntary organisation and a Government department should be scrupulously voided. The Committee desire that a formal order cancelling this official order should be issued without further delay.

- (ii) There was change in the occupancy of at least one of the office accommodation for which advance permission of the Ministry was not taken, though Ministry were aware of this change. The Committee learn that the Ministry asked the B.S.S. to vacate the premises when it came to their notice but on representation they made, they were allowed to continue. It is not clear why the terms on which the occupancy should continue were not re-considered even at that stage. This practice in the opinion of the Committee is irregular as the accommodation was allotted for a particular purpose rent free. If there was change in occupancy, the Ministry should have been approached for permission so that they could examine if the allotment was to be continued and if so on what terms and conditions. The Committee would like the Ministry to review the whole position about grant of this unusual concession of allotment of Government Accommodation to B.S.S., a non-Government body.

[S. No. 38 (para 48) of Appendix XLVIII to the 34th Report of the Public Accounts Committee (3rd Lok Sabha).]

#### ACTION TAKEN

Para (a)—It has been checked up that the Directorate of 43(i) Social Welfare, Delhi Administration, had been paying grants-in-aid for the maintenance of the Institute and for the hostel of the occupational Therapy Institute on an *ad hoc* basis upto 1960-61 and that from the year 1961-62 when the pattern of assistance as approved by the Government of India came into force, the grant-in-aid was paid to the Institute on the basis of the statement of income

and expenditure of the previous year. In the audited statement of 'income and expenditure' for the year 1960-61 an expenditure of Rs. 5,902.80 was included on account of rent and service charges (water, electricity etc.) and this amount was taken into account for assessing the quantum of grant-in-aid for the year 1961-62. In the audited statements of 'income and expenditure' for the years 1961-62 and 1962-63, the items of expenditure on account of service charges (water, electricity etc.) only were shown and no distinct items of rent were shown. The Director of the Institute has confirmed that the expenditure of Rs. 5,902.80 shown in the audited statement for the year 1960-61 represented only the service charges and no element of rent was included in it. It has also been stated that this expenditure compares favourably with the expenditure for service charges incurred in the subsequent years. In the circumstances, it has been concluded that the Occupational Therapy Institute did not include in their audited statement of accounts, the element of rent for accommodation occupied by it in the Janpath barracks as part of the expenditure while applying for grant-in-aid.

In the case of the Technical Training Institute, it had been confirmed by the Ministry of Labour and Employment, Director General of Employment and Training, New Delhi on 30th April, 1965 that no grant was paid to the Bharat Sewak Samaj for running the Institute. Consequently, the question of rent for the floor area occupied by the Institute being included as an item in this particular project does not arise.

(b) The accommodation occupied by the Occupational Therapy Institute stood allotted earlier partly to the Delhi Polytechnic and partly to the All India Handicrafts Board. No rent was being charged from them as they were entitled to general pool accommodation free of rent. As both of them were allotted alternative accommodation elsewhere, they were not forced to vacate the accommodation with a view to allotting it to the Bharat Sewak Samaj.

Para 46(i)—The orders treating the Bharat Sewak Samaj as a 'limb of the Planning Commission' were withdrawn from the 25th May, 1965. It was also decided that the Samaj should be charged market rate of rent for the entire Government accommodation occupied by it. However, to enable the samaj to find alternative accommodation, a month's notice for surrendering Government accommodation was served on it and market rent was chargeable from the 1st July, 1965 in respect of the accommodation retained by the Samaj after that date. A copy of the Ministry of Works and Housing letter No. 7(5)/65-Acc.II, dated the 25th May, 1965 is enclosed for reference. (Not printed).

Instructions have also been issued in this Ministry's circular No. 2/35/65-Acc.I, dated the 19th July, 1965 to the effect that the practice of giving Government accommodation to private parties should be discontinued and that if in any special circumstances any such accommodation is given purely as a temporary measure, full market rent should invariably be realised.

In all cases, where Government accommodation has been or will be allotted to private parties, it will be periodically checked to see that the accommodation is being utilised by the parties concerned for the purpose for which the accommodation was allotted to them.

46 (ii) While withdrawing the orders treating the Bharat Sewak Samaj as a limb of the Planning Commission with effect from the 25th May, 1965, it was also decided that market rent should be charged from the Bharat Sewak Samaj for the entire Government accommodation occupied by it. To enable the Samaj to find alternative accommodation a written notice was served on it to the effect that market rent will be recovered with effect from the 1st July, 1965 in respect of such accommodation as may be retained by it. The Samaj has since vacated on 9th July, 1965 and 30th September, 1965, 7,527 Sq. Ft. of office accommodation provided to it in the Janpath 'A' Barracks and the U.S.A. Pavilion, in the Exhibition Grounds. It has also vacated on 16th March, 1966 the residential accommodation provided to it at No. B-12/182, Lodhi Road.

The Bharat Sewak Samaj have been assessed rent for the accommodation allotted to them at market rate of rent with effect from the relevant dates. So far as the residential and office accommodation allotted to the Bharat Sewak Samaj is concerned, they have cleared all dues assessed at market rent till the 30th November, 1966 except a sum of Rs. 26,158·84 paise. Out of this, in so far as a sum of Rs. 24,372·40 paise is concerned, the B.S.S. has raised some objections which are under examination. For the two Community Halls—Samaj Sadan in Kidwai Nagar and Samaj Sadan in Sarojini Nagar—an assessment of Rs. 1,13,845 has been made against the B.S.S. for the period 1st July, 1965 to 30th November, 1966. They have made a representation against the same to the Minister for Works, Housing and Urban Development, which is under examination.

(Dated the 26th December, 1966).

#### FURTHER INFORMATION

It is stated that the Bharat Sewak Samaj are being assessed market rate of rent with effect from 1st July, 1965 in respect of the ac-

accommodation (both office and residential) allotted to them and the total rental arrears due from them as on 31st July, 1967 was Rs. 2,12,580.82 Paise.

(O.M. No. 5/10/65-Bt. dated 24-10-67).

### Recommendation

*The Committee consider it unfortunate that Government which allotted accommodation at concessional rent or free of rent to B.S.S. were not sure whether all these were being used fully or partly for the purpose for which these were allotted. The Committee consider that periodical investigation is essential in order to ensure that the Government accommodation allotted to private parties is being utilised for the purpose for which the allotment was made. They hope that this will be done in future in respect of all accommodation allotted to private parties. In view of the continued shortage of accommodation for Government purposes the Committee are of the view that the practice of giving Government accommodation to private parties should be discontinued. In very special circumstances where such accommodation is given purely as a temporary measure, full market rate should be invariably realised. The irregular practice of giving hidden subsidy to private organisations by giving Government accommodation free or at concessional rent should be discontinued.*

[S. No. 33(ii) of Appendix XLVIII (Para 43) to the 34th Report 1964-65].

### ACTION TAKEN

The use of the accommodation in Janpath Barracks allotted to the Bharat Sevak Samaj for the Occupational Therapy Institute, by the Industrial Training Institute came to notice through an on-the-spot inspection by an officer of the Directorate of Estates.

Government have accepted the recommendation of the Public Accounts Committee regarding the discontinuance of the practice of allotting accommodation to private parties, charging full market rent when accommodation is given in very special circumstances to private parties, and checking periodically that the accommodation so allotted is utilised by the parties concerned for the purpose for which it was allotted. Suitable instructions have been issued vide this Ministry's Office Memorandum No. 2/35/65-Acc. I, dated the 19th July, 1965.

### Recommendation

*The Committee consider it objectionable that private accommodation is requisitioned by Government and then allotted to a private body. The Committee also understand that there is a judgement of the Supreme Court on a similar issue. They desire that speedy action should be taken to de-requisition such buildings and the Committee should be informed of the action taken.*

[S. No. 34 of Appendix XLVIII (Para 44) to the 34th Report (1964-65)].

### ACTION TAKEN

There are only six requisitioned houses which are with the Government for a long time and are in occupation of private bodies etc. Government have accepted the recommendation of the Public Accounts Committee regarding de-requisitioning of the requisitioned buildings occupied by private bodies etc. and have also taken into consideration the judgement of the Supreme Court dated the 29th August, 1961 in the appeal case of Triveni Kala Sangam, where the Supreme Court held the view that the landlords were entitled to be put in possession of the flats requisitioned by the Government, if they were not put to use for the purpose for which they were requisitioned. These cases were reviewed by the Government and the decision taken is noted against each.

(1) *York Hotel*.—Four flats on the 1st and 2nd floors will be de-requisitioned as soon as they are vacated. The remaining nine flats have since been derequisitioned. The allottees of the ground floor of the premises, Messrs. York Restaurant and Manohar Bakery have been allowed to retain the accommodation as Shri Ram Prasad, an ex-lessee of the premises, has filed a suit in the court against the owner, claiming possession of the premises in the event of its derequisition and has obtained a stay order. In order to avoid any legal complication, it has been decided to postpone the derequisition of the premises pending final decision of the court.

(2) *No. 2 Raquet Court Road*.—Shri J. S. Paintal, the grand-son of Late Baba Kharak Singh, who was in occupation of the house, is negotiating with the owner i.e. the Government of Rajasthan for its purchase. He has also paid an amount of about Rs. 30,000 as earnest money. It was, therefore, decided on the 22nd July, 1965 to allow him to retain the house till the negotiations are finalised provided he continues to pay the rent of the building regularly. The total amount of arrears of rent due from Shri Paintal works out to Rs. 1420 till the 31st March, 1966. The question of recovery

of arrears from Shri Paintal is being vigorously pursued. In fact, Shri Paintal had given a cheque for Rs. 568·00 towards the payment of arrears of rent in respect of house No. 2 Racquet Road but the cheque was not honoured.

(3) *No. 26, Basakha Singh Building.*—The allotment of the flat in question has been cancelled in the name of Bharat Sewak Samaj with effect from the 15th September, 1965. They have, however, been allowed to retain it upto the 31st March, 1966 on the grounds that they were not able to arrange for alternative accommodation and that they would start construction of their building at Rouse Avenue. The question of de-requisitioning the flat will be considered as soon as the house is vacated by the Bharat Sewak Samaj.

(4) *5, Sikandra Road.*—This is occupied by the Lady Irwin College. It was decided on the 22nd July 1965 that the College might be allowed to retain it firstly because it is an educational institution and secondly because the college authorities intend to purchase a triangular plot adjoining the college for construction of their own building.

(5) *59, Regal Building.*—This is occupied by the All India Congress Committee. It was decided on the 22nd July, 1965 that the All India Congress Committee may continue to retain it in view of their difficulties in arranging for alternative accommodation.

(6) *Out houses in Kapurthala House.*—It was decided on the 15th, October 1965 in consultation with the Ministry of Law to allow Dewan Jarmani Das to retain the accommodation because of the earlier commitment of the Government to allow him to retain it as long as the house is under requisition. The ownership of the premises is under dispute and de-requisition is therefore not possible till a decision is given by the Court.

### Recommendation

*The Committee cannot understand why a voluntary organisation which is mainly financed by Government grants and which is also given rent free accommodation should have been allowed to go in arrears for the payment of service charges. The Committee feel that necessary action was not taken at any time to recover these public dues.*

*The Committee would like the Ministry to pursue the question of payment of arrears in respect of Janpath Barracks 'A' vigorously with the B.S.S. and to enlist the good-offices of the Planning Commission in the matter.*

[S. No. 35 (Para 45) of Appendix XLVIII to the 34th Report 1964-65]

## ACTION TAKEN

As would appear from the statement given in Appendix "XXII" of the 34th Report of the Public Accounts Committee, demands and reminders etc., were regularly sent to the Bharat Sevak Samaj and finally the matter was taken up at the level of the Secretary and the Minister.

2. A sum of Rs. 28,947 was outstanding against the Samaj for some accommodation in the "Janpath Barracks" for the period upto 31st December, 1964 as on the 1st February, 1965. We asked them to pay the entire amount in one lump-sum or in case of difficulty in 3 or 4 monthly instalments. As an additional safeguard, the Delhi Administration was requested on 10th June, 1965 to deduct the balance of Rs. 16,587 still remaining outstanding against the Samaj in the books of the Directorate of Estates out of the grant-in-aid, if any, admissible to the Samaj and remit it to the Directorate. The Samaj has paid Rs. 3,000 on the 7th May, 1965 as first instalment and simultaneously requested for permission to pay the balance in 3 quarterly instalments. This request is under consideration. In the meantime, a further amount of Rs. 3000 has been deposited by the Samaj in July, 1965.

3. As recommended by the Public Accounts Committee the good offices of the Planning Commission are also being used.

## FURTHER INFORMATION

It is stated that the amount of Rs. 16,587 outstanding against the Bharat Sewak Samaj for service charges for accommodation in the Janpath Barracks has since been recovered through the Delhi Administration.

## MINISTRY OF HEALTH

## Recommendation

*The Committee are not convinced with the arguments advanced either in evidence or in the notes now furnished in view of the fact that as late as 13th October, 1964 the Ministry of Health in their D.O. letter No. F.1/64-LSG-I dated the 13th October, 1964 to Chief Accounts Officer, Delhi Development Authority stated as under:*

*"It has, however, been observed from the statement showing the market rates of sand sent with your letter referred to*



above, that the rates of sand actually did not fall in 1962 after the allotment of land to the Bharat Sevak Samaj but went up in the months of March, April and July, 1962 and August and November in 1963. It does not, therefore, appear to be correct to say that the rates of sand actually came down after allotment of land to Bharat Sevak Samaj. This point may kindly be further examined and elucidated."

It is interesting to note that the Surveyor of the Works, C.P.W.D. have now clarified that the statement furnished by him to the D.D.A. related to sand quarried at Okhla. The surveyor of Works had no similar information about the sand quarried at Bela Road. The Committee do not, therefore, understand how in the absence of properly checked and verified market rates of sand, a claim that allotment of land to the Bharat Sevak Samaj resulted in the falling of price of sand could be made. The Committee find it interesting that it has been observed by Audit from a recorded note of the discussions held in the Ministry of Works and Housing on 30th October, 1964 that the Samaj was forced to sell sand at cheaper rates and thus incurred losses due to competition from the private contractors working in other areas. The Committee also note that land was surrendered by the Bharat Sevak Samaj in April, 1964. In the view of the Committee in these circumstances, it cannot be claimed that there was fall in the prices of sand and that this was due to low rate of licence fee charged from the Bharat Sevak Samaj.

(ii) In a note furnished to the Committee as to whether the Delhi Development Authority had the authority to give a concession in the license fee etc., as was done in the case of land allotted to B.S.S. it has been stated that there is no specific provision for licencing of land. In the absence of any such provision in the Nauzi Agreement of 1937 in regard to the temporary licencing of land, the D.D.A. thought that there was no restriction on its power in this behalf and they leased out the land on a concessional basis without obtaining the sanction of the Government of India. It has been admitted in that note that this aspect of the matter was not examined by the D.D.A. while giving this land. The Committee would like the Ministry of Health to examine whether it was within the competence of the Delhi Development Authority to lease out this land on concessional rate to Bharat Sevak Samaj."

[S. No. 37 of Appendix XLVIII to 34th Report (1964-65)].

## ACTION TAKEN

(i) The statement of rates of sand furnished by the Surveyor of Works Zone I, C.P.W.D., New Delhi was in reply to a D.O. letter to Shri P. D. Chawla, Superintending Surveyor of Works, C.P.W.D. in compliance of the Delhi Development Authority's Res. No. 451 dated 6th August, 1964. It was clearly mentioned in this letter that the object was to ascertain whether the rates of sand went down after the licensing of land to the Bharat Sevak Samaj. The circumstances under which the rates of sand at Okhla quarry site were furnished by the C.P.W.D., instead of the rates of sand quarried at Bela Road, could not have been visualised. The observations of the P.A.C. in the concluding portion of sub para (1) have been noted.

(ii) The question of competence of the D.D.A. to license land to the Bharat Sevak Samaj at a concessional rate was not gone into at the time of allotment of land. The position in this respect was subsequently examined and, as the concession in this case was beyond the powers of the Authority under the Nazul Agreement 1937, it was resolved (Res. No. 201 dated 26th April, 1965) that the Government of India, Ministry of Health may be requested to accord an ex-post facto approval for regularising the transaction. The matter is under consideration of Government and action to regularise it is being taken.

## Recommendation

*The Committee are surprised to note that the Secretary of the Ministry of Works and Housing considers the concessions (granted to Bharat Sevak Samaj) as "very small".*

[S. No. 38 (Para 52) of Appendix XLVIII to 34th Report of the P.A.C. (3rd Lok Sabha)].

## ACTION TAKEN

The concessions granted to the Bharat Sevak Samaj have since been withdrawn for future works, vide this Ministry's letter No. 32(95)/58-Cont./W.II dated the 31st May, 1965.

## Recommendation

*It is clear to the Committee from the evidence given and the facts placed before them that the Construction Service of the Bharat Sevak Samaj has been making profits from the contracts given to them by Government from time to time. Since the main ground for the granting of various concessions to the Samaj was stated to be the fact that it was a non-profit making body, it would follow that these concessions have not been justified.*

[S. No. 41 (Para 55) of Appendix XLVIII to 34th Report of the P.A.C. (3rd Lok Sabha)].

In view of the magnitude of the tasks allotted to the Samaj's Construction Service and the amount of work already done by the Samaj from which they have earned profits, and on which they have paid no tax, the Committee find it difficult to understand why the Samaj is not in a position to make Security Deposit or deposit earnest money. Since the Secretary, Ministry of Works & Housing stated that the condition regarding security deposit was not the same for Bharat Sevak Samaj as for other contractors, the Committee would like that uniform practice and procedure should be followed in this respect.

[S. No. 42 (Para 56) of Appendix XLVIII to 34th Report of the P.A.C. (3rd Lok Sabha)].

The Committee are unable to appreciate the extent and unusual type of the concession granted to the Bharat Sevak Samaj (reg: Earnest Money and Security Deposit) which is not available even to Government organisations dealing with construction activities, especially in view of the fact that Government do not seem to have imposed the financial and other discipline in the case of Bharat Sevak Samaj to which the Government organisations are subject.

[S. No. 43 (Para 57) of Appendix XLVIII to 34th Report of the P.A.C. (3rd Lok Sabha)].

The Committee find that loans have been advanced to Bharat Sevak Samaj for different construction works entrusted to them. The loans have been granted in two instalments, half at the time of start of the work and the other half when 25% of the work is completed. The Committee feel that this is an unusual facility as the same is not available to other contractors. They suggest that Government might examine the desirability of discontinuing this unusual facility especially, in view of the increased ability of the Bharat Sevak Samaj to undertake construction work.

The Committee also noted that loans have been given to Bharat Sevak Samaj at the rates 3½ per cent. to 3¼ per cent. which are below the normal rates of interest. The charging of low rate of interest is in itself a hidden subsidy, which the Committee feel should be discontinued. In this connection the Committee would like to invite attention to Government of India, decision No. 2 below Rule 156(2) of General Financial Rules.

[S. No. 44 (Para 58) of Appendix XLVIII to 34th Report of the P.A.C. (3rd Lok Sabha)].

**ACTION TAKEN**

The concessions given to the Bharat Sevak Samaj have since been withdrawn for future works, *vide* this Ministry's letter No. 32 (95) / 58-Cont/W.II, dated the 31st May, 1965.

(Ministry of Works & Housing U.O. No. 9/10/65-WII, dated the 6th September, 1965).

**PLANNING COMMISSION****Recommendation**

*The detailed information regarding the number of Labour Co-operative Societies and their members has been called from the State Units of the Samaj. The Committee desire that the information may be furnished at an early date.*

[S. No. 39, para. 53, of Appendix XLVIII to the 34th Report 1964-65].

**ACTION TAKEN**

A copy of a letter No. CS/319 dated 21st February, 1966, received from the Bharat Sevak Samaj giving the requisite information is enclosed (Annexure). This gives information about the Labour Cooperatives organised by the Samaj in Manipur State (Imphal), Bihar, Varanasi and Delhi State. No labour cooperatives have been organised in other States by the Samaj.

*Planning Commission U.O. No. 24(10)/65-Pub, dated 20-5-1966*

**ANNEXURE**

*Copy of letter No. CS/319 dt. 21-2-1966 from the Bharat Sevak Samaj to the Director, Construction Service, Planning Commission, Govt. of India (Public Cooperation Division), New Delhi.*

Reference your letter No. 24(10)/65-Pub dated 22nd January 1966.

The following reports regarding the number of Labour Cooperatives organised by the Bharat Sevak Samaj are forwarded:—

1. Manipur State (Imphal)

- (i) 65, 91 and 61 Labour Corps were organised in 1960, 1961 and 1962 respectively. Out of 61 Labour Corps organised in 1962; Registered Nos. 190 to 200 were closed down.

- (ii) Altogether 217 were registered with the Samaj. The total strength upto 62-63 excluding the 11 Labour Corps which were closed down, is 8522 and out of this about 5000 labourers were engaged in various projects undertaken by B.S.S.

Copy of letter No. 95-CS(S)/AR/65 dated 30-4-65 from the Secretary, B.S.S., Manipur State, Imphal, giving full details is enclosed.

## 2. Bihar

- (i) 35 Labour cooperatives were organised by Kosi Construction Committee out of which 25 were formed in Purnea and 10 in the District of Saharsa.
- (ii) Two Labour Cooperatives were registered in 1961-62 in Gaya with the endeavours of the B.S.S. Workers of Slum Welfare Centre, Gaya. Out of these two Cooperatives, one was allotted work by Gaya Municipality to the tune of Rs. 12,000/-.

Copy of letter No. 1459 dated 26-5-65 from the Secretary Bihar Rajaya B.S.S. Budh Marg Patna, giving full details, is enclosed.

## Varanasi

- (i) Construction Service Labour Contract Cooperative Society Ltd. VARANASI was registered on 8-2-62 under Registration No. 2730. This Society has been registered by the Registrar Cooperative Societies U.P. Lucknow under Cooperative Societies Act. There are 65 members in it.
- (ii) Bharat Sevak Samaj Housing Cooperative Society Ltd. Varanasi has been registered on 13-2-65 under Registration No. 2864.
- (iii) B.S.S. initiated organisation of 21 Labour Cooperatives in Varanasi District.
- (iv) Bharat Sevak Samaj has also constituted a Federation of active Labour Cooperative Societies of the Varanasi District. Its registration No. is 2867 dated 11-3-65.

Copy of letter No. BSS/C-2/34/64 dated 1st May 1965 from the Secretary Bharat Sevak Samaj, Kamla Nagar, Varanasi is enclosed.

## Delhi Pradesh

- (i) There is one Pathar Tora Society registered in Delhi and the details of this society are already available with the Planning Commission.

- (ii) One B.S.S. Cooperative, Labour and Construction Society has also been registered on 15-7-1963, under the Cooperative Act. Its registration No. 66(I).

*Yours faithfully,*  
Sd/- General Manager.

*Copy of letter No. 95-CS(S)/AR/65, dt. 30-5-1965 from Bharat Sevak Samaj Manipur State to Shri J. K. Khanna, Secretary, Construction Service, Central Bharat Sevak Samaj, New Delhi-1.*

Subject:—*Number of Labour Co-operatives organised by the B.S.S.*

With reference to your letter No. CS/PAC/65 dated 24-4-65 on the above subject, I am directed to state that we have no labour co-operatives registered with the Co-operative department of the Government. But we organised labour corps registered with the Samaj itself under certain rules and regulations. The Bye-laws of the labour corps are enclosed for reference. The following itemwise informations are submitted for favour of information and necessary action.

(1) 65, 91 & 61 labour corps were organised in 1960, 1961 & 1962 respectively. Out of 61 labour corps organised in 1962; Registered Nos. 190 to 200 were closed down.

(2) Altogether 217 were registered with the Samaj. The total strength upto 62-63 excluding the 11 labour corps which were closed down, is 8522, and out of this about 5000 labourers were engaged in various projects undertaken by Bharat Sevak Samaj.

(3) The details of the Construction Works executed by these labour corps are enclosed at annexure 'A'. The amount involved on account of work done was Rs. 36 lacs upto July, 1962 and amount still due to them should be about Rs. 1.50 lacs. Except under Sl. 90, the other works at annexure 'B' enclosed were executed through labour corps only.

(4) There are hardly well-organised labour co-operatives in Manipur who have taken contract works. The transport apex co-operative is the only cooperative society registered with the Government which has done substantial works. No suitable informations are available with this office. Further informations will follow.

## RULES FOR FORMATION AND FUNCTIONS OF BHARAT SEVAK SAMAJ LABOUR CORPS.

### INTRODUCTION:

The Manipur State Bharat Sevak Samaj has undertaken to take-up Construction Service activities throughout the State with the following objectives:

1. *Origin:* The Service has been sponsored by Bharat Sevak Samaj for the furtherance of its objectives. It will function in accordance with the following Regulations adopted by the Samaj.
2. *Objectives:* The Service has been formed for the fulfilment of the following objects:
  - (i) To mobilise and make full and efficient use of Voluntary Service of the people in construction projects and local development works in rural and urban areas.
  - (ii) To ensure the observance of satisfactory standard of works and workmanship in construction.
  - (iii) To secure and promote honest dealings in the works of the construction industry.
  - (iv) To develop the co-operative spirit and organisation among construction workers and to improve their living and working conditions.
  - (v) To raise standard of the Construction activities designed to promote the economic and social well-being of the people in rural and urban area;

### AND

- (vi) To take all such steps as are necessary for the fulfilment of the aforesaid objectives.
3. *Function:* To the extent resources and conditions permit, the service may perform one or more of the following functions:
  - (i) To carry-out such works as would have a social value namely, slum improvement, Construction of dwelling houses, drainage and Irrigation works, flood protection works and construction of national highways etc.
  - (ii) To set-up a service for repair works;

- (iii) To manufacture materials and tools for use in construction.
- (iv) To provide facilities and assistance for formation of Labour construction co-operatives and to make arrangement for supervision and guidance of their activities.
- (v) To arrange for training of construction workers and the supervisory staff.
- (vi) To make arrangements for adequate publicity about the projects in connection with which the service takes up any construction responsibility.
- (vii) To secure the co-operation and participation of Sharam-dan or other forms of voluntary service in construction activities;
- (viii) To undertake and assist activities for economic and social welfare;
- (ix) To acquire and develop land for any of the objectives and functions of the services.
- (x) To secure grants for local development works—viz. (a) Drinking water supply schemes in villages, (b) Permanent works for the improvement of agriculture. (c) Village Road including small bridges and culverts. (d) Construction and improvement of school and dispensary buildings and other local development works.
- (xi) To undertake such other activities as may be incidental to and necessary for the fulfilment of—objectives and the aforesaid functions of the service.

For the furtherance of the above mentioned objectives throughout the State—The State Branch of Bharat Sevak Samaj will encourage formation of Labour Corps with a view to conversion into labour Cooperatives in due course.

#### ‘B’ FORMATION

1. In any convenient area there may be a Labour Corps constituted under the following rules.

2. Any person who is a resident of Manipur State and desirous of putting in his Labour in any project, undertaking to earn his living



or to supplement his income will be called a Shramik (Worker) and such workers preferably of a compact area may constitute a Labour Corps.

- (i) Provided that the Shramiks (Workers) shall apply in the prescribed form.
- (ii) Further provided that there shall be at least 25 but not more than 50 workers in a Labour Corps (Shramik Bahini).

