

**PUBLIC ACCOUNTS COMMITTEE  
(1975-76)**

(FIFTH LOK SABHA)

**TWO HUNDRED AND SEVENTH REPORT**

**CALCUTTA PORT TRUST**

MINISTRY OF SHIPPING & TRANSPORT

[Action taken by Government on the recommendations contained in the 175th Report (Fifth Lok Sabha)].



**LOK SABHA SECRETARIAT  
NEW DELHI**

*March, 1976/Chaitra, 1898 (S)*

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CORRIGENDA TO 20TH REPORT OF THE PUBLIC  
ACCOUNTS COMMITTEE PRESENTED TO LOK SABHA  
ON 14 - 4 - 1976.

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**CONTENTS**

	<b>PAGE</b>
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE . . . . .	(iii)
INTRODUCTION . . . . .	(v)
CHAPTER I Report . . . . .	I
CHAPTER II Recommendations/Observations that have been accepted by Government . . . . .	24
CHAPTER III Recommendations/Observations which the Com- mittee do not desire to pursue in the light of the replies received from Government . . . . .	37
CHAPTER IV Recommendations/Observations replies to which have not been accepted by the Committee and which require reiteration . . . . .	40
CHAPTER V Recommendations/Observations in respect of which Government have furnished interim replies . . . . .	47
APPENDIX Consolidated Statement of Conclusions/Recom- mendations . . . . .	60

**LIST OF MEMBERS OF PUBLIC ACCOUNTS COMMITTEE**

(1975-76)

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**SHRI H. N. Mukerjee**

**MEMBERS**

2. Shri T. Balakrishniah
3. Shri Chandulal Chandrakar
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18. Shri V. B. Raju
19. Shri Gulabrao Patil
20. Shri T. K. Srinivasan
21. Dr. K. Mathew Kurian
22. Shri Rabi Ray

**SECRETARIAT**

Shri H. G. Paranjpe—*Chief Financial Committee Officer.*  
Shri N. Sunder Rajan—*Senior Financial Committee Officer.*

## INTRODUCTION

I, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Two Hundred and Seventh Report on the action taken by Government on the recommendations of the Public Accounts Committee contained in their Hundred and Seventy-Fifth Report (5th Lok Sabha) on the Audit Report on the Accounts of Calcutta Port Trust for the years 1968-69 to 1972-73.

2. On the 3rd June, 1975 an 'Action Taken Sub-Committee' consisting of the following Members, was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports:

Shri H. N. Mukerjee—*Chairman*

Shri V. B. Raju—*Convener*

Shri Priya Ranjan Das Munsi	}	<i>Members</i>
Shri Darbara Singh		
Shri N. K. Sanghi		
Shri Rabi Ray		
Shri Raja Kulkarni		
Dr. K. Mathew Kurian		

3. The Action Taken Sub-Committee of the Public Accounts Committee (1975-76) considered and adopted the Report at their sitting held on the 23rd March, 1976. The Report was finally adopted by the Public Accounts Committee on the 31st March, 1976.

4. For facility of reference the conclusions/recommendations of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, conclusions/recommendations of the Committee have also been appended to the Report in a consolidated form.

(vi)

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

NEW DELHI;  
March 31, 1976.  
Chaitra 11, 1898 (Saka).

H. N. MUKERJEE,  
*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 recommendations/observations contained in their 175th Report (Fifth Lok Sabha), presented to the Lok Sabha on 30 April, 1975, on the Audit Reports on the Accounts of the Calcutta Port Trust for the years 1968-69 to 1972-73.

1.2. Action Taken Notes in respect of all the 31 recommendations/observations contained in the Report have been received from Government and these have been categorised as follows:

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

Sl. Nos. 2, 3, 5, 6, 8, 9, 11, 13, 15, 17, 18, 20, 21 and 27.

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

Sl. Nos. 12, 24 and 29.

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

Sl. Nos. 10, 16, 19 and 22-23.

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

Sl. Nos. 1, 4, 7, 14, 25, 26, 28, 30 and 31.

**1.3. The Committee expect that final replies to those recommendations/observations in respect of which only interim replies have so far been furnished will be furnished to them, duly vetted by Audit, without further loss of time.**

1.4. The Committee will now deal with the action taken by Government on some of their recommendations/observations.

*Weightment of cargo passing through Calcutta Port. (Paragraphs 1.39 and 1.42—Sl. Nos. 1 and 4).*

1.5. Commenting on the absence of an adequate machinery for a thorough verification of the quantities and description of the cargo shipped



through the Port of Calcutta, the Committee, in paragraph 1.39 of the Report, had observed:

“The Committee cannot but express their surprise at the non-existence, at a port of the importance of Calcutta, of a proper and more adequate machinery, including weighing scales and tallying staff (at present there are 41 scales in 34 sheds with only six tally clerks and six peons) for making a thorough verification of the quantities and descriptions of the goods as declared by the shippers in the papers filed by them, on the basis of which the dues of the Port and finally the internal revenue and foreign exchange are assessed and realised. The position is made still more deplorable by a similar absence of such machinery in the Customs organisation which has only 24 weighing scales with six persons as weighing staff, on whose checking the Port authorities rely for the purpose of calculating their dues. As a result, considerable foreign exchange and revenue due to the Port and Revenue authorities are being lost. It is, therefore, no wonder that the Port Trust is sustaining heavy losses in its working from year to year and proper realisation of tax and foreign exchange is not being done. The Committee feel that there is urgent need for the Port and the Customs authorities to pay serious attention to this vital issue and provide adequate number of machines and expert staff in sufficient numbers to make it possible for them to exercise a thorough check, between them, of the contents, weight, measurement etc. of consignments passing through the Port. And to ensure this, the Port Trust should in particular provide adequate incentives to the staff so that they may ensure that false declaration of weights, measurements etc. is not resorted to by the shippers. The Committee consider that effective detection will be possible only if there is adequacy of competent and honest staff to prevent malpractices. The Committee consider that something like 700 tally clerks plus an equal number of Class IV staff would be necessary for the purpose on a rough and ready basis.”

1.6. In their Action Taken Note dated 29 August 1975, the Ministry of Shipping & Transport have stated:

“Arrangements have been made from 16th of June, 1975 for 100 per cent test weighment/measurement of shed and overside cargo passing through the port of Calcutta for a period of three months. The question of engaging additional staff will be examined after evaluating the results of test check.”

1.7. The Action Taken Note furnished in this regard by the Department of Revenue & Insurance on 28 January, 1976, is reproduced below:

“The Collector of Customs, Calcutta has reported that export cargo is examined/check-weighed in accordance with the instructions in the Departmental manual and keeping in view the problems of individual categories of goods. In case the goods are covered by certificates issued by other Government agencies and recognised institutions, the said certificates are ordinarily accepted and the goods are inspected only externally. Check weighment is generally done if weight has a direct bearing on duty, cess, drawback or value. Surprise check weighments in case of duty free goods and goods free of drawback or cess are also carried out. In cases of detected misdeclaration of value, involving foreign exchange in addition to action being taken under the customs law, intimation is given to the Reserve Bank of India.

The Collector of Customs, Calcutta, has stated that the existing pattern of verification of various types of cargo passing through the port of Calcutta is considered adequate keeping in view the need for quick clearance in interest of export promotion. Otherwise these may cause hardship for genuine exports. However, keeping in view the PAC's recommendations, the existing pattern of examination is being further tightened by asking the Custom Houses to order selective checks in all cases where export value is determined on the basis of weight.

In respect of provisions for adequate staff for examination, check-weighment etc. and weighing machines in the docks and jetties, the Collector has informed that they have already taken steps to improve the working efficiency of the existing weighing scales. He has further assessed the additional requirements as two more weighing scales and necessary action is being taken to purchase them. He is of the view that having regard to the present pattern and volume of export cargo passing through the port of Calcutta, the total number of weighing scales and the staff therefor would be adequate. The position, however, would be reviewed periodically and additional machinery/manpower will be deployed, whenever found necessary.

In this context, it may be pointed out that if cent per cent check is to be carried out in respect of the shed shipments or of over-side cargo, this will delay the exports and may seriously ham-

per export promotion. The tightening up of procedure is therefore, being done, keeping these limitations in view."

1.8. The Committee note that arrangements have been made, though belatedly, with effect from 16 June 1975, for a 100 per cent test weighing/measurement of shed and overside cargo passing through the Port of Calcutta for an initial period of three months and that the question of engaging additional staff for this purpose would be examined by the Port Trust after evaluating the results of the test check. The Committee trust that the proposed evaluation has now been completed and necessary steps taken to provide an adequate number of weighing machines and the requisite complement of staff so that false declaration of weights, measurements, etc. and other devious methods adopted by unscrupulous exporters and their agents can be eliminated. The Committee would like to know what has actually happened in this regard so far.

1.9. The Ministry's reply is silent on another specific recommendation that the Calcutta Port Trust should, in particular, provide adequate incentives to the staff effectively countering the vicious practice of certain shippers regarding false declaration of weights, measurements, etc. The Committee would like to know Government's reaction in this matter.

1.10. The Committee find from the reply furnished by the Department of Revenue & Insurance that, in the view of the Collector of Customs, Calcutta, the present pattern and volume of export cargo passing through the Port is such that the total number of staff and of weighing scales should be adequate. This reply contradicts what had been admitted by him during evidence before the Committee where he said that 'not sufficient staff are there to cope with the cargo'. This discrepancy remains to be reconciled and the question should be re-examined with a view to necessary remedial measures.

1.11. Dealing further with this question, the Committee, in paragraph 1.42. of the Report, had recommended:

"Reverting to the role of the port and the Customs authorities, the Committee are surprised at their being in total darkness as to what was actually going on around their areas of operation in the matter of descriptions, weights etc. of the export cargo passing through the Calcutta Port. It is indeed surprising that they should have learnt about this menacing problem of misdeclaration of weights and details of export cargo only through reports in the Press. It is fortunate that a journalist of the Hindustan Standard, Calcutta, detected and highlighted this. The Committee also appreciate that a number of patrio-

tic non-official witnesses came forward and placed their experiences and knowledge of the working of the Port before the Committee.

It is equally painful that after holding meetings in December 1972 and February 1973, at the Port and the Ministry level respectively, to deal with the evils of misdeclaration of weights etc. no follow-up action was taken on the decisions arrived at these meetings. As admitted by the Member (Customs) during evidence, two years were lost in the process. At the meeting held in the Ministry of Shipping and Transport on the 16th February 1973, it was decided that the Port Commissioners should consider introducing a hundred per cent check for a period of three to six months to find out whether it would be economical to introduce this as a regular practice and to gauge the extent of under-weighment. The Port authorities were not able to carry out 100 per cent checking on their own admission because they did not possess sufficient weighment staff and weighing scales. The Port Trust investigated the possibility of getting this work done through outside agencies. This was, however, not found feasible as it was felt that shipments might be delayed seriously. This is illustrative of the kind of defeatist attitude of the Port Commissioners. What is even more surprising is that a check on a random sample basis with the existing men and machinery had also not been thought of. Similarly there was much talk at the meeting held at the Port on the 6th December 1972 about the imposition of a fine on misdeclaration of weights, but no decision was taken for more than two years. And yet when the Public Accounts Committee raised this matter in the course of evidence and expressed its serious concern, it became possible for the Board of Trustees to take a decision in the meeting of the Board on the 29th March 1975 to impose penalty charges in respect of under-declaration of weights and measurements to the extent of four times the normal charges. In the circumstances, the Committee desire that the failure to give effect to the decisions taken at the meetings referred to above should be gone into carefully with a view to fixing responsibility and taking suitable action."

1.12. In their Action Taken Note dated 12 September 1975, the Ministry of Shipping & Transport have stated:

"Calcutta Port Trust have been asked to investigate into the matter so as to fix responsibility and take suitable action. The

Port Trust have advised that their new Deputy Chairman is looking into this matter in the light of recommendation of the PAC."

1.13. The Action Taken Note dated 12 January 1976, furnished in this regard by the Department of Revenue & Insurance is reproduced below:

"The press reports that exporters were under invoicing by Shipping undeclared excess weights, had come to the notice of the Custom House and subsequently the Custom House had also carried out surprise checks at the point of shipment by check-weighment of a number of consignments, including those of jute manufactures. However, except in the case of a consignment of cast iron manhole covers, no significant excess in any consignment was found. It has been reported by the Collector of Customs that even in the said consignment of cast iron manhole covers, there was no loss of foreign exchange resulting from declaration of incorrect weight because the export price of these goods was on piece basis and not on weight basis.

It may be mentioned that in addition to the normal checks, as prescribed by the Department, the supervisory preventive staff, Assistant Collector (Outdoor) and the Superintendent, preventive service also carry out surprise checks of export cargo from time to time.

As regards the delay in taking follow-up action in pursuance of the decision taken at the meeting held in February 1973, it may be mentioned that the minutes of the meeting were received in the Ministry on 23-3-1973. Since the decision required issue of an additional copy of the shipping bill which would have introduced some additional work in the Custom Houses affecting the speed of processing of documents, it was decided, in the first instance, to call for comments of all major Custom Houses.

On receipt of the comments and while this matter was being processed, it was decided in another connection to issue, free of charge, a copy of the shipping bill to the exporters and it appeared that, perhaps, the shippers could produce this additional copy to the Port Commissioners for their verification and use. However, this called for modification in the procedure earlier contemplated at the meeting of February 1973. Accordingly, the matter was referred to the Ministry of Ship-

ping & Transport for their concurrence and on receipt of the same, instructions to the Custom Houses were issued immediately on 8-7-1974.

From the above, it will be observed that in its very nature, the implementation of the decision was such that it took some time and though the delay is unfortunate no particular officer can be said to be responsible for it. The observations of the Committee, however, have been noted to ensure that even in such cases action should be completed without loss of time."

**1.14. The Committee are unhappy with the delay that is taking place in the Calcutta Port Trust in investigating the failure to give effect to the decisions taken at the meetings held in December 1972 and February 1973 to deal with the evils of misdeclaration of weights, under-invoicing of cargo, etc. These investigations should be completed soon and appropriate action taken against those responsible for the failure.**

*Coordination and liaison between the Port and Customs authorities.*  
(Paragraph 1.43—Sl. No. 5).

