

ONE HUNDRED AND TWENTIETH REPORT

PUBLIC ACCOUNTS COMMITTEE (1982-83)

(SEVENTH LOK SABHA)

UNAUTHORISED OCCUPATION OF SALT
LAND—BHARPUR SALT WORKS
AND

DRY HYDRATED LIME AND CLAY
POZZOLANA PLANTS

MINISTRY OF INDUSTRY

(Department of Industrial Development)
AND

MINISTRY OF WORKS AND HOUSING

[Action taken on 42nd Report (7th Lok Sabha)]



Presented in Lok Sabha on

Laid in Rajya Sabha on

LOK SABHA SECRETARIAT
NEW DELHI

August, 1982/Sravan, 1984 (S)

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COMMITTEE.

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PUBLIC ACCOUNTS COMMITTEE

(1982-83)

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Shri Satish Agarwal

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2. Shri Chitta Basu
3. Shrimati Vidyavati Chaturvedi
4. Shri C. T. Dhandapani
5. Shri G. L. Dogra
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22. Shri A. P. Janardhanam

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1. Shri T. R. Krishnamachari—*Joint Secretary.*
2. Shri K. C. Rastogi—*Chief Financial Committee Officer.*
3. Shri K. K. Sharma—*Senior Financial Committee Officer.*

INTRODUCTION

I, the Chairman of Public Accounts Committee as authorised by the Committee, do present on their behalf this 120th Report on action taken by the Government on the recommendations of the Public Accounts Committee contained in their 42nd Report (7th Lok Sabha) regarding Unauthorised occupation of Salt Land—Bharpur Salt Works and dry hydrated lime and clay pozzolana plants.

2. Expressing displeasure at the inordinate delay in the completion of proper records in regard to the ownership of the land under salt works and the dates on which the leases of the lands were to expire, the Committee in this action taken report have asked the Department of Industrial Development to take immediate steps to trace/complete the records in the remaining 173 cases. One of the difficulties which the Department of Industrial Development are stated to be faced with in regard to resumption of lands over salt works is that the date on which lease expires can not be the basis for resumption in view of Section 32 of the Central Excises and Salt Act. The Committee have desired to be apprised of the steps contemplated by the Department to get out of this stalemate. As regards the dry hydrated lime and clay pozzolana plants, the Committee have expressed their surprise how some basic factors as pointed out by a Committee appointed by Government to enquire into the conception and execution of the plants were over-looked while taking a decision to set up the plant. They have, therefore, reiterated that officials responsible for these lapses and wrong decision be identified with a view to fixing responsibility and taking action against them.

3. On 11 June, 1982 the following action taken sub-committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Public Accounts Committee in their earlier Reports:

Shri Satish Agarwal—Chairman

Shri K. Lakkappa

Shri G. L. Dogra

Shri Sunil Maitra

Shri Bhiku Ram Jain

Shri Kalyan Roy

4. The action taken sub-committee of the Public Accounts Committee, 1982-83 considered and adopted the Report at their sitting

held on 20 July, 1982. The Report was finally adopted by the Public Accounts Committee on 3 August, 1982.

5. For reference facility and convenience, the recommendations and observations of the Committee have been printed in thick type in the body of the Report, and have also been reproduced in a consolidated form in the Appendix to the Report.

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

NEW DELHI;

August 3, 1982

Sravana 12, 1904 (S)

SATISH AGARWAL

Chairman

Public Accounts Committee

CHAPTER I

REPORT

1.1. This Report of the Committee deals with the action taken by Government on the Committee's conclusions and recommendations contained in their 42nd Report (Seventh Lok Sabha) on "Unauthorised occupation of salt land-Bharpur Salt Works and dry hydrated lime and clay pozzolana plants."

1.2. Action Taken Notes on all the conclusions and recommendations contained in the Report have been received from Government.

1.3. Replies to the conclusions and recommendations of the Committee contained in the Report have been categorised under the following heads:

(i) Conclusions and Recommendations that have been accepted by Government:

Sl. Nos. 11-12, 18, 20, 22—33, 35

(ii) Conclusions and Recommendations which the Committee do not like to pursue in view of the replies of Government:

Sl. Nos. 1—7, 10

(iii) Conclusions and Recommendations replies to which have not been accepted by the Committee and which require reiteration:

Sl. Nos. 13—15, 16-17, 34

(iv) Conclusions and Recommendations in respect of which Government have given interim replies.

Sl. Nos. 8-9, 19, 21

1.4. The Committee expect that final replies to the recommendations in respect of which only interim replies have been furnished, will be submitted expeditiously after getting them vetted by Audit.

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

Maintenance of Land Registers (Paras 1.80—1.82—Sl. No. 13—15)

1.6. Expressing concern over the absence of proper records as regards the ownership of the land under salt works and the dates

on which the leases of the lands were to expire, the Committee had recommended as under:

"One of the important factors resulting in omission to renew the leases or to determine the ownership of the land was that the registers maintained by the Salt Department from 1932 did not contain any column to show the ownership of the land under Salt Works nor did they indicate the dates on which the leases of the land were to expire. (Para 1.80).

The Committee have been informed that action to prepare a register showing the necessary details was taken up in 1975. Thus even though the case of unauthorised occupation of land at Bharpur Salt Works had come to the notice of the Department in 1965 and the absence of proper records had come to their knowledge, no action was taken during the period 1965 to 1975 to bring the records up-to-date. The Committee take serious view of this negligence on the part of the officials concerned and recommend that the erring officers may be brought to book. (Para 1.81).

Even after the work of preparing registers indicating up-to-date information was taken up in 1975 by the Land Cell constituted by the Department, investigation in respect of only 101 out of 286 cases was completed between the years 1975 and 1980. The Committee were informed by the Secretary, Ministry of Industry during evidence that the completion of these records would take another year. The Committee trust that these records will be brought up-to-date and the lacuna in the records removed forthwith. In a later paragraph of this report the Committee have recommended creation of a Cell for scrutinising records of salt works located in various states." (Para 1.82).

1.7. In their reply dated 21 December, 1981 the Department of Industrial Development have stated:

"After Bharpur case came to light (in 1965 action was initiated to collect records relating to other Salt Works so that the Licence Register and Jamin Kharda reflected the correct position in respect of ownership. It would however be useful to recollect that on the basis of Section 32 of the Central Excises and Salt Act, licence holders enjoy a permanent right to manufacture salt. The ownership rights over

land needed to be investigated only when a licence was cancelled or surrendered. The earlier Building Register printed in 1939 did not indicate the correct position in many cases. It became therefore necessary to look into original records and for this purpose a small Cell under a Deputy Superintendent of Salt was set up in 1973. This Cell has been able to trace records relating to 113 Salt Works covering an area of 12,000 acres so far. In respect of a further 114 cases covering an area of 6000 acres, some records are still to be traced. In view of the volume of the work involved, the efforts to bring the records up-to-date have taken some time. The Department sincerely regrets the delay in this regard. (Para 1.80-1.81).

The observations of the Public Accounts Committee have been noted and efforts are under way to complete the task within the period promised." (Para 1.82).

1.8. Although absence of proper records in regard to the ownership of the land under Salt Works and the dates on which the leases of the land were to expire had come to the notice of the Department in 1965, no action was taken during the period 1965 to 1975 to bring the records up-to-date and it was only in 1975 that action to prepare a register showing necessary details was taken up. Taking a serious view of this negligence, the Committee had recommended that the erring officers might be brought to book. The Committee find from the Ministry's reply that a small cell under a Deputy Superintendent of Salt was set up in 1973 to look into the original records with a view to updating the registers as the earlier Building Register printed in 1939 did not indicate the correct position in many cases. This cell has so far been able to trace records relating to 113 Salt Works covering an area of 12,000 acres out of a total of 286 cases. The Committee would like to express their displeasure at the inordinate delay in constituting this cell for which no satisfactory explanation has been advanced. They would, therefore, reiterate that responsibility for this lapse should be fixed. The Committee are surprised to note that although the cell was set up in 1973, even after a period of about nine years the records in as many as 173 cases are still to be traced/completed. From this, the Committee cannot but conclude that this work has not been given serious attention so far. The Committee, therefore, recommend that immediate steps should be taken to complete these records under a time-bound programme. The Com-

mittee would like to be apprised of the action taken and the time limit set in this regard.

Inaction on the part of Salt Department to publicise that the land in question belonged to Government

(Para 1.83—Sl. No. 16)

1.9. Commenting on the failure on the part of the Salt Department to inform the public through a notification or an advertisement in the press that the land in question belonged to the Government and the unauthorised occupants were liable to such action as the Department might take, the Committee, had recommended as under:

"The Committee find that the Salt Department took no action to inform the public at any time through a notification or an advertisement in the Press that the land in question belonged to the Government and the unauthorised occupants were liable to such action as the Department might take. The Secretary, Ministry of Industry while confirming that "no public notice was issued" stated: "As a matter of fact, to be frank with you, I did not find evidence from the records that I have had occasion to go through so far to show that such a contemplation was ever entertained." The officers of Salt Department were so unaware of the developments that it was only after reading in some newspapers about some people selling plots that the Department wrote to the Income-tax and revenue authorities that the people should not be allowed to sell plots as the land belonged to the Government. The Committee note that the Ministry of Law had advised in February, 1977 that a suitable notice might be issued to the press stating that the land belonged to the Government. It is distressing that although in another case the Ministry of Law had advised in February, 1977 that a suitable notice might be issued to the press stating that the land belonged to the Government and public should not deal with it, the Salt Department did not care to follow this advice and it was only about four months before the evidence on this paragraph was taken by the PAC that the Department put up boards. However, the Salt Commissioner conceded during evidence that in the case of Bharpur Salt Works no such boards were put up. The Committee would like to know the reasons for not issuing the notice in this case also in the press. They desire that for this dereliction in duty in this case responsibility be fixed."

1.10 In their reply dated 21 December, 1981 the Department of Industrial Development have stated:

"It is a fact that no Notice Board was put up in Bharpur Salt Works indicating that the land belongs to Salt Department. It is also a fact that no notice was issued to the Press on the same lines. It is not possible to explain why no action was taken in this case although in a similar case, Law Ministry had given such advice. Since this is an act of omission, it is sincerely regretted. Instructions have been issued to ensure that there is greater vigilance in such matters in future."