3. A Labour Corps having at least 25 workers shall convene an inaugural meeting with prior approval of the Secretary, Manipur State B.S.S. for the purpose of electing the following office bearers from amongst the persons present in the meeting, viz., one Chairman, one Nayak-Secretary and an Ex-Committee consisting of 5 members.

4. The Chairman may be either one of the workers of the Corps or any local member of the B.S.S. and the Nayak Secretary shall be a member of the Corps concerned.

- (i) For a particular area there shall be only one Labour Corps.
- (ii) The age of a worker should not be less than 14 yrs. on the date of admission.

#### ‘C’ REGISTRATION

- 5. The Nayak-Secretary of the Bahini (Labour Corps), shall apply for registration to the Secretary, Manipur State Bharat Sevak Samaj, through the Organiser.
- 6. On receipt of such application the Secretary, Manipur State Bharat Sevak Samaj will consider the matter and effect necessary registration provided all requisite conditions are fulfilled and thereafter proceed with opening all amenities of accommodation to such Labour Corps.

#### ‘D’ ALLOTMENT AND EXECUTION OF WORKS

- 7. The Labour Corps after registration may apply for allotment of works within the territory of Manipur for execution of any work, of which the estimated cost will ordinarily be Rs. 10,000.
- 8. In allotting works preference should be given to the local corps.

9. No deposit of earnest money is necessary in case of registered Labour Corps.
10. The Executive Committee jointly be responsible for completion of the work in time.
11. The Nayak-Secretary shall supervise the work, establish Liaison with the construction service maintain accounts of money received and disbursed, keep records of works, wages earned and paid to each Shramik (Worker); and maintain the accounts and measurement of works done by them, sign indents and bills on behalf of the Labour Corps.
12. The Nayak-Secretary shall fortnightly submit the progress report of works to the Executive Committee for scrutiny.

#### ‘E’ EXPENSES FOR THE MANAGEMENT OF THE AFFAIRS OF THE BAHINI

13. The Labour Corps shall bear the following expenses necessary for the management of the affairs of the Labour Corps subject to the approval of the Manipur State Bharat Sevak Samaj.
  - (i) Allowance that may be sanctioned by the workers in a general meeting to be paid to the Nayak-Secretary in addition to his usual wages allowed to him as ordinary worker.
  - (ii) Expenses necessary for maintenance of Labour Corps (Shramik Bahini) office.
  - (iii) Actual travelling expenses of the Office bearers viz., (i) Chairman, (ii) Nayak-Secretary or any other workers authorised by the Executive Committee.
  - (iv) Expenses that may be required for auditing the accounts.

#### AND

- (v) Such other expenses as may be sanctioned by the Executive Committee.

#### ‘F’ WAGES OF WORKERS: NAYAK-SECRETARY

14. The net income of the Labour Corps after deducting the expenses for the management of the affairs of the Bahini Labour Corps), shall be distributed among the Shramiks on the basis and nature of the works done.

15. (i) Persons other than registered Shramiks shall not be eligible to work for any recognised Labour Corps.

*Eligibility.*

- (ii) In case of registered and regular Shramik he will be eligible to work in any of the recognised Labour Corps with the permission of the competent authorities. The Project Officer or any higher authorities of Bharat Sevak Samaj will be competent authority for issuing such permission.
- (iii) The Nayak-Secretary with one of the authorised members or any two of the authorised members of the Executive committee of the Labour Corps will be eligible to receive money on behalf of the Labour Corps. In such cases the authorisation letter should be signed by 3/4th of the members of the Shramiks actually engaged in the execution of the contract work. These authorisation letter should be countersigned and attested by the Project Officer.
- (iv) In case of any disputes arising out of the distribution of money among the members of the Labour Corps the decision of the Branch Manager (Construction Service) B.S.S. will be final and binding.

### AUDIT OF ACCOUNTS

16. The accounts of the Labour Corps (Shramik Bahini) shall be audited quarterly or as decided by the M.S.B.S.S. Imphal from time to time.

17. The Executive Committee of the Labour Corps shall meet at least 6 times in a year. The Chairman will preside over the Executive Committee and general meetings of the Labour corps and in his absence any member of the Executive Committee shall preside such meeting. The meetings will be convened by the Nayak-Secretary.

### TERM

18. The life of the Executive Committee of the Labour Corps (Shramik Bahini) is one year. After the expiry of the term new Executive Committee will be formed in a General Meeting of the Labour Corps called for the purpose.

# ANNEXURE "A"

Construction works undertaken by "Manipur State Bharat Sevak Samaj"

Sl. No.	Particulars of work	Official Estimated Cost
1	2	3
1	A/R to Kangchip Tamenglong Bridle path.	10,468.00
2	Widening Kangchup Tamenglong Bridle path(E/Work).	17,994.00
3	A/R to Kangpokpi Tamenglong Repair (Earth Work).	7,182.00
4	I.T. Road (0.10 mile), Repair to Slab Drain.	6,643.00
5	A/R to I.T. Road (0.26 mile),..... Do. ....	9,030.00
6	Constn. of I.T. Road 50th Mile (Jungle Clearing).	43,116.00
7	Constn. of Hydro Electric Scheme [at Leimakhong (Earth Work).	27,173.00
8	Constn. of Road, 2nd Hydro Electric Scheme at Leimakhong.	31,522.00
9	Re-conditioning & rendering motorable road for Tadubi Kharasom (Tadubi Tungjoy Road.)	61,139.00
10	Re-conditioning for the portion of (4-10 mile) Tadubi Kharasom Ukhrul Road. (Tadubi Tungjoy Rd).	92,030.00
11	Constn. of I.T. Road Section III (71-74 Mile).	2,24,000.00
12	Loushi Hill Cutting (Earth Work).	1,11,715.00
13	Loushi Lining Drainage Scheme.	49,085.00
14	Excavation of Channel (Sinda basin).	7,229.00
15	Excavation of Channel (E/Work) Sinda Minor Irrigation Scheme Part I.	7,269.00
16	A/R to Nungba River Bund (Earth Work).	7,161.00
17	A/R to Iril River Bund (Earth Work)	2,752.00
18	Collection of Stone boulder metal & Earth work (20-26 miles) I.T. Road.	35,675.00

1	2	3
19	Constn. of soling and consolidations work from (0.6 miles) I.T. Road . . . . .	13,855.00
20	Construction of Rice Godown at Tamenglong. . . . .	11,024.00
21	Constn. of Kitchen for Manipur Rifle at Tamenglong. . . . .	3,037.00
22	Constn. of I.T. Road Earth Work for the portion of 0.50/4F to 50/8F . . . . .	201220.00
23	Slip clearance (50 mile) bypass on I.T. Road. . . . .	4,060.00
24	Constn. of I.T. Road improving Metaling and surface painting (26-45) miles. . . . .	51,621.00
25	Constn. of I.T. Road metaling & surface painting for the portion (43-45 miles). . . . .	1,329.00
26	Singling to Kangchip I.B. Road 9 3/4 to 15th Miles Collection of Shingles). . . . .	17,635.00
27	Constn. of Mohorirs' Qtr. at Kangchup . . . . .	8,740.00
28	Constn. of I.B. at Aimol 44th Mile I.T. Road . . . . .	24,835.00
29	Constn. Mohoriers' Qtr. at Kangpokpi for D.I. Road . . . . .	8,740.00
30	Constn. Mohoriers' Qtr. at Kangpokpo on I.T. Road . . . . .	8,740.00
31	Constn. Mohoriers' Qtr. at Kangpokpi on I.T. Road at 12 mile . . . . .	8,740.00
32	Constn. Mohoriers' Qtr. on I.T. Road at 53 mile . . . . .	8,740.00
33	Constn. Choukidars Qtr. at Iyei . . . . .	5,834.00
34	Constn. Bye pass from 62/6F to 70th Mile I.T. Road (for the portion of 0.3 miles) . . . . .	1,73,070.00
35	Constn. Bridge over Irang River on I.T. Road 20 mile . . . . .	27,744.00
36	A/R to Civil Hospital at Imphal . . . . .	2,289.00
37	A/R to Residential Bldg. Civil Hospital at Imphal . . . . .	1,003.00
38	A/R to T.B. Ward Leprosy Hospital, Chingmeirong . . . . .	2,267.00
39	A/R to Residential Qtr. & out house in D.M. College Compound, Imphal . . . . .	5,338.00
40	A/R to D.M. College main building B.Sc. Block Library Hostel etc. Imphal . . . . .	8,520.00
41	A/R to Hill Boys Hostel, Imphal . . . . .	2,723.00
42	A/R to N.C.C. Bldg. & Outhouses in D.M. College . . . . .	733.00

1	2	3
43	A/R to S/P Type building of 4th Assam Rifles .	17,526.00
44	A/R to Imphal Tamenglong Rd. Section II (for the portion of 26-45 miles Road side building for the year 1960-61) . . . . .	1,378.00
45	A/R to I.T. Road, Section I (0-6 for the portion for the year 1960-61) . . . . .	9,463.00
46	Constn. of Mohorirs Qtr. at Ukhrul . . . . .	8,740.00
47	Repair of suspension bridge over Chakpi river . . . . .	1,466.20
48	Improving of water supply at Kangchup I.B. Area . . . . .	10,314.00
49	Laying temporary pipe line from Sinda to Kangchup . . . . .	1,851.00
50	Expansion of Ukhrul High School . . . . .	14,135.00
51	Constn. of Asstt. Teachers' Qtr. at Ukhrul . . . . .	8,516.00
52	Constn. of Residential Qtr. & Non-residential Bldg. for wireless out station at Kangpokpi . . . . .	35,795.00
53	Constn. of Residential Qtr. & Office Bldgs. for the Asstt. Inspector of Schools at Ukhrul . . . . .	9,229.00
54	Constn. of S.O.'s Qtr. at Ukhrul . . . . .	9,229.00
55	A/R to Imphal River Bund (Left Bank Bind) . . . . .	6,829.00
56	Improvement of Imphal River Bank (Singjamei to Nignthoukhong) . . . . .	24,670.00
57	Improvement of Snagshak Chassad Huimine Road . . . . .	2,69,056.00
58	Constn. of Police Station & Residential Qtr. for the staff in Manipur at Aimol . . . . .	24,518.00
59	Constn. of Residential & Non-Residential accommodation for 15 Administrative Unit at Aimol . . . . .	45,486.00
60	Constn. of New Motorable Cashier Road (from 20 mile 21.40 chain 22 miles) . . . . .	3,11,144.00
61	—do— —do— (22 to 23 miles) from Nuggba-Imphal . . . . .	2,51,488.00
62	—do— —do— (25 to 27 3.4 miles) from Nuggba-Imphal . . . . .	2,79,757.00
63	Temporary water supply scheme} . . . . .	66,720.00
64	Duplicating the existing mains upto storage Reservoir for carrying additional supply (temporary water supply scheme) . . . . .	13,255.00
65	Constn. of Bye Pass from 62/6F to 70th Mile I.T. Rd. . . . .	3,11,664.00

1	2	3
66	S/R to Petrigru L. P. School . . . . .	5,135.00
67	Constn. of Tadupi Chingmeikhullen Tolloi Ukhrul Road 1st to 44th Miles . . . . .	3,34,018.00
68	Constn. of Bye pass from 62/6F to 70th Mile of I.T. Road (for the portion of 7-9 miles) . . . . .	1,42,632.00
69	—do— —do— (for the portion 10-11 1/2 miles) . . . . .	1,50,922.00
70	S/R to Residential & Non-residential building of Civil Hospital at Imphal . . . . .	1,191.31
71	Constn. of Tadubi Chingmeikhullen Tolloi Ukhrul Road 5th to 6th Mile . . . . .	2,37,109.00
72	Constn. of Road connection to I. B. Imphal Yairipok Via Thiyam Konjin . . . . .	30,441.00
73	Minor Irrigation Scheme on Sena Ichil-Lined Channel . . . . .	14,968.00
74	Constn. of I. T. Road Improving metalling I. T. Road Section II (26-45 miles Constn. of Retaining wall & Naga Wall . . . . .	25,177.00
75	—do— —do— 26—45 miles constn. of Stone sausage . . . . .	25,840.00
76	Moirang Minor Irrigation Scheme part (II Canal System) . . . . .	6,625.00
77	Larva Minor Irrigation Scheme part II (canal system) . . . . .	6,404.00
78	Shingling of Sangairou Moisang Road 3rd Miles . . . . .	6,344.00
79	Trace path cutting of Churachandpur Tipaimukh Rd. Phase II 2nd portion . . . . .	15,719.00
80	—do— (from New Pausang) 34,000 ft. change towards Tuilem River) . . . . .	6,919.00
81	—do— (phase II) 3rd portion 10 miles . . . . .	17,540.00
82	Trade path cutting of Churachandpur Tipaimukh Road. (Phase I) from Mongoon to Keilam. . . . .	22,789.00
83	Improvement of Imphal River Right Bank Bund from Satikhongnang to Bengool (42/1F to 35/1F miles) . . . . .	29,897.00
84	—do' —do— Bengool to Uchiwa 33/5F to 35/1F . . . . .	24,050.00
85	—do— Left bank Bund from 2/5 to 5/0F mile Heingnang . . . . .	18,773.00

1	2	3
86	Improvement of Imphal River Left Bank Bund from 5/0 to 7/0 miles Heignang . . . . .	16,934.00
87	—do— Right Bank Bund from Junction of Mahamadan Village & Khekman Meitei Village at Khekman upto Thoudam doukhong . . . . .	9,678.00
88	Improvement of Road connection Tiddim Road to Kumbi Road 4th Mile (Phase 1-2 miles) Moirang- khunou towards Leimakhong . . . . .	14,339.00
89	Construction of Post Mortem and Mortuary Block for 259 Bedded Hospital at Imphal, (Super-struc- ture) . . . . .	19,117.00
90	Construction of Humeries for Bachelor Officers' at Badupara, Imphal . . . . .	1,06,501.00
91	Construction of Churachandpur Tipaimukh Road 9' Jeepable from 8600' to 3/4 miles. . . . .	23,375.00
92	Development of Lamphelpat storm water Drainage (S. H. Main Storm Water Drainage sump, sumppit & Wair) . . . . .	3,53,129.00
93	Development of Lamphelpat storm Water Drain (Subsidiary phase II) . . . . .	1,09,600.00



# ANNEXURE—B.

*Name of Labour Corps organised for the Construction Service activities and registered with Bharat Sevak Samaj Manipur*

Regd. No.	Year of Registration	Name of Labour Corps	Regd. Address	No. of members
1	2	3	4	5
1	1960	Nunghar L. C.	B.P.O. Nunghar	64
2	„	Thangmeiband Khutau L. C.	B.P.O. Imphal	25
3	„	Pishum Oinam Leikai Shill	B.P.O. Singamei	31
4	„	Mayeng Lamjao L. C.	B.P.O. Mayeng	56
5	„	Bramhapur L. C.	B.P.O. Imphal	42
6	„	Bonglee Village L. C.	B.P.O. Bonglee	35
7	„	Kakmayai Village L. C.	B.P.O. Kakmayai	25
8	„	Keibikhullen Village L. C.	B.P.O. Keibi	29
9	„	Sekta Village L. C.	B.P.O. Lamlai	45
10	„	Chingamakha L. C.	B.P.O. Singjaei	25
11	„	Kongpal Khaidem Leikai L. C.	B.P.O. Kongpal	50
12	„	Chorjthar L. C.	B.P.O. Okhrul	25
13	„	Keirak Wabgai L. C.	B.P.O. Kerrak	5

1	2	3	4	5
14	1960	Chajing Malrenkhong L. C.	B.P.O. Kilong	26
15	"	Chingamakha Nameirrakpam L. C.	B.P.O. Singamei	25
16	"	Yambem Village L. C.	B.P.O. Yambem	51
17	"	Mutum Phibou L. C.	B.P.O. Mutum	101
18	"	Sugnoo L. C.	B.P.O. Sugnu	55
19	"	Voliyang Khambatheil L. C.	B.P.O. Boliyang	57
20	"	Uripok Baspati Leikai L. C.	B.P.O. Imphal	50
21	"	Japhou L. C.	B.P.O. Japhou	50
22	"	Heirangoithong Makha L. C.	B.P.O. Singjemei	52
23	"	Papal Village L. C.	B.P.O. Papal	52
24	"	Sita Village L. C.	B.P.O. Sekhta	30
25	"	Hiyanglam L. C. Part II	B.P.O. Hiyanglam	50
26	"	Singjamai Wangma L. C.	B.P.O. Singjamai	25
27	"	Uchekon L. C.	B.P.O. Uchekon	26
28	"	Chingmakha L. C.	B.P.O. Singjamei	25
29	"	Singjamei Makha L. C.	B.P.O. —do—	25
30	"	Thiyam Langpok L. C.	B.P.O. Thiyam	50
31	"	Khurai Konsam Leikai L. C.	B.P.O. Lamlong	50

32	„	Bishnupur Kha Stone L. C.	B.P.O.	Bishnupur	31
33	„	Thoubal Kiyamaiphal L. C.	B.P.O.	Thoubal	50
34	„	Thoubal Okram L. C.	B.P.O.	Thouval	50
35	„	Keisamthong Ahanthem Leikhi	B.P.O.	Keisamthong	26
36	„	Singmajei Wangma L. C. Part II	B.P.O.	Singjamei	25
37	„	Kakwa Ashem Leikhai L. C.	B.P.O.	Kakwa	30
38	„	Khomdram Selungba L. C.	B.P.O.	Khoyathong	27
39	„	Ningomthong Wangma L. C.	B.P.O.	Ningomthong	50
40	„	Chingkhram Leikai L. C.	B.P.O.	Imphal	38
41	„	Moirangkampu L. C.	B.P.O.	Moirangkampu	50
42	„	Kakching Khanou L. C.	B.P.O.	Kakching	87
43	„	Wangkhei Loumanbi L. C.	B.P.O.	Wangkhei	36
44	„	Kongpal L. C.	B.P.O.	Kongpal	25
45	„	Yairipok Tulihal L. C.	B.P.O.	Yairipok	51
46	„	Chajing Chingkhong L. C.	B.P.O.	Lilong	50
47	„	Khongman Laipat L. C.	B.P.O.	Singjamei	25
48	„	Sangolband Lukram Leikai L. C.	B.P.O.	Sangolband	30
49	„	Khurai Khongnangkhong L. C.	B.P.O.	Khurai	30
50	„	Yambem Village L. C. Part I	B.P.O.	Yambem	62
51	„	Somdal L. C.	B.P.O.	Somdal	184

1	2	3	4	5
52	1960	Thoubal Achouna L. C.	B.P.O. Thoubel	50
53	"	Oinam Village L. C.	B.P.O. Oinam	50
54	"	Lilong Chajing Bazar L. C.	B.P.O. Lilong	50
55	"	Ucheckon Takhok L. C.	B.P.O. Ucheckon	50
56	"	Thoubal Sabaltongba L. C.	B.P.O. Thoubal	50
57	"	Thoubal Athokpam L.C.	B.P.O. Do.	50
58	"	Phoiying Village L.C.	B.P.O. Phoiying	52
59	"	Lilong Young L.C.	B.P.O. Lilong	66
60	"	Lilong Arapti L.C.	Do.	50
61	"	Naren Konjil L.C.	B.P.O. Narenkonjil	50
62	"	Lilong Chajing Mairenhong.	B.P.O. Lilong	50
63	"	Kiyamgei L.C.	B.P.O. Kiyamgei	50
64	"	Haoreibi L.C.	B.P.O. Hilong	50
65	"	Haobam Marak L.C.	B.P.O. Kha Imphal	50
66	1961	Lilong Part III L.C.	B.P.O. Lilong	50
67	"	Kangamong L.C.	B.P.O. Kangamong	73
68	"	Moirangkhuou L.C.	B.P.O. Moirang	50

69	„	Thoubal Thokchom L.C.	B.P.O. Thoubal	50
70	„	Khoirem Village L.C.	B.P.O. Yairipok	100
71	„	Samurou Village L.C.	B.P.O. Samurou	52
72	„	Laiphrakam Village L.C.	B.P.O. Laiphrakpam	50
73	„	Sawombung L.C.	B.P.O. Sawombung	50
74	„	Lilong Chanking Part II L.C.	B.P.O. Lilong	50
75	„	Laiphrakpam Village L.C.	B.P.O. Laiphrakpam	50
76	„	Naorem Chaprou L.C.	B.P.O. Naorem	50
77	„	(a) Waikhom Leikai L.C.	B.P.O. Waikhom	50
78	„	(b) Kakching Khunou Part II.	B.P.O. Kakching	62
79	„	IchemuKhunou L.C.	B.P.O. Ichamkhunou	50
80	„	Keisamthong Nambunmapal L.C.	B.P.O. Keisamthong	50
81	„	Heingang L.C.	B.P.O. Heinganj	50
82	„	Kwakeithel Thingom Leikai	B.P.O. Kwakeithel	25
83	„	Yambem Makha Leikai L.C.	B.P.O. Yambem	50
84	„	Anal Khullen Part I L.C.	B.P.O. Anal	53
85	„	Naremkonjil L.C.	B.P.O. Naremkonjil	70
86	„	Iram Siphai L.C.	B.P.O. Iramsiphai	50
87	„	Khamnam Leirak L.C.	B.P.O. Khamnam	52
88	„	Laitang Leikinthabi L.C.	B.P.O. Laitang	25

1	2	3	4	5
89	1961	Moirang Part II. L.C.	B.P.O. Moirang	51
90	"	Lilong Praja Seva L.C.	B.P.O. Lilong	58
91	"	Akham Kwasiphai L.C.	B.P.O. Akham	25
92	"	Taonthong L.C.	B.P.O. Taonthong	25
92A	"	Tungam Village L.C.	B.P.O. Tungam	99
93	"	Sanjenbam Village L.C.	B.P.O. Sanjenbam	25
94	"	Lilong Chajing Mamang L.C.	B.P.O. Lilong	25
95	"	Thiuam Konjin L.C.	B.P.O. Thiyam	100
96	"	Lilong Chajing Karam L.C.	B.P.O. Lilong	25
97	"	Tharaon Village L.C.	B.P.O. Tharon	50
98	"	Langthabal Kunja L.C.	B.P.O. Langthabal	25
99	"	Chaking Mairenhong D.V.L.C.	B.P.O. Lilong	30
100	"	Arapti L.C. Part II.	B.P.O. Do.	41
101	"	Chaning Thangraj L.C.	B.P.O. Do.	25
102	"	Tolloi L.C.	B.P.O. Tolloi	127
103	"	Phungton L.C.	B.P.O. Phungton	86
104	"	Lilong Chajing Kongjeng L.C.	B.P.O. Lilong	25
105	"	Sangsak L.C.	B.P.O. Ukhrol	146

106	„	Lambul L.C.	B.P.O. Lumbui	67
107	„	Sanching L.C.	B.P.O. Sangching	36
108	„	Tuinam Village L.C.	B.P.O. Tuinam	40
109	„	Lambung L.C.	B.P.O. Lambung	36
110	„	Sokvao L.C.	B.P.O. Sokvao	54
111	„	Hujmei L.C.	B.P.O. Hujmei	93
112	„	Kachai L.C.	B.P.O. Kachai	4
113	„	Sangshak Khunou L.C.	B.P.O. Sangshak	50
114	„	Chingmeirong Skill L.C.	B.P.O. Chingmeirong	31
115	„	Iran Siphai L.C.	B.P.O. Iramaiphei	50
116	„	Nungang L.C.	B.P.O. Nungshang	20
117	„	Nungshang L.C.	B.P.O. Nungshang	44
118	„	Sikarukhong L.C.	B.P.O. Ukhrol	50
119	„	Lilong Western L.C.	B.P.O. Lilong	25
120	„	Hundung L.C.	B.P.O. Hundung	25
121	„	Heirangeithong Youth L.C.	B.P.O. Singjamei	50
122	„	Khandrok L. C.	B.P.O. Uairipok	37
123	„	Lamdum L. C.	B.P.O. Lamdum	25
124	„	Santok L. C.	B.P.O. Santok	36
125	„	Nungei L.C.	B.P.O. Nungei	50
126	„	New Churachandpur L. C.	B.P.O. N. C. C. Pur	71

1	2	3	4	5
127	1961	Heigrutampak L.C.	B.P.O. Heigrutampak	29
128	"	Liwa Changning L. C.	B.P.O. Liwachangning	45
129	"	Penaching L.C.	B.P.O. Penaching	35
130	"	Wangoo L. C.	B.P.O. Wangoo	25
131	"	Morbung L. C.	B.P.O. Morbung	64
132	"	Purachabung L. C.	B.P.O. Lilong	36
133	"	Lilong Bazar Part II L.C.	B.P.O. Lilong	25
134	"	Nabil Village L. C.	B.P.O. Nabil	25
135	"	Top Sapam Leikai L. C.	B.P.O. Topaapam	25
136	"	Khenjang L. C.	B.P.O. Khenjang	40
137	"	Tupayang Village L. C.	B.P.O. Tupayang	46
138	"	Nungpal Village L. C.	B.P.O. Nungpal	35
139	"	Saity Village L. C.	B.P.O. Saitu	27
140	"	Polen Village	B.P.O. Polen	65
141	"	Sangsak Khunou L. C.	B.P.O. Sangsak	28
142	"	Kongba Irong L. C.	B.P.O. Kongba	25
143	"	Wangjing Wangkhei L. C.	B.P.O. Wangjing	29
144	"	Wangjing Hodamba L. C.	B.P.O. Do.	32



145	„	Wangjing Purna L. C.	B.P.O. Do.	25
146	„	Kachai (B) Group L. C.	B.P.O. Kachai	74
147	„	Huding Khunou L. C.	B.P.O. Huding	25
148	„	Phungthar L. C.	B.P.O. Phungthar	25
149	„	Thoubal Khekman L. C.	B.P.O. Thoubal	38
150	„	Moirang Lamkhai L. C.	B.P.O. Moirang	15
151	„	Kakru Mamang Leikai L. C.	B.P.O. Kekru	25
152	„	Saikot Village L. C.	B.P.O. Saikot	30
153	„	Salou L. C.	B.P.O. Salou	27
154	„	Kekru L.C.	B.P.O. Kekru	25
155	1962	Kangamong Awang Leikai L.C.	B.P.O. Kangamong	25 8
156	„	Chingkhwan L.C.	B.P.O. Chingkhwan	25
157	„	Thoubal Kiyam (a) L. C.	B.P.O. Thoubal	25
158	„	Thoubal Leisangthem L. C.	B.P.O. Thoubal	35
159	„	Heirok Kaboleikai L. C.	B.P.O. Heirok	20
160	„	Sairemkhul L. C.	B.P.O. Sairemkhul	29
161	„	Seikmaujin Khunou L. C.	B.P.O. Sekmaijin	24
162	„	Borayangbi L. C.	B.P.O. Borayangbi	26
163	„	Leisangthem Takyenjam L. C.	B.P.O. Leisangthem	25
164	„	Heingang Awang Leikai L. C.	B.P.O. Heingang	25

1	2	3	4	5
165	1962	Awangkhum Village L. C.	B.P.O. Awangkhum	50
166	"	Naoremthong L. C.	B.P.O. Naoremthong	45
167	"	Thoubal Athokpam L. C.	B.P.O. Thoubal	25
168	"	Tolhen Village L. C.	B.P.O. Tolhen	25
169	"	Heingang Mayai Leikai L. C.	B.P.O. Heingang	25
170	"	Thangmeiband Lourungpuran	B.P.O. Thangmeiband	21
171	"	Heingang Awang Leikai II	B.P.O. Heingang	55
172	"	Kak Shiphhi L. C.	B.P.O. Kaksiphai	35
173	"	Phersal L. C.	B.P.O. Phersal	20
174	"	Kaprang Village L. C.	B.P.O. Kaprang	27
175	"	Lamdang L. C.	B.P.O. Lamdang	27
176	"	Morban L. C.	B.P.O. Morban	25
177	"	T.M. Kason Village L. C.	B.P.O. Kason <sup>1</sup>	50
178	"	Chajing Lakpa L. C.	B.P.O. Lilong	24
179	"	Khurai Automatic Skill L. C.	B.P.O. Khurai	25
180	"	Khomoi L.C.	B.P.O. Khombi	42
181	"	Elangleikai L.C.	B.P.O. Elangleikai	20
182	"	Maklang Ngairengvam L. C.	B.P.O. Maklang	30

183	„	Sairemkhul L.C.	B.P.O. Sairemkhul	35
184	„	Khebu Ching L. C.	B.P.O. Khongjom	25
185	„	Wangban L. C.	B.P.O. Wangban	28
186	„	Khongjom Village L. C.	B.P.O. Khongjom	15
187	„	Thanga Khunjao L. C.	B.P.O. Thanga	25
188	„	Hiyanglam Wabagai L. C.	B.P.O. Hiayangthang	25
189	„	Hiyangthang Maning L.C.	B.P.O. Hiayangthang	25
201	„	Narengkhongjin L. C.	B.P.O. Nareng	25
202	„	Chajing Mairenhong L. C.	B.P.O. Lilong	25
203	„	Chongtham Kona L.C.	B.P.O. Chongtham	25
204	„	Wangkhei Jubra Pali L. C.	B.P.O. Wangkhei	25
205	„	Thingkhu Village	B.P.O. Thingkhu	29
206	„	Chingmeirong L.C.	B.P.O. Chingmeirong	15
207	„	Luwangsanbam L. C.	B.P.O. Luwangsanbam	15
208	„	Khunbong L. C.	B.P.O. Khumbong	25
209	„	Kangbong Mayai Leikai L. C.	B.P.O. Kangbong	25
210	„	Pungdonbam L. C.	B.P.O. Chalou	39
211	„	Khaidem Makha Leikai L. C.	B.P.O. Khaidem	34
212	„	Langthabal Lap.	B.P.O. Langthabal	25
213	„	Terakhongsangbi L. C.	B.P.O. N.C.C. Pur	25

1	2	3	4	5
214	1962	Arapti Mayai Leikai L. C.	B.P.O. Lilong	25
215	"	Salam Khumbong L. C.	B.P.O. Salam	27
216	"	Luker L. C.	B.P.O. Luker	25
				<b>8522</b>

*Copy of letter dated 26-5-1965 Bharat Sewak Samaj, Bihar  
Rajya to the Secretary C.C.S. (B.S.S.), New Delhi*

**SUBJECT:—Number of Labour Co-operatives Organised by the  
B.S.S. in Bihar.**

**Respected Khannaji,**

As desired by you as per your letter No. CS/PAC/65 dated 24th April, 1965 and the subsequent reminder dated 18th May, 1965, this is to submit the following:—

- (1) With a view to promote collective endeavours, and co-operative incentive for reaping maximum benefit, 35 Labour co-operatives were organised by Kosi Construction Committee out of which 25 were formed in Purnea and 10 in the district of Saharsa.
- (2) These Labour co-operatives were allotted works by the K.P.C.C. and not even in single case any department of the Government allotted any work to these co-operatives so these co-operatives could not function well and now they are defunct.\*\*\*\*\*
- (3) Two Labour Co-operatives were registered in 1961-62 in Gaya with the endeavours of the B.S.S. Workers of Slum Welfare Centre, Gaya. Out of these two co-operatives one was allotted work by Gaya Municipality to the tune of Rs. 12,000 where as the other could not get any work. While one is functioning haltingly without any zeal or any prospect, the other has become moribund.