1.15. In paragraph 1.43 of the Report, the Committee had recommended as follows:

"The Committee suggest that till such time as a coordinated drill for various agencies concerned with the prevention of economic offences is laid down at the national level, as recommended by the Committee, there should be complete coordination between the Customs and the Port authorities at the Calcutta Port in the matter of realisation of their dues on shipments passing through the Port. There should be complete coordination and cooperation between the Customs and the Port authorities in respect of realisation of port dues on over-side shipments."

1.16. The Ministry of Shipping & Transport, in their Action Taken Note dated 29 August 1975, have stated:

"Calcutta Port Trust has taken action for maintaining complete liaison and ensuring coordination with the custom authorities."

1.17. In their relevant Action Taken Note dated 12 January 1976, the Department of Revenue & Insurance have stated:

"The Committee's observations regarding bringing about complete coordination between the Customs and Port authorities at

Calcutta Port have been noted. Arrangements already exist for discussion of points of mutual interest with the Port Trusts through periodical meetings of Committees, like, Anti-Pilferage Committee and Calcutta Port Import/Export Advisory Committee. Moreover, the Collector of Customs, Calcutta is an ex-officio Trustee of the Calcutta Port Trust and a senior officer of the Calcutta Port Trust sits on the local Customs Advisory Committee's meetings.

With a view to attaining further co-ordination with the Port Trust, the Assistant Collectors in the Docks and Jetties would also be holding monthly meetings with the officers of the Port Commissioners to review periodically the satisfactory implementation of the PAC's recommendations.

Instructions have also since been issued that where any discrepancies are noticed in the AR-4 forms relating to jute and jute goods or in regard to other goods not covered by the AR-4 forms, where any discrepancy is noticed in their description/weight at the time of examination, the same should be reported also to the officers of Calcutta Port Trust."

**1.18. The Committee regret that the reply furnished by the Ministry of Shipping & Transport to the recommendation that there should be complete coordination and cooperation between the Port and Customs authorities in the matter of realisation of their dues on shipments passing through the Port appears rather vague. The details regarding specific steps, if any, taken to maintain adequate liaison and to ensure coordination with the Customs authorities should be intimated early.**

*Waival of port charges on consignments of masoor dal.*  
(Paragraph 1.57—Sl. No. 7)

1.19 Dealing with a case of waival of rental, amounting to Rs. 60 lakhs, on a consignment of masoor dal stored in the Port godowns, pending adjudication by Customs, the Committee, in paragraph 1.57 of the Report, had recommended:

"The Committee note that the Port Trust authorities had to collect a rental of Rs. 60 lakhs for the period for which the masoor dal was stored in their godowns. The Port Trust authorities recovered Rs. 1 lakh from the owners of masoor dal and waived Rs. 59 lakhs which, according to the judgment of the Supreme Court, they were entitled to recover from the Customs who had stored the masoor dal in their behalf.

They did not do so even when the Supreme Court had opined that the Customs authorities who were responsible for the situation should bear the burden. The Port Trust authorities, however, decided to waive the amount.

Surprisingly, the Port Trust authorities also handed over the masoor dal which was damaged and considered to be unfit for human consumption to the owners without imposing any condition on them and without informing the health authorities so that they in their turn could have imposed some suitable conditions preventing the owners from disposing of the masoor dal for human consumption in order to get a better price.

The Committee cannot but express the view that the Port Trust authorities did not exercise in this matter the care and thought that they should have done both to safeguard their own financial interests and also to prevent a possible health hazard.

Considering the circumstances of this case, the Committee are of the opinion that a thorough probe is essential to fix responsibility for the various lapses and taking appropriate action against the officials concerned."

1.20. In their Action Taken Note dated 12 September 1975, the Ministry of Shipping & Transport have stated:

"The Calcutta Port Trust have been asked to take further action. They have advised that their new Deputy Chairman is examining these cases in the light of recommendations of the Committee."

1.21. The Action Taken Note dated 12 January 1976, furnished in this connection by the Department of Revenue & Insurance is reproduced below:

"The consignment of masoor dal was detained by the Customs Officer in the reasonable belief that the dal in question was of Indian origin which was sought to be exported in contravention of the terms of the Indo-Nepal Treaty. Subsequently, the case was adjudicated by the proper officer of the Customs who ordered its absolute confiscation in his best judgment. All action taken by the officers of the Customs Department were in good faith."



**1.22. The Committee note that the Deputy Chairman of the Calcutta Port Trust has been entrusted with the examination of the various lapses in the waiver of rent, amounting to Rs. 60 lakhs, on a consignment of masoor dal, with a view to fixing responsibility. The Committee require that this should be completed quickly, and appropriate action taken against the relevant officials.**

*Identification of hazardous cargo (Paragraph 1.65—Sl. No. 10)*

1.23. A non-official organisation had brought to the notice of the Committee certain instances of cancellation of undercharge bills in respect of hazardous cargo declaring them as non-hazardous and had pointed out that the existing procedure for the gradation and classification of hazardous cargo suffered from limitations. Dealing with this aspect in paragraph 1.65 of their Report, the Committee had recommended:

“The Committee feel that the loopholes in the calculation and realisation of Port dues in respect of hazardous cargo should be plugged. It would be helpful if all the concerned workers of the Port Trust are informed about the manner in which hazardous cargo are identified by suitable gradation marks so that any wrong gradation or misdeclaration in respect of such cargo comes to notice prominently. Such an arrangement would serve as a deterrent for the officers who resort to marking a lower gradation than the actual gradation of hazardous cargo and thus would ensure the realisation of Port dues on the basis of the correct gradation of the hazardous cargo.”

1.24. In their Action Taken Note dated 29 August 1975, furnished to the Committee in this regard the Ministry of Shipping & Transport have stated:

“Calcutta Port Trust have reported that there is a set procedure for verification of hazardous cargo on the basis of which their gradation is made by the Safety Officer of the Calcutta Port to whom the Steamer Agents submit the list of hazardous cargo carried by a ship prior to discharge at the Port. This list of hazardous cargo is checked by the Safety Officer, who classifies the cargo according to the degree of hazard and flash point of the material. The list is checked again at the operational point by the Assistant Traffic Superintendent of the Board Section before the cargo is discharged. The Port Trust maintain a comprehensive hazardous cargo list, which is periodically reviewed. Copies of the list are available with

the Officers of the Traffic and Accounts Departments for their guidance.

However, the procedure for actual gradation of hazardous cargo is being recirculated by the Calcutta Port Trust amongst the concerned officers."

1.25. The Committee fear that their recommendation relating to the identification of hazardous cargo passing through the Port of Calcutta has not been understood in its correct perspective by the Port Trust. In view of certain serious allegations made by a non-official organisation that hazardous cargo had been passed as non-hazardous cargo by the Officer concerned, resulting in considerable loss of revenue to the Port, the Committee had desired that the loopholes in the calculation and realisation of Port dues in respect of hazardous cargo should be plugged and the concerned workers of the Port Trust informed about the manner in which hazardous cargo are identified by suitable gradation marks so that any wrong gradation or misdeclaration in respect of such cargo comes to notice promptly. No action appears to have been initiated on this specific recommendation of the Committee which would perhaps have facilitated the active participation of the workers in detecting malpractices in the classification of cargo. Apart from the financial implications involved in the misdeclaration of hazardous cargo as non-hazardous, it should also be borne in mind that mis-declarations could seriously endanger the lives and health of workers handling such misdeclared cargo as well as result in accidents. The Committee desire that this aspect should be examined afresh without delay and necessary remedial measures taken. The allegation, particularly, that undercharge bills amounting to some Rs. 0.76 lakh raised by the FA&CAO had been cancelled by the Traffic Manager's Office by declaring the cargo as non-hazardous remains also to be answered satisfactorily.

*Allotment of Port Trust land to cooperative societies formed by Port Trust Officers (Paragraph 1.82—Sl. No. 16)*

1.26. Reviewing the practice of allotting Port Trust land to cooperative societies formed by officers of the Port Trust, the Committee in paragraph 1.82 of the Report, had recommended:

"The Committee are not at all satisfied that the present practice of allotting land to cooperative societies formed by Port Trust Officers is a defensible practice. This may be gone into in detail by the Port authorities. In any event, such a practice can become defensible only if the same facility is made available to Class III and Class IV personnel, assuming that the

practice is legal. The Committee would suggest that the Class III and Class IV personnel of the Port Trust may be encouraged to form house-building cooperative societies."

1.27. In their Action Taken Note dated 29th August 1975, the Ministry of Shipping & Transport have stated:

"The Calcutta Port Trust have noted the observation of the Committee."

1.28. The Committee are far from satisfied with the Port Trust's reply to their pointed observations relating to the practice of allotting Port Trust land to officers' cooperative societies. Merely noting the Committee's observations in this regard without any assurance of positive action is indicative of an unhelpful attitude. The Committee would like a more categorical response to their recommendations and would like to be informed of the specific steps, if any, taken to implement their suggestion that the Class III and Class IV personnel of the Port Trust may be encouraged to form house-building cooperative societies.

*Working of Port Railway (Paragraph 4.6—Sl. No. 19).*

1.29. Dealing with the performance of the Calcutta Port Railway, the Committee, in paragraph 4.6 of the Report, had recommended:

"The Committee are unhappy that the operation of the Port Railway is resulting in a loss of about Rs. 70 lakhs per year to the Port authorities. It cannot be a matter of satisfaction to anyone that while the rate of supplementary charge over the trunk Railways was raised from 6 per cent to 9 per cent with effect from April 1968, the Railway Board took two and a half years (from 17th June 1971 to 13th November 1973) to agree to a similar proposal of the Calcutta Port authorities in respect of the Northern Section of the Port Railway, for which the increase was ultimately allowed only from 1st January 1974.

In regard to the revision of terminal charges payable by the Railways to the Indian Ports from 1st April 1971, the Committee are disappointed to note that in spite of the recommendation made by the Commission on Major Ports that revisions from time to time in the Railway freight rates should be simultaneously followed by a temporary adjustment in the terminal charges paid to the Port Railway, the question of revising the terminal charges payable to the Ports from 1st April 1971, is still hanging fire. The Committee recommend that the

matter should be vigorously pursued by the Ministry with the Railway Board and a standing arrangement arrived at for an automatic increase in the terminal charges payable by the Indian Railways to the Port Railways immediately on a revision of freight charges by the former. The Committee consider it most desirable that the Railway Board should also be required to clear such references within a specified period. The Committee would suggest this period to be six months."

1.30. In their Action Taken Note dated 12th September 1975, the Ministry of Shipping & Transport have stated:

"Noted. Government is taking steps to finalise this issue soon."

1.31. In their reply dated 27th October 1975 in this regard, the Ministry of Railways (Railway Board) have stated:

"The observations of the Public Accounts Committee in regard to the processing by the Ministry of Railways of the Calcutta Port Commissioner Railway's proposal for an increase in the rate of supplementary charge leviable on their local haulage are noted.

In regard to the revision of terminal payments to Port Railways, it is submitted that the question of revision of rates of terminal payments for the period from 1-4-1971 has been under correspondence and has been discussed with the Ministry of Shipping & Transport a number of times. Specific proposal in regard to revision of rates of terminal payments to Port Railways from 1-4-1971 was received from the Ministry of Shipping & Transport in March 1974. The proposal was considered by the Ministry of Railways and was thereafter discussed at Inter-Ministerial meeting held in November 1974 and a counter proposal was made by the Ministry of Railways to the Ministry of Shipping and Transport in March 1975. The acceptance of the Ministry of Shipping & Transport to the proposal made by the Ministry of Railways has not so far been received despite issue of reminders. The question will be finalised as soon as the views of the Ministry of Shipping and Transport are received. In the meantime, the Trunk Railways continue to make terminal payments to the Port Railways at the old rates provisionally."

**1.32. The Committee take a serious view of the delay that continues**

**Indian Ports from 1 April 1971.** It would appear from the reply furnished by the Ministry of Railways (Railway Board) that the unconscionable delay of over four years in this case was attributable more to the Ministry of Shipping and Transport, as a result of which this long-pending issue is yet to be resolved satisfactorily. The Committee find that despite protracted correspondence and also discussion between the two Ministries in this regard, a final decision is yet to be arrived at. Specific proposals in regard to the revision of terminal charges payable to the Port Railways, with effect from 1 April 1971, has been finalised by the Ministry of Shipping & Transport only in March 1974, after a lapse of nearly three years. It took another year for the Ministry of Railways to make their counter-proposal, and even after the 'issue of reminders', this proposal had not been accepted by the former, according to the information last furnished to the Committee in October 1975. The Committee would very much like to know the reasons for the initial delay of nearly three years in the Shipping Ministry in formulating their specific proposals and the virtual inaction on their part after the counter proposal had been made by the Railways in March 1975. The circumstances leading to this delay should also be investigated and appropriate action taken thereafter. Steps should also be taken to finalise this issue immediately.

1.33. No reply has been furnished by either of the Ministries concerned to two other specific suggestions made by the Committee that a standing arrangement should be evolved for an automatic increase in the terminal charges payable by the Indian Railways to the Port Railways contemporaneously with a revision of the Railway freight rates and that the Railway Board should be required to clear such references within a period of six months. The Committee would urge the two Ministries to examine these suggestions expeditiously and take positive steps to eliminate delays in this regard.

Utilisation of dredgers. (Paragraphs 7.14 and 7.15—Sl. Nos. 22 and 23).

1.34. Reviewing the utilisation of the dredgers owned by the Port Trust and the payments made to foreign and private companies for dredging operations at Haldia, the Committee, in paragraphs 7.14 and 7.15 of the Report, had recommended:

"7.14. The Committee note that the utilisation of the dredgers owned by the Port authorities is very low. Two expert committees have already examined this question. The Study Team of the International Association of Ports, had found on a detailed examination that within the Dock Systems the hours

worked by dredgers during 1965-66 totalled only 6,788 as against the total time of 60,000 hours available for dredging if the dredgers worked round the clock and 20,000 hours on an 8 hour shift basis. The Dredger Utilisation Committee, 1973, came to the conclusion that the dredger fleet at Calcutta was working far below its capacity. The Committee do not, therefore, consider it a happy situation at all that against a norm of 5280 hours of working per annum by a dredger suggested by the Dredger Utilisation Committee, 1972-73, the time worked by the River Dredgers at Calcutta Port ranged between 600 and 2151 hours in 1973-74 the actual Dredging time being between 300 and 1203 hours.