1.11 The Committee find that Department of Industrial Development in its reply has admitted that no Notice Board was put up in Bharpur Salt Works indicating that the land belonged to the Salt Department. A notice to that effect was not issued to the Press also. The Committee are surprised at the reply of the Ministry that "It is not possible to explain why no action was taken in this case, although in a similar case, the Law Ministry had given such advice". The Committee can not but reach at the conclusion that this is a clear case of dereliction of duty on the part of some officers of the department. The Committee, therefore, reiterate their earlier recommendation that responsibility for dereliction of duty in this case be fixed. The Committee would also like to be informed of the corrective steps taken to guard against the recurrence of such lapses in future.

**Resumption of lands over Salt Works where leases have expired
(Paragraph 1.84—Sl. No. 17)**

1.12 Referring to three cases in which lease of land had expired long ago, the Committee had, in para 1.84 of their report recommended as under:

"The Committee learn that the investigation made so far has revealed that there are three other cases in which lease of land expired long ago, viz. in July, 1892 in respect of Bassein Salt Factory, Manik Mahal and in April, 1908 in the cases of Wadala Salt Factories at Dadkudai and Laxman Govind. Salt manufacture continues in the first two cases. On the land in Laxman Govind area, salt work was closed in 1962 and the land acquired by the Government of Maharashtra. The Committee would like to know what is being done to resume the lands over salt works at Manik Mahal and Dadkudai as the leases in these cases have already expired."

1.13 In their reply dated 21 December, 1981 the Department of Industrial Development have stated:

"Dadkudai Salt Work was closed in the year 1962 but manufacture of salt continues on the strength of injunction obtained by the parties in the High Court. A suit challenging the closure of salt work was filed originally in the City Civil Court in 1962 but when the matter came up for direction on 17-12-68 the plaint was returned to the plaintiff for filing the same in the proper Court. Subsequently a suit was filed in the High Court being Suit No. 72 of 1969 but the said suit was transferred back to City Civil Court which had been given jurisdiction to decide such cases. The case is still pending in the City Civil Court at Bombay.

In the case of Manik Mahal Salt Works, the licensees are entitled to manufacture salt under Section 32 of the Central Excises and Salt Act. The date on which leasing expires cannot be the basis for resumption in view of the above mentioned provision of Law."

1.14 The Committee had, in their original recommendation, desired to be apprised about the efforts being made to resume the lands over Salt Works at Manik Mahal and Dadkudai as the leases in these cases had already expired. In their action taken note, the Department of Industrial Development has stated that Dadkudai Salt Work was closed in the year 1962 but manufacture of salt continues on the strength of injunction obtained by the parties in the High Court. This case is still pending in the City Civil Court at Bombay. In the case of Manik Mahal Salt Work the department has stated that the licensees are entitled to manufacture Salt under section 32 of the Central Excises and Salt Act. The date on which lease expires cannot be the basis for resumption in view of the provision of this law. The Committee would like to be apprised of the steps contemplated by the Department to get out of this stalemate.

Enquiry into the working of Dry hydrated lime and clay Pozzolana plants

(Para 2.60—Sl. No. 34)

1.15 Deploring the manner in which the setting up of Dry hydrated lime and clay pozzolana plants was conceived and executed

by the Government, the Committee had, in the above paragraph, recommended as under:

"The Committee deplore the manner in which the setting up of these two plants (Cost Rs. 16.73 lakhs) was conceived and executed by the Government. Incorrect assessment of demand for dry hydrated lime and clay pozzolana, high cost of production and inferior quality of these products, lack of skill in operating the plants and poor response to the inservice training courses started by the NBO clearly indicate how wrong planning can bring bad name to the Government and also to the Governmental agencies which are entrusted with the work of executing such schemes. The Committee would, therefore, like the Government to undertake an enquiry into the whole case, right from the proposal stage to the closure of the plants so as to fix responsibility on the officials who were directly or indirectly responsible for the various deficiencies due to which the plants had poor off-take and ultimately had to be closed down in May, 1980."

1.16 In their reply dated 26 March, 1982 the Ministry of Works and Housing have stated:

"The Ministry appointed on 5-8-1981 a Group with Shri N. S. L. Rao, Director-General of Works, CPWD, as Convener and Shri H. U. Bijlani, Chairman-cum-Managing Director, Housing and Urban Development Corporation Ltd. and Shri S. T. Veeraraghavan, Joint Secretary (Finance) in the Ministry of Works and Housing, as members to go into the issues raised in paras 2.60 and 2.61 of the 42nd Report of the PAC (1980-81) (Seventh Lok Sabha). Copies of the Reports dated 27-11-1981 and 19-2-1982 of the Group are enclosed*. In view of the findings of the Group, no action is proposed to be taken in the matter of fixation of responsibility."

1.17 While deplored the manner in which the setting up of dry hydrated lime and clay pozzolana plants (cost Rs. 16.73 lakhs) was conceived and executed by the Government, the Committee had recommended an enquiry into the whole case right from the proposal stage to the closure of the plants so as to fix responsibility on the officials who were directly or indirectly responsible for the various deficiencies due to which the plants had poor off-take and

*Please see pages 31-40.

ultimately had to be closed down in May, 1980. The Ministry of Works & Housing in their action taken note have stated that a Group with Director General, Works, CPWD as Convener and Chairman-cum-Managing Director, Housing and Urban Development Corporation Ltd. and Joint Secretary (Finance) in the Ministry of Works & Housing as Members was appointed to go into the issues and according to the findings of this group no action is proposed to be taken in the matter of fixation of responsibility. However, the Committee find that this group in its report has attributed the failure of the plant to the fact that it was situated at about 160 kms. away from the lime stone deposit and with the increase in prices of fuel and labour the transportation cost went up and the cost of dry hydrated lime produced in the plant went up from Rs. 127 to Rs. 412. Further, according to the report of this group, the demand for dry hydrated lime had not been assessed properly. NBO lacked the requisite organisation for operating the plant. The Officers in-charge of running the plants did not have adequate powers to purchase coal, furnace oil etc. Also the NBO did not have proper infra-structure to run the plant commercially as it had to depend upon NBCC for water, power, workshop and other facilities. The Committee are surprised how these basic factors were overlooked while taking a decision to set up the two plants. That the scheme was totally misconceived is now fully established. The Committee would, therefore, reiterate that officials responsible for these lapses and wrong decision be identified with a view to fixing responsibility and taking action against them.

CHAPTER II

CONCLUSIONS AND RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation

Eviction proceedings under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 have since been resumed. The Committee may be apprised of the latest position.

[(S. No. 11 Appendix III) Para 1.78 of 42nd Report of PAC (7th Lok Sabha)]

Action Taken

After the resumption of the eviction proceedings, some affected parties raised preliminary legal objection and challenged the validity of the appointment of the Estate Officer. Government appointed an Advocate to represent its case before the Estate Officer. These objections were overruled by the Estate Officer on 13-5-1981. The parties thereafter filed two appeals in the City Civil Court, Bombay, and obtained an *ex-parte* Stay order against the Estate Officer restraining him from continuing with the eviction proceedings. These proceedings have since been dismissed and the evictions case is being processed.

[Ministry of Industry (Dept. of Industrial Development) O.M. No. 42011/3/81-Salt dated 21 December, 1981]

Recommendation

Out of an area of 138 acres and 27 gunthas (138.7 acres) originally leased out, an area of 8 acres and 6 gunthas was acquired by the Maharashtra Govt. 35 acres is occupied by plots under actual buildings and about 15 acres by roads. There are some hutments covering an area of about of 10 acres and about 70 acres under unauthorised occupation is lying vacant. The Committee had been informed that the value of the land under unauthorised occupation might be around Rs. 5 crores. In a note, the Ministry had stated that the market value of the land in the neighbouring areas was around Rs. 120/- per sq. yard in 1974-75 for building plots. On this basis, the market value of 130.5 acres of land (6.32 lakh sq. yards) under unauthorised occupation would work out to Rs. 7.58 crores in 1974-75. The Ministry have clarified that 'the value of

building plots situated in Bharpur Salt Works has been ascertained through local enquiries and it has been estimated that this would be around Rs. 300/- per sq. metre. A correct estimate, however, can only be arrived at when the land is resumed by the Government after eviction proceedings are concluded and a decision is taken as to how the land is to be utilised". When the Committee wanted to know why 70 acres of land lying vacant was not taken possession of by the Government when the parties who had gone to the High Court had withdrawn their petition in August, 1979, and had no legal title, the representative of the Ministry of law stated in evidence: "The position is, if the land is lying absolutely vacant, that means, it is not used by any body and, in that case, we can take it that it is under Government's possession. We can occupy it". However, in a note, submitted after the evidence, the Ministry of law have advised "The Notice under Section 4 of the PP Act....covers the entire area of about 138 acres originally granted in lease which expired in 1943. Consequently, though vacant by non-user the land is the symbolic possession of the successors of the original lessees. Consequently, the Department cannot take forcible possession of the land ad-measuring about 70 acres at present, till the proceedings initiated under the PP Act are concluded, more so, when the title of Central Government to the above lands is itself under challenge." The Committee feel concerned at the helplessness shown by the Ministries of Industry and Law in occupying that portion of the Government land which is still lying vacant. As more than 15 years have already elapsed since the unauthorised occupation and constructions of the land came to the knowledge of Government, the Committee desire that the eviction proceedings should be finalised without further delay and necessary steps taken to get possession of the land.

[(S.No. 12 Appendix III Para 1.79 of 42nd Report of PAC
(7th Lok Sabha)]

Action Taken

The factual information in respect of the eviction proceedings is contained in the comments against para 1.78. The Salt Commissioner has been advised on a number of occasions to have the eviction proceedings expedited. Government, have also appointed an Advocate to represent the Salt Deptt., before the Estate Officer. The object of doing this is to ensure that legal arguments advanced by the affected parties are countered in time so that the proceedings can be expedited.

[Ministry of Industry (Dept. of Industrial Development) O.M.
No. 420113/81-Salt dated 21 December, 1981]

Recommendation

Besides the Bharpur Salt Work, two other Salt Works, namely, Pestomsagar Salt Work and Jhangir Mahal Salt Work are at present under unauthorised occupation. The title over land at Pestomsagar Salt Work is under dispute, and the matter is pending in the Bombay High Court. This was also commented upon in the Audit Report of the Comptroller and Auditor General of India for the year 1977-78. The question of ownership of Jahangir Mahal Salt Work is being enquired into by the Collector, Bombay. The Committee feel concerned over such instances of unauthorised occupation of Government land and desire that these cases should be pursued and finalised at the earliest.