These co-operatives were neither exempted from deposit of earnest money, nor allotted any work nor provided with any advance facilities.

---

\*\*\*\*\*These informations were provided by Shri Lahtan Choudhary, M.P. and Secretary of K.P.C.C.

*Bharat Sewak Samaj, Construction Service,*

Copy of letter No. BSS/C-2/34/64 from Varanasi to the  
General Manager, U.P. State Bharat Sewak Samaj, Vidhan  
Sabha Marg, Lucknow.

Ref: Your letter No. 69/BSS/(Const.) 65, dated 28-4-1965.

We have to inform you that we organised the 'Construction Service Labour Contract Co-operative Society Limited, Varanasi' in 1962. The Registration No. being 2730 and date of registration 8-2-1962. The Society has been registered by the Registrar Co-operative Societies U.P. Lucknow under Co-operative Societies Act. There are 65 members in it.

We have also organised the 'Bharat Sevak Samaj Housing Co-operative Society Limited, Varanasi' Registered No. 2864 dated 13th February, 1965. Besides the above we initiated the organisation of 21 Labour Co-operative Societies in Varanasi district different Development Blocks and also in Varanasi proper. These are all registered under the same Act.

It is further informed that we have constituted a federation of active Labour Co-operative Societies of the District. Its registered No. 2867 dated 11th March, 1965 address C/o Bharat Sevak Samaj, Kamlanagar, Varanasi. The above is based on facts and records and may be verified from Registrar Co-operative Societies, U.P. Lucknow.

Sd/-  
Secretary.

No. BSS/C-2/34(i)/64 od.

Copy to Shri J. K. Khanna, Secretary.

Bharat Sewak Samaj, CCS, New Delhi for information with reference to above letter as well as in continuation to our previous correspondence in the matter.

### **Recommendation**

(i) It has been stated in a note that this information about quality of work done by Labour Co-operatives in 1963-64 had been asked for from the Ministry of Community Development and Co-operation. The Committee would like the submission of this information to be expedited.

(ii) *From the evidence placed before the Committee by the Secretary, Planning Commission, as also the evidence given by the Secretary, Ministry of Works and Housing, it is clear that by the issue of the letter of the Planning Commission dated the 24th August, 1961 which listed all the unusual facilities to be granted to voluntary organisations, the Planning Commission had in mind only the Bharat Sevak Samaj as the Voluntary Organisation to be encouraged.*

[S. No. 40, para. 54 of Appendix XLVIII to the 34th Report (1964)].

#### ACTION TAKEN

(i) A Statement\* giving the required information is enclosed herewith. (Annexure).

(ii) At the time of the issue of the letter of 24th August, 1961, Bharat Sewak Samaj was the only voluntary organisation undertaking construction work on a worthwhile scale. These recommendations in their letter, however, apply to Labour Co-operatives also.

\*N.B. The statement has not been vetted by Audit.

*Planning Commission U.O. No. 24(10)/65-Pub. dated 20-5-1966.*

# ANNEXURE I

Other Non-Credit Societies  
All Labour Construction Societies

(State-wise details 1963-64)

(Rs. in Lakhs)

(Rs. in Lakhs)

State	Position at the end of the year								Operation during the year							
	No. of societies	No. of members			Share capital	Re-served and other funds	Working capital	No. of societies actual-ly working	Value of works execu-ted	Wages paid	Cost of ma-nage-ment	Societies in profit		Societies in loss		
		Total	Actual workers	Sympa-thisers								No. of societies	Am-ount	No. of societies	Am-ount	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Andhra Pradesh	255	24,990	24,368	622	3.50	1.15	10.16	194	18.95	8.50	0.73	44	0.38	152	1.55	
Assam	6	141	105	36	0.47	0.10	0.89	4	0.23	0.01	0.02	2	0.01	4	0.02	
Bihar	80	1,461	1,435	26	0.15		0.37	46	0.28	0.09	0.01	200	0.11	13	0.01	
Gujarat	284	16,707	15,869	868	5.60	20.30	97.41	210	80.08	32.52	2.28	116	4.95	133	2.28	
Jammu & Kashmir*	2	705	N.A.	N.A.	0.02	N.A.	0.32	N.A.	0.05	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	
Kerala	71	8,585	7,708	877	2.56	0.65	9.09	44	17.87	5.63	0.32	13	0.70	46	0.91	
Madhya Pradesh	130	4,548	4,322	226	1.53	0.56	5.79	77	6.65	3.71	1.98	31	0.84	20	0.26	
Madras	96	16,630	N.A.	N.A.	1.71	1.54	1.00	93	12.10	7.61	N.A.	34	0.83	47	0.96	
Maharashtra	576	29,394	27,861	1,533	12.69	6.33	42.45	510	182.86	70.47	6.65	265	13.87	251	5.52	
Mysore	76	4,751	4,099	652	0.96	0.27	2.76	29	1.67	1.06	0.10	7	0.05	22	0.10	



riasa . . . . .	187	19,753	18,946	807	1·89	0·20	14·24	130	90·43	19·99	1·80	79	2·70	88	1·88
Punjab . . . . .	1,116	90,707	74,737	15,970	25·98	2·06	126·51	837	219·82	190·20	N.A.	481	1·84	525	4·65
Rajasthan . . . . .	698	16,924	N.A.	N.A.	6·61	2·60	17·80	300	1·73	N.A.	N.A.	166	4·00	124	2·04
Uttar Pradesh . . . . .	195	9,035	8,838	197	0·67	0·01	3·41	114	11·88	3·32	0·30	80	0·28	28	0·29
West Bengal . . . . .	45	3,812	3,366	446	0·32	0·05	1·52	14	2·29	0·65	0·38	10	0·24	5	0·02
U. Territories . . . . .	126	6,733	6,182	551	1·88	0·34	5·52	76	10·11	5·68	0·68	44	0·89	40	0·36
TOTAL . . . . .	3,953	254,876	197,868	22,751	66·63	45·86	345·24	2,678	693·00	349·44	15·25	1,392	31·69	1,498	20·83

\*Data relate to 1962-63.

a. Estimated figures as actual is not available.

NOTE:—"The information given in columns 10, 11 and 12 pertains to column 9, while the information given under columns 13 to 16 pertain to column 13. In other words, the information under columns 13 to 16 contains some Societies who have actually not worked during the year 1963-64 but their accounts of the previous year have been incorporated during this year."

# ANNEXURE II

## Other Non-Credit Societies

### Labour Construction Societies for Executive of Works

(State-wise details—1963-64)

(Rs. in lakhs)

State	No. of societies	Position at the end of the year							Operations during the year						
		No. of members			Share capital	Re-serve and other funds	Working capital	No. of societies actually working	Value of works executed.	Wages paid.	Cost of management	Societies in profit.		Societies in loss	
		Total	Actual workers	Sympathisers								No. of societies	Amount	No. of societies	Amount
I	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Andhra Pradesh	253	24,927	24,305	622	3.49	1.13	9.88	193	18.95	8.14	0.73	43	0.38	152	1.55
Assam	6	141	105	36	0.17	0.10	0.89	4	0.23	0.01	0.02	2	0.01	4	0.02
Bihar	80	1,461	14,355	26	0.15	..	0.37	46	0.28	0.09	0.01	20	0.11	13	0.01
Gujarat	280	16,440	15,633	807	5.59	30.11	96.95	206	78.89	31.89	2.21	114	4.92	132	2.07
Jammu & Kashmir*	2	705	N.A.	N.A.	0.02	N.A.	0.32	N.A.	0.05	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Kerala	69	8,132	7,255	877	1.70	0.45	7.01	42	14.12	3.61	0.30	12	0.56	45	0.91
Madhya Pradesh	127	3,469	3,243	226	1.52	0.55	5.71	77	6.65	3.71	1.98	31	0.84	20	0.26
Madras	96	16,630	N.A.	N.A.	1.71	1.24	7.00@	93	12.10	7.61	N.A.	34	0.83	47	0.96
Maharashtra	583	22,000	20,655	1,345	9.27	3.91	32.98	442	153.72	59.29	6.24	222	13.12	222	4.86
Mysore	76	4,751	4,099	652	0.96	0.27	2.76	29	1.67	1.06	0.10	7	0.05	22	0.10

Orissa . . . . .	187	19,753	18,946	807	1·89	0·20	14·24	130	90·43	10·99	1·80	79	2·70	88	1·88
Punjab . . . . .	1,116	90,707	74,737	15,970	25·98	2·06	125·51	837	219·82	190·20	N.A.	481	1·84	525	4·65
Rajasthan . . . . .	608	16,924	N.A.	N.A.	6·61	2·60	17·80	300	37·73	N.A.	N.A.	166	4·00	124	2·04
Uttar Pradesh . . . . .	189	8,100	7,910	190	0·65	0·01	3·32	109	11·02	1·21	0·30	76	0·22	28	0·29
West Bengal . . . . .	45	3,812	3,366	446	0·32	0·05	1·52	14	2·29	0·65	0·38	10	0·24	5	0·02
U. Territories . . . . .	125	6,706	6,157	540	1·88	0·34	5·52	76	10·11	5·68	0·68	14	0·60	40	0·36
TOTAL . . . . .	3,842	244,658	187,846	22,553	62·21	43·02	332·78	2,598	658·06	333·14	14·75	1,341	30·71	1,467	19·93

\* Data relate to 1962-63

@ Estimated figure—as actual is not available.

**ANNEXURE III**  
*Other Non-Credit Societies*  
*Labour Contract Societies for Loading Unloading of Goods etc.*  
 (State-wise details, 1963-64)

(Rs. in lakhs)

State	No. of societies	Position at the end of the year						Operations during the year							
		No. of members			Share capital	Re-serve and other funds	Working capital	No. of societies actually working	Value of works executed	Wages paid.	Cost of management.	Societies in profit.		Societies in loss	
		Total	Actual workers	Sympathisers								No. of societies.	Amount	No. of societies	Amount
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Andhra Pradesh	2	63	63	..	0·01	0·02	0·28	1	..	0·38	..	1	..	..	..
Assam	..	..	..	..	..	..	NIL	..	..	..	..	..	..	..	..
Bihar	..	..	..	..	..	..	NIL	..	..	..	..	..	..	..	..
Gujarat	4	207	266	1	0·10	0·19	0·46	4	1·19	0·63	0·07	2	0·63	1	0·2
Jammu & Kashmir	..	..	..	..	..	..	NIL	..	..	..	..	..	..	..	..
Kerala	2	453	458	..	0·86	0·20	0·08	2	3·75	0·02	2·02	1	0·14	1	..
Maharashtra	93	7,394	7,206	188	3·42	2·42	9·47	68	29·14	11·18	0·41	43	0·75	29	..
Madhya Pradesh	3	1,079	1,079	..	0·01	0·01	0·08	..	..	..	..	..	..	..	..
Madras	..	..	..	..	..	..	NIL	..	..	..	..	..	..	..	..
Mysore	..	..	..	..	..	..	NIL	..	..	..	..	..	..	..	..

Orissa					NIL										
Punjab					NIL										
Rajasthan					NIL										
Uttar Pradesh	6	935	928	7	0'02	..	0'09	5	0'86	2'11	..	4	0'06	..	
West Bengal					NIL										
U. Territories	1	27	25	2	..	..	..	..	..	..	..	..	..	..	..
TOTAL	111	10,216	10,020	198	4'42	2'84	12'46	80	34'94	34'30	2'50	51	0'98	31	

### Recommendation

*The Committee agree with the Secretary of the Planning Commission that it would be better if one could move away from the basis of negotiations to the open tender rates in the contracts. The Committee, therefore, consider it unfortunate that general instructions should have been issued that contracts to voluntary organisations should be given on negotiated basis. The Committee desire that these instructions should be rescinded and the normal healthy practice of giving contracts after inviting open tenders as laid down by Government should be invariably followed.*

[S. 46 (Para 60) of Appendix XLVIII to the 34th Report 1964-65.]

### ACTION TAKEN

The recommendations of the P.A.C. have been noted.

2. The instructions contained in the Planning Commission letter of the 24th August, 1961 will be reviewed shortly and the decision of the Government will be intimated in a subsequent communication.

3. Meanwhile the Ministry of Works, Housing and Urban Development have advised *vide* their office Memorandum No. 8988/66/W, dated the 24th October, 1966 addressed to the Planning Commission that so far as they are concerned, the system of open tender is generally followed.

### FURTHER INFORMATION

The provisions contained in the Planning Commission letter of the 24th August, 1961 were reviewed by an Inter-Ministerial Committee and the decision arrived at in regard to the above recommendation has been incorporated in para. 2(c) of the Planning Commission letter No. 19(4)/67-Pub, dated 29th May, 1967 which reads as follows:—

“In regard to the tender system, it was not the intention that each and every work given to the Construction Service of Voluntary Organisations should be on a negotiated basis. The normal rule should be to proceed on an open tender basis, but in conditions under which negotiations are permissible and are resorted to with other contractors, they need not be ruled out in the case of Construction Services of Voluntary Organisations.”

[Dated the 22nd February, 1967.]

### Recommendation

*The Committee find it difficult to accept this method of calculation which is hypothetical. Moreover, in the tender system there*

*always will be the lowest and the next higher tender. If therefore, this method of calculation is accepted, in all such cases of tender, the lowest tenderer will always claim the difference between his rates and next higher rate as saving to the Exchequer.*

*It has also to be borne in mind that the Bharat Sevak Samaj enjoy facilities and concessions which are not available to other contractors and contracts are awarded to them mostly on negotiated basis. Further, contracts had also been awarded to Bharat Sewak Samaj even though they had quoted higher rates initially which were brought down to rates equal to those quoted by the lowest contractor. Therefore, normally if the Bharat Sevak Samaj is in the field it would deter other contractors from quoting. Therefore, to calculate saving in the manner disclosed is neither rational nor justifiable.*

*From the evidence placed before the Committee, they are unable to accept the claim that there has been saving of about Rs. 3 crores to the Exchequer as a result of the work done by the Bharat Sevak Samaj.*

*The Committee suggest that the claim should be carefully examined and assessed by an independent Government agency.*

*As regards the claim that the Bharat Sevak Samaj had been able to bring down the general level of rates, the Committee consider it hardly necessary to make any observations after the Secretary, Planning Commission himself stated that 'it would be too much of a claim for the Bharat Sevak Samaj to sustain'.*

[S.No. 48 (Para 62) of Appendix XLVIII to 34th Report 1964-65]

#### ACTION TAKEN

The Planning Commission agree with the Public Accounts Committee that no claim should be made that Rs. 3 crores have been saved to the Exchequer. They also agree that it may be difficult to make a precise estimate of the impact by the Samaj on the general level of rates.

2. If this view is accepted it will no longer be necessary to refer the matter to an independent agency.

## MINISTRY OF WORKS AND HOUSING

### Recommendation

*The Committee have in a subsequent paragraph dealt with cases where contracts were awarded to the B.S.S. even though the rates quoted by them in some cases were higher than those quoted by other contractors. Therefore, the Committee feel that they would be justified in holding the view that because of all these concessions and facilities granted to the B.S.S., whenever that organisation would be in the field, it would shut out competition which is not a healthy procedure to be followed in the case of award of Government contracts. In fact, it would defeat the very purpose for which the B.S.S. was encouraged to enter the field of construction, namely, to bring down the cost by providing competition.*

[S. No. 50 (Para 64) of Appendix XLVIII of the 34th Report 1964-65].

### ACTION TAKEN

The concessions given the Bharat Sevak Samaj have been withdrawn for future works. A copy of this Ministry's letter No. 32 (95) / 58-Cont.-WII dated the 9th May, 1965 is enclosed. (Annexure)

### ANNEXURE

Copy of letter No. 32 (95) / 58-Cont./WII dated the 9th May, 1965, addressed to the Chief Engineer, C.P.W.D., Delhi.

SUBJECT:—Award of works to the Bharat Sevak Samaj.

I am directed to say that the Government of India have decided to discontinue, in respect of future works, the various concessions extended to the Bharat Sevak Samaj in terms of this Ministry's letter No. Cont. 32 (95) / 58 dated the 9th November, 1961. For such works, the letter may be treated as cancelled. However, the concessions, given or admissible to the Samaj in respect of works already awarded to them, need not be withdrawn or denied.

### Recommendation

The Committee are surprised to find that quite a number of defects have been pointed out by the officers of the C.P.W.D. For instance, in the case of the Samadhi at Raj Ghat, it has been stated 'what you are filling in earthen mounds is no earth but at type of soil which contains a substantial percentage of sand and a very little percentage of clay', 'consolidation done is not at all satisfactory and this can be found also from casual look of the area', 'it has been noticed that filling of earth in mounds is going on in a haphazard



manner without any reference to C.P.W.D. specifications'. In the case of construction of workshop sheds for training-cum-workshop at Argh-ki-Sarai use of defective mortar was objected to and it was also pointed out that the progress of work was very slow. The Committee need hardly emphasize that to award contracts on negotiated basis is itself not desirable and if on top of that the quality of work done is also below standard, it is desirable to consider the whole matter afresh. The Committee feel that the wording of the above passage in para 7 of the letter referred to is imprecise and it creates the impression as if it was meant that the substandard works might be accepted'.

[S. No. 51 (Para 65) of Appendix XLVIII to the 34th Report (1964-65)]

#### ACTION TAKEN

The Committee's observations have been noted. It was decided on 6.5.1965 that the Bharat Sevak Samaj would be treated on par with other contractors. They will be subjected to the same penalties and conditions as are imposed on any ordinary contractor.

#### Recommendation

The Committee would like Government to examine the suggestion of the Secretary, Planning Commission, to associate State Accountants General with the auditing of the Accounts of the State units of the B.S.S., in consultation with the Ministry of Finance and C. and A. G. and take suitable action.

[S. No. 54 (Part 68) of Appendix XLVIII to the 34th Report (1964-65)]

#### ACTION TAKEN

The recommendation has been considered by this Ministry in consultation with the Comptroller and Auditor General and the Planning Commission and it has been decided that a superimposed audit of the grants-in-aid either directly paid by the Central Government to the State Units of Bharat Sevak Samaj or through the Central Organisation of Bharat Sevak Samaj may be conducted by the respective Accountants General on behalf of the Accountant General Central Revenues, if the total grant-in-aid so paid exceeds Rs. 10,000 per annum. Suitable instructions in this regard have been issued by the C. and A.G. to all the Accountants General including the A.G.C.R. (vide copy enclosed of C. and A.G.'s letter No. 4458-TA1/684-54 dated the 23rd December, 1966).

[Ministry of Fin. U.O. No. F. 14(65)-E (Coord)/65, dated 6th Jan., 1967]

**FURTHER INFORMATION**  
**PLANNING COMMISSION**

According to the reply given by the Ministry of Finance to recommendation No. 54 (Para 68) superimposed audit of the grants-in-aid whether directly paid by the Central Government to the State units of the Bharat Sevak Samaj or through the central organisation of the Bharat Sevak Samaj may be conducted by the respective Accountants General on behalf of the Accountant General, Central Revenues, if the total grant-in-aid paid exceeds Rs. 10,000 per annum.

The Planning Commission has given no grants directly to any State unit of the Bharat Sevak Samaj. Details of the amounts given to the Central Bharat Sevak Samaj during 1966-67 and distributed by the Central Bharat Sevak Samaj to its State Units have been furnished to the A.G.C.R. No report has so far been received from the A.G.C.R. in regard to the audit of the accounts of the State units of the Bharat Sevak Samaj by the Accountants General of the States.

**ANNEXURE**

Copy of letter No. 4458-TA1/684-54 dated 23-12-66 from office of the Comptroller and Auditor General of India, New Delhi, addressed to all the State Accountants General.

**SUBJECT:—**Audit of the accounts of the State Units of the Bharat Sewak Samaj.

Sir,

The question of audit of the accounts of the State Units of the Bharat Sewak Samaj, as recommended by the Public Accounts Committee in para 68 of their 34th Report (Third Lok Sabha), has been under consideration of this office for some time and it has since been decided in consultation with the Govt. of India that a superimposed audit of the grants-in-aid either directly paid by the Central Govt. to the State Units of the Bharat Sewak Samaj or through the Central organisation of the Bharat Sewak Samaj may be conducted by the respective State Accountants General, on behalf of the Accountant General Central Revenues, if the total grant-in-aid so paid exceeds Rs. 10,000 per annum. Suitable steps may, therefore, be taken for the audit of the State units of the Samaj accordingly. The results of audit conducted by you should be reported to the Accountant General Central Revenues for further processing.

2. The Accountant General Central Revenues will collect the information regarding the details of grants-in-aid sanctioned and

paid during a year to the State units directly by the Govt. of India and/or through the Central Office of the Samaj and furnish it to you by the 30th April of the following year, along with the terms and conditions, if any, attaching to the grants.

3. The receipt of this letter may please be acknowledged.

Sd/- P. V. Vasudevan,  
Deputy Director (Tech. Admn.)

### Recommendation

The Committee find from the statement showing 45 items of work awarded to the Bharat Sevak Samaj that only items 4, 25, 37, 38, 40, 44 and 45 were on the basis of tenders. (The Committee were however informed in evidence that there was a mistake in the statement supplied as item 35 was also on the basis of tenders). It also appears from the note furnished by the Ministry of Health showing action taken on the recommendations of the Public Accounts Committee that contracts were given to the Bharat Sewak Samaj even though their rates were not lowest or their rates were higher than the estimated rates or rates quoted by other contractors. Therefore, the Committee find that it is clearly established that—

- (i) Most of the contracts awarded to the Bharat Sevak Samaj were on negotiated basis (8 out of 45 contracts were on tender basis).
- (ii) in some of the cases atleast when the Bharat Sevak Samaj failed to do the work the other contractors did the same work at cheaper rate.
- (iii) in other cases when tenders were invited, the contracts were given to the Bharat Sevak Samaj even though their rates were not lowest (the lowest tenderer was not awarded the contract) Bharat Sevak Samaj were given the contract at a price higher than the lowest quotations.

In view of these facts the Committee do not appreciate the justification for awarding contracts to the Bharat Sevak Samaj mostly on negotiated basis, which is not a normal or usual practice. Nor do these facts show that the Exchequer benefitted in any way by the award of these contracts to the Bharat Sevak Samaj. The Committee are constrained to observe that in all these cases the sanctity of the tender system has been violated. Even if an immediate advantage occurs by such violation, it tends to defeat the long term objective.

[S. No] 55 of Appendix XLVIII (Para 69) of the 34th Report 1964-65]

**ACTION TAKEN**

It was decided on the 26th May, 1965 the Bharat Sevak Samaj be treated in future on par with ordinary contractors of the C.P.W.D. In view of this, the Samaj would be liable to the same terms and conditions as are applicable to other contractor. The observations made by the P.A.C. have, however, been noted.

**MINISTRY OF HEALTH****ACTION TAKEN**

The Delhi Development Authority has not entered into any direct contract for any construction or development work, with the Bharat Sevak Samaj. It appears that the 45 items of contracts given to the Bharat Sevak Samaj were awarded by offices under the Ministry of Works and Housing.

That Ministry has been asked to confirm that necessary action will be taken by them.

[Min. of Works & Housing U.O. No. 12011 (20)/65-W, dated the 8th December, 1965].