The findings of the above two expert committees practically demolish the contention of the Port authorities that dredging has no influence on the turn-round time. The non-official communications also indicate that the Dredger Utilisation at Calcutta has been miserably low and the same has affected the navigability at the Port. The poor utilisation of the Calcutta Port Trust's own dredgers reveals serious mismanagement and lack of planning and ability to execute on the part of top executives which requires thorough probe and fixing of responsibility, particularly in the context that high amounts (including foreign exchange) are being paid by the Port as hire charges to foreign firms for dredging operations here."

"7.15. In the opinion of the Committee, it should be made compulsory that the dredgers at Calcutta Port, acquired and being maintained at a high cost, should for no part of time be kept unutilised, except where absolutely unavoidable for reasons of periodical check-up, repairs etc. The fact that while on the one hand the dredgers of the Port are being put to very low utilisation, and on the other hand the Port authorities paid to foreign and private companies during the last two years (1973-74 and 1974-75) a sum of Rs. 1275.00 lakhs (including 637.66 lakhs in foreign currency) and a sum of Rs. 198.79 lakhs to private firms by way of hire charges for dredging the Approach Channel leading to Haldia and the Dock Basin at Haldia respectively, shows lack of managerial efficiency resulting in a situation which is not at all desirable and naturally gives rise to suspicious of undue patronage to outside firms. This practice has, therefore, to be reduced, if not done away with altogether."

1.35. In their Action Taken Notes dated 12 September 1975, on the above recommendations, the Ministry of Shipping & Transport have stated:

*Paragraph 7.14*

“The Calcutta Port Trust has reported that vigorous efforts are being made to reduce the period of annual lay-up for repair of all port dredgers on the lines indicated by the Dredger Utilisation Committee. The lay-up periods are being pre-planned and special watch is being kept that the repairs are being carried out according to said plan, subject to such adjustments as might be necessary due to unforeseen circumstances or emergencies.

As regards improving the cycle of operation of the port dredgers, the unit consisting of one self-propelled bucket dredger and three hopper barges and if possible, one grab dredger is proposed to be placed on round-the-clock dredging with the staff of the laid-up dredgers.

Action has also been initiated to ensure full utilisation of dredger ‘Mohana’, the only dredger available in the Calcutta Port Trust’s fleet of dredgers capable of working in the open water conditions and sea and swells obtaining in the estuary. In first instance, by special arrangements with the Indian Oil Corporation Ltd., bunkering of this vessel is being done at Calcutta when the vessel is in town. Until such arrangement, the vessel was being bunkered at Budge Budge, on its way from Calcutta to dredging sites. The present arrangements ensure that two extra dredging days in a month are available.

As regards the four river dredgers engaged in maintenance dredging in the Upper Reaches, from Calcutta to Balari Bar, day and night dredging is already being carried out at Balari Bar on regular basis, for as long as floatation is available. Day and night dredging is also being carried out at the Eastern Gut Bar during dry season. But the dredging at this Bar is restricted to ebb tide only as the flow conditions do not permit the dredger to be on the Bar during flood tides. This Bar does not require any dredging during freshets.

As regards the hiring of foreign dredgers, Calcutta Port Trust have no suitable dredgers, apart from dredger ‘Mohana’, which could have undertaken the dredging in Haldia Basin or the large scale dredging in the estuary.”

**Paragraph 7.15**

“The reasons for hiring two foreign dredgers for dredging the Approach Channel to Haldia have to be fully appreciated. The Calcutta Port Trust owns five large suction dredgers, out of which only one, i.e. S. D. ‘Mohana’, is designed for and capable of working in the open water conditions with swell prevailing in the Approach Channel to Haldia. The other four dredgers, with their rigid bow-well suction pipes, are capable of working in smooth waters only and cannot operate in the open waters of the estuary. These dredgers are, therefore, used exclusively for maintenance dredging in the Upper Reaches.

The circumstances in which contract dredging was resorted to in the shipping channel leading to Haldia is explained below:

In the original estimates made in July 1971, it was expected to obtain a draught of 40 ft. for Haldia for 320 days in a year, by removing 106 million tonnes of spoil between 1971 and 1980. At the time of making these estimates, it was assumed that—

(i) the second estuarian dredgers ordered on GRW would be delivered in June 1974;

(ii) Tarakka water would start flowing at the end of 1971.

Both these assumptions were belied.

Apart from the above, a combination of other circumstances forced the Calcutta Port to go in for contract dredging from November 1973 in order to maintain the draught commitments to the World Bank. The unprecedented freshets discharge of 1971 following by the severe drought conditions of 1972 caused heavy shealing of Auckland Bar which further deteriorated due to a secondary channel developing to the westward due to adverse flow conditions. In these circumstances the quantity of spoil to be dredged from 1973 to 1980 was reestimated to the 123 million tonnes without taking into account the re-shaling factor.

In view of the fact that the delivery of the new estuarian dredger was likely to be considerably delayed and the head water supply had not started, it was an impossible target to dredge 123 million tonnes of spoils by deploying S. D. ‘Mohana’ alone. The Commissioners had, therefore, only two options before them at this stage to meet the drought commitments viz. (a) outright purchase of a suitable second hand dredger or (b) resort to contract dredging. For this purpose a second hand dredger called ‘Transmundum’ was located, but after an inspection the Trustees’ consulting engineers found her to be in very poor condition and unsuitable for the work. There



was, therefore, no other option but to resort to contract dredging. As suitable dredgers were not available from internal resources, enquiries were made from foreign contractors. A Tender Committee consisting of officers of the Ministry of Shipping and Transport, the Ministry of Finance and the Calcutta Port Commissioners (now Port Trust) was constituted to examine the offers received. Two foreign contractors were selected on the basis of the report of the Committee and two dredgers, one each from the two contractors, were hired for the work. However, as one of the M.O.T. Dredgers was made available from February 1975, one foreign dredger was released on completion of her contract period in May, 1975.

As regards engaging foreign contractor for dredging the Haldia Dock Basin, this requires special type of dredgers viz. cutter suction dredgers. Since the Calcutta Port Trust do not possess any such dredger and such dredgers would not be made available from the country, the work was entrusted to a Yugoslav firm."

**1.36. While the steps now enumerated in the Ministry's reply for improving the utilisation of the dredgers owned by the Calcutta Port Trust are largely measures for the future, no action appears to have been taken in regard to the Committee's specific recommendation that the poor utilisation of the dredgers in the past required a thorough probe with a view to fixing responsibility. The Committee, therefore, reiterate that this should be thoroughly investigated and responsibility fixed, under advice to them.**

**1.37. The Committee concede that the dredging of the approach channel and the Dock Basin at Haldia through private foreign contractors has been unavoidable and beyond the control of the Port Trust. The Committee are, however, anxious that our dependence on foreign firms, whose performance has also not been above reproach, should be minimised, if not in present conditions altogether eliminated, as early as possible. The Committee feel that formation of the Dredging Corporation, which is stated to be under Government's active consideration, will have to justify itself by achieving substantial reduction of our present dependence on foreign dredging contractors.**

*Subsidiary for river maintenance and dredging (paragraph 7.17—Sl. No. 25).*

1.38. In paragraph 7.17 of the Report, the Committee had recommended:

"Keeping in view the financial position and situation of Calcutta Port and the fact that it is a riverine port which has to serve the entire Eastern and North Eastern parts of the country, the Committee recommend that it would not be quite fair to burden Calcutta Port Trust with the cost of dredging the River

Hooghly at all and accordingly the rate of subsidy paid by the Central Government on that account should be raised from 80 per cent to 100 per cent, subject to the maximum utilisation of the existing dredgers of the Port Trust. Alternatively the Central Government might consider the feasibility of creating a dredger pool for all dredging works in the country. A Dredger Corporation could also be set up for this purpose."

1.39. In their Action Taken Note dated 29 August 1975, the Ministry of Shipping & Transport have stated.

"Keeping in view the financial position of the Calcutta Port the following steps have been taken by the Government:

- (i) The Port tariffs at Calcutta and other major ports have been reviewed comprehensively and the rates revised. At Calcutta this is expected to result in an additional annual yield of approximately Rs. 15.00 crores and is expected to go a long way in making Calcutta Port financially viable.
- (ii) It has been decided to appoint a high level expert Committee to examine the working and finances of Calcutta Port which were last examined in 1967-68 by the late Shri P. C. Bhattacharyya, Ex-Governor of the Reserve Bank of India. This Committee will also examine the question of continuance of Central subsidy for river maintenance and river dredging keeping in view the practice followed in this regard in estuarian ports in other countries. The Committee will no doubt examine and submit its findings on rate of subsidy to be given by the Central Government and the period for which it should continue.

The Central Government has already acquired a number of dredgers and other ancillary equipments like tugs, hoppers, barges etc. and this Central Dredger Pool is presently being operated for the Government by the Shipping Corporation of India. It is, for the present, primarily catering to the capital dredging requirements of the Ports. A proposal to take over this Central fleet of dredging equipment under a statutory Dredging Corporation is also under active consideration of the Government."

**1.40. The Committee note that it has been decided to appoint a high-level expert committee to examine the working and finances of Calcutta Port, which will also examine the question of continuance of Central subsidy for river maintenance and river dredging keeping in view the practice followed in this regard in estuarian ports in other countries. While there can be no objection to an expert committee looking into this question, it should be made sure that its report must come early. The Committee are**

somewhat doubtful whether a routine practice prevalent elsewhere could be applied straightaway to the Calcutta Port, which is unique in many respects and suffers presently from certain inherent as well as long accumulating disadvantages. Since the future of the Port of Calcutta on which the country largely depends appears itself at stake, the Committee desire that this question should be examined with the most perceptive care, so that well-thought out decisions can be taken and a new vitality infused into the operations of the Port.

*Stevedoring operations, (Paragraph 10.20—Sl. No. 28).*

1.41. Dealing with the performance of the private stevedores at the Port of Calcutta, the Committee, in paragraph 10.20 of the Report, had recommended:

“From the material before the Committee, they are left with no doubt that private Stevedoring has now totally outlived its utility at the Calcutta Port. If anything, their role is of a mere middlemen to pocket the huge difference between the stevedoring charges received by them from the Shipping Companies which is about Rs. 65 per ton and the handling cost of labour including levy which works out to about Rs. 18 per tone paid by them to the Dock Labour Board. The fact that the figures to tonnage handled by the registered workers of the Dock Labour Board as maintained by the Board differ widely from those maintained by the Port Trust (viz. 35,72,896 tonnes as per Board's records as against 39,19,000 tonnes in the Port Trust's records in 1972-73, and 34,62,125 tonnes as per Board's records as against 36,70,000 tonnes in Port Trust's records in 1973-74) is indicative of the fact that they do indulge in widespread malpractice of using the labour in extra shifts beyond the prescribed limits without the formal knowledge of the Board.

The delays in the payment of their dues to the Dock Labour Board, the issue of cheques which are dishonoured to very frequently by the Banks, the non-payment of Bonus etc., are only some of the many malpractices indulged in by the Stevedores. They have no responsibility towards the welfare of the labour and in fact the dock workers are in a miserable plight.

The Committee appreciate the report, based on first hand experience and thorough study of the then Chairman of the Dock Labour Board with the assistance of the present Chief Executive of Dock Labour, Board which inter alia points out that 95 per cent of the work in the industry is already being done by workers who are, for all practical purposes, already State employed and State controlled. The Committee, therefore, see no reason as to why the labour should still be left at the mercy of the Stevedors.

The Committee have no doubt at all that with the nationalisation of the dock labour, the overall efficiency of labour in the industry would ultimately improve and reach new heights. The interest of the Stevedores—exploited labour, who mostly come from Bihar, U.P., Orissa and Andhra Pradesh would also be safeguarded to some extent.

In view of the present situation of the Stevedoring business in Calcutta, which refuses to cooperate with the Port Dock Labour Board and the Government in any of the measures to improve the working of the Port and Transport Industry and also in view of the recommendations of the various expert bodies which have gone into the problems of the Ports, the Committee strongly support the suggestions made by the then Chairman of the Dock Labour Board for taking over of the Stevedoring work under a statutory authority to manage its affairs. The Committee accordingly recommend that the matter should be finalised by the Government urgently and suitable steps taken in that direction."

1.42. The Action Taken Note dated 29 August 1975, furnished in this regard by the Ministry of Shipping & Transport is reproduced below:

"Suggestions for making changes in the existing Stevedoring system have been made from time to time by various interests. Some such suggestions are (i) to give stevedoring licenses to all eligible applicants so as to encourage free competition, (ii) to impose effective social controls on the stevedors, (iii) to nationalise the stevedoring work to abolish stevedoring and departmentalise this work, etc. These suggestions have been examined from time to time, but no final decision has been taken by Government.

On 3-5-1975, Government have appointed a committee to Review the Decasualisation Schemes and Allied Matters. The terms of the reference of the Committee are very wide and would include a study of the existing stevedoring system. It is, therefore, considered that before any decision is taken on the above recommendation, the said Committee's report should be awaited."

1.43. The Ministry also furnished to the Committee a copy of the order setting up the committee, according to which, it was to submit its

report within a period of six to nine months. The terms of reference of the committee were also made available by the Ministry and are as follows:

1. To study the working of the Dock Workers (Regulation of Employment) Act, 1948 and the schemes framed thereunder with particular reference to the following:
  - (a) whether the main objective of ensuring greater regularity of employment to dock workers has been realised; and
  - (b) whether the administrative and financial arrangements in vogue in the Dock Labour Boards are adequate for the purposes in view.
2. To examine the relationship between stevedoring charges paid by shippers and/or ship-owners and the levies made by the Dock Labour Boards on the stevedores, with particular reference to the operation of incentive schemes, if any, and the need for speeding up the handling of cargo;
3. To study the present deployment of port and dock labour and the existing arrangements for their coordinated functioning in the context of the need to treat cargo handling from the transit shed to the ship's hold and *vice versa* as a single system or a unified operation;
4. To suggest, in the light of the above studies, such measures as may be considered necessary for rationalising the existing system in the ports relating to port and dock labour with a view to ensure—
  - (a) quick turn-round of ships.
  - (b) optimum use of available manpower.
  - (c) higher labour productivity,
  - (d) greater regularity in employment.
  - (e) effective control on the different agencies functioning at the port, and
  - (f) control on the costs of handling cargo; and

5. To suggest the functions and structure of the body which should be responsible for carrying out the operations of cargo handling in the port both aboard ship and ashore, administering the deployment of labour, payment of labour and financial control."