[(S.No. 18 Appendix III) Para 1.85 of the 42nd Report of PAC
(7th Lok Sabha)]

Action Taken

The views of the Committee in respect of unauthorised occupation of Government land have been noted. Every effort is being made to speed up disposal of cases pending before judicial/quasi-judicial authorities.

[Ministry of Industry (Dept. of Industrial Development) O.M.
No. 42011|3|81-Salt dated 21 December, 1981]

Recommendation

According to the information furnished to the Committee, the area of land under salt works in various States during 1979 was 3,63,583 acres. The Secretary, Ministry of Industry conceded during evidence that "not only in this case (Bharpur Salt Works), there have been other cases where the Salt Department has not been aware of the ownership vested in them" and that "the policing aspect of the Salt Department particularly in the metropolitan and other areas of Bombay at the level of Ministry, has not received due attention."

During the current examination of the Audit para relating to Bharpur Salt Works, only a few cases of unauthorised occupation of salt lands have been placed before the Committee. The investigations done so far by the Salt Department relates to Maharashtra Salt region only that too is not complete. As has also been conceded by the Secretary, Ministry of Industry, there would be many more cases of salt lands under unauthorised occupation of private parties without the Deptt. even knowing about it. The Committee consider this a serious matter requiring immediate attention of the Ministry of Industry. They recommend that a Cell placed under the charge

of senior officers should be constituted to scrutinise the records of all the lands under salt works in different States, to bring them up-to-date within a time-bound programme and to maintain them on a continuing basis so that the sad experience of unauthorised occupation of Government land in Bharpur Salt Works and other cases which have also come to notice is not repeated. The Ministry of Industry should also monitor the progress of work which has remained unattended all these years.

[(S. No. 20 Appendix III) Para 1.87 of 42nd Report of PAC
(7th Lok Sabha)]

Action taken

In each Salt region, a small Task Force has been set up so that records relating to ownership of lands under salt manufacture belonging to the Government of India are brought up-to-date. It is expected that this work will be completed by December 1981. The Ministry of Industry has also begun to closely monitor work relating to land management in the Salt Department.

[Ministry of Industry (Dept. of Industrial Development) O.M.
No. 42011/3/81—Salt dated 21 December, 1982]

Recommendation

In August, 1974, the National Buildings Organisation (NBO) proposed the setting up of two plants, one for production of dry hydrated lime (capacity: 60 tonnes per day) and the other for clay pozzolana (reactive surkhi) (capacity: 20 tonnes per day) at Sultanpur, Delhi. The use of dry hydrated lime in mortars and plasters in comparison to cement was considered to be economical involving less consumption of mortar and providing better resistance to rain penetration. The proposal was sanctioned by the Ministry of Works and Housing in August, 1975. The plants were commissioned in May, 1976. Production started only in December, 1976 due to delay in procuring electric power from the Delhi Electric Supply Undertaking and delay in standardisation of parameters like limestone to coal ratio and time temperature effects.

(Sl. No. 22 of Appendix III para 2.48 of the Forty-Second report of P. A. C. (1980-81) (Seventh Lok Sabha)

Action Taken

No action is called for.

[Ministry of Works and Housing O. M. No. G—25020/4/79—PS/HI
dated 26 March, 1982]

Recommendation

As against the installed capacity of 18,000 tonnes per annum, the production of dry hydrated lime was 598 tonnes, 2825 tonnes and 2173 tonnes during the years 1977-78, 1978-79 and 1979-80. This production worked out to only 3.3 per cent, 15.7 per cent and 12.1 per cent respectively of the installed capacity during these three years.

[**(Sl. No. 23 of Appendix III para 2.49 of the P. A. C. (1980-81)
(Forty Second report) (Seventh Lok Sabha)]**

Action Taken

No action is called for.

[**Ministry of Works and Housing O. M. No. G—25020/4/79—PS/HI
dated 26 March, 1982]**

Recommendation

As regards clay pozzolana, the installed capacity of the plant was 5,000 tonnes and against it the production was 148 tonnes, 224 tonnes and 374 tonnes during the years 1977-78, 1978-79, and 1979-80. This production worked out to only 2.5 per cent, 3.7 per cent and 6.2 per cent respectively of the installed capacity during these three years.

[**(Sl. No. 24 of the Appendix III para 2.50 of the Forty Second report of P. A. C. (1980-81) (Seventh Lok Sabha)]**

Action Taken

No action is called for.

[**Ministry of Works and Housing O. M. No. G—25020/4/79—PS/HI
dated 26 March, 1982]**

Recommendation

One of the reasons for low production of these products is stated to be lower off-take than anticipated. In this connection, the Committee find that the potential annual demand for dry hydrated lime was assessed at approximately 20,000 tonnes through a survey conducted by the National Buildings Organisation. This assessment was based on the consumption of cement during 1974 by the three principal construction agencies, namely CPWD, DDA and Delhi Administration and assuming that composite mortar of 1 cement; 2 lime: 9 sand was to be used. The consumption of cement during that year by these agencies was 1,06,000 tonnes (CPWD—20,000 tonnes DDA—70,000 tonnes, Delhi Administration 16,000 tonnes). In December, 1975 the NBO approached the principal construction agencies in Delhi to intimate their requirement of lime and whether "it would

be possible for them to purchase lime from NBO". Again on 17 march, 1976, the Secretary, Ministry of Works and Housing convened a meeting with the Chief Engineers of these agencies to ascertain "their views regarding use of NBO's dry hydrated lime to be produced in the near future". The Committee have been informed that at this meeting the DDA indicated that it would be able to take 20.25 tonnes of dry hydrated lime per day from the plant. The Chief Engineer of the CPWD stated that even though overall cost of lime produced by NBO's plant might be marginally higher, they would like to use lime mortars because of the technical advantages and for the sake of promotion of the use of lime which gives better mortar. On this basis, the Secretary of the Ministry felt that there would be difficulty in sale of NBO's product to these agencies.

[**(Sl. No. 25 of Appendix III para 2.51 of the Forty Second Report of P. A. C. (1980-81) (Seventh Lok Sabha)]**

Action Taken

No action is called for.

[**Ministry of Works and Housing O. M. No. G—25020/4/79—PS/HI dated 26 March, 1982]**

Recommendation

The Committee fix that the above expectation of the Ministry did not materialise. The NBO's products did not find favour with the CPWD and DDA because the cost of mortars compounded with NBO lime was higher and the quality of the products was not found to conform to ISI specifications. Further, since 1974 these agencies had started construction of four-storeyed buildings where stress was laid on the strength characteristics of the mortar. Thus the NBO's products though considered suitable for one or two storeyed buildings did not meet the requirements of multi-storeyed buildings.

[**(Sl. 26 of Appendix III para 2.52 of the Forty Second Report of P. A. C. (1980-81) (Seventh Lok Sabha)]**

Action Taken

No action is called for.

[**Ministry of Works and Housing O. M. No. G—25020/4/79—PS/HI dated 26 March, 1982]**

Recommendation

The Ministry have stated that at a meeting held in June 1979, the CPWD and DDA agreed to take dry hydrated lime as a "ster-

item" and use it for plasters, white-washing and mortars. It is further stated that the DDA had agreed to take 150 tonnes lime per month while CPWD indicated their requirement of about 200 tonnes per month. Actually the CPWD have lifted 15.28 tonnes and DDA 17.25 tonnes dry hydrated lime so far. The off-take was thus negligible.

[**(S. No. 27 of Appendix III para 2.53 of the Forty Second Report of P. A. C. (1980-81) (Seventh Lok Sabha)]**

Action Taken

No action is called for.

[**Ministry of Works and Housing O. M. No. G-25020/4/79-PS/HI dated 26 March, 1982]**

Recommendation

The cost of production of dry hydrated lime at NBO's plant was Rs. 759 per tonne during 1977-78, Rs. 367 per tonne during 1978-79 and Rs. 412 per tonne during 1979-80 as against the estimated cost of production of Rs. 127 per tonne. The sale price of this product was fixed at Rs. 300 per tonne during 1977 and 1978, Rs. 350 per tonne during 1979 and Rs. 400 per tonne during 1980. The sale price was thus lower than the cost of production. As regards clay pozzolana it is seen that its cost of production was Rs. 1029 per tonne during 1977-78 and Rs. 615 per tonne during 1978-79 as against an anticipated production cost of Rs. 80 per tonne. Its sale price was fixed at Rs. 165 per tonne which works out to about 27 per cent of the production cost in 1978-79. The production of clay pozzolana at the NBO's plant thus proved to be a highly uneconomical proposition. An effort was made to develop lime pozzolana mixture in ready-to-use condition to stop up the production of clay pozzolana. During 1979-80, 610 tonnes of lime pozzolana mixture was produced at a cost of Rs. 505 per tonne. Its sale price was fixed at the lower rate of Rs. 300 and Rs. 350 per tonne during the year 1979 and 1980 respectively.

[**Sl. No. 28 of Appendix III para 2.54 of the Forty Second Report of P.A.C. (1980-81) (Seventh Lok Sabha)]**

Action Taken

No action is called for.

[**Ministry of Works and Housing O. M. No. G-25020/4/79-PS/HI dated 26 March, 1982]**

Recommendation

According to the Ministry, the loss on the operation of these plants amounted to Rs. 15.82 lakhs (Rs. 5.22 lakhs) in 1976-77.

Rs. 5.19 lakhs in 1977-78; Rs. 3.26 lakhs in 1978-79 and Rs. 2.15 lakhs in 1979-80).

[Sl. No. 29 of Appendix III para 2.55 of the Forty Second Report of P.A.C. (1980-81) (Seventh Lok Sabha)]

Action Taken

No action is called for.

[Ministry of Works and Housing O. M. No. G-25020/4/79-PS/HI dated 26 March, 1982]

Recommendation

One of the objectives of the scheme was to impart in service training to the technicians and entrepreneurs who desired to set up such plants in the country. The National Buildings Organisation had organised only two appreciation courses in December, 1976 and December, 1977. The Ministry of Works and Housing have stated that "at that time there had not been much response from the entrepreneurs/users for the training course". Since March, 1978, a short term training course for kiln operators/artisans and 52 demonstrations were arranged for the prospective entrepreneurs/construction agencies etc. The Ministry have stated that these programmes have "created a greater appreciation regarding the new techniques of production and acceptance of new materials like dry hydrated lime clay pozzolana and lime pozzolana mixture".

[S. No. 30 of Appendix III para 2.56 of the Forty Second report of P.A.C. (1980-81) (Seventh Lok Sabha)].

Action Taken

No action is called for.

[Ministry of Work and Housing O.M. No. G-25020/4/79-PS/42 dated 26 March, 1982].