**Recommendation**

*In view of the facts disclosed, the Committee cannot but come to the conclusion that the task proposed to be allotted to the Bharat Sevak Samaj in the 4th Five Year Plan in the field of construction activities needs to be carefully scrutinised and modified.*

[S. No. 58 (Para 75) of Appendix XLVIII to 34th Report 1964-65].

**ACTION TAKEN**

The recommendation of the P.A.C. has been noted.

The target for Construction activities of voluntary organisations, including the Bharat Sevak Samaj, has been reduced from Rs. 90 crores to Rs. 30 crores in the Draft Outline of the Fourth Five Year Plan.

[Dated, the 22nd February, 1967.]

**Recommendation**

*The Committee would, however, like that in the meanwhile, the following suggestions should be implemented:*

- (i) *In view of the large transactions and the amounts of Government funds made available to the Bharat Sevak Samaj, preparation of consolidated annual accounts duly audited*

by Comptroller & Auditor General, giving an overall financial position of the organisation should be insisted upon.

[S. No. 63(b) (1), Para 78 of Appendix XLVIII to the 34th Report 1964-65]

#### ACTION TAKEN

The preparation of the consolidated statement of accounts by the Samaj, giving an overall financial position of the organisation, as required in this recommendation will be insisted upon by the Planning Commission.

2. In recent years, the A.G.C.R. deputed every year a special Audit party to audit the accounts of the Bharat Sevak Samaj. The A.G.C.R. will continue to depute such Audit party in future also. This special audit party at present examines only the accounts of the schemes financed by grants and loans from the Central Government. The question whether the audit party of A.G.C.R. will be able to audit the consolidated statement of accounts of the Bharat Sevak Samaj will be considered in detail after such accounts are formally presented for audit. At that stage a detailed procedure of audit may have to be worked out with the approval of the Comptroller and Auditor General, as the accounts of the State Units of the Samaj (which receive grants from State Governments, Local Bodies, etc. and also have other sources of receipt) will be involved.

[Planning Commission U.O. No. 24(1)/65-Pub., dated 20-4-1966.]

#### Recommendation

Here the Committee would like to reiterate the following observations made in para. 51 of their 8th Report (Third Lok Sabha):

"It would be advisable for the Government to lay down certain broad and healthy conventions and formalities to be observed by persons holding high official positions when they are either participants or patrons of non-official organisations which have any financial dealings with the Government."

In this connection the Committee are of the view that in order to set up healthy conventions and traditions in administrative and financial matters, it is desirable to lay down that:

- (i) No Minister of the Central Government should be associated with a private organisation which enters into contracts with Departments of Central Government.
- (ii) Same principle should normally apply in the case of private organisations receiving grants. If any exceptions are

*to be made, they should be made only with the approval of the Cabinet in very special cases.*

*The Committee suggest that these points may be suitably incorporated in the Code of Conduct for the Ministers.*

[S. No. 63(b) (2), Para. 78 of Appendix XLVIII to the 34th Report 1964-65].

#### ACTION TAKEN

As the Coordinating Ministry incharge of the subject "Code of Conduct for the Ministers", the Home Ministry will send a reply to this recommendation. The views of the Planning Commission have already been communicated to that Ministry on 20th December 1965.

[Planning Commission U.O. No. 24(1)/65-Pub. dated 20-4-1966.]

#### Recommendation

*The fact that the National Advisory Committee did not meet after 22nd November 1961, would seem to indicate that two specific functions allotted to it, viz.*

- (i) *to receive reports from the Central Board of the Bharat Sevak Samaj and consider such specific matters as may be referred to it for advice by the Central Board; and*
- (ii) *to make suggestions and recommendations to the Central Board of the Bharat Sevak Samaj on matters of policy and on programmes relating to public cooperation,*

*were not carried out adequately.*

[S. No. 63(b), (6), Para 78 of Appendix XLVIII to the 34th Report 1964-65].

#### ACTION TAKEN

This recommendation is being brought to the notice of the National Advisory Committee on Public Cooperation in their next meeting which is to be convened shortly. The Bharat Sevak Samaj and the N.A.C.P.C. will be requested to comply with this recommendation in future.

[Planning Commission U.O. No. 24(1)/65-Pub. dated 20-4-1966.]

## APPENDIX IV

*Recommendations/observations which the Committee do not desire to pursue in view of the Government's reply*

### Recommendation

The Committee were perturbed to learn from the Secretary, Ministry of Information and Broadcasting, who described the picture of B.S.S. as neither black nor white, but grey, that there had been defalcations and embezzlements also in certain areas. Since the Bharat Sevak Samaj is a private body, the Committee did not consider it appropriate to probe into these cases of defalcation and embezzlement in that organisation. However, keeping in view the fact that this organisation is financed by funds from the public exchequer the Committee would like Government to examine whether it is not necessary that all cases of defalcation and embezzlement are investigated properly by an independent agency.

[S. No. 22 (vi), of Appendix No. XLVIII to 34th Report (1964-65)].

### ACTION TAKEN

The cases of embezzlement and defalcations that have come to the notice of this Ministry are very few. The matter was reported by the Bharat Sevak Samaj to the police, where necessary, and in one case an amount of Rs. 31,523 was fraudulently drawn but was reimbursed by the concerned bank. In another case which involved an amount of Rs. 740/-, a person other than an employee of Bharat Sevak Samaj was found guilty and was convicted by the court of Law. There were three other cases also which involved small amounts totalling to a figure of about Rs. 1,200/- only. They occurred in the year 1959. In one case a sum of Rs. 76.80 has already been written off by the Bharat Sevak Samaj as being unaccounted for. With regard to the other two cases involving Rs. 276.01 and Rs. 830/- respectively, the Bharat Sevak Samaj have intimated that it has not been possible to account for or to recover them and that they are being referred to their Administrative Committee for being written off. In the circumstances a detailed investigation by an independent agency is not considered necessary.

### Recommendation

*It is surprising that the duplication of work by both the Kendras was not noticed earlier before it was pointed out by the programme*

*Evaluation Organisation in 1960, which shows lack of coordination between the Planning Commission and the Ministry of Information and Broadcasting.*

*If, as stated by the Samanta Committee, the work had been handed over to Lok Karya Section of the Bharat Sevak Samaj in 1960, it is not clear why the Ministry of Information and Broadcasting continued to give grants for Jan Sahayog Kendras in 1961-62. (The amount of grants given to Bharat Sevak Samaj) for Jan Sahayog Kendras during 1961-62 was Rs. 63,559). It is also not clear why it took more than a year to wind up the Jan Sahayog Kendras. The Committee suggest that this matter may be investigated further.*

*[S. No. 25, of Appendix XLVIII to the 34th Report, 1964-65)].*

#### ACTION TAKEN

In their Report submitted in May, 1960, the Programme Evaluation Organisation observed that the Lok Karya Kshetras (financed by the Planning Commission) and the Jan Sahayog Kendras (financed by the Ministry of Information and Broadcasting) were operating in the same districts with much the same objectives. The Planning Commission to whom the report was submitted by the PEO, sent copies of the Report to the Bharat Sevak Samaj on the 26th July, 1960, and called for their comments. According to the Planning Commission, the B.S.S. have stated that from the old records available with the Samaj, it appears, that the question of conversion of Jan Sahayog Kendras as Lok Karya Kshetras had been under consideration for a long time as the general opinion of the Samaj was against the view that J.S. Kendras were a duplication of Lok Karya activity. However, the Working Committee of Jan Jagran Group appointed a high powered Committee in their meeting dated the 3rd August, 1961 to define the functions of the Jan Sahyog Kendras and the Lok Karya Kshetras. It was ultimately decided that the existing Jan Sahyog Kendras should work as full fledged Lok Karya Kshetras because the pattern of the organisation and the nature of the activities were identical with those of the Lok Karya Kshetras. The decision of the Samaj was communicated to the Planning Commission in December, 1961 and the Samaj sought permission of the Planning Commission to convert 10 out of the 22 Jan Sahyog Kendras into Lok Karya Kshetras in the year 1961-62. The Planning Commission gave sanction to the conversion of 10 Jan Sahyog Kendras into Lok Karya Kshetras with effect from the 1st November, 1961. The grant for the period 1st November, 1961 onwards was given by the Planning Commission. The remaining 12 Jan Sahyog Kendras were converted into Lok Karya Kshetras w.e.f. 1st April, 1962.



The proposal for the conversion of the Jan Sahyog Kendras into Lok Karya Kshetras was received in this Ministry from the Planning Commission in January, 1962 and this Ministry agreed to the conversion of the 10 Jan Sahyog Kendras into Lok Kshetras with effect from 1st November, 1961, the date upto which grant had already been released by this Ministry for Jan Sahyog Kendras. The remaining 12 Jan Sahyog Kendras were converted into Lok Karya Kshetras from 1st April 1962. This explains why the grant was given by this Ministry for Jan Sahyog Kendras during the year 1961-62. It will thus be observed that there was no delay on the part of this Ministry in agreeing to the Jan Sahyog Kendras being wound up by their conversion into Lok Karya Kshetras, and the Samanta Committee's statement that the Jan Sahyog Kendras were converted into Lok Karya Kshetras and handed over to the Lok Karya Section of the Bharat Sevak Samaj in 1960, is not correct.

#### MINISTRY OF WORKS, HOUSING AND URBAN DEVELOPMENT (WORKS DIVISION)

##### Recommendation

With regard to the contract for road work in the village Naraina near Delhi, the Committee are intrigued to find that the case is not such as it has been made out to be. It has been argued that the work was given to the Bharat Sewak Samaj not as a favour or concession but as it was thought that without the cost of levelling of the hill area this work could be got done.

The Committee find, however, that the acceptance of the work by the Bharat Sevak Samaj was conditional in that they stated in their letter dated the 6th December, 1962 that they proposed to do the work at 40 per cent above the scheduled rates of the Central P.W.D. "provided the Narayana hill is open for use for quarry." The Bharat Sewak Samaj actually wanted to gain an advantage thereby as they would not be required to bring the stone for road building from a distance. But when this hope was not realised as the stone from the hillock was found to be too soft, the Bharat Sewak Samaj got the contract cancelled. Later on the same work was done by others at cheaper rates. This concession of getting the stone from nearby hillock was not extended to any other contractor and in spite of these the Bharat Sevak Samaj quoted rates which were higher. The Committee can find no justification for this special treatment of Bharat Sevak Samaj. The Committee would like this matter to be investigated and responsibility fixed.

*The Committee also find from a note read out by the Secretary, Ministry of Works and Housing that it did not bear out or justify the claim or reasons advanced by the Secretary of the Ministry in awarding this contract to Bharat Sevak Samaj.*

[S. No. 56 (Para 70) of Appendix XLVIII to 34th Report 1964-65].

#### ACTION TAKEN

The facts of this case have been re-checked from the records. The three road works fell in the development area of the village of Naraina. Adjacent to the site was hillock which was to be cut and lowered for development of the area as a park. To reduce expenditure on this work, the Central P.W.D. invited the Bharat Sewak Samaj to quote for the road works on the basis of quarrying stone and ballast in the Naraina hillock for use on the road works. Tenders were not invited and the Bharat Sevak Samaj quoted 40 per cent above the estimated cost.

2. At that time, the general level of tenders for similar road works in the neighbourhood was 30 per cent above. On the basis of the prevailing rates of materials and labour and the higher cost of operation of a new quarry by the Bharat Sewak Samaj, a rate of 35 per cent above the estimated cost was considered reasonable.

3. The offer of the Bharat Sewak Samaj for the works was considered by the Works Advisory Committee of the Delhi Administration at a meeting under the chairmanship of the Chief Commissioner. The Committee's view was that the rate of Bharat Sewak Samaj was rather high. As the lead involved in the carriage of material from the quarry which was quite near the site of work did not justify the high rate, it was not accepted. The Committee decided that the Chief Commissioner should try to reduce the rate by discussion with Bharat Sewak Samaj and decide on the award of the work.

4. The matter was considered at a meeting of all concerned presided over by the Chief Commissioner. The Bharat Sewak Samaj could be persuaded to reduce their quotation only by 2 per cent. The Chief Commissioner was of the view that the work should be awarded to the Samaj at 38 per cent above the estimated cost for the following reasons:—

- (i) It was the policy of Government to encourage voluntary organisations like the Bharat Sewak Samaj in the execution of such works to foster healthy competition and to ensure the accrual of the profits to the community as a whole instead of to individual contractors.

- (ii) The standard of work of such organisations was expected to be higher than that of contractors.

The meeting agreed that the work should be awarded to the Bharat Sewak Samaj at 38 per cent above.

5. As explained in para 1 above, the Samaj quoted, as desired by the Central P.W.D., on the basis of materials being quarried from the nearby hillock. There was no question of any undue advantage being gained by the Samaj in this regard. Since hard stone was not found in the hillock in sufficient quantities, other contractors were not required to obtain stone and ballast from there when tenders were called for the work after rescission of the contract with the Samaj. The reasons for the somewhat high quotation of the Samaj and the circumstances of its acceptance have already been explained. No unusual concession was given to the Samaj. Nor was there any question of extending any similar concession to other contractors.

6. In all the circumstances, no special treatment was meted out to the Bharat Sewak Samaj. No question of fixing of responsibility should, therefore, arise.

7. The work was awarded to the Samaj because of the policy of Government at that time and on certain expectations about the timely completion and quality of the work. Unfortunately, the expectations did not materialise but it was not possible for any one to visualise or anticipate the outcome.

(Dated the 19th July, 1966).

### **Recommendation**

*An annual review containing an independent evaluation on behalf of Government of the work done by voluntary Organisations which receive substantial grants-in-aid from Government should be made in future and included in the Annual Reports of the Ministries presented to Parliament.*

[S. No. 63(b) (5) of Appendix XLVIII to 34th Report—1964-65].  
2082 (Aii) LS—7.

## ACTION TAKEN

With reference to a similar recommendation made by the Estimates Committee in para 17 of their 55th Report (Second Lok Sabha), instructions were issued to Ministries in 1959 requiring that the utilisation by the grantees of the grants-in-aid given by Government should be annually reviewed with the assistance of some leading non-officials interested in the object of the particular grant and, the results of such reviews included in the Annual Reports of the Ministries.

In the light of practical difficulties experienced by the Ministries in complying with those instructions, the position has recently been reviewed by the Ministry of Finance in consultation with the Comptroller and Auditor General and certain modifications in those orders have been proposed so as to make the review more purposeful and limited to important cases of grants-in-aid. A note on the subject has been recently submitted to the Estimates Committee and their reaction is being awaited. Revised instructions to be issued in that connection will take into consideration the recommendations of the Public Accounts Committee in their 34th Report which has been quoted above. A final decision when reached will be intimated to the Public Accounts Committee as early as possible.

[Min. of Fin. U.O. No. F.14(42)-E(Coord)/65, dated the 22nd March, 1966].

## FURTHER INFORMATION

The recommendation has been carefully considered. Whereas the Government is in broad agreement with the Public Accounts Committee's recommendation in regard to the necessity for evaluation of the voluntary organisations' work in so far as it relates to substantial grants, in many cases a year is too short a period for the grant to register an impact and produce appreciable benefits, specially when recurring grants are made. It is considered that a period of 3—5 years or so should ordinarily be allowed before the achievements of a scheme or project can be usefully assessed. Moreover undertaking an evaluation once every year would prove costly and time-consuming, and might even affect the smooth day to day functioning of the organisations. It is, therefore, hoped that the Committee would on reconsideration, agree that it would essentially meet the point if an independent evaluation, confined to the grants exceeding Rs. 1,00,000 is undertaken once in three to five years. Instructions on these lines,

providing also for inclusion in the Annual reports of the Ministries of their assessment of the achievements and performance of the grantee institutions, have been issued to all Ministries/Departments (*vide* O.M. No. F.14(2)-E.II(A)/64 dated the 6th May, 1966.

[*Min. of Fin. U.O. No. F.14(42)-E(Coord)/65, dated the 16th May, 1966*].

## APPENDIX V

*Recommendations/observations in respect of which replies of Government have not been accepted by the Committee and which require re-iteration.*

### Recommendation

The Committee are surprised that the Bharat Sevak Samaj itself has never considered it necessary to prepare and submit a consolidated account of their organisation in any year from 1952 till now. The Committee are also surprised that in spite of the clear stipulation in the GFR 149(3) the concerned Ministries have been giving grants to the Bharat Sevak Samaj year after year without realising that this essential requirement was not being complied with. Each Ministry has a Financial Adviser attached to it. The Committee fail to understand how these financial Advisers in all the concerned Ministries could have over all these years failed to point out that the conditions laid down in Rule 149(3) were not being fulfilled.

The Committee regret to note that the Commission has adopted a complacent attitude in respect of the contravention of the provisions of Rule 149(3) in spite of the magnitude of the grants given year after year. The Committee cannot escape the conclusion that the Planning Commission has not exercised the financial controls that the rules prescribe and that whatever check has been exercised has been perfunctory and inadequate.

The Committee, therefore, recommend that the Planning Commission should without any further delay insist on the submission of consolidated and duly audited accounts of Bharat Sevak Samaj showing the overall financial position of the organisation for every year since it started receiving grants from the Government. The Committee further recommend that no further grants should be made till the provisions of Rule 149(3) are fully complied with. However, a time-limit of six months may be allowed to Bharat Sevak Samaj for the submission of consolidated Accounts in respect of all the earlier years.

[Sl. No. 4, para 14 of Appendix XLVIII to 34th Report (1964-65)]

## ACTION TAKEN

The Bharat Sevak Samaj have sent a detailed note on the 4th August 1965 which sets out the view point and the practical difficulties of the organisation in the preparation of the consolidated statement of accounts.

2. However, in compliance with the recommendations of the public Accounts Committee, the Bharat Sevak Samaj have been requested to furnish their consolidated statement of accounts for all the previous years. To facilitate compilation of their accounts and later check by the Government, a proforma has been prescribed in consultation with the Accountant General, Central Revenues, New Delhi, in which the consolidated accounts are to be maintained.

3. The Bharat Sevak Samaj had been given time to submit the consolidated accounts by the 10th November, 1965. This marked the expiry of a period of 6 months since the Samaj were first invited to a meeting to discuss the recommendations of the Public Accounts Committee. However, the Samaj have so far submitted their accounts for the years 1962-63, 1963-64 and 1964-65 only. These do not include the accounts of the construction service. Certain gaps have been noted in these accounts and the Samaj have been advised to fill them. The accounts of the construction service are also awaited.

4. The Samaj have since been allowed time to complete the accounts for the three years 1962-63, 1963-64 and 1964-65 upto 31st May, 1966 and to submit the accounts for the remaining period since the inception of the Samaj by the 30th September 1966.

5. Meanwhile, in order that the Government programmes which are being implemented through the Samaj do not come to a standstill the grant due for 1965-66 was released to the Samaj.

6. As regards the collection made by the Bharat Sevak Samaj from their own resources it may be pointed out that the proforma prescribed by the Government requires submission of detailed information separately about the grants received from the Central and State Governments and their own contribution in cash and kind. The consolidated statement of accounts will thus give separate information about the total collections made by the Samaj and the Government grants received by them.

*Planning Commission U.O. No. 24(1)/65-Pub. dated 20-4-1966.*

### FURTHER INFORMATION

(i) The Bharat Sevak Samaj has not yet furnished consolidated accounts including those of its Construction Service. It has submitted the accounts for its general activities (i.e. other than its construction activities) for the years 1962-63 onwards. In respect of the earlier years it has produced accounts for activities supported by grants-in-aid from Central Government agencies only. These accounts have already been audited by Chartered Accountants.

(ii) In regard to the accounts of the Construction Service, the Samaj has furnished the audited accounts of its Central Construction Service upto 31st July, 1963. It has also furnished the accounts of the Central Construction Service for the period ending 31-3-1966. But these have not been audited. It is understood from the Samaj that the audit of these accounts is in progress. It is further understood that the Bharat Sevak Samaj Central Office has received construction accounts, some audited some unaudited, from several Pradesh/District units but it has not been able to furnish an integrated picture of such construction accounts because of gaps which have yet to be filled.

(iii) Auditing and verification of the correctness of the accounts of the Samaj will be done when consolidated accounts are received.

(iv) An amount of Rs. 3,86,750 was released to the Bharat Sevak Samaj as grant-in-aid during 1966-67 with a stipulation that it should submit the consolidated accounts for the organisation as a whole and as recommended by the P.A.C. before the release of further instalments is considered. The above amount represented in instalment covering approximately three months activities of the Samaj.

(v) No further grant-in-aid was given to the Samaj during the year 1966-67 and none in 1967-68 so far.

### MINISTRY OF INFORMATION & BROADCASTING

#### Recommendation

*The Committee desire that the Ministry of Information and Broadcasting should also follow the same course of action as has been suggested in para 14 of this Report in regard to insisting on the immediately submission of consolidated and duly audited accounts of the Samaj and the stoppage of grants till the provisions of Rule 149(3) of the General Financial Rules are fully complied with.*

[S. No. 22(i) Appendix No. XLVIII to 34th Report (1964-65)]



**ACTION TAKEN**

The Planning Commission had convened a meeting of the Sub-Committee of the Coordination Committee on Public Co-operation on 10th May, 1965 to consider the proforma in which the Bharat Sevak Samaj may be requested to furnish the consolidated accounts as recommended by the Public Accounts Committee. This meeting was also attended by a representative of this Ministry. The draft proforma as prepared in the light of the discussion held at the said meeting was considered at a subsequent meeting held under the chairmanship of the Secretary, Planning Commission on 24-7-1965. It was decided at that meeting that the Samaj may be requested to furnish the consolidated accounts in the prescribed proforma by 10th November, 1965. The Samaj was informed accordingly by the Planning Commission. The Bharat Sevak Samaj has since submitted statements of consolidated accounts for the years 1962-63, 1963-64 and 1964-65 to the Planning Commission. These accounts are, however, not complete in certain respects. The Planning Commission allowed the Samaj to complete the accounts upto 31-5-1966 and to submit the accounts for the remaining years since the inception of the grant to the Samaj by the 30th September, 1966. Meanwhile, in order that the Government publicity programmes which are being implemented through the Samaj do not come to a Standstill, the grant due for 1965-66 was released to the Samaj.

**FURTHER INFORMATION**

It is confirmed that no grant was released to Bharat Sevak Samaj by the Ministry of Information & Broadcasting during the years 1966-67 and 1967-68 (till date).

[D.O. No. 1/14/65-PP (P&PC) 7-10-1967]

**Recommendation**

- (i) *The Committee feel that the practice of utilising the services of Government officers exclusively for the work pertaining to a private organisation is improper.*
- (ii) *The Committee would like to refer to the decisions taken at the meeting of the Working Group on Construction service of Voluntary Organisations and Labour Contract and Construction Co-operatives held on the 2nd March, 1964 that to meet the needs of technical and accounting personnel for the construction service or voluntary organisations and the public Corporations, suitable increase in*

*the cadres of the C.P.W.D. and other Departments of the Centre and States might be made. The Committee do not understand on what basis and under what procedure increase in the staff of Government Departments can be made for meeting the needs of technical personnel of a Voluntary Organisation. This means in other words that Government should recruit technical officers for appointment in Government Departments and then make them available to the voluntary organisations. The Committee are unable to appreciate the logic or the desirability of introducing such a procedure. The Committee are of the view that the practice of deputing Government Officers on loan to private bodies who execute works on contracts and earn profits is objectionable in principle, and should be discontinued.*

[S. No 45 of Appendix XLVIII (Para 59) to the 34th Report 1964-65].

## DEPARTMENT OF WORKS, HOUSING

### ACTION TAKEN

In August, 1961, the Planning Commission wrote a letter to the State Governments, with copies to concerned Ministries at the Centre, in which it was stated that the High Level Committee presided over by Dr. A. N. Khosla, Member, Planning Commission, made certain recommendations, one of which was that technical personnel may be made available on deputation by State Governments and Central Ministries to work with and assist the voluntary and cooperative organisations, to enable such organisations to carry out the tasks entrusted to them in a satisfactory manner.

2. In August, 1963, the Director, Construction Services, Planning Commission approached the Chief Engineer, Central P.W.D. for deputation of 2 Superintending Engineers, 6 Executive Engineers and 12 Assistant Engineers. The Executive Engineers and Assistant Engineers were required to work with the Bharat Sevak Samaj and the Superintending Engineers, were to be Planning Commission-based. The Ministry of Works and Housing approved the deputation of 2 Superintending Engineers. Two Executive Engineers were also deputed to the Bharat Sevak Samaj. In addition to these officers, 3 Section Officers were also deputed. The Officers deputed to the Samaj were allowed the terms and conditions as on foreign service.

3. Pursuant to the observations of the Public Accounts Committee contained in para. 59 of the 34th Report it was decided on the 6th May, 1965 to withdraw C.P.W.D. Engineers from the Bharat Sevak

Samaj. Subsequently at the instance of the Bharat Sevak Samaj, it was decided to allow C.P.W.D. Engineers to remain with the Bharat Sevak Samaj till the works in hand were completed. At present, 1 Superintending Engineer, 1 Executive Engineer and 2 Section Officers are on deputation with the Bharat Sevak Samaj, all of whom are to be withdrawn after the 31st March, 1966.

[F. No. 13011 (1)/66-EW,Dt., 10-2-1966/

## MINISTRY OF HOME AFFAIRS

### ACTION TAKEN

The Ministry of Works, Housing and Urban Development along with their O.M. No. 5/10/65-Bt. dated 23rd February, 1966 addressed to the Lok Sabha Secretariat, had sent a note explaining the action taken or proposed to be taken by them in the light of the recommendations made by the Public Accounts Committee (quoted above). In the present note, the action taken or proposed to be taken on the general questions of principle raised in the above recommendations is explained in the following paragraphs.

2. Government have accepted the principle underlying the recommendation (i).

Recommendation (ii) of the Public Accounts Committee is a corollary to recommendation (i). We agree that it is not correct for a Government servant remunerated by Government to work on behalf of voluntary and private organisations. It, therefore, goes without saying that Government Deptts. cannot be permitted to augment their staff to provide the manpower for private and voluntary organisations. Government have, therefore, accepted this recommendation also.

3. Necessary instructions, giving effect to the above recommendations, have been issued by Government (copies enclosed at Annexures I and II).

4. The recommendation (i), namely, that the practice of utilising the services of Government officers exclusively for the work pertaining to a private organisation is improper, arose out of the appointment of the Director Construction Services, and the Financial Adviser attached to the National Advisory Committee on Public Cooperation in the Planning Commission who devoted their time mainly to the Bharat Sevak Samaj (vide para 59 of the Report). So far as these two officers are concerned, the matter has been reviewed

by the Planning Commission and the following decisions have been taken:—

- (a) The Financial Adviser attached to the NACPC will in future function as Internal Financial Adviser to the Planning Commission not only for the grants given to the Bharat Sewak Samaj but also for (i) all Public Cooperation Programmes which include other voluntary organisations and institutions such as the Bharatiya Grameen Mahila Sangh, Central Institute of Research and Training in Public Cooperation, Planning Forums, etc., and (ii) the Rural Industries Planning Committee of the Planning Commission.

The quantum of grants disbursed under the various Public Cooperation schemes during the last two years is as follows:—

(i) 1965-66	..	Rs. 13.62 lakhs
(ii) 1966-67	..	Rs. 6.47 lakhs

The reduction in the quantum was mainly due to the curtailment of grants-in-aid to the Bharat Sewak Samaj.