1.44. The Committee are concerned that no final decision has yet been taken by Government on the Report of the former Chairman of the Dock Labour Board on the stevedoring industry at Calcutta Port as well as the views expressed on the subject by various expert bodies from time to time. It seems a pity that the entire question has once again been referred to another committee appointed to review the Decasualisation Schemes and allied matters. The Committee are of the view that a decision on this question has been long overdue and must not be further delayed. The period of six to nine months, within which the latest review committee was required to submit its report, has also expired. The Committee urge strongly that positive steps should be taken to eliminate the unsavoury stranglehold of the private stevedoring industry not only at Calcutta but at other major and minor ports as well. The Committee would like to be apprised of the findings of the review committee as soon as they are available and the action taken in pursuance thereof.

## **CHAPTER II**

### **RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT**

#### **Recommendation**

The Committee note from the earlier composition of the Commissioners for the Port of Calcutta, under the 1890 Act, that out of a total of 24 Commissioners, as many as 11 were from the Chambers of Commerce and ship-owners. It is, therefore, not surprising that the Shippers and Shipping lines dominate the functioning of the Port Trust. The Committee are glad to note that as from 1st April, 1975, the Board of Trustees are to have five members from private Trade and the remaining thirteen from Government Departments, Municipal Corporations and Public Undertakings. The Committee hope that this change in composition will soon have its positive effects on the financial affairs of the Port.

[S. No. 2 (Para 1.40) of Appendix V to 175th Report (5th Lok Sabha)].

#### **Action Taken**

Noted.

[Ministry of Shipping and Transport (Transport Wing)  
O.M. No. PGA-31/75 dt. 29-8-75]

#### **Recommendation**

In the matter of general interests of the nation as a whole, the Committee feel deeply concerned over the complete lack of coordination between the different agencies of Government for eradicating the evil of economic offences being committed by these engaged in the import and export trade. The Committee need hardly remind the Government that according to the report of the M. G. Kaul Study Team, the nation is being put to huge loss every year on account of only one of the economic offences, namely under-invoicing of exports. The Committee would accordingly suggest that the Government should give serious thought to the problem and evolve without any delay a coordinated machinery capable of curbing effectively those indulging in different types of economic offences in the import and export trade. That the existing machinery is not effective will be clear from the fact that, during the last three or four years,

only one case of malpractice in respect of jute consignments *en route* from the mill to the Calcutta Port for export was detected.

[S. No. 3 (Para 1.41) of Appendix V to 175th Report (5th Lok Sabha)],

#### **Action taken**

Calcutta Port Trust has reported that action has been taken for maintaining complete liaison and ensuring coordination with the Customs authorities.

Arrangements have also been made from the 16th of June, 1975 for 100 per cent test weightment/measurement of shed and overside cargo passing through the Port of Calcutta. This will be continued for a period of three months after which the position will be reviewed.

Besides, the Port Trust Bylaws have been amended so as to make the Steamer Agents responsible for ensuring realisation of port charges in full, on foreign as well as coastal cargo loaded or discharged overside. The Bylaws make it incumbent upon the Steamer Agents to submit the relevant freight manifests within 4 weeks from the date of completion of loading/discharge of a vessel. They further seek to empower the Traffic Manager to get, at his discretion, vessels due for loading/unloading at any of the Port Trust's docks, jetties, buoys or river moorings surveyed by recognised surveyors at the cost of the Steamer Agents.

The Port Trust has also reported that a detailed procedure is being adopted to provide for necessary safeguards in this matter.

[Ministry of Shipping and Transport (Transport Wing)  
O.M. No. PGA-31/75, dated 2-9-75].

A regular arrangement for intimating the discrepancies noticed in regard to export consignments by one Department to the other concerned Departments, is already in existence. Thus, the discrepancies which are found by Customs and which have a bearing on the realisation of full export value are brought to the notice of the Reserve Bank of India. Similarly, the discrepancies in regard to weight or description, etc. which may be relevant to the Port Commissioners are now being intimated to them. Close liaison is also being maintained through periodical meetings which are attended by the representatives of the concerned Departments.

2. As regards the problem of effectively coordinating the work of various intelligence, investigation and enforcement agencies, the matter was considered by the Government in detail in September, 1967. As a result, Co-ordination Committees have been set up at several important centres in



the country. There is also a headquarters Co-ordination Committee in the Ministry of Finance. These Committees meet periodically and exchange information regarding contraventions of various fiscal and economic enactments. They also review the efficacy of the existing arrangements for bringing about co-operation and coordination amongst the various preventive and enforcement agencies.

3. In pursuance of a decision taken in 1971, the Director General (Revenue Intelligence & Investigation) also holds periodical meetings with the Director, Revenue Intelligence, Director of Enforcement, and Director of Inspection (Income-tax Investigation) for mutual exchange of information and greater co-ordination. The Director General also attends the meetings of the Headquarters Co-ordination Committee.

4. It may be observed that an adequate framework for proper co-ordination amongst various enforcement and investigation agencies dealing with economic offences is already in existence.

5. In regard to detection of mal-practices in respect of jute consignments *en route* to Calcutta Port for export, kind attention is also invited to para 1.25(b) of the Committee's 175th Report (5th Lok Sabha), in which mention has been made about detection of 4 cases of such consignments during 1974.

6. Jute shipped from overside is hydraulically pressed into very heavy bales and substitution *en route* of such bales in the boats after clearance for export by the Central Excise officers, may not be easy without a heavy crane operating in the river area. Clandestine activity in this regard would also normally, not go unnoticed. The examination of contents of such bales for checking substitution, by bursting them except occasionally would be against the trend for making the export procedures simpler, and add to costs of exports. Keeping all these factors in view, steps are being taken to strengthen the intelligence arrangements, for obtaining information regarding specific cases of mal-practice to the extent possible, so as to get the best results from physical checks made. The Collector has also been asked to keep in mind the seriousness of the offence and the difficulties in detection while dealing with the penal action when such cases are detected.

[Ministry of Finance (Department of Revenue and Insurance  
O.M. No. 512/27/75-CUS-VI dated 28-1-1976].

### **Recommendation**

The Committee suggest that till such time as a co-ordinated drill for various agencies concerned with the prevention of economic offences is laid down at the national level, as recommended by the Committee, there should be complete coordination between the Customs and the Port authorities at the Calcutta Port in the matter of realisation of their dues

on shipments passing through the Port. There should be complete co-ordination and cooperation between the Customs and the Port authorities in respect of realisation of port dues on over-side shipments.

[S. No. 5 (Para 1.48) of Appendix V to 175th Report (5th Lok Sabha)].

#### **Action taken**

Calcutta Port Trust has taken action for maintaining complete Liaison and ensuring Co-ordination with the custom authorities.

[Ministry of Shipping and Transport (Transport Wing) O.M. No. PGA-31/75 dated 29-8-75].

The Committee's observations regarding bringing about complete co-ordination between the Customs and Port Authorities at Calcutta Port have been noted. Arrangements already exist for discussion of points of mutual interest with the Port Trusts through periodical meetings of Committees, like, Anti-pilferage Committee and Calcutta Port Import/Export Advisory Committee. Moreover, the Collector of Customs, Calcutta is an ex-officio Trustee of the Calcutta Port Trust and a senior officer of the Calcutta Port Trust sits on the local Customs Advisory Committee's meetings.

2. With a view to attaining further co-ordination with the Port Trust, the Assistant Collectors in the Docks and Jetties would also be holding monthly meetings with the officers of the Port Commissioners to review periodically the satisfactory implementation of the P.A.C's. recommendations.

3. Instructions have also since been issued that where any discrepancies are noticed in the AR-4 forms relating to jute and jute goods or in regard to other goods not covered by the AR-4 forms where any discrepancy is noticed in their description/weight at the time of examination, the same should be reported also to the officers of Calcutta Port Trust.

[Ministry of Finance (Department of Revenue and Insurance) O. M. No. 512/27/75-Cus-VI dated 12-1-1976].

#### **Recommendation**

The Committee would suggest that the Customs and the Port authorities should keep a watch over the functioning of the clearing agents who are licenced and registered by them to work at the Calcutta Port and ensure that a clearing agent who is found guilty of indulging in an economic malpractice should have his licence cancelled or not renewed, apart from any other punishment to which he may be liable under the law and the rules. Similarly, a close watch should also be kept on the functioning of the Shipping lines, particularly foreign ones, operating at the Port.

[S. No. 6 (Para 1.44) of Appendix V to 175th Report (5th Lok Sabha)].

### **Action Taken**

Noted.

Calcutta Port Trust have replied that action has been started by them for maintaining complete liaison and ensuring Co-ordination with the Custom authorities. There is provision in the Port By-Laws for cancellation of licences of the clearing Agents, which will be invoked in suitable cases.

[Ministry of Shipping and Transport (Transport Wing) O.M. No. PGA-31/75 dated 29-8-75].

The observations of the Committee have been brought to the notice of the Calcutta Custom House. Control over clearing agents is exercised in terms of the provisions of the Custom House Agents Licences Regulations, 1965 which govern the issue and renewal of licences to Clearing Agents. At the time of renewal of these licences, their performance report, received from the concerned Assistant Collector is taken into account. The Special Investigating Unit, also keeps a close eye on the activities of the clearing agents and if any irregularity/mal-practice/mis-conduct comes to the notice as a result of any complaint or otherwise, the matter is investigated for taking appropriate action.

2. The observations of the P.A.C. that a close watch should be kept on the functioning of the Shipping Lines particularly foreign ones operating at the ports, have also been brought to the notice of the Collectors of Customs at major ports for appropriate action.

[Ministry of Finance (Department of Revenue and Insurance) O. M. No. 512/27/75-Cus-VI dated 12-1-1976].

### **Recommendation**

The Committee are not convinced with the adequacy of the grounds on which 50 per cent of the Port charges were waived by the Port authorities in respect of the consignments of wines and provisions imported by the Empire Stores, New Delhi, in 1970. The Committee cannot help feeling that the excessively soft attitude of the Port authorities in such cases is one of the important factors responsible for their unsatisfactory financial position. The Committee would accordingly recommend that clearcut criteria on sound business lines for waiver of the Port charges should be laid down and scrupulously observed by the Port authorities while dealing with requests for such waiver.

[S. No. 8 (Para 1.59) of Appendix V to 175th Report (5th Lok Sabha)].

### **Action taken**

Calcutta Port Trust has noted this recommendation. Calcutta Port Trust are now allowing waiver/refund of demurrage only in cases of goods imported for charitable purposes or books, research equipment, etc. consigned to students, scholars or educational institutions and in other exceptional deserving cases with the sanction of the Board of Trustees. They are also preparing a revised set of guidelines keeping in view the observations of the Committee.

[Ministry of Shipping and Transport (Transport Wing) O.M. No. PGA-31/75 dated 12-9-1975].

### **Recommendation**

Before waiving the rent charges in respect of the consignments of 60 drums of Citric Acid in July, 1971, no steps seem to have been taken by the Port authorities to obtain expert advice as to whether actual deterioration of the acid had taken place. During evidence, the Committee desired to know whether there was any explanation for the fact that if the consignment had actually deteriorated, then the Central Bank would not have requested twice for its withdrawal from the auction list. No reply was given in this regard by the representatives of the Port Trust.

Notwithstanding the fact that the Port authorities did realise a sum of Rs. 7,080, the Committee feel that the case is indicative of the manner in which the Port authorities take things for granted while dealing with requests for remission of the charges due to them. In this particular case, since the Bankers had twice requested for withdrawal of the consignment from the auction list, there is no reason to doubt that they would have cleared the same even if the Port authorities had insisted on a higher amount of rent charges. The Committee expect the Port authorities to be more vigilant of their own interests and manage their affairs in a commercial rather than a charitable manner.

[S. No. 9 (Para 1.61) of Appendix V to 175th Report (5th Lok Sabha)].

### **Action taken**

The case was examined by the Calcutta Port Trust in the light of the criteria followed by them for waiver/refund of charges in question and decision was taken accordingly. The observations of the Public Accounts Committee have, however, been noted for future.

[Ministry of Shipping and Transport (Transport Wing) O.M. No. PGA-31/75 dated 29-8-75].

### **Recommendation**

The Committee have been assured that instead of making allotments of their land, 'on the merit of the individual cases' as in the Past, the Port Commissioners have atleast now decided that fresh land should be allotted either through an advertisement or through sealed tenders.

The Committee have referred elsewhere in this Report to the question of review of the rent and allotment procedure of the lands and buildings of the Calcutta Port Commissioners in order to remind them that this is a potential source of revenue for them. The Port Commissioners should keep themselves fully abreast of the market trends for lands and buildings and secure the maximum return from their properties.

[S. No. 11 (Para 1.75) of Appendix V to 175th Report (5th Lok Sabha)].

### **Action taken**

Noted.

The procedure of inviting sealed tenders through Press advertisements has already been introduced.

[Ministry of Shipping and Transport (Transport Wing) O.M. No. PGA-31/75 dated 29-8-75].

### **Recommendation**

The Committee feel that it is necessary that the procedures for the allotment and fixation of rentals of land and buildings of the Port Trust should be specifically laid down by a Committee consisting of a senior officer of the Ministry, the head of the Land and Property Department of the Life Insurance Corporation at Calcutta, a senior representative of the C.P.W.D. Calcutta, the Land Acquisition Collector, West Bengal Government and an officer on deputation from the Audit Department. All vacancies of lands and buildings should be notified to Central and State Governments as well as to Public Undertakings, Government owned companies and Statutory bodies.