Recommendation

As NBO's products did not find favour with the principal construction agencies namely CPWD and DDA who were expected to buy them, the Ministry of Works and Housing decided to close the plant by 31 May, 1980. The Ministry also decided that the NBO should explore the possibility of the Government of Haryana or any State construction department or private entrepreneur taking over the management of the plant on suitable terms. If this does not materialise, the plant is proposed to be disposed of by public auction.

[Sl. No. 31 of Appendix III para 2.57 of the Forty Second Report of P.A.C. (1980-81) (Seventh Lok Sabha)].

Action Taken

No action is called for.

[Ministry of Works and Housing O.M. No. G-25020/4/79—
PS/42 dated 26 March, 1982].

Recommendation

The Committee regret to find that the proposal to set up these plants was approved by the Government without making a proper assessment of the potential demand for dry hydrated lime and clay pozzolana. In fact the principal construction agencies namely, CPWD, DDA and Delhi Administration who were expected to have consumed a bulk of the NBO's products were never consulted about their requirements before the Government approved (March 1975) the proposal for setting up of these plants. Later, in December 1975 and March, 1976, only enquiries were made from these agencies asking for their views regarding use of NBO's dry hydrated lime and whether it would be possible for them to purchase it from NBO.

[Sl. No. 32 of Appendix III para 2.58 of the Forty Second Report of P.A.C. (1980-81) (Seventh Lok Sabha)].

Action Taken

No action is called for.

[Ministry of Works and Housing O.M. No. G-25020/4/79—
PS/42 dated 26 March, 1982].

Recommendation

Another disquieting feature of the scheme is that the quality of dry hydrated lime produced at the NBO's plant did not come up to the required specifications and this resulted in non-acceptance of the products by the potential buyers. The cost of production/sale price of the NBO's product was also high and thus the expectations that in comparison to cement these products would be economical did not materialise.

[Sl. No. 33 of Appendix III para 2.59 of the Forty Second Report of P.A.C. (1980-81) (Seventh Lok Sabha)].

Action Taken

No action is called for.

[Ministry of Works and Housing O.M. No. G-25020/4/79—
PS/42 dated 26 March, 1982].

Recommendation

The Committee feel that if the quality of the products is improved to ISI standards the plants can still play their useful role in meeting the requirements of Government agencies at least for construction of single or double storeyed buildings besides offering these products for private constructions. The Committee would recommend that before handing over the plants to any State construction agency or a private entrepreneur or auctioning them, Government should examine how and why the scheme failed, and should also reconsider the possibility of operating the plants through NBO (and not CPWD) after making fresh feasibility study with special emphasis on marketing strategy and minimum capacity requirements.

[Sl. No. 35 of Appendix III para 2.61 of the Forty Second Report of P.A.C. (1980-81) (Seventh Lok Sabha)].

Action Taken

The Ministry appointed on 5-8-1981 a Group with Shri N.S.L. Rao, Director-General of Works, CPWD, as Convenor and Shri H. U. Bijlani, Chairman-cum-Managing Director, Housing and Urban Development Corporation Ltd. and Shri S. T. Veeraraghavan, Joint Secretary (Finance) in the Ministry of Works and Housing, as members to go into the issue raised in paras 2.60 and 2.61 of the 42nd Report of the P.A.C. (1980-81) (Seventh Lok Sabha). (Copies of the Report dated 27-11-1981 and 19-2-1982 of the Group are enclosed)*. The suggestion of the Group that the plant should be run by the NBO through a managerial agency has been accepted and appropriate action is being taken.

[Ministry of Works and Housing O.M. No. G-25020/4/79—PS/42 dated 26 March, 1982].

CHAPTER III

CONCLUSIONS AND RECOMMENDATIONS WHICH THE COMMITTEE DO NOT LIKE TO PURSUE IN VIEW OF THE REPLIES OF GOVERNMENT

Recommendation

In the erstwhile Bombay State, "Ghatkopar" village was leased to party 'A' (Ruttonjee Eduljee Bottewalla) for a period of 99 years from 1844-45. According to the terms of the lease, the lessee could utilise the salt land in the village for construction of salt work subject to payment of ground rent and other taxes. A salt work known as "Bharpur Salt Work" was set up by the lessee in 1845 in an area covering about 138.7 acres of the leased premises. Unfortunately, the Department of Industrial Development or the Office of the Salt Commissioner could not make available to the Committee a copy of the Survey Map of the village which could throw some light about the exact area of the village originally leased out to firm 'A' vis-a-vis the area under salt works. The Committee consider this information vital, particularly in view of the fact that the property was sold in 15 lots on 2, February, 1917 by public auction (including lot 'A' of 138 acres and 27 gunthas (Bharpur Salt Work) and in order to know as to under whose possession the area of the village other than the salt work is, what is its total area, total cost, how it is being utilised and whether any action by Government has been taken to resume this land.

[S. No. 1 (Appendix III) Para 1.68 of 42nd Report of P.A.C. (1980-81) (Seventh Lok Sabha)].

Action Taken

Bharpur Salt Works was separated from the lease granted to Ruttonjee Eduljee Bottewalla in 1917-18. The rights contained in the original lease in respect of the rest of the area were limited to those of revenue collection. After 1943, when the lease expired, the Provincial Government collected revenue assessment from the occupants directly. The Central Government's ownership over Bharpur Salt Works has been established on the basis of the Special Provision contained in the lease document of 1844-45 and is traced through the provisions of the Bombay Salt Act, 1890 Govt. of India Act. 1935 and the constitution. Govt. of India has no claim to ownership right over the other areas contained in the lease of 1844-45. Thus

the fear expressed by the PAC about whether the land has been resumed or not does not arise.

[Ministry of Industry (Dept. of Industrial Development) O.M.
No. 42011/3/81-Salt dated 21 December, 1981]

Recommendation

In 1917-18, the lease of the land under salt work was separated from the lease in respect of the rest of the village and the licence to manufacture salt was issued in favour of party 'B' (Haji Aboo Saleh Mohammad). Although the lease expired in 1943, party 'B' continued to manufacture salt on this land under the authority of the licence granted to it by the Salt Department on payment of the necessary ground rent. As to the reasons for non-renewal of lease in 1943, the Ministry of Industry have informed that "when the question of renewal of certain leases of land under salt Manufacture arose, it was held under Government Resolution No. 6588 dated 7-7-1909 that it was not necessary to issue a separate lease as the Salt Department has issued to the holders a licence providing among others that the licensee shall pay ground rent". In 1946, party 'B' died intestate and for sometime the property was administered by his heirs and later by the Custodian of Evacuee Property till July 1953 when the salt work on 130.5 acres of land was purchased in auction by firm 'C' (M/s Textile Processors (P) Ltd) on a consent decree passed by the Bombay High Court on 26-9-1952. The Secretary, Ministry of Industry explained saying that "when the lease expired in 1943 the licence continued. Nobody noticed that the lease was not there. The licence continued because there was a decision in 1909 that there was no need for a separate lease. That is the point where this confusion with regard to ownership started. Referring to the consent decree passed by the High Court, he stated "The way the High Court Order was drafted in respect of sale it could possibly create the impression that what was being transferred was not only the salt work or leasehold rights, but ownership of land."

The Committee are unable to comprehend how the licence for manufacture of salt could be equated with the lease of land and why steps were not taken at any time to resume the land when the lease expired in 1943 and was not renewed. This was a serious lapse on the part of the Salt Department and, as subsequent paragraphs of the report indicate, has resulted in prolonged litigation and continued unauthorised occupation of Government land.

[S. Nos. 2 & 3 (Appendix III) Paras 1.60 & 1.70 of 42nd Report of PAC (7th Lok Sabha)]

Action taken

The 1909 decision clarified with reference to a specific case where a lease had expired that in view of Section 17 of the Bombay Salt Act of 1890 which entitled a licensee to continue manufacture of salt provided he did not infringe the conditions laid down in this regard; there was no need to issue a separate lease.

The provisions of Section 17 of the Bombay Salt Act of 1890 and repeated in Section 32 of the current Central Excises and Salt Act, 1944 reflect this position. Thus, in fact on the expiry of original lease Manufacture of salt could continue until the licence for such manufacture continued to exist.

[Ministry of Industry (Dept. of Industrial Development) O.M. No. 42011|3|81-Salt dated 21 December, 1981]

Recommendation

In February 1963, M/s. Textile Processors Ltd. wrote to the Salt Department for eviction of certain encroachments on the land. To this reference, the Salt Department informed the firm in March 1963 through a letter stating that as the salt work was a private property, the "Shilotries" of the salt works might be asked to take steps to evict the encroachments. Asked how this Govt. land was described as a "private property", the Salt Commissioner conceded during evidence; "That was a mistake. We did not have record at that time." The Salt Department had informed Audit earlier that the file in which the letter of March 1963 was issued was not traceable. However, during evidence given before the Committee in December, 1980, the Salt Commissioner stated that the file was lying in a confidential almirah of the Deputy Salt Commissioner and had since been traced out. In the opinion of the Committee this explanation is evasive and unconvincing. It is incomprehensible to think that the relevant file was not traceable at the time of replying to Audit query, but the same could be traced out when the officials of the Ministry appeared before the Committee to tender evidence in December, 1980. They desire that an enquiry should be instituted against the official who without making a thorough search of records in his possession informed the Audit in a casual manner that the relevant file was not traceable.

[S. No. 4 (Appendix III) Para 1.71 of 42nd Report of PAC (7th Lok Sabha)]

Action taken

After receipt of the audit report, a search was made to locate the relevant file, but as it was not traced till then the Asstt. Salt

Commissioner, Bombay, informed the Salt Commissioner on 18th September, 1979 that they were yet to locate the file in which the correspondence of 1963 was dealt. On 5th November, 1979 the Assistant Salt Commissioner, Bombay submitted to the Salt Commissioner copies of certain correspondence relating to 1963 as available in some other file. He also wrote that the 1963 file could not still be traced out and in fact as early as in 1966, the Dy. Salt Commissioner had himself obtained a copy of his office letter dated 7th March, 1963 from the Assistant Salt Commissioner, Thana, and therefore, it appeared that the Dy. Salt Commissioner's file was misplaced even in 1966. The Asstt. Salt Commissioner's office could locate a file bearing No. 11(1) Salt (B)/63 referred to in the correspondence but the subject matter dealt in the file was different. The search however continued and the relevant file which actually bore No. 11(17) Salt(B)/63 was ultimately traced from an almirah containing confidential files. On a perusal of the said file, it is noticed that the persons who dealt with the file in 1963 have all retired or expired long ago and also there is nothing in the file to suspect that some one has purposely concealed the file.