There have, however, been additions to the responsibilities of the Financial Adviser during the period as shown below:—

- (i) assessment of financial position of the Samaj as a whole, particularly construction service;
  - (ii) watching and suggesting methods for recovery of loans given to the Construction Service of the Samaj, repayment of which has been delayed by the Samaj;
  - (iii) advising the Central Institute of Research and Training in Public Cooperation;
  - (iv) advising the Rural Industries Planning Committee which is handling grants and loans of about two crores of rupees per annum.
- (b) The Director of Construction Services will in future supervise and generally guide the working of (i) the Construction Service of all voluntary organisation (and not Bharat Sevak Samaj alone) who come forward to undertake construction works and (ii) labour cooperatives whose activities are proposed to be intensified and expanded in the Fourth Plan. He will also assist the Economy in Construction Costs Division to the extent such

economies are proposed to be achieved through the efforts of voluntary organisations and labour cooperatives such as opening of brick kilns, quarrying of sand etc.

The value of works done by the Bharat Sevak Samaj Central Construction Service in 1965-66 was Rs. 260 lakhs (approx.). But during that year, as some sanctioned posts in the newly created Construction Economy Division of the Planning Commission could not be filled the Director (C.S.) had to perform substantial work in the Division. The post of Director (C.S.) fell vacant in June, 1966 and has not been filled so far.

5. This note has been vetted by Audit.

17-10-1967.

[M.H.A. F. No. 14/5/67-Est. (A)]

# ANNEXURE I

No. 19(4)/67-Pub.

GOVERNMENT OF INDIA

PLANNING COMMISSION

Parliament Street

Yojana Bhavan

New Delhi, the 29th May, 1967.

8th Jyaistha, 1889.

To

The Chief Secretaries of State,

Governments and Administrations of

Union Territories.

Subject:—Review of the concessions given to the Construction Services of Voluntary Organisations and Labour Cooperatives to undertake Construction Works.

Sir,

I am directed to refer to the Planning Commission's letter No. 10(10)/61-Pub., dated the 24th August, 1961, (copy enclosed) regarding facilities to voluntary and cooperative organisations to undertake construction works and to say that the provisions of that letter were recently reviewed by an Inter-Ministerial Committee in the

light of certain observations and suggestions made by the Public Accounts Committee of the Parliament.

2. Based on the recommendations of the Inter-Ministerial Committee, the Government of India have come to the following conclusions:—

- (a) The Bharat Sevak Samaj or other voluntary organisations need not be given preferential treatment or any special concessions in respect of earnest money, security deposit, etc. They may, however, be treated on par with any other approved good contractor.
- (b) In making technical personnel available to such organisations, the normal rules on foreign service should be followed. However, this should not occasion any increase in the cadres of the Public Works Department or any other Department of the Government concerned.
- (c) In regard to the tender system, it was not the intention that each and every work given to the Construction Service of Voluntary Organisations should be on a negotiated basis. The normal rule should be to proceed on an open tender basis, but in conditions under which negotiations are permissible and are resorted to with other contractors, they need not be ruled out in the case of Construction Services of Voluntary Organisations.
- (d) The intention of paragraph 7 of the Planning Commission's letter dated the 24th August, 1961, mentioned above, was that there should be a better human relationship and working understanding between the project authorities and the Construction Services of Voluntary Organisations, as such relationship and understanding are necessary to facilitate matters like measurement of work without delay, prompt payment of 'on account' bills for work done at regular intervals etc. It was not the intention that sub-standard work should be accepted without penalty.

3. As recommended by the Inter-Ministerial Committee, it has been decided that subject to the observations contained in para. 2(d) above, the recommendations relating to categories or works and facilities to be extended, as mentioned in paras. 3 and 4 of the Planning Commission's letter of the 24th August 1961, may continue to apply

to the labour cooperatives. If any other special concessions have been granted to the labour cooperatives the same may continue to apply to them as heretofore.

4. The State Governments are requested to consider the decisions set out above and to take such further action, as they may consider necessary, in continuation of the action, if any, taken on the Planning Commission's letter No. 19(10)/61-Pub., dated the 24th August, 1961. If there is no objection, a copy of the orders issued by the State Governments in this regard may be sent to the Planning Commission.

Yours faithfully,

(M. BUTT).

Joint Secretary to the Govt. of India.

Copy to:—

- (i) Ministry of Finance (Deptt. of Expenditure)—3 copies.
- (ii) Ministry of Works, Housing and Urban Development.
- (iii) Ministry of Irrigation and Power.
- (iv) Ministry of Railways (25 copies).
- (v) Ministry of Transport and Shipping.
- (vi) Ministry of Food, Agriculture, Community Development, and Cooperation (Deptt. of Cooperation).

No. 19(10)/61-Pub., Government of India Planning Commission  
(Public Cooperation Division)

Yojana Bhavan,

New Delhi, the 24th August, 1961.

From

Shri J. M. Kitchlu, Deputy Secretary, Planning Commission.

To

The Chief Secretaries of all State Governments and Administrations of Union Territories.

Subject:—Facilities to voluntary and cooperative Organisations to undertake construction work.

Sir,

I am directed to refer to Planning Commission's letter No. PC(VI)H 9(6)/58, dated the 24th October, 1959 regarding measures for achieving economy in construction costs. In paragraph 10 of this letter it was suggested that (a) labour cooperatives should be

encouraged and organised by giving them concessions in respect of award of works at scheduled rates and in the matter of earnest money, security, etc.; and (b) that voluntary social service agencies which were equipped for construction work might be given special opportunities for participating in such work so that they could assist to some extent in reducing construction cost.

Experience at Kosi, Nagarjunasagar and other projects has shown that voluntary organisations like the Bharat Sevak Samaj can play a valuable part in construction activities, particularly for reducing costs by making purposeful use of the opportunities given them. In the Report on the Third Five Year Plan, attention has been drawn to this aspect in the following terms:

“Construction activity in the bigger projects as well as smaller and local works will remain the largest avenue for voluntary effort towards the utilisation of idle manpower. In villages, voluntary agencies will be encouraged and helped to take up construction work directly or through labour cooperatives. This will lead to reduction of cost, observance of satisfactory standards of work, a better deal for the construction workers and the promotion of honest dealings in the working of the construction industry. Excessive dependence on contractors will be avoided and additional resources will become available for the programme of the voluntary organisations”.

2. The role of voluntary organisations in construction activities, the works which they would ordinarily be best suited to carry out, and the procedural and other conditions necessary for their effective participation in construction work have been recently considered by a high level committee set up by the Planning Commission. The Committee, which was presided over by Dr. A. N. Khosla, Member, Planning Commission, included representatives of several ministries, and a number of senior engineers from the States were also associated with its deliberations.

3. The Committee has recommended that, subject to proper assessment of their objectives and capacity, voluntary and cooperative organisations may be considered for works under the following categories:—

- (a) Earth-work of all types and simple masonry works relating to:—
  - (i) multi-purpose, major and medium irrigation projects and flood protection schemes;



- (ii) minor irrigation works; and
  - (iii) Construction of roads.
- (b) Simple buildings undertaken by public Works Department such as:—
- (i) hostels, administrative blocks, workshops, etc., of the vocational training institutes;
  - (ii) residential tenements under the slum clearance programmes; and
  - (iii) construction of school buildings and other local development works in the rural areas.
- (c) Major structures only if the voluntary organisation concerned is adequately equipped with technical personnel and necessary mechanical equipment; and
- (d) Supply in bulk quantities of building materials, e.g., stonem stone blast, shingle (Bajri) and sand. In certain places, near-monopoly conditions prevail in the matter of supply of such material. Voluntary organisations may, therefore, be given all possible encouragement to enter this field. Where possible, the Administrations concerned should allow quarrying facilities to voluntary organisations on payment of royalty.

4. Among the conditions which the Committee considers essential for enabling voluntary and cooperative organisations to carry out the tasks entrusted to them in a satisfactory manner are the following:—

- (a) It should be the effort of the official agencies to give the maximum assistance to voluntary and cooperative organisations. As far as possible, a certain proportion of the available work should be set apart for them and may be extended as their capacity develops;
- (b) Continuous flow of work should be ensured. Project authorities should indicate well in time the magnitudes, types and specific works that can be awarded to such organisations. Voluntary and Cooperative Organisations

should be given preference over private contractors and, where possible, they should be given works on a negotiated basis;

- (c) Works may be awarded at 'Workable rates' on the basis of the schedule of rates increased or decreased by a percentage to be decided by the competent authority. The schedule of rates should be kept up-to-date. The work order system may be preferred wherever possible;
- (d) To avoid delay and ensure prompt payments, powers may be delegated to the Superintending and Executive Engineers. 'On account' payments may be authorised for works completed;
- (e) Technical personnel may be made available on deputation by State Governments and Central Ministries to work with and assist voluntary and cooperative organisations; and
- (f) Assistance by way of loans should be given for working capital and purchase of equipment.

5. Where loans are advanced, reasonable safeguards should be provided for the recovery of such loans and advances which may be made and which are not specifically covered by standard terms and conditions of contract and devise a suitable machinery which will ensure Government against possible losses and breach of contract. What that machinery should be is a matter for the authorities to consider.

6. In order to encourage the growth of voluntary and cooperative organisations and enable them to function effectively, emphasis should be laid on proper training of personnel. Training programmes should be arranged for selected groups of voluntary workers from the areas where public cooperation activities have a potentiality. Similarly training programme should also be arranged for unskilled and semi-skilled workers organised under voluntary and cooperative organisations in order to enable them to undertake construction activity efficiently and improve their earnings.

7. State Governments are requested to consider the recommendations set out above and to take such further action as may be necessary for enabling labour cooperatives and voluntary organisations to take their due share in executing construction programmes

under the Third Five Year Plan. It is realised that in the initial stages the services rendered by voluntary and cooperative construction organisations may have certain shortcomings and deficiencies. With greater experience on the part of these organisations and with a sympathetic and helpful approach on the part of Government agencies at all levels, these shortcomings will be progressively overcome, and voluntary and cooperative organisations will be able to serve the public interest more effectively. State Government will, no doubt ensure that the facilities proposed above are extended only to well-established and active organisations and not misused.

8. It is hoped that State Governments will be able to arrange for financial assistance to cooperative organisations from within their Plans. For assisting voluntary organisations which take up construction work a provision of Rs. 10 lakhs has been made by the Planning Commission for the year 1961-62, the loans for purchase of equipment and working capital in terms of the recommendation in sub-para. 4(f) above can be provided to this extent. The amount required by each State Government during 1961-62 may kindly be intimated at an early date.

9. State Governments may kindly keep the Planning Commission informed of the action taken in pursuance of suggestions contained in this letter.

Yours faithfully,

Sd/-

(J. M. Kitchlu)

*Deputy Secretary to the Govt. of India.*

Copy to:—

Ministry of W.H.&S., Ministry of I. & P., Ministry of Railways, Ministry of Finance, Ministry of C.D. & Coop., Ministry of Transport, Planning Commission. (COPP).

## ANNEXURE II

No. 14/5/67-Ests. (A)

GOVERNMENT OF INDIA

MINISTRY OF HOME AFFAIRS

New Delhi—1, the 11th September, 1967

20th Bhadra, 1889.

### OFFICE MEMORANDUM

**Subject:—Appointment of Government Officers exclusively to work for private organisations—Recommendations of the Public Accounts Committee made in 34th Report—**

**In para 59 of their 34th Report (Third Lok Sabha), the Public Accounts Committee have made the following observations:—**

- (i) the practice of utilising the services of Government Officers exclusively for the work pertaining to a private organisation is improper; and
- (ii) the logic or desirability of increasing cadres of Central Public Works Department and other Departments of the Centre and States for meeting the needs of the technical personnel of voluntary organisations is not clear and the practice of deputing Government Officers on loan to private bodies who execute works on contracts and earn profits should be discontinued.

2. Under the provisions of Fundamental Rule 111 transfer to foreign service is not admissible unless duties to be performed after the transfer are such as should for public reasons, be rendered by a Government servant. It has also been emphasised in Government of India's Orders below the said rule that in a case where a Government servant's services are proposed to be lent to a private undertaking it is necessary that the principles of F. R. 111 should be applied most rigorously. The loan of a Government officer to a private undertaking should be regarded as a very exceptional case requiring special justification. Thus, the existing rules and orders are sufficiently stringent and if they are closely followed, no undesirable results are likely to ensue.

3. The Ministry of Works, Housing and Supply etc., are, therefore, requested to ensure the observance of the above principles and the

recommendations of the Public Accounts Committee in this regard. An arrangement under which an officer is remunerated by Government but works on behalf of a voluntary organisation is undesirable and should be avoided. If it is in public interest to lend the services of a Government servant to a voluntary or private organisation, it should be only on foreign service terms.

4. As a corollary to the above decision, the strength of the various cadres of the Departments should not be augmented to meet the needs of voluntary organisations and other private bodies.

5. The above instructions may kindly be brought to the notice of all concerned.

6. In so far as persons serving in the Indian Audit and Accounts Department are concerned, these instructions issue in consultation with the Comptroller and Auditor General.

P. S. VENKATESWARAN,  
*Under Secretary to the Government of India.*

To

- (1) All the Ministries/Departments of Government of India.  
(including Planning Commission, Deptt. of Atomic Energy, Deptt. of Statistics).
- (2) Comptroller and Auditor General of India.
- (3) Union Public Service Commission.

*Usual number of spare copies will follow*

No. 14/5/67-Ests. (A)

Dated, the 11th September, 1967  
20th Bhadra, 1889

Copy forwarded to:—

- (1) All Union Territories
- (2) All Attached and Subordinate Offices, Ministry of Home Affairs.
- (3) Commissioner for Linguistic Minorities, Allahabad.
- (4) Ac. I/Ad. I/Ad. II/AIS (I)/AIS (II)/AIS (III)/AIS (IV)/AIS (V)/ANL/AVD/B.S. (I)/B.S. (II)/C.S.(I)/C.S. (II)/Delhi/D.H.S./E.O.(A)/E.O.(B)/E.R./E.R. (CD)/Ests. (B) Ests. (C) Ests. (D) Ests. (E)/Finance Sec./F.I./G.P./H.M.T./Hindi/M.P. Dte./NEFA/O.L. P. I/P. II/P. III/P. IV Pub. I/S.S.O./UTL/Welfare Sections.
- (5) Central Vigilance Commission.
- (6) Deptt. of Administrative Reforms.

(P. S. VENKATESWARAN)  
*Under Secretary to the Government of India.*

## APPENDIX VI

*Recommendations observations to which Government have furnished interim replies.*

GOVERNMENT OF INDIA

PLANNING COMMISSION

### Recommendation

*The Committee have not been able to find any provision in the Societies Registration Act 1860 under which a body registered under the Act has the obligation to prepare its annual accounts. The Committee suggest that Government should examine whether some suitable provisions should be incorporated in the Act to make it obligatory for the societies registered under the Act to prepare and submit their consolidated and audited accounts to the Registrar of Societies.*

[S. No. 5 (Para 15) of Appendix XLVIII to 34th Report 1964-65].

### ACTION TAKEN

The report on the action taken on this recommendation will be given by the Ministry of Law (Department of Company Affairs). In this connection attention may be invited to their letter No. 21/2/65-CL. V, dated 28-2-66 addressed to the State Governments and Union Territories with legislature. (Annexure.)

*Planning Commission U.O. No. 24(1)/65-Pub. 20th April, 1966.*

---

### ANNEXURE

No. 21/2/65-CL. V.

GOVERNMENT OF INDIA

MINISTRY OF LAW

Department of Company Affairs,

Reserve Bank Building, Parliament Street

New Delhi—1, the 28th February, 1966.

To

1. The Chief Secretaries to all the State Governments (excepting Madhya Pradesh, Madras and West Bengal).

2. The Chief Secretaries to the Governments of Union Territories of Goa, Daman and Diu, Himachal Pradesh, Manipur, Pondicherry and Tripura.

---

SUBJECT:—The Societies Registration Act, 1860—Public Accounts Committee's recommendation in its 34th Report for incorporation of a provision to file audited accounts with the Registrar in—

Sir,

I am directed to state that the Public Accounts Committee of Parliament in its thirty-fourth Report on grants, loans, contracts and facilities given by the Central Government Departments/Ministries, have observed that they were not able to find any provision in the Societies Registration Act, 1860 under which a body registered thereunder has the obligation to prepare its annual accounts. The Committee have, therefore, suggested that Government should examine whether suitable provisions should be incorporated in the Act to make it obligatory for societies registered thereunder to prepare and submit their consolidated and audited accounts to the Registrar of Societies.

The subject-matter of the Societies Registration Act now falls exclusively within the State List vide entry 32 of List II of the Seventh Schedule to the Constitution of India. It is understood that some States have already enacted or are contemplating to enact suitable amending Acts modifying the provisions of the Societies Registration Act in the application of its provisions to their States. Some of these amending Acts provide *inter alia* for the audit of the accounts of societies registered under the Act as suggested by the Public Accounts Committee and for the regular filing of copies of such accounts with the Registrar of Societies. However, precise information in this behalf is not available with the Central Government in view of the administration of the Societies Registration Act being vested in the State Governments. It is, therefore, requested that if suitable provision does not already exist in the State Act, necessary steps may be taken to incorporate therein at an early date appropriate provisions in this regard. In order to afford suitable analogy in this regard, extracts of relevant provisions contained in the Madhya Pradesh Societies Registration Act, 1959 and the West Bengal Societies Registration Act, 1961 are enclosed. It may also be of some interest to the State Governments etc. to know that the Madras Government shortly proposes to make a comprehensive amendment of the Societies Registration Act in its applica-

tion to that State. An extract from that Government's letter indicating the salient features of the proposed amendment and the justification therefor is also enclosed for your information. Further particulars regarding the provisions contained in the Amendment Bill of the State Government may, if required be obtained direct from that Government.

3. If, however, suitable salutary provisions in this regard already exist in the Act as modified and in force in the State, this Department would be grateful if an extract of the appropriate provisions is sent at an early date.

4. Receipt of this letter may please, be acknowledged.

Yours faithfully,

Sd/- (M. K. BANERJEE),

*Under Secretary to the Government of India.*

No. 21/2/65-CL. V.

28th February, 1966.

Copy forwarded for information to:—

1. Lok Sabha Secretariat (Shri H. N. Trivedi), New Delhi.  
This has reference to recommendation No. 5 (para 15) of the 34th Report of the Public Accounts Committee 1964-65 (3rd Lok Sabha). Necessary action in regard to the amendment of the Societies Registration Act, 1860 or any corresponding Act in force in the remaining Union territories which have no legislatures would be taken by the Ministry of Home Affairs which is concerned in the matter.
2. Planning Commission (Shri H. K. D. Tandon, Director, Public Co-operation Division), New Delhi, with reference to their O.M. No. 24(2)/65-Pub., dated the 6th January, 1966.
3. Ministry of Home Affairs (Shri K. R. Prabhu, Deputy Secretary) New Delhi. The correspondence resting with their U.O. Dy. No. 2004/65-UTL, dated the 10th December, 1965 refers. That Ministry may initiate necessary action for amending the provisions of the Act in its application to the remaining Union territories which have no legislatures of their own. In this connection their U.O. No. 990/65-UTL, dated the 7th June, 1965 refers.



4. Accountant General, Central Revenues (Shri Khanna),  
New Delhi.

M. K. BANERJEE,  
*Under Secretary to the Government of India.*

**Extract from the West Bengal Societies Registration Act, 1961**

**"15. Books of account and audit.—**(1) Every society shall keep at its registered office proper books of account in which shall be entered accurately:—

- (a) all sums of money received and the source thereof and all sums of money expended by the society and the object or purpose for which such sums are expended;
- (b) the assets and liabilities of the society.

(2) Every society shall have its accounts audited once a year by a duly qualified auditor and have a balance sheet prepared by him. The auditor shall also submit a report showing the exact state of the financial affairs of the society. Three copies of the balance sheet and the auditor's report shall be certified by the auditor.

*Explanation.*—A duly qualified auditor means a chartered accountant within the meaning of the Chartered Accountants Act, 1949 or a person approved by the Registrar in this behalf.

(3) For any contravention of the provisions of sub-section (1) or sub-section (2), every officer in default shall be punishable with fine which may extend to twenty rupees for every day after the detection of the default during which the default continues.

\* \* \* \* \*

**17. Annual and other returns to be forwarded to Registrar.—**

(1) Within thirty days after the holding of every annual general meeting there shall be filed with the Registrar—

\* \* \* \* \*

- (c) a copy each of the balance sheet and the auditor's report certified by the auditor under sub-section (2) of section 15.

\* \* \* \* \*

(4) For any contravention of the provisions of \* \* \* \* \* every officer in default shall be punishable with fine which may extend to two hundred and fifty rupees."

---

**Extract from the Madhya Pradesh Societies Registration Act, 1959**

"24. *Audit and inspection.*—(1) At the end of every year a registered society shall send the statements of income and expenditure with full particulars duly audited by its auditors to the Registrar. On receipt of such statements the Registrar shall verify these statements with a view to see whether the funds have been utilised for the promotion of the society and its objects and he may think fit.

(2) If the Registrar thinks necessary to undertake a special audit he may audit or cause to be audited by some person authorised by him by general or special order in writing in this behalf the accounts of any registered society.

(3) Any person authorised by General or special order in writing in this behalf by the Registrar shall at all times have access to all the books of accounts and other papers of a society and every officer of the society shall furnish such information in regard to the accounts and working of the society as the person making such inspection may require."

---

**An extract from the Madras Societies Registration Bill, 1965**

"15. *Accounts and audit.*—(1) Every registered society shall keep proper books of account and at the expiration of each financial year, prepare a receipts and expenditure account and a balance sheet and shall cause them to be audited by an auditor or by two or more members of the registered society (not being members of the committee), appointed by the registered society and possessing the prescribed qualifications.

(2) The auditor or the members appointed under sub-section (1) shall have access to all the books and accounts of the registered society, and shall examine the receipts and expenditure account and the balance sheet and verify them with the accounts and vouchers relating thereto, and shall either sign them as found by him or them to be correct, duly vouched, and in accordance with law, or specially report to the registered society in what respects he finds or they find them to be incorrect, unvouched, or not in accordance with law.

(3) Every registered society shall, within six months of the expiration of each financial year, place before the general meeting

the receipts and expenditure account and the balance sheet together with the report referred to in sub-section (2) duly signed by the auditor or the members of the appointed under sub-section (1) and the members of the Committee and file with the Registrar within fifteen days of the date of such general meeting an authenticated copy of such receipts and expenditure account, balance sheet and report and a statement of the names, addresses and occupations of the persons who, at the expiry of the financial year, were members of the registered society, and also a declaration to the effect that the society has been carrying on business or has been in operation during the financial year."

**Extract from Madras Government letter referred to in para 2 of the circular**

I am to state that the Societies Registration Act, 1860 (Central Act XXI of 1860) was passed in 1860, when the law relating to societies was in its infancy in India. The actual working of the Act for the past several decades brought to light many defects, as for instance, there is no provision in the Act permitting change of name of a society, the alternation of by-laws, the keeping of a registered office, the maintenance of a register of members and Committee members, the holding of annual general meeting, the winding up of the societies under the orders of the Registrar, etc. The result is that much difficulty has been felt by the public and by the administrative officers alike. The provisions, therefore, require to be amplified so as to meet the present day requirements. The question of amending the Act has been under consideration of Government for a very long time and it has now been decided to repeal the Societies Registration Act, 1860, and any corresponding law in force in the transferred territory and to replace them by a more comprehensive legislation which would apply throughout the State.

2. Besides incorporating the provisions of the Act with slight modifications, wherever considered necessary, the Bill introduces certain new provisions. The main features of the Bill are:—

- (i) The Societies Registration Act, 1860 provides for registration of societies established for the promotion of literature, science, or the fine arts or for the diffusion of useful knowledge, the diffusion of political education or for charitable purposes. It is now proposed to bring societies for promotion of religion, social reform, improvement of crafts and cottage industries also within the scope of the proposed legislation. The registration of

societies for diffusion of political education, provided for, in the existing Act has been excluded from its purview.

- (ii) According to clause 4 of the Bill every such society formed on or after the commencement of the proposed legislation which consists of not less than 20 members and whose annual gross income or expenditure in any financial year is not less than Rs. 2,500 is compulsorily registerable within four months from the date of expiry of that financial year. The clause also provides for compulsory registration of certain unregistered societies in existence on the date of commencement of the proposed legislation.
- (iii) It is proposed to prohibit registration of a society by a name which in the opinion of the Government is undesirable or which is identical with that of an existing registered society in the same district or so nearly resembling the same to be calculated to deceive, except where the existing registered society is in the course of being dissolved and signifies in writing its consent to such registration.

Provision has also been made prohibiting the use without the previous sanction in writing of the Government, the following words, namely "Land Mortgage", "Reserve Bank", "Union or State" or any word expressing or implying the sanction, approval or patronage of the Central or any State Government and "Municipal or Chartered" or any word which suggests or is calculated to suggest connection with any municipality or other local authority.—  
Clause 8.

- (iv) It is provided that every registered society should have a registered office and should maintain a register of members of society. There should be a committee of not less than three members to manage the affairs of the society. Clauses 12, 13 and 14.
- (v) A registered society is required to keep proper books of account and to prepare at the expiration of each financial year, a receipts and expenditure account and a balance sheet. The society shall cause them to be audited by an auditor or by two or more members of the society having the prescribed qualifications and place before a meeting of the General Body within six months of the expiration of each financial year—clause 15

- (vi) Provision has been made for saving of rights of creditors, in the event of amalgamation or division of societies. Particulars of mortgages and charges created on the property of a society are required to be filed with the Registrar, as also notice of final payment or satisfaction of any mortgage etc. whereas the existing Act contains no such provisions—clauses 30, 31 and 32.
- (vii) Power is sought to be conferred on the Registrar to call for any information or explanation in connection with filing of a document by a registered society. It is also provided that the Registrar may, on his own motion or on the application of a majority of the members of the Committee of a Registered society or on the application of not less than one third of the members of the society, or if so moved by the District Collector, hold or direct some person authorised by the Registrar to hold an inquiry into the constitution, working and financial condition of a registered society—clauses 33 and 35.
- (viii) The existing Societies Registration Act, provides for collection of fees for registration of a society and inspection of documents filed with the Registrar. It is proposed to levy fees for filing documents, issue of certificates of registration and also to enhance the fee for registration and inspection of documents as in the Schedule to the Bill. Power is sought to be conferred on the Government to remit any fee payable under the proposed legislation—clause 49.
- (ix) Power is also sought to be conferred upon the Government to exempt any society from the operation of all or any of the provisions of the proposed legislation—clause 52.
- (x) The Bill introduces necessary penal provisions for non-compliance with the provisions of the proposed legislation—clauses 44, 45, 46.

#### **Recommendation**

*The Committee regret to learn that not only was the level of education of the Sahayogis and Up-Sahayogis low, but also that their training was conducted by unqualified persons who were too old. The Committee would like to be furnished with a copy of the further report of the Programme Evaluation Organisation on receipt.*

[S. No. 12, para 22 of Appendix XLVIII to 34th Report (1964-65).]