[S. No. 13 (Para 1.77) of Appendix V to 175th Report (5th Lok Sabha)].

### **Action taken**

The procedure for the allotment and fixation of rentals of land and buildings of the Port Trust has recently been finalised by the Calcutta Port Trust in consultation with Government. The Calcutta Port Trust have accepted the recommendation to form a Committee for fixation of rentals of the Trustees' land and properties by inducting members as suggested

by the PAC. The Chairman of the Committee will be the Deputy Chairman of the Calcutta Port Trust.

As regards notifying vacancies, the procedure of inviting sealed tenders through press advertisements has already been introduced.

[Ministry of Shipping and Transport (Transport Wing) O.M. No. PGA-31/75 dated 12-9-1975].

### **Recommendation**

The Committee would strongly suggest that the Port authorities should explore on a top priority basis the possibility of deriving more income from their properties in the Strand Road Area which is in Dalhousie Square where the prevailing market rent of offices is understood to be about Rs. 2 to Rs. 2.50 per sq. ft. per month as fixed by the Hiring Committee of Calcutta.

The Committee would suggest that the Port Commissioners should also consider the advisability of constructing multi-storeyed building from Howrah Bridge to Chandpal Ghat; this could be to the Financial advantage of the Port Trust.

The Government Departments also hire a lot of Private accommodation and they may be approached for financing such construction work.

[S. No. 15 (para 1.80) of Appendix V to 175th Report (5th Lok Sabha)].

### **Action taken**

The Calcutta Port Trust have noted the suggestion of the PAC regarding considering the advisability of constructing multi-storeyed buildings from Howrah Bridge to Chandpal Ghat and approaching Government Departments for financing such work. The Port Trust have reported that this will have to be carried out in phases to allow present lessees of the warehouses to vacate them and to examine whether the sheds of Calcutta jetties, which are at present used for working ships, will not be required after Haldia Docks are commissioned.

Incidentally, it may be mentioned that the accommodations which are let out by the Board are warehouses without any amenities provided for office accommodation, whereas the market rent as suggested by the Committee was for office space in B.B.D. Bagh (Dalhousie Square) area.

[Ministry of Shipping and Transport (Transport Wing) O.M. No. PGA-31/75 dated 12-9-1975].

### Recommendation

The Committee cannot help observing that the whole drill followed by the Port Commissioners in respect of the Libyan Tea Warehouse constructed by them for the Tea Board at a cost of Rs. 1.25 crores in the sixties, as also the other two Warehouses after their vacation by M/s. Balmer, Lawrie and Co. early in 1972 reflects a chain of departures from the orderly path prescribed for a sound profitable management of estates, namely execution of formal lease deeds, provisions for timely payment of rent, interest on delayed payments, provision regarding damages to buildings etc., and an unconditional surrender of their legitimate rights in order to accommodate the wishes of other agencies like the Tea Board, in utter disregard of their own financial interests. For the non-execution of a formal agreement with the Tea Board before actual commencement of construction of the Libyan Tea Warehouse, there appear to no valid reasons.

After waiver of the shortfall in rent amounting to over thirty lakhs of rupees, which was legitimately due from the Tea Board, the Port Commissioners are now chasing the Central Inland Water Transport Corporation, to whom the Warehouses were leased out-again without executing a formal agreement-for the payment of Rs. 30 lakhs of rent due from them for the period July, 1972 to December, 1973. Even with the Tea Trading Corporation to whom the Warehouses were leased out after 30th April, 1974, the terms and conditions are yet to be finalised.

The Libyan Tea Warehouses was constructed by the Port Commissioners after prior settlement with the Tea Board that the latter shall hold it for a period of sixty years on rates of rent settled in advance, with the option of sub-leasing any portion thereof with the prior written approval of the Port Commissioners. At the meeting of Secretaries concerned on the 2nd June, 1972, the Port authorities permitted this basic position to be reserved, allowed the Tea Board to completely absolve themselves of this responsibility, and put themselves in the unenviable position of having to chase the future lessees for realisation of rent—a task which was legitimately the function of the Tea Board.

This is a clear case of unbusiness-like management of properties of the Port Trust.

[S. No. 17 (Para 2.17) of Appendix V to 175th Report (5th Lok Sabha)].

### **Action Taken**

The Calcutta Port Trust have noted the observation of the Committee for future guidance.

[Ministry of Shipping and Transport (Transport Wing) O. M. No. PGA—31/75 dated 29-8-75].

### **Recommendation**

The Committee desire that the machinery for realisation of overside charges should be so geared up that no port clearance is given till the said charges have been actually realised. It is also very necessary that immediate suitable arrangements are made to check and verify the overside cargo, no matter what the obstacles are. The Committee would also suggest that the provisions of bye-law No. 39-A should be reviewed so as to remove all lacunae because of which the Port authorities did not find it practicable to take any penal action against the defaulters.

[S. No. 18 (Para 3.5) of Appendix V to 195th Report (5th Lok Sabha)].

### **Action Taken**

No vessel is granted port clearance unless port charges payable by her have been recovered. Also, port charges on cargo shipped or discharged are required to be pre-paid.

It is true, however, that adequate check could not be exercised on overside cargo, which does not pass through transit sheds. A detailed procedure was accordingly adopted by the Calcutta Port Trust under their Resolution No. 95 of 18th June, 1975 to plug the loopholes. The specific remedial measures provided for in the procedure are, as follows:—

- (i) Weighment/measurement of overside cargo is to be carried out on board the vessels to check under-declaration of weights/measurements.
- (ii) Recovery of charges would be made at double the ordinary rate on the entire consignment (excepting the amount already recovered) where there has been such under-declaration.
- (iii) The ship's clerk will not permit any cargo to be discharged or shipped overside without first verifying that the Port charges have been paid.
- (iv) The Steamer Agents shall submit Freight Manifests within four weeks from the completion of loading/discharge of a vessel to enable post-audit being carried out.



By-law No. 39A of the Calcutta Port Trust has also been suitably modified making it obligatory on the part of the Owner or Master or Agent of a vessel not to allow loading or discharge of any foreign or coastal cargo overside without first satisfying himself that the Port's charges due on such cargo have been paid in full on Dock Challans or Jetty Challans, as the case may be. The By-law also provides for denial of port facilities to any vessel on the ground of continued breach of its provisions.

The revised procedure in respect of overside cargo was introduced with effect from the 18th July, 1975.

[Ministry of Shipping and Transport (Transport Wing) O. M. No. PGA-31/75 dated 12-9-75].

With regard to Committee's recommendations that machinery for realisation of overside charges be strengthened, it may be mentioned that the supervisory preventive Dock staff and the Assistant Collector (Out door) have been instructed to pay surprise visits to vessels/loading overside cargo to verify that the particulars declared in the shipping bills/invoices/AR-4 forms in relation to such goods agree with those declared on the goods themselves. In addition, instructions have been issued that where discrepancies are noticed, the same should be communicated also to the Port Trust.

2. As regards the recommendation that Port Trust clearance may not be given until the overside charges have actually been realised, it may be mentioned that withholding of Port clearance by the Customs would tantamount to taking action against the steamer agents for acts of omission or commission of the exporters. It appears doubtful whether such an action would be tenable under the Law. However, the matter is being examined in consultation with the Ministry of Law.

[Ministry of Finance (Department of Revenue and Insurance) O. M. No. 512/27/75 dated 12-1-1976].

### **Recommendation**

The Committee need hardly point out that the delay in revising the Pilotage charges to an appropriate higher level is resulting in a recurring loss of Rs. 20 to 60 lakhs per year to the Calcutta Port. The Committee would accordingly suggest that instead of dealing with the matter in a routine manner, the Port authorities should fix their pilotage charges on 'cost plus' basis without any further delay whatsoever and ensure that at no time any loss should be incurred on this count.

[S. No. 20 (Para 5.5) of Appendix V to 175th Report (5th Lok Sabha)].

### Action Taken

The Port of Calcutta Pilotage and Other Services (Fees) Order, 1975, revising the existing fees for Pilotage and other services, has been brought into force with effect from 1st July, 1975. These revised charges are expected to yield an additional annual revenue of Rs. 180 lakhs and it is expected that the pilotage service will be able to meet its costs from its own revenue.

[Ministry of Shipping and Transport (Transport Wing) O. M. No. PGA-31/75 dated 29-8-75].

### Recommendation

The Committee are surprised to see the manner in which the Port Commissioners have been going round with a begging bowl for increasing the rates on a service which is not their statutory responsibility and which was taken over by them on the understanding given by the shipping lines that they would not be called upon at any time to bear any loss that might accrue on this account. It is also amazing that none of the other parties, including the Steamer Agents and the Ministries concerned in the Government of India, even tried to find a solution to the problem of the Port Commissioners and only presented their own difficulties in case any increase was made in the trimming charges by the Port. Still more amazing is the fact that the Port authorities being all the time aware of their continuing losses, exercised their right to make the increase 'on their own' from as late a date as October, 1974, by which time they had already suffered losses of hundreds of lakhs of Rupees.

The Committee see no justification for burdening the Port of Calcutta with the Coal trimming responsibility and the additional financial liability it involves. The Port Trust must be fully paid for the service they render.

[S. No. 21 (Para 6.70) of Appendix V to 175th Report (5th Lok Sabha)].

### Action Taken

The charges on coal trimming were revised by Calcutta Port Trust from 1st October, 1974 bringing them to the uniform rate of 7.50 per tonne on both export and coastal shipment of coal. Subsequently from 1st April, 1975, a surcharge of 33½ per cent was imposed by the Port thus raising the rate of Rs. 10/- per tonne. If the present trend of traffic continue, it is estimated that the year 1975-76 will end with a surplus of Rs. 17 lakhs in so far as the coal trimming operations are concerned.

[Ministry of Shipping and Transport (Transport Wing) O. M. No. PGA-31/75 dated 29-8-1975)].

### **Recommendation**

The Committee would strongly suggest that a small cell should be created to clear all the case (relating to payment of Provident Fund dues of retired employees) that have been pending for more than 2 to 3 months. A proper machinery should also be evolved to ensure that in future every retiring employee not only gets 90 per cent of his dues promptly on his retirement but also the remaining ten per cent within 2 to 3 months of his retirement.

[S. No. 27 (Para 9.3) of Appendix V to 175th Report (5th Lok Sabha)].

### **Action Taken**

The Port Trust issued a circular in April, 1975 to all heads of departments, asking them to expedite the outstanding cases relating to the payment of Provident Fund dues and in respect of a Class I, II, III or IV employee proceeding on Leave preparatory to retirement, to draw 90 per cent of his Provident Fund money and in respect of a Class I, II, or III employee, who is granted post superannuation leave, to withdraw 60 per cent of the last audited balance standing at the credit in the Provident Fund.

Most of the outstanding cases have since been settled.

[Ministry of Shipping and Transport (Transport Wing) O. M. No. PEC-46/75 dated 27-2-1976].

### **CHAPTER III**

#### **RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM GOVERNMENT**

##### **Recommendation**

The Committee cannot help feeling that notwithstanding the need for a detailed examination of proposals regarding increase in rent prepared and submitted by the Land Manager early in 1972, the process of review should have been completed in April, 1972, thus avoiding the loss of additional revenue which has been assessed by the Port authorities themselves at about Rs. 20 lakhs in a year. As a matter of fact this figure of Rs. 20 lakhs is much too low as it is clear from the fact that the income from lands and buildings as a result of the revised rates put into effect from 1st April, 1973 actually went up from Rs. 209 lakhs in 1968-69 to Rs. 309 lakhs in 1973-74.

The Committee are not at all convinced from the documents that have been placed before them that the Port Trust authorities had been really serious and enthusiastic in enhancing the rents for the Port Trust properties so as to be in keeping with the prevalent market rates. Because of this failure, the Port Trust must have lost a substantial amount. The loss on this account was about Rs. 100 lakhs for one year alone and this has been going on for years.

The delay in the revision of the schedule of rents is a very serious matter justifying an immediate and thorough probe into all cases of rentals of Port Trust lands and buildings, fixation and enhancement of rates and rents and all matters connected therewith by a Central probing agency for fixation of responsibility for suitable action against the officials responsible for the loss of revenue to the Calcutta Port Trust. Government may decide how far back it would be possible for the probe to extend. The Committee would await a further report of the action taken in this regard.

[S. No. 12 (Para 1.76) of Appendix V to 175th Report (5th Lok Sabha)].

##### **Action Taken**

Calcutta Port Trust have reported that the Rent Schedule of the Port Trust is revised regularly and since 1955, there have been four such revi-

sions. The revision of the Rent Schedule was deferred only *once* from April, 1972 to April, 1973. The proposal for revision of rent charges which was formulated in 1972 had to be examined in detail after obtaining particulars from other ports and this necessarily entailed some delay in finalising the matter.

It may be mentioned that the original proposal envisaged an additional income from rent to the tune of Rs. 12 lakhs per annum. The revised proposal which was adopted after detailed scrutiny yielded an additional income of Rs. 21 lakhs per annum. It will, therefore, be observed that although for the first i.e. 1972-73, the Port Trust may be deemed to have sustained a loss of Rs. 12 lakhs when the span of six years, (i.e. upto 1978-79, when the next revision would fall due), is taken into consideration, the revised proposal would yield Rs. 33 lakhs more than what the original proposal of 1972 would have fetched (Rs. 150 lakhs—72 lakhs= Rs. 33 lakhs). Thus the delay in revision of the rent schedule actually resulted in a net gain to the Trustees.

Calcutta Port Trust have, however, been asked to ensure that such delays do not occur in future and that well before the expiry of the currency of the rent schedule, revised proposals are formulated and examined in depth so that the new rates come into force when the old schedule expires.

[Ministry of Shipping and Transport (Transport Wing) O. M. No. PGA-31/75 dated 29-8-75].

### **Recommendation**

The Committee would suggest that the question of over-coming of navigational hazards for operation of Dredgers at night times between Diamond Harbour and Calcutta, as also the scheme for grant of incentive to the dredging staff for increase in working hours, should be dealt with on a top priority basis and solutions found to ensure that the Dredgers at the Calcutta Port are put to three-shift working in order to achieve maximum output from them. It is expected that with the release of Farakka water, the dredging task in the Hooghly will be minimised. The Committee would await the result with interest.