[Ministry of Industry (Dept. of Industrial Development) O.M.
No. 42011|3|81—Salt dated 21st December, 1981)]

Recommendation

The Committee are disturbed to note that the Salt Deptt. wrote to M/s. Textile Processors Ltd. in March, 1963 describing the salt work as a private property. No wonder, the private parties took full advantage of this grave negligence on the part of the officials of the Department and managed to sell plots, got the building plans approved and construct buildings on the Government land. The Committee would like to have an explanation from the Department as to how this mistake of describing the Government property as "private property" occurred and what action was taken against the official who committed this serious lapse of far reaching consequences.

[S. No. 5 (Appendix III) Para 1.72 of 42nd Report of PAC
(7th Lok Sabha)]

Action taken

The Superintendent of Salt, Bhandup, reported on 19-2-1963 about some encroachment in survey numbers 236 and 250 which he stated

were added to the salt work in the map of the salt work prepared in 1922. He wrote in the letter that he had asked the Dy. Supdt. of Salt, Bombay, to search his office records and find out the authority under which the land under S. Nos. 236 and 250 was added to the salt work. The Asstt. Salt Commissioner, Thana, wrote to the Dy. Salt Commissioner, Bombay on 21-12-1963 that the lands in question have been included in the salt work map of the year 1922 and that the authority under which the additional areas was included in the salt work was being looked into. The Asstt. Salt Commissioner further stated that since this was a private salt work it was for the owner of the salt work to take necessary action by taking the matter to a Court of Law to have the encroachment vacated. The Dy. Salt Commissioner informed that Asstt. Salt Commissioner that as the salt work was private property, the shilotries of the salt work may be asked to take such steps as they considered necessary to evict the alleged encroachments made in Survey Nos. 236 and 250. In this connection, it may be stated that the main portion of the salt work bears Survey No. 249.

[Ministry of Industry (Dept. of Industrial Development)
O.M. No. 42011/3/81-Salt dated 21 December, 1981]

Recommendation

In February 1965, the attorneys of M/s. Textile Processors (P) Ltd. informed the Dy. Salt Commissioner, Bombay that the land covered under Bharpur Salt Works had been distributed among the five partners and that the land was no more being used for manufacturing salt. By November 1966, four-storeyed buildings had been constructed and 2-3 buildings were under construction on the land. Local enquiries revealed that the buildings had been constructed after building plans had been approved by the Bombay Municipal Corporation. The Salt Deptt. did not take the assistance of the Corporation in preventing such unauthorised constructions. The Department as now stated that no action was taken because "in a similar case the Department had sought the help of Municipal Corporation to prevent unauthorised construction on a Government land under dispute, and the Municipal Commissioner informed that the Municipal Corporation did not like to be a party in a dispute between the Salt Department and private parties and the Salt Department should seek its own legal remedies."

The Committee learn that the above parallel case related to a reference made in October 1973 wherein the Corporation was requested not to grant permission to anyone to construct structures

on Pestomsaqar salt work in Chembur Village (Bombay). The unauthorised constructions on the land over Bharpur Salt Works were made earlier in November 1966. The plea now put forward that the Corporation did not give cooperation in preventing unauthorised construction is wholly untenable because the parallel case relates to the correspondence made in Bharpur Salt Works in 1966. The fact is that during the years 1965 to 1973 the Department did not approach the Corporation for any assistance. It is unfortunate that instead of giving a straight reply to the query and accepting the omission, the Department chose to quote irrelevant instance which happened several years later. The Committee would like to know as to why no action was taken between 1965 to 1973 by the Department to enlist the assistance of the Municipal Corporation of Bombay to stop the unauthorised construction on the Government land. They recommend that responsibility for this costly lapse be fixed. The Committee would also like responsibility to be fixed for giving misleading information to them.

[S. Nos. 6 & 7 (Appendix III) Paras 1.73 & 1.74 of 42nd Report of PAC (7th Lok Sabha)].

Action taken

It is a fact that the Municipal Corporation was not approached for assistance in preventing construction activity taking place on the lands under Bharpur Salt Works. It is also correct that unauthorised construction was noticed on the lands over Bharpur Salt Works in November, 1966. The Department regrets that it created the impression that no reference was made to the Corporation in this case on account of the fact that the Corporation had taken a negative view on the other subsequent case.

As for the reasons why action was not taken during 1965-73, the records of the Salt Department do not provide any clue. The local officers posted in Bombay at that time have all since retired and it is not possible to ascertain the reasons for the omission.

[Ministry of Industry (Dept. of Industrial Development)
O.M. No. 42011/3/81-Salt dated 21 December, 1981].

Recommendation

Although the attorneys of M/s. Textile Processors Ltd. had informed the Salt Deptt. in February 1965 that the land was no

more being used for manufacturing salt, no concrete action was taken by the Deptt. immediately thereafter. It was only in December 1966 (i.e. after some four-storeyed buildings had been constructed over the land by November 1966) when the Dy. Salt Commissioner asked the firm's solicitors to instruct their clients to hand over vacant possession of their shares of the salt work to Government. On their failure to do so, proceedings for the vacation of the land were initiated in March 1967 under the Public Premises (Eviction of Unauthorised Occupants) Act, 1958. Thereafter the Ministry of Law advised the Ministry of Industry that as this particular Act had been challenged, Civil Suits might be filed. Sanction was obtained from the Ministry in this regard and when the civil suit applications were ready, an Ordinance was issued in 1968. The Ministry of Law then advised that as the jurisdiction of the Civil Courts had been barred, the action under the Public Premises (Eviction of Unauthorised Occupants) Act might be resumed and accordingly the eviction notices were issued again. In 1971, two of the five partners of the firm challenged the validity of the proceedings in the Bombay High Court and obtained an injunction, restraining the Deptt. from taking further proceedings in the matter. The Committee are distressed to note that the Department of Salt did not file the appeal either before the Division Bench or in the Supreme Court against the injunction orders. The petition was withdrawn by the two partners of the firm in August 1979. The Committee should be apprised of the circumstances in which this costly lapse has been taken place and responsibility fixed on officials concerned.

[S. No. 10 (Appendix III) Para 1.77 of 42nd Report of PAC
(7th Lok Sabha)].

Action taken

It is regretted that no action was taken to appeal against the order of injunction passed by the High Court restraining the Estate Officer from proceeding with the eviction proceedings. From an examination of the records pertaining to this period it is found that no such suggestion was made by an officer of the Salt Deptt. or by the Counsel appearing on behalf of the Govt. Since this is an act of omission it is difficult to pin-point responsibility on any one officer. Also, the Regional Officers who dealt with this case in Bombay have since retired/expired.

[Ministry of Industry (Deptt. of Industrial Development)
O.M. No. 42011/3/81-Salt dated 21 December, 1981].

CHAPTER IV

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

Recommendations

One of the important factors resulting in omission to renew the leases or to determine the ownership of the land was that the registers maintained by the Salt Department from 1932 did not contain any column to show the ownership of the land under Salt Works nor did they indicate the dates on which the leases of the land were to expire.

The Committee have been informed that action to prepare a register showing the necessary details was taken up in 1975. Thus even though the case of unauthorised occupation of land at Bharpur Salt Works had come to the notice of the Department in 1965 and the absence of proper records had come to their knowledge, no action was taken during the period 1965 to 1975 to bring the records up-to-date. The Committee take a serious view of this negligence on the part of the officials concerned and recommend that the erring officers may be brought to book.

[S. Nos. 13 & 14 (Appendix III) Paras 1.80 & 1.81 of 42nd Report of PAC (7th Lok Sabha)].

Action taken

After Bharpur case came to light (in 1965) action was initiated to collect records relating to other Salt Works so that the Licence Register and Jamin Kharda reflected the correct position in respect of ownership. It would however be useful to recollect that on the basis of Section 32 of the Central Excises and Salt Act, licence holders enjoy a permanent right to manufacture salt. The ownership rights over land needed to be investigated only when a licence was cancelled or surrendered. The earlier Building Register printed in 1939 did not indicate the correct position in many cases. It became therefore necessary to look into original records and for this purpose a small Cell under a Deputy Superintendent of Salt was set up in 1973. This cell has been able to trace records relating to

113 Salt Works covering an area of 12,000 acres so far. In respect of a further 114 cases covering an area of 6000 acres, some records are still to be traced. In view of the volume of the work involved, the efforts to bring the records up-to-date have taken some time. The Department sincerely regrets the delay in this regard. (b)

[Ministry of Industry (Dept. of Industrial Development)
O.M. No. 42011/3/81-Salt dated 21 December, 1981]

Recommendations

Even after the work of preparing registers indicating up-to-date information was taken up in 1975 by the Land Cell constituted by the Department, investigation in respect of only 101 out of 286 cases was completed between the years 1975 and 1980. The Committee were informed by the Secretary, Ministry of Industry during evidence that the completion of these records would take another year. The Committee trust that these records will be brought up-to-date and the lacuna in the records removed forthwith. In a later paragraph of this report, the Committee have recommended creation of a Cell for scrutinising records of salt works located in various States.

[S. No. 15 (Appendix III) Para 1.82 of 42nd Report of PAC
(7th Lok Sabha).]

Action taken

The observations of the Public Accounts Committee have been noted and efforts are under way to complete the task within the period promised.

[Ministry of Industry (Dept. of Industrial Development)
O.M. No. 42011/3/81-Salt dated 21 December, 1981]

Recommendations

The Committee find that the Salt Department took no action to inform the public at any time through a notification or an advertisement in the Press that the land in question belonged to the Government and the unauthorised occupants were liable to such action as the Department might take. The Secretary, Ministry of Industry while confirming that "no public notice was issued" stated: "As a matter of fact to be frank with you. I did not find evidence from the records that I have had occasion to go through so far to show that such a contemplation was ever entertained". The officers of Salt Department were so unaware of the developments that it

was only after reading in some newspapers about some people selling plots that the Department wrote to the Income-tax and revenue authorities that the people should not be allowed to sell plots as the land belonged to the Government. The Committee note that the Ministry of Law had advised in February 1977 that a suitable notice might be issued to the press stating that the land belonged to the Government. It is distressing that although in another case the Ministry of Law had advised in February 1977 that a suitable notice might be issued to the press stating that the land belonged to the Government and public should not deal with it, the Salt Department did not care to follow this advice and it was only about four months before the evidence on this paragraph was taken by the PAC that the Department put up boards. However, the Salt Commissioner conceded during evidence that in the case of Bharpur Salt Works no such boards were put up. The Committee would like to know the reasons for not issuing the notice in this case also in the press. They desire that for this dereliction in duty in this case responsibility be fixed.