## ACTION TAKEN

The Bharat Sevak Samaj have advised that they have prescribed a general minimum standard of Matriculation or its equivalent for the whole time Sahyogies and Upsahyogies. But in certain States, where the general standard of education is not high, they have found it difficult to get matriculates for work in the villages. In such cases non-matriculates were selected. But by doing so, long experience of rural conditions, leadership and other capacity to exercise influence and to make an impact on the rural people were taken into account. Some general education was also imparted to them along with the other activities in the training centres. In addition, the Bharat Sevak Samaj review the result of the trained workers and their accomplishments when they undergo and complete the training. Those that are found very backward are recommended for discharge.

2. A statement is enclosed showing the age and qualifications of the training staff of the two centres as on the 1st December, 1965. The Bharat Sevak Samaj have terminated the services of the Principal, Kerala Training Centre and one of the Instructors of the Delhi Training Centre and are looking out for a younger substitute.

3. The report of the Programme Evaluation Organisation has not been received so far. It will be furnished to the Public Accounts Committee when received.

*Planning Commission U.O. No. 24(1)/65-Pub. 20-4-1966*

## FURTHER INFORMATION

The final report of the Programme Evaluation Organisation has not yet been received. The P.E.O. have prepared a draft report and it will be finalised as soon as possible.

(D.O. No. 24(6)/67-Pub. Dated 23/25-9-1967.)

*Statement showing the particulars of the training staff of the Training Centres at Meharauli (Delhi) and Trivandrum run by the Bharat Sevak Samaj as on 1-12-1965.*

S. No.	Name	Designation	Age	Qualification & other experience	Remarks
1	2	3	4	5	6
1.	Shri P.R. Joshi	Principal	44	M.A., L.L.B. (i) Training in Community Development in the National Institute of Community Development.	He has since then resigned. A younger person will be appointed in his place.

1	2	3	4	5	6
				(ii) Training in All India National Cooperative Training Centre, Gurgaon.	
				(iii) Scouter Training. The Bharat Scouts & Guides Homestead, Taradevi Simla.	
				(iv) Family Planning National Training Institute, New Delhi.	
2.	Shri Ram Acharya	Instructor	35	M.A. B.T.	
				(i) Research work in Gandhi Smark Nidhi (2 years).	
				(ii) Panchayati Raj Training All India Panchayat Parishad, New Delhi.	
				(iii) Adult Literacy Literacy House Lucknow.	
3.	Shri Satyandra Prakash.	Instructor	54	B.A. (Prabhakar)	His services
				(i) Teacher for 7 years.	have since then been terminated.
				(ii) Social work organiser in Bharat Savak Samaj and Gram Udyog Samaj.	A younger person will be appointed in his place.
				(iii) Panchayati Raj Training All India Panchayat Parishad New Delhi.	
<i>Trivandrum</i>					
1.	Shri R. Govinda Pillai	Principal	61	B.A.	His services have since then been terminated.
2.	Shri P.V. Sudarasan	Instructor	35	B.A. Diploma S.S.A.	

### Recommendation

*The Committee were informed that the State Units of the Bharat Sevak Samaj are part of the Central Unit, and are not separately registered. The Committee are therefore, unable to appreciate the written reply furnished to them viz:*

*"The Planning Commission is not therefore in a position to furnish any information in regard to the grants given to the Samaj by the various States. The administrative responsibility of grants/loans given by the State Governments rests with them. The activities for which the State Units of the Bharat Sevak Samaj receive grant-in-aid from the State Governments they render the accounts therefor to the State Government concerned."*

*Since the State Units of the Bharat Sevak Samaj are part of the Samaj it is all the more necessary that Government should insist on the preparation and submission of consolidated accounts, as required under G.F.R. 149 (3).*

[S. No. 16 (Para 26) of Appendix XLVIII to the 34th Report (Third Lok Sabha)]

### ACTION TAKEN

As explained in the reply against recommendations Nos. 2 to 4 the Bharat Sevak Samaj have been advised to prepare a consolidated statement of accounts for the Central and the State Units in compliance with the provisions of the GFR 149.

*Planning Commission U.O. No. 24(1)/65-Pub. 20th April, 1966*

### Recommendation

*It must be stated that the present system of accounts is not quite satisfactory and it does not disclose any real contribution or donation. More than that the Committee feel that the Government should be in a position to assess in concrete terms the extent to which the amount sanctioned for slum clearance achieved the purpose in view. There should be a clear distinction between the activities of the Samaj and those of local bodies and other organisations which also receive assistance from Government sources for the same purpose. If the Government grants to the Samaj were spent only on salaries and establishment, the Ministry giving the grant and the Finance Ministry should specifically consider how far this would contribute towards the achievement of slum clearance.*



*The Committee would suggest that a method should be devised to assess the contributions made by the workers of the Samaj and the local slum dwellers in kind and services in financial terms and for this purpose some basis of standard norms should be decided upon. Thereafter a summary should be appended to the accounts so as to make the picture complete.*

*The Committee are not sure that there is no duplication of efforts or of work in the matter of slum clearance. They would like this matter to be examined so as to eliminate any duplication of work.*

[S. No. 17, (para 27) of Appendix XLVIII to 34th Report (1964-65)]

#### ACTION TAKEN

As mentioned in the reply to recommendations Nos. 2, 3 and 4 the proforma now prescribed for the preparation of the consolidated accounts of the Samaj requires submission of detailed information separately about contribution and donation in cash and kind. A formal letter has also been sent to the Bharat Sevak Samaj on 1-11-1965 with specific reference to this recommendation (copy attached Annexure). The Samaj will be required to comply with this recommendation.

2. The grant for the Urban Lok Karya Kshetras is not intended for slum clearance programmes as such but for providing a local agency for securing people's cooperation and participation and to ensure the fuller utilisation of the civic facilities made available by Corporation/Municipal body in the area or in the locality. These are the main objectives of an Urban Lok Karya Kshetra. The Kshetra consists of 2 or 3 whole time trained workers, supported by a larger number of voluntary part time workers. The grant for the Urban Lok Karya Kshetra is given for maintaining whole-time and voluntary workers mentioned above. These workers act as catalytic agents in facilitating the slum clearance programme as also in stimulating various self help activities. Some of the main activities which have been organised as on a self help basis are given on pages 291-292 of the P.A.C. Report.

3. The Planning Commission has set up an Evaluation Committee on 27-9-1965 *inter alia*, (i) to assess the contribution made by the workers of the Samaj and the local slum dwellers in kind and services in financial terms, (ii) to evolve out for this purpose some standard norms and (iii) to ensure that there is no duplication or overlapping of efforts or work between the Urban Lok Karya Kshetras and Projects sanctioned by other authorities in the matter

of slum clearance. A copy of the order setting up this Evaluation Committee is enclosed. Further action in this matter will be taken on the basis of the recommendations of this Committee and will be intimated to the P.A.C. in due course.

*Planning Commission U.O No. 24(1)65/-Pub dated 20-4-1966.*

#### FURTHER INFORMATION

The evaluation referred to in para 3 of the Report on the action taken on Sl. No. 17 (para 27) of the P.A.C. report is not being made by the Programme Evaluation Organisation but by an *ad-hoc* Evaluation Committee. The Committee has held several meetings and visited several Urban Lok Karya Kshetras. Recently it has given the guide-lines to a drafting committee for preparation of a draft report which will then be considered by the Committee as a whole. The draft is expected to be ready by the end of October 1967.

(D.O. No. 24(6)/67-Pub. Dated 23/25-9-1967.)

#### ANNEXURE

No. 24(7)/65-PUB

GOVERNMENT OF INDIA

PLANNING COMMISSION

(Public Cooperation Division)

*New Delhi,*

*Dated the November 1, 1965.*

From

H. K. D. Tandon  
Director, Public Cooperation

To

The General Secretary,  
Bharat Sevak Samaj,  
New Delhi.

SUBJECT:—*Implementation of the Recommendations of the Public Accounts Committee, 1964-65 (34th Report) Third Lok Sabha.*

Sir,

I am directed to invite your attention to recommendation at serial No. 17 (para 27 of the report) of the summary of main conclusions/recommendations in appendix XLVIII of the P.A.C. Report mentioned above relating to the preparation of consolidated statement of accounts and other connected matters in regard to the Urban Lok Karya Kshetras.

2. The Bharat Sevak Samaj is requested to prepare their statement of accounts in regard to the Urban Lok Karya Kshetras so as to comply with the following conditions laid down by the Public Accounts Committee:—

- (a) The accounts will be such that they enable the Government to assess the contribution made by the workers of the Samaj and local slum dwellers in kind and service in financial terms, and
- (b) For making this assessment some standard norms should be decided upon.

3. The norms referred to in (b) above may be submitted to the Government for their approval.

4. The Samaj should also be requested to ensure that there is no duplication or overlapping of efforts or work between the Urban Lok Karya Kshetras and the Project sanctioned by other authorities in the matter of slum clearance.

5. The Samaj should also give in the annual progress report an assessment of the work of the Kshetras which will enable the Government to assess in concrete terms the extent to which the grant for Urban Lok Karya Kshetras achieved the purpose for which it was sanctioned.

6. It is requested that this letter may be acknowledged.

Yours faithfully,

Sd/-H. K. D. Tandon.

Copy to the Ministry of Finance, Health Division, New Delhi for their information.

#### ANNEXURE

#### PLANNING COMMISSION

#### (PUBLIC COOPERATION DIVISION)

#### CIRCULAR

The Public Cooperation Division sponsored the scheme of Urban Lok Karya Kshetras in 1958, with the main object of mobilising people's active participation in slum clearance and slum improvement schemes and organising community development and welfare activities on self help basis. The total number of Kshetras functioning in different States by the end of 31st March, 1965 was 50. 2082 (Aii) LS—9.

It has now been decided to set up an Evaluation Team to study the working of these Kshetras, with the following Terms of reference and Composition:

*Terms of Reference:*

- (i) To study the working of the Kshetras and to suggest the nature of activities that may be undertaken by them during the Fourth Plan period.
- (ii) To suggest the nature of cooperation and collaboration between the voluntary organisations and the local bodies in the implementation of this programme.
- (iii) To study the financial pattern of the Kshetras and to suggest suitable modifications, if necessary.
- (iv) To suggest suitable methodology for inspection and reporting of the Kshetras.
- (v) To find out if there is any duplication or overlapping of efforts or of work between local bodies and the Bharat Sevak Samaj and other similar organisations.
- (vi) To suggest methods and to lay down standard norms to assess the contribution made by the workers of the Samaj and the local slum-dwellers in kind and services in financial terms.

*Composition:*

- |  |              |
|--|--------------|
| 1. Shri Krishna Prasad, Secretary, NACPC     | Chairman     |
| 2. Shri Dev Raj, Ministry of Health          | Member       |
| 3. Shri H. K. D. Tandon, Planning Commission | Member       |
| 4. Shri Joh Barnabas                         | Member       |
| 5. Shri R. Subramaniam, F.A., NACPC          | Member       |
| 6. Shri P. N. Bhucher, Planning Commission   | Member-Secy. |
| 7. Major P. Ramachandra, BSS                 | Member       |

2. The Evaluation Team will draw up a questionnaire and visit selected Kshetras taking up a sample of about 15 per cent.

3. The Evaluation Team is expected to submit their report before 31st March, 1966.

Sd/-H. K. D. Tandon

Director, Public Cooperation.

Deputy Chairman

Members/Minister (P)

Secretary

Additional Secy.

Joint Secretaries

Deputy Secretaries

Under Secretaries

Accounts I Branch

Advisers

Secretary, NACPC

Chiefs

Director/FA, NACPC

Asstt. Chiefs

Information Officer

[Planning Commission U.O. No. 24(1)/65- Pub. 20-4-1966]

Copy to:—

Ministry of Finance (Shri K. P. Soni)

Ministry of Health (Shri K. P. Mathur) A.G.C.R. (DAG, OAD)

Copy also forwarded to:—

All States Governments/Union Territories.

#### **Recommendation**

The Committee regret to note that no half-yearly reports about the physical availability of tools and equipment as prescribed by the Samaj were being received from the B.D.Os or Samaj functionaries.

#### **ACTION TAKEN**

[S. No. 18 (Para 28) of Appendix XLVIII to 34th Report 1964-65]

The Samaj addressed on 7-12-65 the Block Development Officers and their functionaries and requested them to submit half-yearly reports about the physical availability of tools and equipment in their possession. The Planning Commission have also addressed the State Government in the matter.

The information, when received, will be furnished to the Public Accounts Committee.

[Planning Commission U.O. No. 24(1)/65-PUB dated 20 April, 66]

#### **INFORMATION AND BROADCASTING**

#### **Recommendation**

The Committee consider this to be a wrong precedent and would desire that no Ministry/Department of Government should release

*grant to private bodies without satisfying themselves about the suitability and capacity to undertake the task allotted to them. This also leads the Committee to the conclusion that it would be advisable that grants to such bodies should be channelised through a single Ministry, as already recommended in para 69 of their 34th Report (2nd Lok Sabha). This Ministry so nominated will of course, have to make arrangements for consultation with the other Ministries concerned with the different subjects.*

(S. No. 22(ii). Appendix No. XLVIII of the 34th Report of the P.A.C. for the year 1964-65).

#### ACTION TAKEN

The Planning Commission is examining this recommendation in consultation with the Ministries concerned. A reply to this recommendation will be sent by the Commission.

#### EDUCATION

The recommendation that no Ministry/Department of Government should release grants to private bodies without satisfying themselves about the suitability and capacity to undertake the task allotted to them has been noted for future guidance.

As regards the recommendation about channelising the grants through a single Ministry, it will be for the Planning Commission to send a reply as it coordinates the release of grants-in-aid to Bharat Sevak Samaj.

#### MINISTRY OF FINANCE

##### (DEPARTMENT OF EXPENDITURE)

The existing provisions contained in Government of India's decision (2) below Rule 149 of the General Financial Rules, 1963, provide that before sanctioning grants-in-aid to private institutions, the sanctioning authority concerned should examine whether the institution have the experience and managerial ability to carry out the purposes assigned to them. Further, the sanctioning authority is required to devise a machinery to keep an effective and constant check to see that the money is utilised fruitfully and applied for the purposes intended. However, the instructions have again been brought to the notice of all concerned for strict observance. A copy of this Ministry's Office Memorandum No. F. 14(8)-E.II(A)/65, dated the 28th March, 1966, issued in this connection is enclosed.

2. As regards the recommendation for channelising the grant through a single Ministry, the attention of the Committee is invited to the Finance Ministry's U.O. No. F.14(29)-E (Coord)/65, dated the

4th April, 1966, in regard to the similar recommendation made at S. No. 2 (Para. 2) of Appendix XII to their 35th Report (Third Lok Sabha).

(Min. of Fin. U.O. No. 14(42)-E(Coord)/65, dt. 4.4.66).

---

## ANNEXURE

No. F.14(8)-E.II(A)/65

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

---

New Delhi, the 28th March, 1966.

### OFFICE MEMORANDUM

SUBJECT:—Recommendations of the Public Accounts Committee regarding financial control over bodies which receive grant-in-aid from Government in their 34th Report (3rd Lok Sabha) on 117 of Audit Report (Civil), 1964 etc.

The Public Accounts Committee have recommended that no Ministry/Department of Government should release grants to private bodies without satisfying themselves about the suitability and capacity to undertake the task allotted to them.

2. The Committee's recommendation is unexceptionable and has been accepted. In this connection, attention also invited to the provisions contained in Government of India's decision (2) below Rule 149 of the General Financial Rules, 1963, according to which, before sanctioning grants-in-aid to private institutions, the sanctioning authority concerned should examine whether the institutions have the experience and managerial ability to carry out the purposes assigned to them. The sanctioning authority is also required to devise a machinery to keep an effective and constant check to see that the money is utilised fruitfully and applied for the purposes intended. The Ministry of Home Affairs etc. are requested to bring these instructions to the notice of all concerned for strict observance.

(DEVINDER SINGH SANDHU)

Under Secretary to the Govt. of India.

To

All Ministries of the Govt. of India etc. etc.

## INFORMATION AND BROADCASTING

### Recommendation

*The Samanta Committee in their Report (Para 3.69) have stated as follows:—*

*"Among the voluntary organisations doing Plan Publicity work Bharat Sevak Samaj is the largest beneficiary receiving aid from the Ministry of Information and Broadcasting as much as 95 per cent of the total grants allotted for that purpose."*

*The Committee feel that in view of the facts disclosed in this and subsequent paras relating to Jan Jagran Scheme, a review is necessary to decide upon the quantum of assistance to be given to B.S.S. and other voluntary organisations. They consider that encouragement should be given to other voluntary organisations as well to take up programme of Plan Publicity and there should not be almost exclusive dependence on the B.S.S.*

[S. No. 22(iv) Appendix No. XLVIII to the 34th Report 1964-65].

### ACTION TAKEN

The matter is under consideration in consultation with the Planning Commission.

## EDUCATION

### Recommendation

*The Committee desire that the Ministry of Education should also follow the course of action as has been recommended for the Planning Commission and the Ministry of Information and Broadcasting in paras 14 and 32 of this Report, in regard to securing compliance with the provisions of Rule 149(3) of the General Financial Rules.*

[Sl. No. 29 and Para 39 of Appendix XLVIII to 34th Report 1964-65].

### ACTION TAKEN

**Noted.** Necessary action is being taken in consultation with the Planning Commission in the matter on the lines indicated against paras 14 and 32 of the Report.



### Recommendation

(i) *The Committee however feel that in the absence of a permanent labour force, such facilities or amenities to labour would be of a very limited duration. Besides, the Committee are not convinced that the B.S.S. were foregoing their profits (as discussed in para 55 of this report).*

(ii) *The Committee feel that it is difficult to accept the claim that 95 per cent of earnings were paid to the labour with no intermediary supervision charges unless the complete accounts of B.S.S. are available.*

(iii) *It is not clear from the statement whether the schools, colleges, committees, hotels, etc. were constructed entirely with the money contributed by the B.S.S. The Committee would, therefore, like to be given further details about these welfare institutions showing whether the entire cost was borne by the B.S.S. whether any recurring grant has been given to them or whether any endowment has been started in any particular case.*

[S. No. 49 (Para 63) of the Appendix XLVIII to 34th Report 1964-65].

We agree with the observation of the Committee that in the absence of a permanent labour force, the facilities and amenities to labour would be of a limited duration.

2. The information in regard to the observations in sub-paras (ii) and (iii) of this recommendation has been called for from the Samaj. As soon as it is received, it will be forwarded to the Committee along with the comments of the Planning Commission.

Dated 22nd Feb., 1967.

### Recommendation

*The Committee feel that in construction works, defective or sub-standard work should invariably be got rectified at the cost of the contractor and in addition suitable penalty imposed, wherever necessary.*

*The Committee would in these circumstances like the Planning Commission in consultation with the Ministry of Works and Housing and others concerned to review the question of various facilities that are given to Bharat Sevak Samaj in order to see how many of these should still be continued, keeping in view the fact that the construction service of the Bharat Sevak Samaj has now the experience of more than 7 years, and that it has been making profit in this*

activity. The instructions contained in the letter of the Planning Commission [No. 19(10)/61-Pub, dated 24th August, 1961] should be modified accordingly. The Committee have no doubt that the various observations and suggestions made by them in this Report will be borne in mind while making the necessary modifications.

[S. No. 52 (Para 66) of Appendix XLVIII to the 34th Report 1964-65].

The recommendations of the P.A.C. have been noted.

2. The instructions contained in the Planning Commission's letter of the 24th August, 1961, will be reviewed shortly and the decision of the Government will be intimated in a subsequent communication.

3. Meanwhile the Ministry of Works, Housing and Urban Development have also sent a report to the P.A.C. indicating the action taken them, vide their O.M. No. 5/10/65-Bt, dated the 2nd February, 1966.

(Dated the 22nd February, 1967).

#### FURTHER INFORMATION

The provisions contained in the Planning Commission letter of the 24th August, 1961 were reviewed by an Inter-Ministerial Committee and the decisions arrived at in regard to the above recommendation have been incorporated in paras 2(a) and (d) of the Planning Commission letter No. 19(4)/67-Pub., dated 29th May, 1967 which read as follows:—

“(a) The Bharat Sevak Samaj or other voluntary organisations need not be given preferential treatment or any special concessions in respect of earnest money, security deposit, etc. They may, however, be treated on par with any other approved good contractor.”

“(d) The intention of paragraph 7 of the Planning Commission's letter dated the 24th August, 1961 mentioned above, was that there should be a better human relationship and working understanding between the project authorities and the Construction Services of Voluntary Organisations, as such relationship and understanding are necessary to facilitate matters like measurement of work without delay, prompt payment of 'on account' bills for work done at regular intervals etc. It was not the intention that sub-standard work should be accepted without penalty.

Dated the 23rd September, 1967

## ACTION TAKEN

The Chief Engineer has issued instructions from time to time that defective or sub-standard work carried out by a contractor should be got rectified at his cost. However, in certain cases, when structurally it is not possible to get such work redone, it is accepted at reduced rates with the sanction of competent authority. Superintending Engineers have already been instructed to keep a record on the file in cases where sub-standard work has been accepted at reduced rates together with their detailed analysis so that they could be made available to Audit, if required during inspections. A copy each of the following instructions issued on the subject is enclosed for the perusal of the Public Accounts Committee:—

- (i) Central P.W.D. Office Memo. No. CE/Con/137 dated the 15th October, 1957.
- (ii) Central P.W.D. Office Memo. No. CE/Con/167 dated the March, 1958.
- (iii) Central P.W.D. Office Memo. No. CE/Con/271 dated the 21st August, 1961.
- (iv) Ministry of Works and Housing letter No. Cont. 12(10)/59-EWI dated the 25th January, 1965.

Provision already exists in the relevant clause of the Central P.W.D. Standard forms of contract for levy of penalty in cases where the contractor fails to rectify defects within a reasonable period from the date of notice given to him by the Engineer-in-charge.

(ii) So far as this Ministry is concerned, the concessions given to the Bharat Sevak Samaj were withdrawn *vide* this Ministry's letter No. 32(95)/59-Cont./WII dated the 26th May, 1965.

[Ministry of Works & Housing U.O. No. 9(19)/65-WII, dated the 28th January, 1966].

## ANNEXURE

*Copy of Central P.W.D. Office Memo. No. CE/Con/137 dated the 15th October 1957 to all the Additional Chief Engineers etc., etc. regarding acceptance of work below specifications and payment in part rates—instructions regarding.*

No items of work should be accepted at part rates in any contract. Only those items of work which are executed satisfactorily should be accepted at full rates. If certain items are below specifications, the contractor should be asked to re-do them fully to satisfy the specifications and after compliance by the contractor, payment could be made at full rates. If the contractor does not rectify the defects, the work should be got re-done or rectified departmentally at the contractor's cost.

2. Only for those items where structurally it is impossible to get the work re-done, should we think of paying at reduced rates. Even here it is a deviation from the agreement and sanction of the competent authority should be obtained for acceptance of such deviated items of work. Competent authority in this case will be the Superintending Engineer for all cases where tenders are accepted by him or officers below him. Where tenders are accepted by A.C.E., approval of the Additional Chief Engineer will be necessary. Even in such cases officers should see why timely action was not taken and if any disciplinary action is called for.

3. This means that the system of payment by reduced rates should stop except in cases referred to in para 2 above which should be few and far between.

*Copy of Central P.W.D. Office Memo. No. CE/Cont./167 dated the March, 1958 to all the A.C.Es. in Central P.W.D., New Delhi etc. etc. regarding acceptance of work below specifications and payment in part rates—instructions regarding—*

A case has come to notice in which a sum of Rs. 600 was deducted by the Executive Engineer from the bill of a contractor for defective work but specific defects were not pointed out nor were the reduced rates at which the payment was to be made to the contractor for such defects indicated. The amount deducted was however, kept in deposit. This shows that some of the Executive Engineers do not follow the correct procedure prescribed in the agreement i.e. either getting the defects removed at the cost of the contractor or alternatively, if defective work is at all accepted, fixing the reduced rates for individual items under the orders of the competent authority. Merely withholding the amount and keeping it in Deposit indefinitely weakens the case of the Government.

Detailed instructions in this regard have already been issued vide this Office Memo. No. CE/Con/137 dated 15th October, 1957. The attention of all the Executive Engineers is again invited to these instructions for strict compliance.

*Copy of Central P.W.D. Office Memo. No. CE/Con/271 dated the 21st August, 1961 re: Acceptance of work below specifications and payment in part rates—instructions regarding addressed to all A.C.Es, C.P.W.D., etc. etc.*

According to Clause 14 of P.W.D. Forms 7 & 8, if the Engineer-in-Charge or a subordinate Incharge of a work finds that any work has been executed with unsound, imperfect or unskilful workmanship, or materials of any inferior descriptions etc., the contractor shall

on demand in writing from the Engineer-in-Charge rectify or remove and re-construct the work so specified in whole or in part, as the case may be.

It has, however, been reported by the Standing Counsel that notices of defective work are not being given by the Executive Engineers and has suggested that the Executive Engineer should be directed to serve notice on the contractor for any work which is defective before claiming damages in the shape of reduction in rates.

It is, therefore, enjoined on all concerned that they must serve a notice on the contractor for any work which is defective before claiming any damages in the shape of reduction in rates. These instructions should be carefully followed by all concerned in future.

*Copy of Ministry of Works & Housing, letter No. Cont. 12(10)/59-EWI, dated the 25th January, 1965, to the Chief Engineer, Central P.W.D., New Delhi, regarding acceptance of sub-standard works and determination of rates—Delegation of powers regarding—*

I am directed to convey the sanction of the President to the delegation of full powers to Superintending Engineers of the Central Public Works Department for acceptance of sub-standard works and determination of rates therefor. In cases where sub-standard work has been accepted by the Superintending Engineer a record should be kept on the file on the basis of reduction in rates together with their detailed analysis so that they are made available to Audit during their inspections, when found necessary.

2. This issues with the concurrence of the Ministry of Finance (Department of Expenditure), vide their U.O. No. 395-W/65, dated the 15th January, 1965.

## MINISTRY OF FINANCE

(Department of Revenue)

### Recommendation

On an examination of the various materials placed before the Committee relating to the exemption from tax granted in respect of the profits from contracts, executed by the Bharat Sevak Samaj, the Committee cannot escape the feeling that the fact that the Bharat Sevak Samaj was engaged in a commercial activity on a large scale was first lost sight of by the Income-tax Department for more than seven years and that when the Planning Commission was obliged to approach the Ministry of Finance for issue of tax clearance certificate on the basis that no tax was payable by the Samaj or any of

its agencies, the Ministry had displayed an undue anxiety to declare the Samaj as a charitable institution without calling for and looking into the account books of the Samaj and even without examining properly and adequately the legal implications of the provisions relating to the charitable institutions in the Income-tax Act. of 1961. The reference made to the Ministry of Law in 1964 was more full of assumptions than a clear examination of the true facts and the Law Ministry guardedly gave the opinion that on the facts stated by the Ministry of Finance, the view could be supported that the Bharat Sevak Samaj was a charitable institution.

[S. No. 59 of Appendix XLVIII to 34th Report 1964-65].

The Question that has troubled the Committee a good deal in the course of discussions was whether the Construction Service has no separate existence and is merely a convenient name to designate that part of the activity of the Bharat Sevak Samaj relating to construction works.

To top it all the Ministry of Finance in its note to the Law Ministry have stated that the Construction Service is properly held under-trust by the Bharat Sevak Samaj for charitable purposes. The Committee are unable to find any material to support this assumption, nor has the Committee been assisted in the course of the evidence given by the Ministry's officials in finding out the true nature of this Construction Service.