[S. No. 24 (Para 7.16) of Appendix V to 175th Report (5th Lok Sabha)].

### **Action Taken**

Calcutta Port Trust has reported that the channel above Eastern Gut is narrow and meandering. Due to the existence of strong tidal sets, it is

normally not considered safe to deploy dredgers on night dredging in this area. In this connection, a comparison between the manoeuvring capabilities of large merchant ships and dredgers cannot be made, as the dredgers, though smaller in size, are equally difficult to manoeuvre due to a high length-beam ratio and the existence of the bow-well. The difference between mere pilotage of a merchant vessel and manoeuvring of a dredger at all states of tide in very close vicinity of banks and sands has also to be kept in view. However, it may be possible to resort to night dredging in the Upper Reaches, with a network of shipboard and shore based electronic navigational aids along-with a certain number of additional lighter aids. Calcutta Port Trust are examining the feasibility of such a network. The Port have also advised that hydraulic conditions of the river will also have to be taken into consideration to decide, whether such night dredging will be required or not.

The observation of the Committee regarding effect of release of Farakka waters is noted.

[Ministry of Shipping and Transport (Transport Wing) O. M. No. PGA-31/75 dated 12-9-1975].

#### **Recommendation**

The Committee also recommend that in view of the unsatisfactory labour situation at Calcutta Port and the consequent need for application of undivided attention by a whole-time officer, not burdened with any other affairs of the Port, there should be separate Chairman for the Dock Labour Board and the Port Trust.

[S. No. 29 (Para 10.21) of Appendix V to 175th Report (Fifth Lok Sabha)].

#### **Action Taken**

In the cargo-handling operations from vessel to shed and *vice-versa*, two sets of workers *viz.*, Port workers and Dock Workers are engaged. Dock workers work on board the vessel and the port workers on the wharf and shed. The port workers are under the Port Trust and dock workers under the Dock Labour Board. As the cargo handling operations are done by two different sets of workers under two different bodies, a Common Chairman for both the bodies is able to bring about co-ordination in the working of both. It is therefore, considered advantageous to continue the existing system of having a common Chairman for each Port Trust and Dock Labour Board.

[Ministry of Shipping and Transport (Transport Wing) O. M. No. PGA-31/75 dated 29-8-75].

## CHAPTER IV

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

#### Recommendation

The Committee feel that the loopholes in the calculation and realisation of Port dues in respect of hazardous cargo should be plugged. It would be helpful if all the concerned workers of the Port Trust are informed about manner in which hazardous cargo are identified by suitable gradation marks so that any wrong gradation or misdeclaration in respect of such cargo comes to notice prominently. Such an arrangement would serve as a deterrent for the officers who resort to making a lower gradation than the actual gradation of hazardous cargo and thus would ensure the realisation of Port dues on the basis of the correct gradation of the hazardous cargo.

[S. No. 10 (Para 1.65) of Appendix V to 175th Report (5th Lok Sabha)].

#### Action Taken

Calcutta Port Trust have reported that there is a set procedure for verification of hazardous cargo on the basis of which their gradation is made by the Safety Officer of the Calcutta Port to whom the Steamer Agents submit the list of hazardous cargo carried by a ship prior to discharge at the Port. This list of hazardous cargo is checked by the Safety Officer, who classifies the cargo according to the degree of hazard and flash point of the material. The list is checked again at the operational point by the Assistant Traffic Superintendent of the Port Section before the cargo is discharged. The Port Trust maintain a comprehensive hazardous cargo list, which is periodically reviewed. Copies of the list are available with the Officers of the Traffic and Accounts Departments for their guidance.

However, the procedure for actual gradation of hazardous cargo is being recirculated by the Calcutta Port Trust amongst the concerned officers.

[Ministry of Shipping and Transport (Transport Wing) O. M. No. PGA-31/75 dated 29-8-75].

### **Recommendation**

The Committee are not at all satisfied that the present practice of allotting land to cooperative societies formed by Port Trust Officers is a defensible practice. This may be gone into in detail by the Port authorities. In any event, such a practice can become defensible only if the same facility is made available to Class III and Class IV personnel, assuming that the practice is legal. The Committee would suggest that the Class III and Class IV personnel of the Port Trust may be encouraged to form house-building cooperative societies.

[S. No. 16 (Para 1.82) of Appendix V to 175th Report (5th Lok Sabha)].

### **Action Taken**

The Calcutta Port Trust have noted the observation of the Committee.

[Ministry of Shipping and Transport (Transport Wing) O. M. No. PGA-31/75 dated 29-8-75].

### **Recommendation**

The Committee are unhappy that the operation of the Port Railway is resulting in a loss of about Rs. 70 lakhs per year to the Port authorities. It cannot be a matter of satisfaction to anyone that while the rate of supplementary charge over the trunk Railways was raised from 6 per cent to 9 per cent with effect from April, 1968, the Railway Board took two and a half years (from 17th June, 1971 to 13th November, 1973) to agree to a similar proposal of the Calcutta Port authorities in respect of the Northern Section of the Port Railway, for which the increase was ultimately allowed only from 1st January, 1974.

In regard to the revision of terminal charges payable by the Railways to the Indian Ports from 1st April, 1971, the Committee are disappointed to note that in spite of the recommendation made by the Commission on Major Ports that revisions from time to time in the Railway freight rates should be simultaneously followed by a temporary adjustment in the terminal charges paid to Port Railway, the question of revising the terminal charges payable to the Ports from 1st April, 1971, is still hanging fire. The Committee recommend that the matter should be vigorously pursued by the Ministry with the Railway Board and a standing arrangement arrived at for an automatic increase in the terminal charges payable by the Indian Railways to the Port Railways immediately on a revision of freight charges by the former. The Committee consider it most desirable that the Railway Board should also be required to clear such references within a specified period. The Committee would suggest this period to be six months.

[S. No. 19 (Para 4.6) of Appendix V to 175th Report (5th Lok Sabha)]



### **Action Taken**

Noted.

Government is taking steps to finalise this issue soon.

[Ministry of Shipping and Transport (Transport Wing) OM No. PGA-31/75 dated 12-9-75].

The observations of the Public Accounts Committee, in regard to the processing by the Ministry of Railways of the Calcutta Port Commissioner Railway's proposal for an increase in the rate of supplementary charge leviable on their local haulage are noted.

In regard to the revision of terminal payments to Port Railways, it is submitted that the question of revision of rates of terminal payments for the period from 1-4-71, has been under correspondence and has been discussed with the Ministry of Shipping and Transport a number of times. Specific proposal in regard to revision of rates of terminal payments to Port Railways from 1-4-71 was received from the Ministry of Shipping & Transport in March, 1974. The proposal was considered by the Ministry of Railways and was thereafter discussed at Inter-Ministerial meeting held in November, 1974, and a counter proposal was made by the Ministry of Railways to the Ministry of Shipping and Transport in March, 1975. The acceptance of the Ministry of Shipping and Transport to the proposal made by the Ministry of Railways has not so far been received despite issue of reminders. The question will be finalised as soon as the views of the Ministry of Shipping and Transport are received. In the meantime, the Trunk Railways continue to make terminal payments to the Port Railways at the old rates provisionally.

This has been seen by Audit.

[Ministry of Railways (Railway Board) O.M. No. 75-BC-PAC/V/175 dated 27-10-1975].

### **Recommendation**

The Committee note that the utilisation of the dredgers owned by the Port authorities is very low. Two expert Committees have already examined this question. The Study Team of the International Association of Ports, had found on a detailed examination that within the Dock Systems the hours worked by Dredgers during 1965-66 totalled only 6,788 as against the total time of 60,000 hours available for dredging if the dredgers worked round the clock and 20,000 hours on an 8-hour shift basis. The Dredger Utilisation Committee, 1963, came to the conclusion that the Dredger fleet at Calcutta was working far below its capacity. The

Committee do not, therefore, consider it a happy situation at all that against a norm of 5280 hours of working per annum by a dredger suggested by the Dredger Utilisation Committee, 1972-73, the time worked by the River Dredgers at Calcutta Port ranged between 600 and 2151 hours in 1973-74 the actual dredging time being between 300 and 1203 hours.

The findings of the above two expert Committee practically demolish the contention of the Port authorities that dredging has no influence on the turn-round time. The non-official communications also indicate that the Dredger Utilisation at Calcutta has been miserably low and the same has affected the navigability at the Port. The poor utilisation of the Calcutta Port Trusts own dredgers reveals serious mismanagement and lack of planning and ability to execute on the part of top executives which requires thorough probing and fixing of responsibility, particularly in the context that high amounts (including Foreign Exchange) are being paid by the Port as hire charges to foreign firms for dredging operations here.

[S. No. 22 (Para. 7.14) of Appendix V to 175th Report (5th Lok Sabha)].

#### Action Taken

The Calcutta Port Trust has reported that vigorous efforts are being made to reduce the period of annual lay-up for repair of all port dredgers on the lines indicated by the Dredger Utilisation Committee. The lay-up periods are being pre-planned and special watch is being kept that the repairs are being carried out according to said plan, subject to such adjustments as might be necessary due to unforeseen circumstances or emergencies.

As regards improving the cycle of operation of the port dredgers, the unit consisting of one self-propelled bucket dredger and three hopper barges and if possible, one grab dredger is proposed to be placed on round-the-clock dredging with the assistance of the staff of the laid-up dredgers.

Action has also been initiated to ensure full utilisation of dredger "Mohana", the only dredger available in the Calcutta Port Trust's fleet of dredgers capable of working in the open water conditions and sea and swells obtaining in the estuary. In the first instance, by special arrangements with the Indian Oil Corporation Ltd., bunkering of this vessel is being done at Calcutta when the vessel is in town. Until such arrangement, the vessel was being bunkered at Budge Budge, on its way from Calcutta to dredging sites. The present arrangements ensure that two extra dredging days in a month are available.

As regards the four river dredgers engaged in maintenance dredging in 2854 L.S.—4.

the Upper Reaches, from Calcutta to Balari Bar, day and night dredging is already being carried out at Balari Bar on regular basis, for as long as floatation is available, day and night dredging is also being carried out at the Eastern Gut Bar during dry season. But the dredging at this Bar is restricted to ebb tide only as the flow conditions do not permit the dredger to be on the Bar during flood tides. This Bar does not require any dredging during freshets.

As regard the hiring of foreign dredgers, Calcutta Port Trust have no suitable dredgers, apart from dredger "Mohana", which could have undertaken the dredging in Haldia Basin or the large scale dredging in the estuary.

[Ministry of Shipping and Transport (Transport Wing) O.M. No. PGA-31/75 dated 12-9-75].

#### **Recommendation**

In the opinion of the Committee, it should be made compulsory that the Dredgers at Calcutta Port, acquired and being maintained at a high cost, should for no part of time be kept unutilised, except where absolutely unavoidable reasons of periodical check-up, repairs etc. The fact that while on the one hand the Dredgers of the Port are being put to very low utilisation, and on the other hand the Port authorities paid to foreign and private companies during the last two years (1973-74 and 1974-75) a sum of Rs. 1275.00 lakhs (including 637.66 lakhs in foreign currency) and a sum of Rs. 128.79 lakhs to private firms by way of hire charges for dredging the Approach Channel leading to Haldia and the Dock basin at Haldia respectively, shows lack of Managerial efficiency resulting in a situation which is not at all desirable and naturally gives rise to suspicions of undue patronage to outside firms. This practice has, therefore, to be reduced if not done away with altogether.

[S. No. 23 (Para 7.15) of Appendix V to 175th Report (5th Lok Sabha)].

#### **Action Taken**

The reasons for hiring two foreign dredgers for dredging the Approach Channel to Haldia have to be fully appreciated. The Calcutta Port Trust owns five large suction Dredgers, out of which only one, i.e. S. D. "Mohana", is designed for and capable of working in the open water conditions with swell prevailing in the Approach Channel to Haldia. The other four dredgers, with their rigid bow-well suction pipes, are capable of working in smooth waters only and cannot operate in the open waters of the estuary. These dredgers are, therefore, used exclusively for maintenance dredging in the Upper Reaches.

The circumstances in which contract dredging was resorted to in the shipping channel leading to Haldia is explained below:—

In the original estimates made in July, 1971, it was expected to obtain a draught of 40ft. for Haldia for 320 days in a year, by removing 106 million tonnes of spoil between 1971 and 1980. At the time of making these estimates, it was assumed that—

- (i) the second estuarian dredger ordered on GRW would be delivered in June, 1974;
- (ii) Farakka waters would start flowing at the end of 1971.

Both these assumptions were belied.

Apart from the above, a combination of other circumstances forced the Calcutta Port to go in for contract dredging from November, 1973 in order to maintain the draught commitments to the World Bank. The unprecedented freshets discharge of 1971 followed by the severe drought conditions of 1972 caused heavy shealing of Auckland Bar which further deteriorated due to a secondary channel developing to the westward due to adverse flow conditions. In these circumstances the quantity of spoil to be dredged from 1973 to 1980 was re-estimated to the 123 million tonnes without taking into account the re-shealing factor.

In view of the fact that the delivery of the new estuarian dredger was likely to be considerably delayed and the head water supply had not started, it was an impossible target to dredge 123 million tonnes of spoils by deploying S.D. 'Mohana' alone. The Commissioners had, therefore, only two options before them at this stage to meet the draught commitments viz. (a) outright purchase of a suitable second hand dredger or (b) resort to contract dredging. For this purpose a second hand dredger called "Transmundum" was located, but after an inspection the Trustees' consulting Engineers found her to be in very poor condition and unsuitable for the work. There was, therefore, no other option but to resort to contract dredging. As suitable dredgers were not available from internal resources, enquiries were made from foreign contractors. A Tender Committee consisting of officers of the Ministry of Shipping and Transport, the Ministry of Finance and the Calcutta Port Commissioners (new Port Trust) was constituted to examine the offers received. Two foreign contractors were selected on the basis of the report of the Committee and two dredgers, one each from the two contractors, were hired for the work. However, as one of the M.O.T. Dredgers was made available from February, 1975, one foreign dredger was released on completion of her contract period in May, 1975.