[S. No. 16 (Appendix III) Para 1.83 of the 42nd Report of
PAC (7th Lok Sabha)]

Action taken

It is a fact that no Notice Board was put up in Bharpur Salt Works indicating that the land belongs to Salt Deptt. It is also a fact that no notice was issued to the press on the same lines. It is not possible to explain why no action was taken in this case although in a similar case, Law Ministry had given such advice. Since this is an act of omission, it is sincerely regretted. Instructions have been issued to ensure that there is greater vigilance in such matters in future.

[Ministry of Industry (Dept. of Industrial Development)
O.M. No. 42011|3|81-Salt dated 21 December, 1981]

Recommendation

The Committee learn that the investigations made so far has revealed that there are three other cases in which lease of land expired long ago, viz. in July 1892 in respect of Bassein Salt Factory, Manik Mahal and in April 1908 in the cases of Wadala Salt Factories at Dadkudai and Laxman Govind. Salt manufacture continues in the first two cases. On the land Laxman Govind area, salt work was closed in 1962 and the land acquired by the Government of Maharashtra. The Committee would like to know what is being

done to resume the lands over salt works at Manik Mahal and Dadkudai as the leases in these cases have already expired.

[(S. No. 17 Appendix III) Para 1.84 of the 42nd Report of PAC 7th Lok Sabha)]

Action taken

Dadkhudai salt work was closed in the year 1962 but manufacture of salt continues on the strength of injunction obtained by the parties in the High Court. A suit challenging the closure of salt work was filed originally in the City Civil Court in 1962 but when the matter came up for direction on 17-12-68 the plaint was returned to the Plaintiff for filing the same in the proper Court. Subsequently a suit was filed in the High Court being Suit No. 72 of 1969 but the said suit was transferred back to City Civil Court which had been given jurisdiction to decide such cases. The case is still pending in the City Civil Court at Bombay.

In the case of Manik Mahal Salt Works, the licensees are entitled to manufacture salt under Section 32 of the Central Excises and Salt Act. The date on which leasing expires cannot be the basis for resumption in view of the above mentioned provision of Law".

[Ministry of Industry (Dept. of Industrial Development)
O.M. No. 42011|3|81-Salt dated 21 December, 1981]

Recommendation

The Committee deplore the manner in which the setting up of these two plants (cost Rs. 16.73 lakhs) was conceived and executed by the Government. Incorrect assessment of demand for dry hydrated lime and clay pozzolana, high cost of production and inferior quality of these products, lack of skill in operating the plants and poor response to the inservice training courses started by the NBO clearly indicate how wrong planning can bring bad name to the Government and also to the Government agencies which are entrusted with the work of executing such schemes. The Committee would, therefore, like the Government to undertake an enquiry into the whole case, right from the proposal stage to the closure of the plants so as to fix responsibility on the officials who were directly or indirectly responsible for the various deficiencies due to which the plants had poor off-take and ultimately had to be closed down in May, 1980.

[(Sl. No. 34 of Appendix III—Para 2.60 of the 42nd Report of PAC 7th Lok Sabha)]

Action taken

The Ministry appointed on 5-8-1981 a Group with Shri N. S. L. Rao, Director-General of Works, CPWD, as Convener and Shri H. U. Bijlani, Chairman-cum-Managing Director, Housing and Urban Development Corporation Ltd. and Shri S. T. Veeraraghavan, Joint-Secretary (Finance) in the Ministry of Works and Housing, as members to go into the issues raised in paras 2.60 and 2.61 of the 42nd Report of the P.A.C. (1980-81) (Seventh Lok Sabha). Copies of the Reports dated 27-11-1981 and 19-2-1982 of the Group are enclosed (Annexure). In view of the findings of the Group, no action is proposed to be taken in the matter of fixation of responsibility.

[Ministry of Works and Housing O.M. No. G-25020/4/79—
PS/HI dated 26 March, 1982]

ANNEXURE

SUBJECT.—P.A.C. Report on setting up of dry hydrated lime and clay Pozzolana Plant by N.B.O.

A group comprising of the following officers was constituted by Ministry of Works and Housing vide No. G-25020/4/79-PS, dated 5-8-1981.

- (i) Director General of Works, CPWD (Convener).
- (ii) Financial Adviser, Ministry of Works & Housing.
- (iii) Chairman-cum-Managing Director, Housing & Urban Development Corporation Ltd.

The Group was asked to go into the following recommendations made by Public Accounts Committee:

- (a) to fix responsibility on the officials directly or indirectly responsible for various deficiencies due to which plants had poor off-take and ultimately had to be closed down in May, 1980. (Para 2.60)
- (b) to examine how and why the scheme failed and possibility of operating plants through NBO (and not CPWD). (Para 2.61)

2. As regards (a) above, the Members of the Group are of the view that the Group is not the appropriate forum to fix responsibility on the officials who may have been directly or indirectly responsible for various deficiencies due to which the plants set up by NBO had poor off-take and ultimately had to be closed in May, 1980. In order to fix responsibility, voluminous records connected with the Project would have to be gone through. It would also be necessary to record the statements of the officials concerned and also give them opportunity to explain their view points. The Group is not a competent body to call for the explanations of the officers and undertake related tasks. The members of the Group, therefore, suggest that the question of fixing responsibility may be decided by the Ministry.

3. Regarding (b) above, the Group observed that the working of dry-hydrated lime plant and Clay Pozzolana Plant has been review-

ed by the Ministry of Works and Housing from time to time since its inception. In fact a Committee to guide the working of plants was formed in order to achieve better performance of the plants. However, mainly the following reasons could be attributed for failure of Plant:

- (i) The Plant which was essentially a demonstration-cum-training plant was located at about 160 kms. away from the lime stone deposits. With the increase in prices of fuel and labour, the transportation costs went up and the cost of dehydrated lime produced in the plant went up from Rs. 127 to Rs. 412.
- (ii) The demand for dry hydrated lime had not been assessed properly. There was no regular and sustained off-take for the manufactured product at NBO Plant.

There were some changes in the techniques of construction during this period in Delhi. The construction agencies like, CPWD, DDA, etc., decided to go in for 4-storeyed residential quarters in place of conventional 2 storeyed construction in order to effect economy in construction. In 4-storeyed construction higher strength of mortar (than that of cement lime mortar) was required with the result that dry hydrated lime which gives comparatively less strength was found suitable for two-storeyed buildings only. Perhaps due to this reason it did not find favour with DDA|CPWD etc.

- (iii) There was acute shortage of coal. The furnace oil for clay pozzolana plant was also not available easily.
- (iv) During the last 3-4 years cement manufacturers have started producing Portland Pozzolana cement in which percentage of Pozzolana is mixed with the cement with the availability of Portland Pozzolana cement in the market the question of admixture of clay pozzolana (produced by NBO) with cement for mortar and plaster did not arise.
- (v) NBO lacked the requisite organisation for operating the plant. The officers in-charge of running the plants did not have adequate powers to purchase coal, furnace oil etc. They did not have any cheque drawing powers. Even after the financial sanctions were issued by the Ministry of Works and Housing they had to approach Treasury for payment of bills which caused undue delay.

The NBO did not have proper infrastructure to run the plants commercially. The NBO had to depend upon NBCC for water, power, workshop and other facilities. Since NBCC has decided to close down their mechanised brick plant at Sultanpur, they have advised NBO to make arrangements for water, power, workshop, weigh-bridge etc. which requires additional investment of Rs. 3 to 4 lakhs.

4. A detailed report from NBO regarding setting up of plants, its difficulties and achievements is enclosed (Annex).

5. NBO has stated that it does not have the requisite organisation for undertaking the operation of the Plants for commercial production. Since NBO does not have proper managerial skill, the Group feels the NBO may be allowed to arrange managerial agency who could run the plant as no departmental agencies or public sector undertakings are likely to come forward to operate the plant. The agency can be fixed after inviting offers to run the plant on 'as is where is' basis. The details for inviting offers for managing the Plant could be worked out by NBO but the following terms may be kept in view:

- (i) The overall supervision and responsibility to run the Plants will be that of NBO.
- (ii) The agency so fixed will pay suitable royalty to the Government/NBO.
- (iii) The NBO would reserve the option to buy a certain percentage of dry hydrated lime produced in the Plant for meeting the requirements of Government/semi-Government organisations at a pre-determined price.
- (iv) The agency could be allowed to produce a part of lime as chemical lime if it so desires for achieving economical operation. It may be left to the agency whether they would like to produce clay pozzolana or use this plant for producing chemical lime etc.
- (v) The water and power connection will have to be arranged by the agency.

6. The advantage in the arrangement suggested above is that the Government will not be required to invest any more funds on this plant. Such additional investment would be necessary if NBO were

to undertake departmental operations. In making this recommendation, the Group assumes that Delhi Administration would renew the lease of land in favour of NBO.

Sd/- (S. T. Veeraraghavan)	Sd/- (H. J. Bijlani)	Sd/- (N. S. L. Rao)
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SUPPLEMENTARY REPORT

Subject:—P.A.C. report on setting up of dry hydrated lime and clay pozzolana plant by N.B.O.

The report of the Group was forwarded to the Ministry of Works and Housing on 27-11-1981. The Ministry desired that the specific recommendations in para 2.6 of the PAC report should also be covered in the Group's report. A brief history of the Project in chronological sequence was also made available to the Group on 28-1-1982 (*vide* copy at Annexure 'A').

2. It is observed from the chronological summary that several agencies were involved in the decisions taken at the various stages right from the inception of the project and during its implementation.

3. As an organisation entrusted with the function of promoting the use of alternative building materials, NBO proposed the setting up of the plant chiefly with a view to propagating new technique of production of standard quality hydrated lime, clay pozzolana and lime pozzolana mix for ready to use condition in building construction as a substitute for cement by producing hydrated lime. It is observed from the brief history that 51 demonstrations were arranged on its plant in addition to three training courses by NBO. Thus the objective of demonstrating the production of 3 new materials has largely been achieved.

4. The fact that the plant was located at Delhi, 160 kms. away from lime stone deposits indicated that it is essentially a demonstration-cum-training plant. It has already been brought out in para 3(i) of the report submitted by the Group on 27-11-1981 that with the increase in prices of fuel and labour, the transportation costs went up and the cost of dehydrated lime produced in the plant went up from Rs. 127 to Rs. 412.