However, examining the issue from each of these two positions, the Committee are of the view that the legality of exempting the profits from construction works under the Income-tax Act, 1961 is open to doubt. If the Construction Service is merely a part of the activities of the Bharat Sevak Samaj pursuant its objectives, the Samaj will not be eligible for the exemption provided under section II of the Income-tax Act, 1961 because of the altered definition of "charitable purpose" in the new Act. Under the new Act, it is not every object of general public utility which will be regarded a charitable purpose but only those objects which do not involve the carrying on of an activity for profit.

In the opinion given by the Counsel for the Bharat Sevak Samaj it is stated that this qualification in the new Act, did not in any way alter the meaning and content of the definition and merely expressed what was implicit in the definition under the old Act. This view does not appear to the Committee to have been based on a correct appraisal of the intention of the Parliament. When this definition

was enacted, Parliament did not mean to bring out what was implicit previously but definitely intended to restrict the scope of charitable purposes only to those objects which did not involve any activity for profit. This is clear from the following extract of the speech of the Finance Minister while piloting the Income-tax Bill in the Rajya Sabha on 4th September, 1961.

"I shall now turn to another objection which has been raised questioning the necessity, in order to carry out Government's intention of adding the words 'not involving the carrying on of any activity for profit in 2(15). The definition of charitable purpose in section 4(3) (i) of the existing Act was originally based on the definition given by Lord Macnaghton in what is known as the Pemsel case

He defined 'charitable purpose' as relief of poverty, advancement of education, advancement not falling under any of the preceding heads. But the Indian definition was wider in that the words 'the advancement of any other object of general public utility' took the place of the words 'other purposes beneficial to the community' used by Lord Macnaghton. The effect of these was that trusts which were not in essence charitable and would have been excluded from the purview of charitable objects in England were allowed to be considered as objects of general public utility in India. The process of widening the scope of charitable purpose was aided by another doctrine evolved by the course that it is not a necessary element in a charitable purpose that it should provide something for nothing or less than its cost or for less than the ordinary price, that is, the charitable element is not essential for a charitable purpose. Thus, running a newspaper itself was claimed to be a charitable object of general public utility even though a newspaper charged its readers and advertisers at the ordinary commercial rates. This was the law laid down in the case of Trustees of the 'Tribune' referred to by Shri Pathak. By gradual stages, a trust for the maintenance of a public swimming pool and a Chamber of Commerce deriving income from house property claimed as charitable institutions on the ground that their services are for the advancement of an object of general public utility. A logical extension of this would be for a hotel to argue that it caters to the general public without any distinction of caste or creed and, therefore, it subserves an object of general public utility. It is certainly not the intention that the expression "advancement of any other object of general public utility should cover cases of such commercial activities and should lead to these activities themselves being treated as 'charitable activities'. It was, therefore,

necessary to state it clearly in the law that any activity for profit shall not in itself be regarded as a charitable purpose" (R. S. Debate dated 4th September, 1961, Column 2925, 2926).

He also stated:—

"Clause 2(15) says that the trust having derived its income from the business or the investment should spend it only on the purpose mentioned in that provision and not on furthering business interest. Thus if a newspaper undertaking is placed under a Trust and the income of the undertaking is required to be spent and is actually spent on, say, medical relief, its income is exempt from tax. However, if after earning the income, it does nothing but develop or carries on its business or the income is spent on some other utilitarian purpose, it does not qualify for the exemption".

From the foregoing it seems clear that if the profits or any portion of it arising from the construction activity are spent on the construction activity itself, the purpose ceases to be charitable. From the facts narrated in the preceding paragraphs it is clear that the construction activity itself is claimed to be a charitable activity pursuant to the objects of the Samaj and therefore the money spent on this activity has been claimed to be money spent for charitable purposes. This claim does not appear to be sustained by the definition of charitable purpose as set out above.

Apart from this, even as regards that portion of the earnings which is placed in the general fund for being spent on purposes other than the construction work, such amounts will qualify for exemption only if the income is derived from property held under trust or a business undertaking held under trust for charitable purposes. Whatever may be the position of Construction Service under the old Act, under the new Act a distinct classification is made between property held under trust and a business undertaking held under trust. The Construction Service may, more appropriately, be regarded as a business undertaking.

Even assuming that the income derived from this business undertaking is under the legal obligation implied from the registration of the Bharat Sevak Samaj under the Societies Registration Act to be spent on charitable purposes, no exemption can be given unless:

- (i) there is a claim for such an exemption; and (ii) the Income-tax Officer determines the income of such undertakings in accordance with the provisions of the Income-tax Act (by calling for accounts etc.) and where the income so determined is in excess of what is shown in the accounts, such excess shall be chargeable to tax.



*It is implied in these conditions that such a claim has to be made and such an examination has to be conducted every year so that if in any particular year either the income is not applied to charitable purpose or the income determined is in excess of income shown in account, necessary action to bring such amounts to tax is taken.*

*In this case, these conditions have not been complied with and yet the exemption was given not only for the year in respect of which the Bharat Sevak Samaj asked for the tax clearance certificates but also in respect of the earlier years as well.*

*If the Construction Service is held to be a separate entity which because of its separate constitution, objects and powers it appears to be, not all the objects set out by it in clause 4 of its objectives come within the legal meaning of charitable purpose vide for example objects (iii) and (v). Even if one object is non-charitable and if the income of the institution or trust can be spent on any one of the objects at the discretion of the persons managing the institution or the trustees as the case may be, the institution ceases to be a charitable institution under the law. In this connection the Committee would like to invite attention to the following decision taken by the Planning Commission in its meeting held on 27th August, 1963 about loan assistance to voluntary organisation for the construction of commercial buildings:*

*"The main object of the scheme was to assist the voluntary organisations to have an independent permanent recurring source of income and thus reducing their dependence on Government Grants."*

*Apart from this, Construction Service itself has not been registered under the Societies Registration Act and hence there is no legal obligation on its part to spend all its income on the charitable objects.*

*Thirdly, the Construction Service has to place its funds at the disposal of the Administrative Committee of the Bharat Sevak Samaj after allocating the money to its own reserves for purposes being spent on the expansion of its activities.*

*The Construction Service has, thus, no control over the funds which it hands over to the Administrative Committee and thus is not in a position to ensure whether the money is spent on charitable purposes as known to law.*

All these would disentitle the Construction Service to be regarded as charitable institution.

Although the Construction Service was started in 1955, the Income-tax/Department did not take any steps to ascertain the nature of the activities of the Construction Service for the purpose of finding out the assessability or otherwise of the income till 1962 when the Planning Commission and the Bharat Sevak Samaj were obliged to approach the Department for a tax clearance certificate. The actual certificate was issued somewhere after August 1964. In each of these years from 1955 to 1964, the Income-tax Officer should have called for the account books of the Construction Service. The reason for the failure to do so is not clear to the Committee.

Further, the whole procedure adopted in this case for issue of a tax clearance certificate appears to the Committee to be rather extraordinary. Normally, when any person requires a tax clearance certificate he has to approach the Income-tax Officer having jurisdiction over the area in which that person resides or carries on business for the issue of the certificate. The Income-tax Officer issues such certificate after verifying whether all taxes that are due from the tax payer have been paid or whether satisfactory arrangements have been made for the payment of such taxes. If the assessee is not borne on the file, the Income-tax Officer calls for the accounts, scrutinises them to find out whether any tax is payable on the income earned by the assessee. If it is found that the assessee has earned chargeable income, the assessment proceedings are immediately started and only on completion of such assessment proceedings or on the assessee furnishing adequate security for the payment of tax likely to arise as a result of the completion of the assessment proceedings, the tax clearance certificate is issued. In this particular case, admittedly the Bharat Sevak Samaj of the Construction Service were unable to produce the accounts and they adopted the rather extraordinary procedure of writing to the Central Board of Revenue keeping its intervention for issuing instructions to the Commissioner of Income-tax for the profits accruing to it from the Construction Service. When the Commissioner of Income-tax was asked by the Central Board of Revenue to report on this request, the Commissioner of Income-tax informed the Board in September, 1963 that it cannot be said with certainty that the Construction work itself is held under "Trust" simply because the construction service has been sponsored by the Bharat Sevak Samaj. However, he was directing the issue of the tax clearance certificate pending final decision in the issue raised by him. In October, 1963, the Board asked the Commissioner of Income-tax to give a further report and his specific finding on the facts of the case. In reply to

this he informed the Board in January, 1964 that he was satisfied that the Bharat Sevak Samaj was a charitable institution.

On the basis of this report from the Commissioner and on the basis of an incomplete statement of receipts and expenses which did not reflect all the transactions of the Construction Service, and which were unaudited, the Board came to the decision that the Construction Service was a property held under trust. The Committee cannot but express surprise at the way the normal procedure had been deviated from in this case and a decision arrived at based on incomplete and inadequate data.

[S. No. 60 of Appendix XLVIII to 34th Report, 1964-65].

What the Committee are unable to understand is how tax clearance certificate could be directed to be issued in September, 1963 when the audited accounts had not been submitted and when the question whether the Samaj was liable to tax on construction works had not yet been decided. Moreover the Ministry of Finance (Department of Revenue) in their note have stated that "the Income-tax Officer will now verify whether the requirements of law in other respects are satisfied or not. Accordingly, steps are already being taken to obtain the audited accounts of the Samaj for ascertaining the applications of its income". The Committee do not appreciate this departure from normal procedure, in issuing tax clearance certificate, even before satisfying whether the requirements of law are satisfied or not.

In these circumstances the Committee suggest that the Board should immediately call for the accounts and satisfy itself that on the facts emerging from the examination of such accounts, all the requirements of the law are, in fact, fully and completely satisfied to earn the exemption in respect of every one of the assessment years involved.

As the Bharat Sevak Samaj has not so far produced the accounts, the Committee would suggest that pending production of the accounts the tax clearance certificates may be withdrawn. If on an examination of the accounts it is found that no tax is recoverable from the Samaj, the tax clearance certificates may be reissued.

[S. No. 61 of Appendix XLVII to 34th Report, 1964-65].

#### ACTION TAKEN

In the recommendations at Serial Nos. 59-61, the Public Accounts Committee had desired the whole legal position regarding exemption from income-tax of the "construction service of Bharat 2082 (aii) LS-10.

Sevak Samaj to be re-examined in the light of the observations made by the Committee. The whole question is under examination and a report in the matter will be submitted to the Committee after the views of the Ministry of Law are received.

2. Recommendations in S. N. 61 were in the nature of interim and immediate measures to be taken in the case. The position in respect of the points made in this recommendation is as under:—

It has been ascertained that no tax clearance certificate as such was issued in this case in September, 1963. In September, 1964, after receiving Board's letter, the Income-tax Officer had provisionally issued an exemption certificate stating that the income of Bharat Sevak Samaj will be exempt subject to the conditions of Section 11 being satisfied. The Income-tax Officer had also stated in his letter that if the accounts were not produced before him, he would cancel this exemption certificate. Bharat Sevak Samaj has been called upon to produce its consolidated accounts for all the years, but upto now it has not been possible to get the consolidated statements in respect of all the branches of the Samaj. The assessment proceedings have been re-opened for earlier years and, pending the examination of the whole matter, the provisional exemption certificate granted by the Income-tax Officer has been withdrawn.

[Duly vetted by Audit D.O. No. 1439—Rev./Audit/61-66—dated 15-4-1966].

[Ministry of Finance (Department of Revenue), F. No. 36/1/65-IT (AI), dated 14-7-1966].

#### FURTHER INFORMATION

The whole question relating to the exemption of the income of Bharat Sevak Samaj from its construction Service Department is still under examination of the Central Board of Direct Taxes in consultation with the Ministry of Law and a final decision has not yet been taken. The Ministry of Law had required certain factual information on some points and this is being obtained. As already mentioned in this Ministry's Note of 14th July, 1966, assessments for the years 1956-57 onwards have already been re-opened by the Income-tax Officer under section 147 of the Income-tax Act, 1961. As soon as a decision is taken, a further report will be sent to the Public Accounts Committee and the re-opened assessments will be finalised.

[Note F. No. 36/1/65-II (AI) dated the 28th September, 1967].

#### Recommendation

The Committee are not convinced with the arguments given by the Secretary, Planning Commission that it was within the scope

*and functions of the Planning Commission (a) to have set up an agency like the Bharat Sevak Samaj, and (b) to have given grants/loans/other facilities to that body from year to year. They feel that work of this nature should more appropriately have been entrusted to one of the Ministries of the Government of India.*

[S. No. 62, para 77 of Appendix XLVIII to 34th Report 1964-65].

#### ACTION TAKEN

The full facts regarding the setting up of the Bharat Sevak Samaj have been stated on pages 118-120 of the Report. The Planning Commission have no other comments to offer.

2. The financial assistance by the Planning Commission to the Bharat Sevak Samaj is given for such programmes which are being administered by the Commission and which have been entrusted to the Samaj for implementation. These are given below:

- |   |   |                 |
|---|---|-----------------|
| (i) Rural and Urban Lok Karya Kshetras      | } | Grants<br>Loans |
| (ii) Training Centres at Delhi and Mehrauli |   |                 |
| (iii) National Consumer Service             |   |                 |
| (iv) Construction Service of B.S.S.         |   |                 |

3. The Planning Commission review from time to time the schemes which are to be administered by them. The last review took place at the time of the reorganisation of Planning Commission in May 1964. As a result of this review it was decided to transfer certain schemes to other Ministries e.g. Educational Work on Prohibition to Home Ministry, Rural Works programme to the Ministry of C.D. & C., etc. In this review it was decided that the schemes mentioned above may continue to be handled by the Planning Commission.

4. The Planning Commission have now set up a Committee on 19-4-66 to review again the position in the light of this recommendation. The final decision will be taken on receipt of the recommendation of this Committee.

[Planning Commission U.O. No. 24(1)/65-Pub, dated 20-4-1966].

#### FURTHER INFORMATION

The Committee appointed by the Planning Commission to review the position regarding transfer of work of the Public Co-operation Division to an appropriate Ministry of the Government of India met on the 29th November 1966. It was to meet again to consider the matter further. Meanwhile the Administrative Reforms

Commission examined the internal organisation of the Planning Commission and based on the interim report of their Study Team, they have also recommended in their interim report on the Machinery for Planning that functions of purely executive nature such as the responsibilities relating to the public Cooperation Division be left to the Ministry concerned. The Planning Commission at its meeting held on the 5th September, 1967 and presided over by the Prime Minister considered the recommendations of the P.A.C. and Administrative Reforms Commission and has decided that such functions of Public Cooperation Division as are of an executive nature should be transferred to the Ministries concerned. The administrative arrangements for the transfer of work are under way.

### **Recommendation**

*The idea about setting up the Bharat Sevak Samaj took shape and was sponsored in the Commission: it derived strength from the Commission at whose instance facilities, concessions and financial assistance in the shape of grants and loans have been allowed to it till that body has developed into a huge organisation which is sustained mainly by the loans and grants given from the Public exchequer.*

*The Planning Commission, being a Government Organisation whose accounts and finances are subject to proper scrutiny, is subject to normal rules and procedures and financial discipline and is finally accountable to Parliament. But the Bharat Sevak Samaj has not so far been subjected to the control required to be exercised by the Ministries and Departments of Government which give it large grants and loans and unusual concessions; its consolidated accounts which alone could give a complete and overall financial position are not prepared; the complete accounts are not brought under the audit scrutiny of the Comptroller and Auditor General of India though the transactions run into crores of rupees. According to present indications the transactions of the Construction Service itself may run into Rs. 90 crores by the end of the Fourth Plan.*

*The Committee have not, inspite of their best efforts, been able to place the Bharat Sevak Samaj in any known category of organisations. It is stated to be a private society registered under the Societies Registration Act, but its most important office-bearers have been Ministers of the Union Government and several of Government officers have been sent on deputation to that Organisation. It is not a Government Organisation and yet it is considered under Government orders as a "limb of the Planning Commission", it is given facilities in constructional activities which are not available to Government*

**Corporation like the NBCC and NPCC and Hindustan Housing Factory Ltd., the case for exempting it from the payment of income-tax is sponsored by the Government itself; it earns profits which are exempt from tax and which are claimed to be spent for the benefit of the Community.**

While the Committee are in entire agreement with the philosophy and economics behind the scheme for voluntary cooperative organisations for public cooperation, they cannot view with equanimity the dimensions to which the Bharat Sevak Samaj is dependent on Government assistance in the shape of loans and grants and other facilities. In this connection the Committee would again invite attention to the following decisions taken by the Planning Commission themselves in their meeting held on the 27th August, 1963:—

**“The main object of the scheme was to assist the voluntary organisations to have an independent permanent recurring source of income and thus reducing their dependence on Government grants.”**

The Committee would also like in this connection to quote in extenso from the observations made by the Chairman at the meeting of the National Advisory Committee on Public Cooperation held on 27th and 28th August, 1960:—

**“Chairman said that the question of enabling voluntary organisations to have an adequate administrative structure was very important. It was good that Finance Ministry was also there when they were discussing this question. They should not approach this question from the point of view of doing something for the sake of voluntary agencies. Instead they should realise that in our country voluntary activity, service and public participation had to be mobilised on a scale which was incomparable to what was now obtaining, for the overall purpose of implementing the programme of national development. The paramount question was how this could be accomplished? If giving grants to voluntary agencies was likely to have a depressing effect, then the very object would be defeated. But, on the other hand, meeting a certain proportion of the expenditure by way of grants or some help, for a temporary period was considered to be useful in securing the overall objective then, that could be considered favourably. His own experience in trying to raise contributions for the Bharat Sevak Samaj was that small contributions could be raised**

by these were insufficient to keep pace with the expansion of the activities and the growing needs to have some full-time workers. Most of the voluntary workers developed a feeling all their time was being utilised in raising contributions. The result was that their work of mobilising the people suffered. They should, therefore, approach this question from the point of view of how far and to what period, some kind of assistance might be extended to voluntary organisations to tide over the initial difficulties, without in any way creating in them a feeling of dependence on government grants. Whatever might be the quantum of assistance, it should be only for a period and the proportion also should not be large."

The Committee are in agreement with the above views expressed by the Chairman of the National Advisory Committee on Public Co-operation that whatever might be the quantum of assistance given to a voluntary organisation, it should be only for a limited period and the proportion also should not be large. The Committee are doubtful whether these criteria have been made applicable to the Bharat Sevak Samaj. The history of that organisation during the last 12 years would indicate that its dependence on government grants/loans/other facilities has been increasing instead of diminishing. The character of that organisation has also some what changed since it started undertaking construction activity with the object of 'making profit.'

Several witnesses deposed before the Committee that the Bharat Sevak Samaj has several achievements to its credit in the field of enlisting public co-operation in various activities. The Committee have no intention of under-estimating these achievements. They have, however, found that several claims made on behalf of the Bharat Sevak Samaj could not be fully justified by facts and figures.

The Committee cannot overlook the anomalous situation created by the continued assistance given to the Bharat Sevak Samaj from the various government sources viz. that on the one hand, it is given year after year (i) assistance from the public exchequer in the shape of huge grants/loans (ii) government accommodation either free of rent or at concessional rent (even when there is continued shortage of accommodation for government requirements) (iii) loan of technical government personnel on deputation, and (iv) several other facilities which are not available to government corporations like the NBCC etc. On the other hand, this organisation is not under any financial discipline; (i) it has not prepared consolidated accounts for any year since its inception, with the result that a clear picture of its overall financial position is not available; (ii) its annual accounts



*are not subject to scrutiny by the C & A.G.; (iii) its activities are not subject to overall review by any government machinery; and (iv) parliamentary control over the huge funds placed at its disposal from the Consolidated Fund of India is feeble. In order to resolve this anomalous situation and in view of the task proposed to be allotted to the Construction Service of the Bharat Sevak Samaj in Fourth Plan, the Committee are of the view that it is desirable to convert the Bharat Sevak Samaj into an organisation set up under a separate legislation that clearly defined objectives with the required flexibility in the day to day working and obligation to prepare consolidated annual accounts and their audit by C & A.G.*

[S. No. 63(a) para 78 Appendix XLVIII to 34th Report (1964-65)].

#### ACTION TAKEN

The Planning Commission have carefully examined the recommendation in consultation with the Law Ministry. That Ministry have advised on 30th June 1965 that the activities of the Samaj and its State Units are varied. They are not confined to subjects which can be set up under the legislative competence of the Parliament alone. Many of its activities would fall under the legislative competence of the State Legislatures. They have added that under the proposed statutes the scope and the language of the statutes would further restrict the activities of the Samaj. A copy of the Law Ministry's note is attached at Annexure I.

2. However, in order to comply with this recommendation, the Law Ministry have suggested an alternative Central statute which will provide for the necessary measure of Parliamentary control over the funds, financial review over expenditure and audit of the accounts by the Auditor General. It is proposed that this statement may not only cover the Bharat Sevak Samaj but all such institutions and voluntary organisations as may be listed by the Central Government in the schedule attached to the Act or as may be notified by the Central Government for inclusion in the schedule. The enactment of such a statute would satisfy the conditions laid down under this recommendation. It would also ensure complete flexibility in the working of the B.S.S. as a whole. The Law Ministry have been requested to prepare the draft of such a legislation. This is awaited.

3. In the mean time, the Finance Ministry has separately advised that they themselves had a proposal under consideration some time ago to sponsor a legislation to provide for audit by Comptroller and Auditor General and certain other essential financial controls over

autonomous organisations set up by executive orders or Resolutions and financed through grants-in-aid. Later on, it was decided to hold it in suspense for the time being, pending the enactment of another Bill proposed to be promoted by Government defining the duties and powers of the Comptroller and Auditor General, as the latter Bill is likely to provide for audit by the Comptroller and Auditor General for transactions financed by loans and grants from Consolidated Fund of India. The proposal under consideration in the Finance Ministry will have to be coordinated with the other proposals mentioned in para 2 above. The final decision taken in this connection in consultation with the Finance Ministry will be intimated to the Lok Sabha Secretariat separately.

[Planning Commission U.O. No. 24(1)/65-Pub. dated 20 April, 66].

### ANNEXURE I

[Reply to S. No. 63(a) para 78].

### MINISTRY OF LAW

(Department of Legal Affairs)

Shri Stevenson's D.O. letter No. 19(20)/65-Pub dated 3rd June 1965 placed below was discussed with Shri Tandon and Shri Subramaniam of the Planning Commission today. The recommendation of the P.A.C. is that the Bharat Sevak Samaj should become a statutory body for achieving certain objectives, namely, (1) its activities should be subject to overall review by some Government machinery; (2) There should be Parliamentary control over the funds placed at its disposal from the Consolidated Fund of India; (3) The Samaj should be under obligation to prepare consolidated annual account; and (4) This account should be audited by the Comptroller & Auditor-General.

2. The P.A.C. has also stressed that the Samaj should have clearly defined objectives and the required flexibility in its day-to-day working. The activities of the Samaj and its State units are extremely varied. For instance, the Samaj in Gujrat is concentrating on supply of drinking water to the rural areas. In Kerala the Samaj is sponsoring and conducting a large number of Bal-vadis. The Samaj is also organising a large number of family planning centres all over India. The Samaj has a Construction Service which has undertaken Construction work of various kinds. It would be seen that the activities of the Samaj are not confined to subjects which can be said to be in the legislative competence of Parliament alone. Many of its activities would fall under the legislative competence of

State Legislatures. If the Samaj were to function under a Parliamentary statute, its activities would be subject to two limits. Firstly, they must fall under the Union List or the Concurrent List of the Seventh schedule of the Constitution, as Parliament cannot legislate in respect of the activities of the Samaj which are concerned with the subjects which fall in the State List. Secondly, if the Samaj were to be a statutory body, the scope and language of the statute would further restrict the activities of the Samaj. Samaj would not be able to carry on activities or even enter into contracts which are totally beyond the objects of the statute and the purposes for which the statutory body was regulated by the statute.

3. On the other hand, the maximum flexibility could be assured in the day-to-day working of the Samaj, if the Samaj were to continue to be a society registered under the Societies Registration Act. Under the Societies Registration Act, 1960, a society could be registered if it is for the promotion of literature, science, fine arts or for the diffusion of useful knowledge, political education, or for charitable purposes. As the essential purpose of the Samaj is to work for public well-being and not to make any profit, it would appear that all the activities, which it presently undertakes and intends to undertake in future, would be comprised in the purposes above mentioned for which a society can be registered under the Societies Registration Act. If the Samaj makes any profit in a particular undertaking, such as particular piece of construction, then the money so earned has to be utilised for the objects of the Samaj. Shri N. C. Setalvad, Counsel of the Samaj has expressed the same view in his legal opinion which is annexed to the report of the P.A.C. as Appendix XLII.

4. It is true that the Societies Registration Act, 1860 does not provide that the accounts of the society should be subject to public audit. This is because the accounts of the most of the societies are not of such importance. The respective constitutions and rules of the societies provide for such auditing of their accounts as would be acceptable to their members. Even if a provision for compulsory audit of the accounts of the society registered thereunder is made by amending the Societies Registration Act, 1860, the audit will not, in every case, be made by the Comptroller & Auditor-General. The audit by the Auditor-General should naturally be restricted to such important bodies as the Bharat Sevak Samaj. It is worth while considering whether a Central statute should be enacted which will provide for the necessary measure of Parliamentary control over the funds, financial review over expenditure and the audit of the accounts by the Auditor-General in case of such institutions and

voluntary organisations, as may be listed by the Central Government in the schedule attached to the Act or as may be notified by the Central Government for inclusion in the Schedule. Actually legislation would appear to be inevitable only for the purpose of audit of the accounts of the Samaj by the Auditor-General in view of Article 149 of the Constitution. Other types of Government control could perhaps be secured even without legislation. The enactment of such a statute would satisfy the four reasons stated above which led to the present recommendation of the P.A.C. It would also ensure complete flexibility in the working of the Bharat Sevak Samaj as before.

5. Regarding the preparation of consolidated accounts, it was pointed out that the activities of the Samaj are so decentralised and so wide-spread in the different States of India that it would take an enormous effort to consolidate the accounts of income and expenditure incurred by the different units of the Bharat Sevak Samaj in different undertakings and activities in different States. It may perhaps be considered whether the State units of the Bharat Sevak Samaj should have a separate constitution and should be separately registered as such units under the Societies Registration Act in different States for the purpose of carrying on the activities limited to a particular State. Perhaps the constitution of the Bharat Sevak Samaj and those of the State units can provide for the preservation of the essential unity of the organisation as a whole and the nature of the relationship between the Central organisation and its State units. If the State units have, however, a separate legal existence for certain purposes, such as maintenance and audit of accounts, then perhaps the difficulty envisaged in the preparation of the consolidated accounts would be overcome. In this respect it is relevant to mention that the P.A.C. have themselves recommended that the suggestion of the Secretary, Planning Commission to associate the Accountants General of the different States with the auditing of the accounts of the State units in consultation with the C. & A. C. and the Ministry of Finance should be considered.