As regards engaging foreign contractor for dredging the Haldia Dock Basin, this requires special type of dredgers viz. cutter suction dredgers. Since the Calcutta Port Trust do not possess any such dredger and such dredgers would not be made available from within the country, the work was entrusted to a Yugoslav Firm.

[Ministry of Shipping and Transport (Transport Wing) O.M. No. PGA-31/75 dated 12-9-1975].

## **CHAPTER V**

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

#### **Recommendation**

The Committee cannot but express their surprise at the non-existence, at a port of the importance of Calcutta, of a proper and more adequate machinery, including weighing scales and tallying staff (at present there are 41 scales in 34 sheds with only six tally clerks and six peons) for making a thorough verification of the quantities and descriptions of the goods as declared by the shippers in the papers filed by them, on the basis of which the dues of the Port and finally the internal revenue and foreign exchange are assessed and realised. The position is made still more deplorable by a similar absence of such machinery in the Customs organisation which has only 24 weighing scales with six persons as weighing staff on whose checking the Port authorities rely for the purpose of calculating their dues. As a result, considerable foreign exchange and revenue due to the Port and Revenue authorities are being lost. It is, therefore, no wonder that the Port Trust is sustaining heavy losses on its working from year to year, and proper realisation of tax and foreign exchange is not being done. The Committee feel that there is urgent need for the Port and the Customs authorities to pay serious attention to this vital issue and provide adequate number of machines and expert staff in sufficient numbers to make it possible for them to exercise a thorough check, between them, of the contents, weight, measurement etc. of consignments passing through the Port. And to ensure this, the Port Trust should in particular provide adequate incentives to the staff so that they may ensure that false declaration of weights, measurements etc. is not resorted to by the shippers. The Committee consider that effective detection will be possible only if there is adequacy of competent and honest staff to prevent malpractices. The Committee consider that something like 700 tally clerks plus an equal number of Class IV staff would be necessary for the purpose on a rough and ready basis.

[S. No. 1 (Para 1.39) of Appendix V to 175th Report (5th Lok Sabha)].

#### **Action Taken**

Arrangements have been made from 16th of June, 1975 for 100 per cent test weightment measurement of shed and overside cargo passing through the port of Calcutta for a period of three months. The question of

engaging additional staff will be examined after evaluating the results of test check.

The Collector of Customs, Calcutta has reported that export cargo is examined/check-weighed in accordance with the instructions in the Departmental manual and keeping in view the problems of individual categories of goods. In case the goods are covered by certificates issued by other Government agencies and recognised institutions, the said certificates are ordinarily accepted and the goods are inspected only externally. Check weighment is generally done if weight has a direct bearing on duty, cess, drawback or value. Surprise check weighments in case of duty free goods and goods free of drawback or cess are also carried out. In cases of detected mis-declaration of value, involving foreign exchange in addition to action being taken under the customs law intimation is given to the Reserve Bank of India.

The Collector of Customs, Calcutta, has stated that the existing pattern of verification of various types of cargo passing through the port of Calcutta is considered adequate keeping in view the need for quick clearance in interest of export promotion. Otherwise these may cause hardship for genuine exporters. However, keeping in view the P.A.C.'s recommendations, the existing pattern of examination is being further tightened by asking the Custom Houses to order selective checks in all cases where export value is determined on the basis of weight.

In respect of provisions for adequate staff for examination, check-weighment etc. and weighing machines in the docks and jetties, the Collector has informed that they have already taken steps to improve the working efficiency of the existing weighing scales. He has further assessed the additional requirements as two more weighing scales and necessary action is being taken to purchase them. He is of the view that having regard to the present pattern and volume of export cargo passing through the port of Calcutta, the total number of weighing scales and the staff therefor would be adequate. The position however, would be reviewed periodically and additional machinery/man-power will be deployed, whenever found necessary.

In this context, it may be pointed out that if cent per cent check is to be carried out in respect of the shed shipments or of over-side cargo, this will delay the exports and may seriously hamper export promotion. The tightening up of procedure is therefore, being done, keeping these limitations in view.

[Ministry of Finance (Department of Revenue and Insurance) O. M.  
No. 512/27/75-Cus-VI dated 28-1-1976].

## 40

### Recommendation

The Committee are surprised at the Port and the Customs authorities being in total darkness as to what was actually going on around their areas of operation in the matter of descriptions, weights etc. of the export cargo passing through the Calcutta Port. It is indeed surprising that they should have learnt about this menacing problem of misdeclaration of weights and details of export cargo only through reports in the Press. It is fortunate that a journalist of the Hindustan Standard, Calcutta, detected and highlighted this. The Committee also appreciate that a number of patriotic non-official witnesses came forward and placed their experiences and knowledge of the working of the Port before the Committee.

It is equally painful that after holding meetings in December, 1972 and February, 1973 at the Port and the Ministry level respectively, to deal with the evils of misdeclaration of weights etc. no follow-up action was taken on the decisions arrived at these meetings. As admitted by the Member (Customs) during evidence, two years were lost in the process. At the meeting held in the Ministry of Shipping and Transport on the 16th February, 1973, it was decided that the Port Commissioners should consider introducing a hundred per cent check for a period of three to six months to find out whether it would be economical to introduce this as a regular practice and to gauge the extent of under-weighment. The Port authorities were not able to carry out 100 per cent checking on their own admission because they did not possess sufficient weighment staff and weighing scales. The Port Trust investigated the possibility of getting this work done through outside agencies. This was, however, not found feasible as it was felt that shipments might be delayed seriously. This is illustrative of the kind of defeatist attitude of the Port Commissioners. What is even more surprising is that a check on a random sample basis with the existing men and machinery had also not been thought of. Similarly there was much talk at the meeting held at the Port on the 6th December, 1972 about the imposition of fine on mis-declaration of weights, but no decision was taken for more than two years. And yet when the Public Accounts Committee raised this matter in the course of evidence and expressed its serious concern, it became possible for the Board of Trustees to take a decision in the meeting of the Board on the 29th March, 1975 to impose penalty charges in respect of under-declaration of weights and measurements to the extent of four times the normal charges. In the circumstances, the Committee desire that the failure to give effect to the decisions taken at the meetings referred to above should be gone into carefully with a view to fixing responsibility and taking suitable action.

[S. No. 4 (Para 1.42) of Appendix V to 175th Report (5th Lok Sabha)].



### Action Taken

Calcutta Port Trust have been asked to investigate into the matter so as to fix responsibility and take suitable action. The Port Trust have advised that their new Deputy Chairman is looking into this matter in the light of recommendation of the P.A.C.

[Ministry of Shipping and Transport (Transport Wing) O.M.  
No. PGA-31/75 dated 12-9-75].

The press reports that exporters were under invoicing by Shipping undeclared excess weights, had come to the notice of the Custom House and subsequently the Custom House had also carried out surprise checks at the point of shipment by check-weighment of a number of consignments, including those of jute manufactures. However, except in the case of a consignment of cast iron manhole covers, no significant excess in any consignment was found. It has been reported by the Collector of Customs that even in the said consignment of cast iron manhole covers, there was no loss of foreign exchange resulting from declaration of incorrect weight because the export price of these goods was on piece basis and not on weight basis.

2. It may be mentioned that in addition to the normal checks, as prescribed by the Department, the supervisory preventive staff, Assistant Collector (Out-door) and the Superintendent, Preventive Service also carry out surprise checks of export cargo from time to time.

3. As regards the delay in taking follow-up action in pursuance of the decision taken at the meeting held in February, 1973, it may be mentioned that the minutes of the meeting were received in the Ministry on 23rd March 1973. Since the decision required issue of an additional copy of the Shipping bill which would have introduced some additional work in the Custom Houses affecting the speed of processing of documents, it was decided, in the first instance, to call for comments of all major Custom Houses.

On receipt of the comments and while this matter was being processed, it was decided in another connection to issue, free of charge, a copy of the Shipping bill to the exporters and it appeared that, perhaps, the shippers could produce this additional copy to the Port Commissioners for their verification and use. However, this called for modification in the procedure earlier contemplated at the meeting of February, 1973. Accordingly, the matter was referred to the Ministry of Shipping and Transport for their concurrence, and on receipt of the same, instructions to the Custom Houses were issued immediately on 8th July, 1974.

From the above, it will be observed that in its very nature, the implementation of the decision was such that it took some time and though the delay is unfortunate no particular officer can be said to be responsible for it. The observations of the Committee, however, have been noted to ensure that even in such cases action should be completed without loss of time.

[Ministry of Finance (Department of Revenue and Insurance) O.M. No. 512/27/75-Cus-VI dated 12-1-1976].

### **Recommendation**

The Committee note that the Port Trust authorities had to collect a rental of Rs. 60 lakhs for the period for which the masoor dal was stored in their godowns. The Port Trust authorities recovered Rs. 1 lakh from the owners of masoor dal and waived Rs. 59 lakhs which, according to the judgement of the Supreme Court, they were entitled to recover from the Customs who had stored the masoor dal in their behalf. They did not do so even when the Supreme Court had opined that the Customs authorities who were responsible for the situation should bear the burden. The Port Trust authorities, however, decided to waive the amount.

Surprisingly, the Port Trust authorities also handed over the masoor dal which was damaged and considered to be unfit for human consumption to the owners without imposing any condition on them and without informing the health authorities so that they in their turn could have imposed some suitable conditions preventing the owners from disposing of the masoor dal for human consumption in order to get a better price.

The Committee cannot but express the view that the Port Trust authorities did not exercise in this matter the care and thought that they should have done both to safeguard their own financial interests and also to prevent a possible health hazard.

Considering the circumstances of this case, the Committee are of the opinion that a thorough probe is essential to fix responsibility for the various lapses and taking appropriate action against the officials concerned.

[S. No. 7 (Para No. 1.57) of Appendix V to 175th Report (5th Lok Sabha)].

### **Action Taken**

The Calcutta Port Trust have been asked to take further action. They have advised that their new Deputy Chairman is examining these cases in the light of recommendations of the Committee.

[Ministry of Shipping and Transport (Transport Wing) O.M. No. PGA-31/75 dated 12-9-1975].

The consignment of Masoor Dal was detained by the Customs Officer in the reasonable belief that the Dal in question was of Indian origin which was sought to be exported in contravention of the terms of the Indo-Nepal Treaty. Subsequently, the case was adjudicated by the proper officer of the Customs who ordered its absolute confiscation in his best judgment. All action taken by the officers of the Customs Department were in good faith.

[Ministry of Finance (Department of Revenue and Insurance) O. M. No. 512/27/75-Cus-VI dated 12-1-1976].

#### **Recommendation**

Since most of the properties of the Port Trust are given out on a term lease, the Committee find no reason why royalty (salami) should not be charged for letting out such properties. In any case nothing should be given out without advertising for it in all the local and regional newspapers in at least three consecutive issues. Offers should be invited through sealed tenders to be opened by a Committee headed by an official not lower in rank than the Deputy Chairman and should have in it, the Financial Adviser and Chief Accounts Officer amongst others.

[S. No. 14 (Para No. 1.78) of Appendix V to 175th Report (5th Lok Sabha)].

#### **Action Taken**

The question of charging "royalty" is being examined by the Calcutta Port Trust.

2. The procedure of inviting sealed tenders through press advertisements has already been introduced.

3. It has been decided that the tenders/sealed quotations received in response to press advertisements for plot of land or godowns space should be opened by a Committee headed by the Deputy Chairman with the Financial Adviser and Chief Accounts Officer, the Land Manager and the Legal Adviser as members.

[Ministry of Shipping and Transport (Transport Wing) O.M. No. PGA-31/75, dated 12-9-1975].

#### **Recommendation**

Keeping in view the financial position and situation of the Calcutta Port and the fact that it is a riverine port which has to serve the entire Eastern and North-Eastern parts of the country, the Committee recommend that it would not be quite fair to burden Calcutta Port Trust with the cost of dredging the River Hooghly at all and accordingly the rate of subsidy paid by the Central Government on that account should be raised from 80 per cent to 100 per cent, subject to the maximum utilization of the existing dredgers of the Port Trust. Alternatively the Central Govern-

ment might consider the feasibility of creating a dredger pool for all dredging works in the country. A Dredger Corporation could also be set up for this purpose.

[S. No. 25 (Para 7.17) of Appendix V to 175th Report (5th Lok Sabha)].

#### **Action Taken**

Keeping in view the financial position of the Calcutta Port the following steps have been taken by the Government:—

- (i) The Port tariffs at Calcutta and other major ports have been reviewed comprehensively and the rates revised. At Calcutta this is expected to result in an additional annual yield of approximately Rs. 15.00 crores and is expected to go a long way in making Calcutta Port financially viable.
- (ii) It has been decided to appoint a high-level expert Committee to examine the working and finances of Calcutta Port which were last examined in 1967-68 by the late Shri P. C. Bhattacharyya, Ex-Governor of the Reserve Bank of India. This Committee will also examine the question of continuance of Central subsidy for river maintenance and river dredging keeping in view the practice followed in this regard in estuarine ports in other countries. The Committee will no doubt examine and submit its findings on rate of subsidy to be given by the Central Govt. and the period for which it should continue.

2. The Central Government has already acquired a number of dredgers and other ancillary equipment like tugs, hoppers, barges etc. and this Central Dredger Pool is presently being operated for the Govt. by the Shipping Corporation of India. It is for the present primarily catering to the capital dredging requirements of the Ports. A proposal to take over this Central fleet of dredging equipment under a statutory Dredging Corporation is also under active consideration of the Government.

[Ministry of Shipping and Transport (Transport Wing)  
O.M. No. PGA-31/75, dated 29-8-1975].

#### **Recommendation**

The Committee are surprised to note that even on the clear conclusions of the Vigilance Office regarding complicity of Shri B. K. Kapur, Dy. Dock Manager in the matter (removal of some stores from 'B' K.G.D. in 1967), no action whatever was taken against him. The conclusions arrived at by the Vigilance Officer *prima facie* reveal that Shri Kapur was the brain behind the episode, and to protect him the Port administration made some junior persons scapegoats instead of prosecuting Shri Kapur

in the Court of Law. They should have been more severe with the senior-most person, as more senior the officer, more serious notice should be taken of lapses on his part.