5. In para 5 of its earlier report dated 27-11-1981 the Group has given its suggestions regarding how the plant could still be run by NBO as a commercially viable scheme.

6. In view of the above considerations, the Members of the Group are of the view that there is no strong case for fixing responsibility on any individual officials.

A list of person with whom the Group held discussions before formulating its report is given in Annexure 'B'.

Encl:

1. Annexure 'A'
2. Annexure 'B'

Sd/-

(S. T. Veeraraghavan)

Sd/-

(H. U. Bijlani)

Sd/-

(N. S. L. Rao)

ANNEXURE 'A'

Brief history pertaining to setting up of the NBO Demonstration-cum-Training Plant in chronological order.

May, 1973	National consultation on building material organised by NBO in collaboration with CPWD, NBCC, HUDCO recommended setting up demonstration plant for dry hydrated lime and clay pozzolana.	NBO F. No. 2(52)/74-Mat. (CP&L) Vol. IV.
1974	Assessment of demand for lime by NBO	NBO F. No. 2(88)/74-Mat. Lime. Vol. 10.
25-5-1974	Approval by the Executive Committee chaired by Minister, Works & Housing. Agenda Item 3.1.B for Demonstration-cum-Training Centre Plant for production of pozzolana under the head extension/Research Project/Studies.	NBO F. No. 1(16)/CD. Vol. 1
9-8-1974	Detail proposal for setting up dry hydrated lime plant and clay pozzolana plant was submitted to the Ministry.	NBO F. No. 2(88)/Mat.- CD. Vol. I.
17-10-74	In the second meeting of the Executive Committee, the Minister, Works & Housing desired expeditation of the setting up training-cum-demonstration plant for lime and surkhi.	NBO F. No. 1(16)/CD Vol. I.
6-11-74	At the meeting held under the Chairmanship of JS (HUD) both the projects i.e., dry hydrated lime and clay pozzolana were cleared. F.A. and M.D., NBCC were also present. Director, NBCC were asked to examine various aspects of the project including costing and submit a report.	M/F. No. 16012/1/73-PS Pt. V. dt. 12-11-74.
4-2-75	The report was submitted alongwith agreement of the NBCC and quotations received for setting up clay pozzolana plant.	NBO F. No. 2(88)/76-Mat. Lime. Vol. I.
20-2-75	JS(F) asked for clarifications	NBO F. No. 2(88)/70-Mat (CP)
28-2-1975	Clarifications were provided	Do.
17-3-1975	Sanction of the Ministry for setting up demonstration plant for production of clay pozzolana Collaboration with NBCC for incurring an expenditure of Rs. 6.5 lakhs and sanction for placing order for supply of plant and equipment with M/s. H.G.F. for an amount of Rs. 4.527 lakhs.	NBO F. No. 2(88)/74-Mat. (CP).
20-5-1975	Tenders were invited for setting up dry hydrated lime plant.	NBO F. No. 2(88)/74-Mat. Lime. Vol. I.
5-7-1975	Permission for placing order with the lowest tenderer with M/s. Dyers' Lime & Chemical Pvt. Ltd.	NBO F. No. 2(88)/74-Mat. Lime Vol. I.

8-8-1975	Government sanction for an expenditure of Rs. NBO F. No. 2(88)/ 9445 lakhs for setting up dry hydrated lime 74-Mat. Lime Vol. I. plant.	
December, 1975	All the major construction agencies based in Delhi were approached requesting them to intimate NBO their requirement of lime and whether it would be possible for them to purchase lime from NBO, before the plant was commissioned.	NBO F. No. 2(88)/ 74-Mat. Lime Vol. I.
17-3-1976	Meeting convened by the Secretary, Ministry of Works & Housing for the assessment of the demand for dry hydrated lime, which was attended by Chief Engineers of DDA, CPWD, MES, MCD, Delhi Administration. After hearing the views of the principal construction agencies, the Secretary felt that 50 M.T. of dry Hydrated lime which could be available from NBO Demonstration Plant was not much and would have no difficulty in being purchased by these principal construction Agencies.	M/F. No. 21011/10/ 76-P.S.
15-5-1976	Inauguration of Demonstration Plant by Minister of Works & Housing.	NBO F. No. 2(88)/ 74-Mat. Lime. Vol. II.
7-8-1976	The Committee to guide the working of NBO Demonstration Plant was formed by the Ministry with D.S. (LSG) as convenor, D.F.A., Director, NBO and representatives of CBRI, NBCC as members.	M/F. No. 2011/10/ 76-PS, dt. 7-8-1976.
19-8-1976	First meeting of the Committee followed by other meetings on 9-8-76, 15-10-76 and 12-1-77.	M/F. No. 21011/10/ 76-PS. dt. 7-2-76.
5-9-1976	Trial production started	NBO F. No. 2(88)/ 74-Mat. Lime. General.
December, 1976.	Actual production started.	Do.
December, 1976.	First Appreciation Course for users and construction agencies.	N.B.O. F. No. 2 (112)/76-Mat.
31-1-1977	The plant was shut down due to lack of demand.	N.B.O. F. No. 2 (109)/77-Mat.
8-3-1977	Delegation of additional powers to Director, N.B.O.	N.B.O. F. No. 2 (111)/76-Mat.
11-4-1977	The plant was re-started.	N.B.O. F. No. 2 (109)/77-Mat.
July-Aug., 1977.	Joint testing by N.B.O. & CPWD at CPWD Laboratory.	N.B.O. F. No. 2 (88)/76-Mat. (Testing).
1-8-1977.	The plant was closed down.	N.B.O. F. No. 2 (109)/77-Mat.
29-4-1977 29-6-1977 22-10-1977	Meeting under Chairmanship of JS (HUD)	M/F. No. 21011/ 10/76-P.S.
28-4-1977	CPWD was approached for construction of storage sheds and laboratory blocks.	N.B.O. F. No. 2 (120)/77-Mat.

6-6-1977	Proposal for revolving fund was turned down by Ministry of Finance.	N.B.O. F. No. 2 (111)/76-Mat. Vol. I.
20-10-1977	2nd Appreciation Course was organised. (112)/76-Mat.	N.B.O. F. No. 2 (112)/76 Mat.
8-12-77	Consultation on Lime-Pozzolana was arranged in collaboration with Lime Manufacturers' Association and CBRI. It was attended by engineers from CPWD, I.A.A.L., DDA, MES, Scientists from CBRI, KVIC, SST and representatives from manufacturers, private users etc.	N.B.O. File on Consultation on Lime Pozzolana.
31-12-1977	Proposal for handing over the plant to NBCC was sent.	NBO F. No. 2 (111)/76-Mat. Vol. I.
3-1-1978 21-1-1978 3-8-1978	Meeting under the chairmanship of JS (HUD).	M/Fo. No. 21011/10/76-P.S.
25-2-1978	The Plant was re-started.	NBO F. No. 2 (109)/77-Mat.
March, 1978.	Testing at Sri Ram Institute.	NBO F. No. 2 (88)/77-Mat, (Testing)
April, 1978.	Delegation of powers to Joint Director (Materials) for smooth running of the Plant.	
June-Aug., 1978.	Joint testing by CPWD & NBO.	Do.
Nov-Dec., 1978.	Testing at Cement Research Institute.	Do.
Aug-Dec.,/78/80	Long range Testing at Central Building Research Institute.	Do.
15-1-1979	The sale price was revised from Rs. 300/- to Rs. 350/- per m.t. of hydrate lime.	F. No. 43/NBO/DTC/Misc. 78-79.
15-6-1979	Meeting held under chairmanship of Sh. V.S. Katara, JS(DD), DDA, CPWD had agreed to purchase 150m.t. and 200 mt. hydrated lime p.m. as store item respectively.	M/F. No. 21017/10/76-PS.
1-6-1979 to 30-9-79	The lime plant was shut down for annual maintenance and repairs.	NBO F.NO. 2(109) 77-Mat.
3-10-1979.	The lime kiln was restarted.	NBO F. No. 2 (109)/77-Mat.
13-10-1979.	NBCC served a 2 months-notice or making necessary alternative arrangements or water, power and other facilities obtained from them.	NBO. F. No. 2(111)/76-Mat. Vol. I.
16-11-1979.	Discussions under chairmanship of Sh. S.C. Pandey. Decision to issue directive to DDA & CPWD for using NBO product. NBO to negotiate with private parties and Haryana Govt. for handing over the plant. As a last resort to close down and dispose of the Plant.	M/F. No. 21011/10/76-PS.
1-1-1980	Sale price of hydrated lime & clay pozzolana raised from Rs. 350/- to Rs. 400/- and Rs. 300/- to Rs. 350/- respectively.	F. No. 43/NBO/DTC/Misc./78-79.
7-4-1980	Meeting under chairmanship of Secretary, Min. of Works and Housing. Decision to close down the plant by 30th May, 1980.	M/ F. No. 21001/10/76-PS.

4-4-1980	The lime kiln was shut down due to shortage of coal.	NBO F. No. 2 (109)/ 77-Mat.
2-13 May, 1980	Short-term training course organized for kiln operators/artisan.	NBO F. No. 2 (12)/ 76-Mat.
30-5-1980	Production stopped.	NBO. F. No. 2 (111)/ 77-Mat. Vol. II.
2-12-80	Construction of one godown and laboratory block were completed by CPWD.	NBO F. No. 2(120)/ 77-Mat.
28-2-1981.	Services of staff dispensed with.	NBO F. No. 2(111)/ 76-Mat. Vol. II'
Since March, 1978	52 demonstrations were arranged.	NBO Demonstration Plant Visitors Register.