6. In considering whether the Bharat Sevak Samaj should be placed on a statutory basis, the Planning Commission has suggested *inter alia*, the model of the Khadi and Village Industries, Commission Act, 1956. It may be mentioned that recently the said Commission expressed a desire to extend its activities to certain new industries and proposed that they should be included in the Schedule to the said Act. In considering this suggestion, this Ministry had to point out that the Commission was subject to the two-fold limitations in extending its activities to new industries, namely, (1) that

the subject of the industry must be within the legislative competence of the Parliament; and (2) that the activities must not be beyond the scope of the statute which created the Commission. It should be our endeavour to save the Bharat Sevak Samaj from being made subject to such limitations. This consideration is particularly important, because the activities of the Samaj are much more varied than that of the Khadi & Village Industries Commission. This supports the trend of thinking above that a statutory basis may not perhaps be suitable for Bharat Sevak Samaj if the result would be to restrict the activities of the Samaj. It is hoped that the above discussion would perhaps be useful in considering how best the recommendations of the P.A.C. could be given effect to, whether and to what extent with or without legislation and if legislation is necessary, for what purpose it should be enacted.

Sd/- V. S. DESHPANDE.

*Joint Secretary & Legal Adviser*  
26-6-1965.

*Deputy Minister*  
I agree.

Sd/- JAGANATHA RAO,

*Deputy Minister.*

30-6-1965.

### **Recommendation**

*Now that the work relating to Bharat Sevak Samaj and other non-official organisations relating to Public Cooperation has increased considerably it should be considered if the work should not be dealt with by an executive Ministry of the Government instead of by the Planning Commission.*

[S. No. 63(b) (3), Para. 78 of Appendix XLVIII to 34th Report 1964-65].

### **ACTION TAKEN**

The matter is under examination. The Planning Commission have set up a Committee on 19-4-1966 to review the position in the light of this recommendation. The final decision will be taken on receipt of the recommendation of this Committee.

Planning Commission U.O. No. 24(1)/65-Pub. dated 20-4-66.

### **FURTHER INFORMATION**

The Committee appointed by the Planning Commission to review the position regarding transfer of work of the Public Cooperation Division to an appropriate Ministry of the Government of India met

on the 29th November, 1966. It was to meet again to consider the matter further. Meanwhile the Administrative Reforms Commission examined the internal organisation of the Planning Commission and based on the interim report of their Study Team, they have also recommended in their interim report on the Machinery for Planning that functions of purely executive nature such as the responsibilities relating to the Public Cooperation Division be left to the Ministry concerned. The Planning Commission at its meeting held on the 5th September, 1967 and presided over by the Prime Minister considered the recommendations of the P.A.C. and Administrative Reforms Commission and has decided that such functions of Public Cooperation Division as are of an executive nature should be transferred to the Ministries concerned. The administrative arrangements for the transfer of work are under way.

#### **Recommendation**

*The Public Accounts Committee had recommended in para. 69 of their 34th Report (2nd Lok Sabha) that an early decision should be taken on the question of channelising all the grants given by Government to the Bharat Sevak Samaj through a single Ministry. Details showing action taken in the matter have been furnished in reply to questionnaire, para. X. The Committee, however, feel that in view of the facts disclosed and the opinion expressed by the Secretary, Ministry of Information and Broadcasting, the question needs to be re-examined.*

[S. No. 63(b)(4), para. 78 of Appendix XLVIII to 34th Report 1964-65].

#### **ACTION TAKEN**

Attention is invited to Recommendation No. 22 (ii) in Appendix XLVIII of the 34th Report and to the reply under Ministry of Finance (Department of Expenditure) U.O. No. 1442-E Coord)/65, dated 4-4-1966.

Planning Commission U.O. No. 24(1)/65-Pub. dated 20-4-1966.

Action taken by the

**MINISTRY OF HOME AFFAIRS**

#### **ACTION TAKEN**

A circular was issued to all Ministries/Departments on the 10th May, 1966, containing instructions regarding broad and healthy conventions to be observed by persons holding high official position, when they are participants or patrons of non-official organisations having financial dealings with Government. Copies of this circular

(copy enclosed again for ready reference) have already been sent to the Lok Sabha Secretariat (Public Accounts Committee Branch) under this Ministry's Office Memorandum No. 103/42/65-AVD dated 5th July, 1966.

The circular of 10th May, 1966 is already applicable to Ministers. As such, amending the Code is more or less of formality. In order to avoid piecemeal amendments to the Code, it is proposed to incorporate these amendments in the Code when it becomes necessary to amend it on the next occasion.

## ANNEXURE I

No. 103/42/65-AVD

GOVERNMENT OF INDIA

### MINISTRY OF HOME AFFAIRS

New Delhi-11, the 10th May, 1966

20th, Vaisakha, 1888 (Saka)

### OFFICE MEMORANDUM

**SUBJECT:**—*Instructions regarding broad and healthy conventions to be observed by persons holding high official position when they are participants or patrons of non-official organisations having financial dealings with Government.*

---

In paragraph 51 of their 8th Report (Third Lok Sabha), the Public Accounts Committee made the following suggestion:

“It would be advisable for the Government to lay down certain broad and healthy conventions and formalities to be observed by persons holding high official position when they are either participants or patrons of non-official organisations which have any financial dealings with the Government.”

2. This suggestion was again mentioned as follows by the Public Accounts Committee in para 13 of their 26th Report:

“As regards observations of the Committee that it would be advisable for the Government to lay down certain broad and healthy conventions and formalities to be observed by persons holding high official position when they are either participants or patrons of non-official organisations which have any financial dealings with the Government, the Committee have been informed by the Ministry of Home Affairs.....that some instructions in this regard have already been issued for the guidance of the State Governments (copies of which were also endorsed to all the Ministries). However, the question of issuing further instructions on the subject was stated to be under consideration. The Committee would like the Ministry to expedite this matter and to apprise them of the instructions issued.”



3. In para 63 of their 34th Report, the Public Accounts Committee have reproduced the observations quoted in paragraph 1 above and have also made the following specific suggestions:

- (1) No Minister of the Central Government should be associated with a private organisation which enters into contracts with Departments of Central Government.
- (2) Same principle should normally apply in the case of private organisations receiving grants. If any exceptions are to be made they should be made only with the approval of the Cabinet in very special cases.
- (3) These points may be suitably incorporated in the Code of Conduct for Ministers.

The essence of these recommendations of the Public Accounts Committee is that high ranking officials or Ministers should not be connected with organisations which have financial dealings with Government. Existing Government instructions on this subject are contained in the following documents:

- (1) Home Ministry's circular No. 51/92/50-Public dated 19th June, 1950 to all State Governments saying that it would be desirable to establish a convention whereby on appointment to the high office of Minister, whether at the Centre or in one of the States, the incumbent should cease to hold any offices he may previously have held in other organisations e.g. directorship or active memberships in private companies or public corporations, trade unions, local self-governing institutions and so on. (Annexure I)
- (2) Home Ministry's circular No. 51/92/50-Public dated 30th January, 1951 clarifying that the circular at (1) above does not draw any distinction between honorary and remunerative directorship or active membership of any organisation or institution. (Annexure II)
- (3) Code of Conduct for Ministers, made public on 29th October, 1964, stipulating *inter alia* that a person before taking office as a Minister shall sever all connections, short of divesting himself of the ownership, with the conduct and management of any business in which he was interested before his appointment as Minister and divest himself of all his interests and also of the management with regard to business concerns which supply goods or services to Government or to Government undertakings

(excepting in the usual course of trade or business or at standard or market rates) or whose business primarily depends on licences, permits, quotas, leases etc. received or to be received from Government. (Annexure III).

- (4) Home Ministry's O.M. No. 43/60/64-AVD dated 18th January, 1965 to all Ministries of the Central Government impressing on all Government servants that it is essential to avoid familiarity arising out of private hospitality.
- (5) Finance Ministry's O.M. No. 14(4)E.II(A)/64 dated 2nd April, 1965 emphasising that care should be taken to see that non-official institutions which receive grants from Government function properly and that measures including audit should be devised to ensure that non-official organisations receiving assistance from Government are free from any corrupt practices. (Annexure VI).

5. The matter has been carefully considered and it has been decided that Ministers and high Government officials should not have anything to do with voluntary organisations which execute contracts for Government. The same objections, however, do not apply to institutions which receive grants-in-aid. They are usually engaged in work of social welfare a public benefit, and it would hurt them if they are deprived of the association and guidance of important public men like Ministers, or even of high officials. On the other hand there is certainly some risk that if such institutions are not well-managed, Ministers or high officials, connected with them, might get drawn in & involved. It is therefore for individual concerned to decide in his discretion whether he should associate even with voluntary organisations which receive grants-in-aid from Government.

6. When Ministers or high Government officials associate themselves in their discretion, with voluntary organisations receiving grants-in-aid from Government, they should ensure that the organisations have a high standing and a proper system of accounts and audit. They themselves should not have any direct hand in operating funds or in the maintenance of accounts. They should also ensure that their official position or name is not mis-utilised by the organisation so as to derive any undue advantage.

7. For purposes of this circular, persons holding high official positions would include persons equivalent to the rank of a Deputy Secretary to the Government of India or above. The contents of this circular may please be brought to the notice of all such persons

8. The question of suitably amending the Code of Conduct for Ministers will be examined in due course.

9. Receipt of this communication may kindly be acknowledged.

**AUTHORISED FOR ISSUE**

Sd/- A. P. VEERA RAGHAVAN,  
*Deputy Secretary to the Government of India.*

(G. R. GROVER)  
Section Officer.

To

The Chief Vigilance Officers of all Ministries/Departments of the Government of India.

No. 103/42/65-AVD, dated the 10th May, 1966/20th Vaisakha, 1888.

Copy forwarded to:

- (1) All attached and subordinate offices of the Ministry of Home Affairs.
- (2) Director, C.B.I. (50 copies)
- (3) Secretary, C.V.C. (5 copies)
- (4) Chief Secretaries, All Union Territories/Administrations.

Sd/- A. P. VEERA RAGHAVAN,  
*Deputy Secretary to the Government of India.*

Copy to:

- (1) PS to H.M., P.S. to M.M.H.A., P.S. to D.M. (S) and P.S. to D.M.(N).
- (2) All officers of the Ministry of Home Affairs.
- (3) All Sections of the Ministry of Home Affairs.

**ANNEXURE II**  
**No. 51/92/50-Public**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF HOME AFFAIRS**

**From**

Sardar Fateh Singh,  
Deputy Secretary to the Government of India.

**To**

The Secretary to the Government of West Bengal,  
Home Deptt. (Constitution & Elections).

*New Delhi, the 19th June, 1950.*

**Sir,**

With reference to Mr. Basu's letter No. 715-A.R./RIM-10/48, dated the 2nd May, 1950, I am directed to say that the Government of India are of the view that it would be desirable to establish a convention, whereby on appointment to the high office of Minister, whether at the Centre or in one of the States, the incumbent should cease to hold any offices he may previously have held in other organisations e.g. directorships or active memberships in private companies or public corporations, trade unions, local self-governing institutions, and so on. There would, however, be no objection to an Hon'ble Minister holding ex-officio membership of such bodies as Senate/Syndicate/Court of a University or Committees or local self-governing institutions etc.

Yours faithfully,

Sd/- FATEH SINGH,

*Deputy Secretary to the Government of India.*

No. 51/92/50-Public, New Delhi-3, the 19th June, 1950.

A copy, with a copy of the letter replied to, is forwarded to:

- (1) all other part A State Governments for information and guidance;
- (2) all Ministries of the Government of India (for necessary action in so far as Part B States are concerned).

By order,

Sd/- A. V. RAMAN,

*Under Secy. to the Government of India.*

Copy of letter No. 715-A.R./RIM-10/48, dated 2nd May 1950, from Government of West Bengal, Home Department, Constitution and Elections, to the Joint Secretary to the Government of India, Ministry of Home Affairs, New Delhi.

---

I am directed to request that, if there be no objection, the State Government be informed if there is any convention under which the Hon'ble Ministers of the Union Government are debarred from retaining (1) membership of the Senate/Court of a University save in the case of ex-officio membership and/or Life Membership respectively and holding (2) office in Trade Union executives, or membership of local self-governing bodies simultaneously with offices in the Ministry.

2. An early reply will be very much appreciated.

---

### ANNEXURE III

Copy of the letter No. 51/92/50-Public, dated 30th January 1951, from Sardar Fateh Singh, Deputy Secretary to the Government of India, Ministry of Home Affairs, New Delhi, addressed to the Chief Secy. to the Government of Bombay, (Political and Services Department), Bombay, and copy endorsed to all other State Governments and all Ministries of the Government of India.

---

**SUBJECT:—Convention to be followed in regard to appointment of Ministers.**

With reference to your letter No. 9721/34-E, dated the 20th December, 1950, on the above subject, I am directed to say that the Government of India did not purposely draw any distinction between honorary and remunerative directorship or active membership of any organisation or institution. Their intention is that on appointment to the high office of Minister, whether at the Centre or in one of the States, the incumbent should cease to hold any office he may previously have held in other organisations. e.g. directorship, honorary or remunerative, or active membership in private companies or public corporations, trade unions local self-governing institutions, and so on.

2. There is, however, no objection to an Hon'ble Minister holding an honorary appointment of office bearer of a philanthropic organisa-

tion. This is in fact covered by the exceptions mentioned in the last sentence of this Ministry's letter of even number dated the 19th June, 1950.

Copy of letter No. 9721/34-E, dated the 20th December, 1950 from the Government of Bombay, to the Ministry of Home Affairs, Government of India, New Delhi.

**SUBJECT:**—*Convention to be followed in regard to appointment of Ministers.*

I am directed to refer to the correspondence resting with Shri Fateh Singh's endorsement to Part A State Governments No. 51/92/50-Public, dated the 25th October, 1950, on the subject mentioned above, and to state that the Government of India do not seem to have drawn any distinction between honorary and remunerative directorship or active membership of any organisation or institutions. It is also not clear whether the Government of India have considered the question of honorary appointment of an honorable Minister as an office bearer (either as a Trustee or as a Director or as President or Chairman or Secretary) of a philanthropic organisation. I am to request that the Government of India may kindly be moved to clarify these points, and also to state whether they have any objection to an Honourable Minister working as a Trustee of a purely philanthropic organisation e.g. Nature Cure Hospital Trust at Uruli Kanchan or Adivasi Seva Mandal.

---

**ANNEXURE IV**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF HOME AFFAIRS**  
**CODE OF CONDUCT FOR MINISTERS**  
**(Both Central and State)**

In addition to the observance of the provisions of the Constitution, the Representation of the People Act, 1951, and any other law for the time being in force, a person, before taking office as a Minister shall:

- (a) disclose to the Prime Minister, or the Chief Minister as the case may be, details of the assets and liabilities, and of business interests, of himself and of members of his family. The details to be disclosed shall consist of particulars of all immovable property and the total approximate value of (i) shares and debentures, (ii) cash holdings and (iii) jewellery;
- (b) sever all connections, short of divesting himself of the ownership, with the conduct and management of any business in which he was interested before his appointment as Minister; and
- (c) with regard to a business concern which supplies goods or services to the Government concerned or to undertakings of that Government (excepting in the usual course of trade or business and at standard or market rates) or whose business primarily depends on licences, permits, quotas, leases, etc received or to be received from the Government concerned,, divest himself of all his interests in the said business and also of the management thereof.

*Provided*, however, that he may transfer in the case of (b) his interest in the management, and in the case of (c) both ownership and management, to any adult member of his family or adult relative, other than his wife (or husband as the case may be), who was prior to his appointment as Minister associated with the conduct or management or ownership of the said business. The question of divesting himself of his interests would not arise in case of holding

of shares in public limited companies except where the Prime Minister, or the Chief Minister as the case may be, considers that the nature or extent of his holding is such that it is likely to embarrass him in the discharge of his official duties.

2. After taking office, and so long as he remains in office, the Minister shall

- (a) furnish annually by the 31st March to the Prime Minister, or the Chief Minister as the case may be, a declaration regarding his assets and liabilities;
- (b) refrain from buying from or selling to, the Government any immovable property except where such property is compulsorily acquired by the Government in the usual course;
- (c) refrain from starting, or joining, any business;
- (d) ensure that the members of his family do not start, or participate in, business concerns engaged in supplying goods or services to that Government or to undertakings under that Government (excepting in the usual course of trade or business and at standard) market rates or dependent primarily on grant of licences, permits, quotas, leases, etc. from that Government; and
- (e) report the matter to the Prime Minister, or the Chief Minister as the case may be, if any member of his family sets up, or joins in the conduct and management of, any other business.

3. No Minister should

- (a) personally, or through a member of his family, accept contributions for any purpose, whether political, charitable or otherwise if any purse or cheque intended for a registered society, or a charitable body, or an institution recognised by a public authority, or a political party is presented to him, he should pass it on as soon as possible to the organisation for which it is intended;
- (b) associate himself with the raising of funds except for the benefit of (i) a registered society, or a charitable body, or an institution recognised by a public authority and (ii) a political party. He should, however, ensure that such contributions are sent to a specified office-bearer, etc. of the society or body or institution or party concerned and



not to him. Nothing hereinbefore shall prevent a Minister from being associated with the operation or disbursement of funds raised as above.

4. A Minister should

- (a) not accept valuable gifts except from close relatives, and he or members of his family should not accept any gifts at all from any person with whom he may have official dealings;
- (b) not, nor permit a member of his family, to contract debts of a nature likely to embarrass or influence him in the discharge of his official duties.

5. A Minister should

- (a) while on official tour, as far as practicable, stay in accommodation belonging to himself or maintained by Government, Government undertakings, public bodies or institutions (such as circuit houses, dak bungalows, etc.) or in recognised hotels; and
- (b) discourage ostentation or lavishness in parties given to him.

6. The authority for ensuring the observance of the Code of Conduct will be the Prime Minister in the case of Central Ministers, the Prime Minister and the Union Home Minister in the case of Chief Ministers, and the Union Home Minister and the Chief Minister concerned in the case of State Ministers. The said authority would follow such procedure as it might deem fit, according to the facts and circumstances of each case, for dealing with or determining any alleged or suspected breach of this Code.

*Explanation.*—In this Code, a Minister's family shall include his wife (or the husband as the case may be) not legally separated from him (or her), minor children, and any other person related by blood or marriage to, and wholly dependent, on the Minister.

## ANNEXURE V

*Copy of the letter No. 14/54/64-Pub. I, dated 22nd April, 1965, from Shri R. A. S. Mani, Under Secy. to the Government of India, Ministry of Home Affairs, New Delhi, addressed to the Chief Secretary to the Government of Punjab, Chandigarh, and copy endorsed to the Chief Secretaries of all the State Governments for information and guidance.*

**SUBJECT:—***Convention to be followed in regard to appointment of Ministers.*

With reference to the State Government's letter No. 9250-PCM-64/25265, dated the 13th November, 1964, I am directed to say that the instructions contained in this Ministry's letters No. 51/92/50-Publ, dated the 19th June, 1950 and 30th January, 1961, do not cover the same ground as the Code of Conduct for Ministers, although there may be some similarity. The Code of Conduct for Ministers covers, at present matters mainly relating to ownership conduct and management of business raising of funds, acceptance of gifts, joining of business by family members, furnishing of returns of property etc. It does not cover all aspects of the conduct which Ministers are expected to follow. In the circumstances, the instructions contained in this Ministry's letters cited above, still hold good.

---

*Copy of letter No. 9250-PCM/64/25265, dated the 13th November, 1964, from Sardar Gyan Singh Kahlon, ICS, Chief Secretary to Government of Punjab, addressed to the Secretary to the Government of India, Ministry of Home Affairs, New Delhi.*

**SUBJECT:—***Convention to be followed in regard to appointment of Ministers.*

I am directed to invite a reference to your letter No. F. 14/54/64-Pub. I, dated the 29th September, 1964, on the subject noted above, and to say that before the instructions contained in the Ministry of Home Affairs letter No. 51/92/50-Public, dated the 19th June, 1950 and even No., dated the 30th January, 1951, could be brought to the notice of the members of the new Ministry formed in July, 1964, in this State, the Code of Conduct for Ministers issued by the Ministry of Home Affairs has been adopted by the State Government since the Code of Conduct for Ministers contains somewhat similar provisions, it may kindly be clarified if there is still the need of enforcing the instructions contained in the said two letters.

## ANNEXURE VI

Copy of the Office Memorandum No. 43/60/64-AVD, dated 18th January, 1965, from Shri A. P. Veera Raghavan, Deputy Secretary, to the Government of India, Ministry of Home Affairs, New Delhi, to all Vigilance Officers of all Ministries|Departments of the Government of India.

---

SUBJECT:—Recommendation No. 24 of the Committee on Prevention of Corruption.

The undersigned is directed to say that recommendation No. 24, contained in paragraph 6.11 of the report of the committee on Prevention of Corruption, has been carefully considered in the light of the comments received from the Ministries|Departments. The following decisions were reached in regard to this recommendation:—

- (i) The distinction between Economic Ministries and other Ministries may not serve any useful purpose as officers were liable to transfer and a business house may find it worthwhile to invest on an officer even though he were in a non-Economic Ministry, in the hope that this investment would be useful later on; and
- (ii) It is essential to avoid the familiarity arising out of private hospitality. When in doubt, an officer should abstain from accepting an invitation and he should not accept invitations particularly from persons who have cases pending before him.

2. Attention of the Ministries etc. is also invited to the provisions contained in Rule 13 of the Central Civil Services (Conduct) Rules, 1964, issued in Ministry of Home Affairs Notification No. 25/4/63-Ests(A), dated 30th November, 1964, particularly to Note (II) under the said Rule.

3. A doubt was also expressed whether if a Minister accepts an invitation it should be incumbent on the official to accept it. It has been decided that in such cases it would not be incumbent on the official to accept the invitation.

4. The Ministries|Departments are requested to bring this to the notice of all concerned.

Copy forwarded to:—

All attached and subordinate offices of the Ministry of Home Affairs.

Director, Central Bureau of Investigation.

Secretary, Central Vigilance Commission.

Chief Secretaries, All Union Territories|Administration.

---

## ANNEXURE VII

*Copy of the Office Memorandum No. 14(4)E.II(A) 64, dated 2nd April, 1965, from Shri D. S. Sandhu, Under Secretary to the Government of India, Ministry of Home Affairs, New Delhi, addressed to all the Ministries/Departments of the Central Government etc. etc.*

**SUBJECT:**—*Recommendation of the Committee on Prevention of Corruption—Need for ensuring that the non-official bodies receiving assistance from the Government are free from corruption.*

The following recommendation have been made by the Committee on Prevention of corruption:—

- (a) Care should be taken to see that non-official institutions which receive grants from Government function properly. These institutions should submit annual reports and audited accounts and it should be the responsibility of some specified officer to certify proper utilisation of Government grants.
- (b) An important condition of assistance to non-official organisations should be that these bodies are free from any corrupt practices and measures, including audit, should be devised to enforce this condition.

2. The recommendation at (a) above is adequately covered already by the provisions contained in Rules, 148 to 150 of the GFRs 1963 and Government of India's decisions thereunder. The Ministry of Home Affairs etc. are requested to kindly take steps to ensure that these instructions are observed by all authorities while sanctioning grants-in-aid to non-official institutions.

3. The recommendation at (b) above also appears to be sound in principle. The Ministry of Home Affairs etc. are requested to take steps to ensure that no grants are sanctioned in cases where there

is a reasonable suspicion or suggestion of corrupt practices—unless the bodies concerned are cleared of the allegations. With a view to ensure that the sanctioning authorities appreciate their responsibility in this respect, it is requested that in each case it may be certified that this aspect has been considered before sanctioning the grant and that there is no reason to believe that grantee institutions are involved in corrupt practice. Such a certificate signed by the officer on whose signature or counter-signature the grant-in-aid bill is drawn should be attached with the grant-in-aid bill.

## APPENDIX VII

### *Summary of main Conclusions/Recommendations*

Sl. No.	Para No. of Report	Ministry/Deptt. Concerned	Conclusions/Recommendations
1	2	3	4
1	1.5	Works & Housing	The Committee are glad to note that replies to almost all the recommendations have since been received, though the time taken by the Ministries to furnish them was unduly long.
2	1.8	Planning Commission <u>Information &amp; Broadcasting,</u> <u>Education</u> <u>Deptt. of Revenue</u> <u>works and Housing</u> <u>Law.</u>	The Committee would like that the Government should furnish the replies to outstanding recommendations/further information where required at an early date.
3	2.4	Planning Commission	The Committee are constrained to note that even after a lapse of more than two years since the presentation of the 34th Report of the P.A.C. in April, 1965, the Bharat Sevak Samaj have not been able to submit their consolidated accounts (inclusive of construction service), even though the time-limit for submission of these accounts was extended by Government from time to time. The Committee would like to know

1	2	3	4
			the action taken by the Government on the consolidated accounts when received from Bharat Sevak Samaj.
4	2.5	Planning Commission	The Committee are not happy over the manner in which the Government have extended the time limit for submission of the consolidated accounts by Bharat Savak Samaj. The Committee also regret to note that the grants for the year 1965-66 and partly for the year 1966-67 were released to the Bharat Sevak Samaj without furnishing of the consolidated accounts. The Committee note that no further grant-in-aid was given to the Bharat Sevak Samaj in the year 1967-68 so far. They would also like to reiterate the observation contained in para 14 of their 34th Report Regarding submission of the consolidated and duly audited accounts of the Bharat Sevak Samaj.
5	2.6	Do.	The Committee hope that the Government will strictly adhere to the provision of Rule (149) 3 of General Financial Rules in future in such cases.
6	2.10	Information & Broadcasting	The Committee regret to note that the Ministry of Information & Broadcasting released grant to the Bharat Sevak Samaj for the year 1965-66 without insisting on the receipt of consolidated and duly audited accounts from the Samaj. Furnishig of consolidated the accounts by the Samaj' the Committee feel, was a pre-condition for the release of grants and should have been insisted upon.



1	2	3	4
7	2.11	1 & B.	The Committee hope that the Government will strictly adhere to the provision of Rule 149 (3) of General Financial Rules in future in such cases.
8	2.14	Home Affairs Planning Commission	The Committee have no doubt that, having regard to the acceptance of the afore-mentioned principles, the transfer of executive functions from the Planning Commission to Central Ministries and the need for observing the utmost economy, Government would review further the question of retention of the two posts of Financial Adviser and Director (Construction Services), the incumbents of which were working hitherto exclusively for the Bharat Sevak Samaj.

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
<b>DELHI—contd.</b>			30.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
21.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	31.	The United Book Agency, 48, Amrit Kaur Market, Pahar Gani, New Delhi.	88
22.	Atma Ram & Sons, Kashmir Gate, Delhi-6.	9	32.	Hind Book House, 82, Janpath, New Delhi.	95
23.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	33.	Bookwell, 4 Sant Narankari Colony, Kingsway Camp, Delhi-9.	96
24.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	<b>MANIPUR</b>		
25.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	34.	Shri N. Chaoba Singh, News Agent, Ram Lal Paul High School Annex, Imphal.	77
26.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	<b>AGENTS IN FOREIGN COUNTRIES</b>		
27.	Bahree Brothers, 188, Lajpatrai Market, Delhi-6.	27	35.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.-2.	
28.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66			
29.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68			

---

©1967 BY THE LOK SABHA SECRETARIAT

PUBLISHED UNDER RULE 332 OF THE RULES OF PROCEDURE AND CONDUCT OF  
BUSINESS IN LOK SABHA (FIFTH EDITION) AND PRINTED BY THE GENERAL  
MANAGER, GOVERNMENT OF INDIA PRESS, MINTO ROAD, NEW DELHI.

---