Annexure 'B'

List of persons with whom the Group had discussions

1. Shri G. C. Mathur, Director, N.B.O.
2. Dr. A. V. R. Rao, Joint Director, N.B.O.
3. Shri Macedo, Dyers Stone & Lime Co. (P) Ltd., New Delhi.
4. Shri S. C. Dhawan, Chief Personnel & Administrative Manager-cum-Secretary, NBCC, New Delhi.
5. Shri G. K. Mazumdar, Managing Director, Hindustan Prefab Ltd., New Delhi.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS IN RESPECT OF WHICH GOVERNMENT HAVE GIVEN INTERIM REPLIES

Recommendations

A portion of the land measuring 8 acres and 6 gunthas had been acquired by the Government of Maharashtra in 1958 under the Land Acquisition Act, 1894 for the Eastern Express Highway on payment of compensation of Rs. 0.54 lakhs to M/s. Textile Processors Ltd., and in September 1966, by an order of the Bombay High Court, an additional Compensation of Rs. 0.30 lakh was awarded to the firm. Although the Land Acquisition Officer had informed the Salt Department in 1960 about the proposed acquisition of land, the latter did not then go into the question of ownership of the land. It was only in 1965 that on the basis of an investigation carried out on receipt of a letter from the Attorneys of M/s. Textile Processors (P) Ltd. that the Salt Deptt. came to know that the portion of the land acquired by the Maharashtra Government actually belonged to the Central Government. Even at this stage, the Deptt. took no action to claim back compensation for the land either from the acquiring authority i.e. Maharashtra Govt. or from M/s. Textile Processors (P) Ltd. from whom the land was acquired. About the reasons for not claiming compensation at that time, the Secretary, Ministry of Industry stated in evidence: "In 1966, we came to know that this mistake had been committed. At that time we got very much involved in evicting and so this aspect of the matter was overlooked. Actually we should have claimed compensation at that stage, but compensation having already been paid, it was then for the Maharashtra Govt. to resume it from those to whom it had been paid."

The Committee would like to point out that had the officer of the Deptt. shown some concern, the present situation in which the firm got compensation for land which actually belonged to the Central Govt. would not have arisen. The Committee would like the Govt. to examine whether the compensation paid to the firm could still be recovered.

[(S. Nos. 8 & 9 Appendix III) Paras 1.75 & 1.76 of 42nd Report of PAC (7th Lok Sabha).]

Action taken

It is regretted that officers in the Department did not take timely action to ensure that the compensation for the land acquired by the

Maharashtra Govt. was not paid to the Central Govt. and was wrongly awarded to M/s. Textile Processor (P) Ltd. The Govt. is considering whether it is possible to recover the amount from the firm in consultation with the Ministry of Law.

[Ministry of Industry (Dept. of Industrial Development)
O.M. No. 42011/3/81-Salt dated 21 December, 1981].

Recommendation

According to the information furnished to the Committee, the lands over Salt Works at Dhanajoya, Khokri, Madhala A-ntop, Sakhari, Bhorpur (Sedala) Laxman Govind and Karbao within the Maharashtra salt region had been closed in 1962 and were acquired by the Maharashtra Government. As these lands were owned by the Central Government, the Committee would like to know details of the area of the land in each case, the amount of compensation paid and the steps taken to recover the amounts from the persons who received compensation which they were not entitled to receive.

[(S. No. 19 Appendix III) Para 1.86 of the 42nd Report of
PAC (7th Lok Sabha).]

Action taken

Full details in respect of the areas acquired by Maharashtra Govt. are being collected. Since these relate to old land acquisition cases, this work is taking some time. A decision in respect of the steps to be taken to recover the amounts received by private parties and compensation will be taken after relevant records are collected from the Maharashtra Government.

[Ministry of Industry (Dept. of Industrial Development)
O.M.No. 42011/3/81-Salt dated 21 December, 1981]

Recommendation

The Committee are informed that since 1960 salt works are given on lease and licence basis, after inviting tenders for a period of 20 years. The lease is co-terminus with the licence period. The Committee would like the Government to examine how the allotment of salt works on 20 years lease/licence basis had worked and whether any change therein is called for.

[(S. No. 21 Appendix III) Para 1.88 of 42nd Report of
PAC (7th Lok Sabha).]

Action taken

The recommendation of the Committee has been noted and is under active examination.

[Ministry of Industry (Dept. of Industrial Development)
O.M.No. 42011/3/81-Salt dated 21 December, 1981]

NEW DELHI;
August 3, 1982
Sravana 12, 1904 (S)

SATISH AGARWAL
Chairman
Public Accounts Committee

PART II

MINUTES OF THE SITTING OF THE ACTION TAKEN SUB-COMMITTEE OF THE PUBLIC ACCOUNTS COMMITTEE HELD ON 20 JULY, 1982 (AN).

The Committee sat from 1600 hrs. to 1745 hrs

PRESENT

Shri Satish Agarwal—Chairman

MEMBERS

2. Shri K. Lakkappa
3. Shri G. L. Dogra
4. Shri Sunil Maitra
5. Shri Bhiku Ram Jain
6. Shri Kalyan Roy

ALTERNATE CONVENERS—(*By invitation*)

1. Shri B. Satyanarayan Reddy
2. Shri Uttam Rathod
3. Shri Nirmal Chatterjee
4. Shri Ram Singh Yadav

REPRESENTATIVE OF AUDIT

1. Shri P. P. Dhir—*Addl. Dy. C&AG of India*
2. Shri R. S. Gupta—*Director of Receipt Audit*
3. Shri L. P. Khana—*Director of Audit, P&T*
4. Shri S. R. Mukherjee—*Director of Audit, CWM*
5. Shri G. N. Pathak—*Director of Audit, Defence Services*
6. Shri G. R. Sood—*Joint Director (Reports)*

SECRETARIAT

1. Shri K. C. Rastogi—*Chief Financial Committee Officer*
2. Shri K. K. Sharma—*Senior Financial Committee Officer*

The Sub-Committee took up for consideration and adopted the draft—120th Action Take Report with some amendments/Modifications. The Committee also approved some amendments/Modifications arising out of factual verification by Audit.

The amendments/modifications made in the draft—120th Report are indicated in Annexure:

x

x

x

x

x

The Sub-Committee then adjourned

ANNEXURE

Amendments/ Modifications made by the action taken sub-committee of Public Accounts Committee in draft 120th report at their sitting Held on 20 July, 1982.

<i>Page</i>	<i>Para</i>	<i>Line</i>	<i>Amendment/modification</i>
5	1.28	9	<i>For "action taken" Substitute "action taken and time limit set".</i>
10	1.14	12—13	<i>Delete "the Committee.....this regard".</i>
10	1.14	17	<i>For "leading" Substitute "lease"</i>
			"

APPENDIX

STATEMENT OF CONCLUSIONS AND RECOMMENDATIONS

Sl. No.	Para No. of Report	Ministry Deptt. Concerned	Conclusion and Reconciliation			
			1	2	3	4
1	1.4	Industry (Deptt. of Industrial Development)	The Committee expect that final replies to the recommendations in respect of which only interim replies have been furnished, will be submitted expeditiously after getting them vetted by Audit.			
2	1.8	Do.	Although absence of proper records in regard to the ownership of the land under Salt Works and the dates on which the leases of the land were to expire had come to the notice of the Department in 1965, no action was taken during the period 1965 to 1975 to bring the records up-to-date and it was only in 1975 that action to prepare a register showing necessary details was taken up. Taking a serious view of this negligence, the Committee had recommended that the erring officers might be brought to book. The Committee find from the Ministry's reply that a small cell under a Deputy Superintendent of Salt was set up in 1973 to look into the original records with a view to updating the registers as the earlier Build-			

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ing Register printed in 1939 did not indicate the correct position in many cases. This cell has so far been able to trace records relating to 113 Salt Works covering an area of 12,000 acres out of a total of 286 cases. The Committee would like to express their displeasure at the inordinate delay in constituting this cell for which no satisfactory explanation has been advanced. They would, therefore, reiterate that responsibility for this lapse should be fixed. The Committee are surprised to note that although the cell was set up in 1973, even after a period of about nine years the records in as many as 173 cases are still to be traced|completed. From this, the Committee cannot but conclude that this work has not been given serious attention so far. The Committee, therefore, recommended that immediate steps should be taken to complete these records under a time-bound programme. The Committee would like to be apprised of the action taken and the time limit set in this regard.

The Committee find that Department of Industrial Development in its reply has admitted that no Notice Board was put in Bharpur Salt Works indicating that the land belonged to the Salt Department. A notice to that effect was not issued to the Press also. The Committee are surprised at the reply of the Ministry that "It is not possible to explain why no action was taken in this case, although in a similar case, the Law Ministry had given such advice." The

Committee can not but reach at the conclusion that this is a clear case of dereliction of duty on the part of some officers of the department. The Committee, therefore, reiterate their earlier recommendations that responsibility for dereliction of duty in this case be fixed. The Committee would also like to be informed of the corrective steps taken to guard against the recurrence of such lapses in future.

The Committee had, in their original recommendation, desired to be apprised about the efforts being made to resume the lands over Salt Works at Manik Mahal and Dadkhudai as the leases in these cases had already expired. In their action taken note, the Department of Industrial Development has stated that Dadkhudai Salt Work was closed in the year 1962 but manufacture of salt continues on the strength of injunction obtained by the parties in the High Court. This case is still pending in the City Civil Court at Bombay. In the case of Manik Mahal Salt Work the department has stated that the licensees are entitled to manufacture Salt under Section 32 of the Central Excises and Salt Act. The date on which lease expire cannot be the basis for resumption in view of the provision of this law. The Committee would like to be apprised of the steps contemplated by the Department to get out of this stalemate.

While deplored the manner in which the setting up of dry hydrated lime and clay pozzolana plants (costs Rs. 16.73 lakhs) was conceived and executed by the Government the Committee had recommended an enquiry into the whole case right from the proposal stage to the closure of the plants so as to fix responsibility on the officials who were directly or indirectly responsible for the various deficiencies due to which the plants had poor off-take and

4 1.14

Do,

5 1.17 Works of Housing

ultimately had to be closed down in May, 1980. The Ministry of Works & Housing in their action taken note have stated that a Group with Director General, Works, CPWD as Convenor and Chairman-cum-Managing Director, Housing and Urban Development Corporation Ltd. and Joint Secretary (Finance) in the Ministry of Works & Housing as Members was appointed to go into the issue and according to the findings of this group no action is proposed to be taken in the matter of fixation of responsibility. However, the Committee find that this group in its report had attributed the failure of the plants to the fact that it was situated at about 160 kms. away from the lime stone deposit and with the increase in prices of fuel and labour the transportation cost went up and the cost of dry hydrated lime produced in the plant went up from Rs. 127 to Rs. 412. Further, according to the report of this group, NBO lacked the requisite organisation for operating the plant. The Officers in-charge of running the plants did not have adequate powers to purchase coal, furnace oil etc. Also the NBO did not have proper infra-structure to run the plant commercially as it had to depend upon NBCC for water, power, workshop and other facilities. The Committee are surprised how these basic factors were overlooked while taking a decision to set up the two plants. That the scheme was totally misconceived is now fully established. The Committee would, therefore, reiterate that officials responsible for these lapses and wrong decision be identified with a view to fixing responsibility and taking action against them.

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