The Committee recommended that the Port authorities should obtain expert legal opinion immediately in the matter of prosecuting Shri Kapur (even after his retirement) on the basis of the facts as revealed by the Vigilance Report, and taken further necessary action in that direction at the earliest.

[S. No. 26(i) (Para 8.6) of Appendix V to 175th Report (5th Lok Sabha)].

#### **Action Taken**

This is being examined by the Calcutta Port Trust.

#### **Recommendation**

These junior officers who have been prosecuted have been kept under suspension since 1967. It is most unfair to keep officers under suspension for such a long period of time. Every effort should be made to see that this is finalised within the shortest possible time.

[S. No. 26(ii) (Para 8.6) of Appendix V to 175th Report (5th Lok Sabha)].

#### **Action Taken**

This has been noted by the Calcutta Port Trust.

[Ministry of Shipping and Transport (Transport Wing)  
O.M. No. PGA-31/75, dated 12-9-75].

#### **Recommendation**

From the material before the Committee, they are left with no doubt that private Stevedoring has now totally outlived its utility at the Calcutta Port. If anything, their only role is of mere middlemen to pocket the huge differences between the stevedoring charges received by them from the Shipping Companies which is about Rs. 65 per ton and the handling cost of labour including levy which works out to about Rs. 18 per ton paid by them to the Dock Labour Board. The fact that the figures of tonnage handled by the registered workers of the Dock Labour Board as maintained by the Board differ widely from those maintained by the Port Trust (viz. 35,72,896 tonnes as per Board's records as against 39,19,000 tonnes in the Port Trust's records in 1972-73, and 34,62,125 tonnes as per Board's records as against 36,70,000 tonnes in Port Trust's

records in 1973-74) is indicative of the fact that they do indulge in widespread malpractice of using the labour in extra shifts beyond the prescribed limits without the formal knowledge of the Board.

The delays in the payment of their dues to the Dock Labour Board, the issue of cheques which are dishonoured so very frequently by the Banks, the non-payment of Bonus etc., are only some of the many malpractices indulged in by the stevedores. They have no responsibility towards the welfare of the labour and in fact the Dock Workers are in a miserable plight.

The Committee appreciate the report, based on first hand experience and thorough study of the then Chairman of the Dock Labour Board with the assistance of the present Chief Executive of Dock Labour Board which inter alia points out that 95 per cent of the work in the industry is already being done by workers who are, for all practical purposes, already State employed and State controlled. The Committee, therefore, see no reason as to why the labour should still be left at the mercy of the Stevedores.

The Committee have no doubt at all that with the nationalisation of the dock labour, the overall efficiency of labour in the industry would ultimately improve and reach new heights. The interest of the Stevedores-exploited labour, who mostly come from Bihar, U.P., Orissa and Andhra Pradesh would also be safeguarded to some extent.

In view of the present situation of the Stevedoring business in Calcutta, which refuses to co-operate with the Port Dock Labour Board and the Government in any of the measures to improve the working of the Port and Transport industry and also in view of the recommendations of the various expert bodies which have gone into the problems of the Ports, the Committee strongly support the suggestions made by the then Chairman of the Dock Labour Board for taking over of the Stevedoring work by the Government and formation of a State Stevedoring Corporation under a statutory authority to manage its affairs. The Committee accordingly recommend that the matter should be finalised by the Government urgently and suitable steps taken in that direction.

[S. No. 28 (Para 10.200 of Appendix V to 175th Report (Fifth Lok Sabha)].

#### **Action Taken**

Suggestions for making changes in the existing Stevedoring system have been made from time to time by various interests. Some such suggestions are (i) to give stevedoring licences to all eligible applicants so as to encourage free competition, (ii) to impose effective social controls on

the stevedores, (iii) to nationalise the stevedoring work to abolish stevedoring and departmentalise this work, etc. These suggestions have been examined from time to time, but no final decision has been taken by Government.

On 3-5-1975, Government have appointed a Committee to Review the Decasualisation Schemes and Allied Matters and a copy of the order setting up the Committee is annexed. The terms of the reference of the Committee are very wide and would include a study of the existing stevedoring system. It is, therefore, considered that before any decision is taken on the above recommendation, the said Committee's report should be awaited.

[Ministry of Shipping and Transport (Transport Wing)  
O.M. No. PGA-31/75 dated 29-8-1975].

#### ANNEXURE

No. U-20017/6/74-LD

GOVERNMENT OF INDIA

#### MINISTRY OF SHIPPING AND TRANSPORT (TRANSPORT WING)

#### ORDER

*New Delhi, the 3rd May, 1975*

The 12th meeting of the Dock Workers Advisory Committee held at Bombay on 8th December, 1973 recommended that a Fact Finding Committee should be appointed to review the functioning of the decasualisation and the listing schemes of the Dock Labour Boards. While making a study of the decasualisation and listing schemes of Dock Labour Boards, it is considered necessary to study rationalisation of all labour employing agencies in the Ports as also the functioning of the Stevedoring System.

2. The Government of India accordingly appoint a Committee to Review the Decasualisation Schemes and Allied Matters. The composition of the Committee will be as follows:—

- |   |   |
|---|---|
| <p>(1) Shri N. N. Chatterjee,<br/>Retired Joint Secretary to the Government<br/>of India, Ministry of Labour,<br/>New Delhi</p> | <p>Chairman.</p>  |
| <p>(2) Dr. S. Ray,<br/>Director (Planning and Research).<br/>Bombay Port Trust.<br/>Bombay</p>                                  | <p>Part-time Member<br/>(This will be in addition<br/>to his current duties.)</p> |

3. The Terms of Reference of the Committee will be as given in the Annexure.

4. Shri V. Sankaraligam, Under Secretary, Ministry of Shipping and Transport (Transport Wing), New Delhi will act as Secretary to the Committee in addition to his current duties.

5. The headquarters of the Committee will be New Delhi. The Committee is requested to submit its report to the Government of India within a period of six to nine months.

Sd/- S. S. GILL,

*Joint Secretary to the Govt. of India.*

#### ANNEXURE

##### *Terms of Reference of the Committee to Review the Decasualisation Schemes and Allied Matters.*

1. To study the working of the Dock Workers (Regulation of Employment) Act, 1948 and the Schemes framed thereunder with particular reference to the following:—

- (a) whether the main objective of ensuring greater regularity of employment to dock workers has been realised; and
- (b) whether the administrative and financial arrangements in vogue in the Dock Labour Boards are adequate for the purposes in view.

2. To examine the relationship between stevedoring charges paid by shippers and/or shipowners and the levies made by the Dock Labour Boards on the stevedores, with particular reference to the operation of incentive Schemes, if any and the need for speeding up the handling of cargo;

3. To study the present deployment of port and dock labour and the existing arrangements for their coordinated functioning in the context of the need to treat cargo handling from the transit shed to the ship's hold and *vice versa* as a single system or a unified operation;

4. To suggest, in the light of the above studies, such measures as may be considered necessary for rationalising the existing system in the ports relating to port and dock labour with a view to ensure—

- (a) quick turn-round of ships,
- (b) optimum use of available man-power,
- (c) higher labour productivity,



- (d) greater regularity in employment,
- (e) effective control on the different agencies functioning at the port, and
- (f) control on the costs of handling cargo; and

5. To suggest the functions and structure of the body which should be responsible for carrying out the operations of cargo handling in the port both abroad ship and ashore, administering the deployment of labour, payment of labour and financial control.

### **Recommendation**

The Committee was unhappy over the position that while 7.6 per cent of the Dock Labour at Bombay, 20.2 per cent at Madras and 24.79 per cent at Visakhapatnam have been provided with residential houses, at Calcutta the percentage in this regard is as low as 2.7 which is next to nothing. The main difficulty has been stated to be the delay in provision of land by the Port Trust to the Dock Labour Board. It is indeed strange that, as mentioned earlier in this report, while land is being given freely by the authorities to private parties without even advertising and high officers of the Port, they did not give any land for the last ten years for putting up residential houses for the poor labour working at their own Port.

In view of the present financial position of the Calcutta Port, the Committee attach great importance to the provision of residential accommodation to the Dock Labour functioning at that Port. The Committee feel that if this serious hardship of the Dock Labour force is removed, it will help in improving the efficiency of the Port.

The Committee do not accept the position that once the general policy questions (about housing construction) are cleared by the Government of India, the land question might not stand in the way. Unfortunately, the past experience in the matter of acquisition of land does not bear out that belief. The Committee would, therefore, request that the question of allocating land for putting up residential houses for the Dock Labour at the Calcutta Port should be examined in detail and responsibility fixed for dealing with the matter in a casual manner in the past.

[S. No. 30 (Para 11.3) of Appendix V to the Public Accounts Committee's 175th Report (Fifth Lok Sabha)]

**The question of getting land for construction of houses for Dock Workers at Calcutta Port should be vigorously pursued with the autho-**

rities concerned so that land is actually available and construction of houses for the labour is not held up on this account.

[S. No. 31 (Para 11.3) of Appendix V to 175th Report  
(Fifth Lok Sabha)]

#### **Action Taken**

The Calcutta Dock Labour Board has already procured 7 bighas of land from the Calcutta Port Trust for construction of houses for Dock workers. The Chairman, Calcutta Port Trust has intimated that a proposal for allotment of another plot of land measuring approximately 18,059.089 sq. mtrs. is now being processed and is expected to be finalised shortly.

In view of the temporary ban imposed by the Ministry of Finance on the construction of non-functional buildings, which has been extended for the current financial year also, the question of construction of houses for dock workers under the Dock Workers Housing Scheme could not be processed further. However, Calcutta Dock Labour Board propose to construct 120 units of quarters in five blocks without any financial assistance from Government under the said Scheme, at an estimated cost of about Rs. 40 lakhs. Detailed plans etc. for this are under preparation.

The question of fixing responsibility for dealing with the allotment of land to the Dock Labour Board in a casual manner in the past is being examined by the Deputy Chairman, Calcutta Port Trust. His findings would be communicated to the Lok Sabha Secretariat as soon as he concludes his examination.

[Ministry of Shipping and Transport (Transport Wing) O.M.  
No. PGA-31 75 dated 29-8-1975]

H. N. MUKERJEE.

*Chairman,*

*Public Accounts Committee.*

NEW DELHI;

*March 31, 1976*

*Chaitra 11, 1898 (S).*

## APPENDIX

### *Consolidated Statement of Conclusions/Recommendations*

S. No.	Para No. of the Report	Ministry/ Department concerned.	Conclusion/ Recommendation
1	2	3	4
1	1.3	Shipping and Transport (Transport Wing)	The Committee expect that final replies to those recommendations/ observations in respect of which only interim replies have so far been furnished will be furnished to them, duly vetted by Audit, without further loss of time.
2	1.8	Shipping and Transport (Transport wing) Finance (Department of Revenue and Insurance)	The Committee note that arrangements have been made, though belatedly, with effect from 16 June 1975, for a 100 per cent test weighing/ measurement of shed and over-side cargo passing through the Port of Calcutta for an initial period of three months and that the question of engaging additional staff for this purpose would be examined by the Port Trust after evaluating the results of the test check. The Committee trust that the proposed evaluation has now been completed and necessary steps taken to provide an adequate number of weighing machines and the requisite complement of staff so that false declaration of weights, measurements, etc. and other devious methods adopted by unscrupulous exporters and their agents can be eliminated. The Committee would like to know what has actually happened in this regard so far.

3 1-9 -do-

The Ministry's reply is silent on another specific recommendation that the Calcutta Port Trust should, in particular, provide adequate incentives to the staff effectively countering the vicious practice of certain shippers regarding false declaration of weights, measurements, etc. The Committee would like to know Government's reaction in this matter.

4 1-10 -do-

The Committee find from the reply furnished by the Department of Revenue & Insurance that, in the view of the Collector of Customs, Calcutta, the present pattern and volume of export cargo passing through the Port is such that the total number of staff and of weighing scales should be adequate. This reply contradicts what had been admitted by him during evidence before the Committee where he said that 'not sufficient staff are there to cope with the cargo'. This discrepancy remains to be reconciled and the question should be re-examined with a view to necessary remedial measures.

5 1-14 -do-

The Committee are unhappy with the delay that is taking place in the Calcutta Port Trust in investigating the failure to give effect to the decisions taken at the meetings held in December 1972 and February 1973 to deal with the evils of misdeclaration of weights, under-invoicing of cargo, etc. These investigations should be completed soon and appropriate action taken against those responsible for the failure.

6 1-18 -do-

The Committee regret that the reply furnished by the Ministry of shipping & Transport to the recommendation that there should be complete coordination and cooperation between the Port and Customs authorities in the matter of realisation of their dues on shipments passing through the

1	2	3	4
			Port appears rather vague. The details regarding specific steps, if any, taken to maintain adequate liaison and to ensure coordination with the Customs authorities should be intimated early.
7.	1-22	Shipping and Transport (Transport wing) Finance (Department of Revenue and Insurance)	The Committee note that the Deputy Chairman of the Calcutta Port Trust has been entrusted with the examination of the various lapses in the <b>waival of rent, amounting to Rs. 60 lakhs, on a consignment of masoor dal, with a view to fixing responsibility.</b> The Committee require that this should be completed quickly, and appropriate action taken against the relevant officials.
8	1-25	Shipping and Transport (Transport wing)	The Committee fear that their recommendation relating to the identification of hazardous cargo passing through the Port of Calcutta has not been understood in its correct prespective by the Port Trust. In view of certain serious allegations made by a non-offical organisation that hazardous cargo had been passed as non-hazardous cargo by the Officer concerned, resulting in considerable loss of revenue to the Port, the Committee had desired that the loopholes in the calculation and realisation of Port dues in respect of hazardous cargo should be plugged and the concerned workers of the Port Trust informed about the manner in which hazardous cargo are identified by suitable gradation marks so that any <b>wrong gradation or misdeclaration</b> in respect of such cargo comes to notice promptly. No action appears to have been initiated on this specific recommendation of the Committee which would perhaps have facilitated

the active participation of the workers in detecting malpractices in the classification of cargo. Apart from the financial implications involved in the misdeclaration of hazardous cargo as non-hazardous, it should also be borne in mind that misdeclarations could seriously endanger the lives and health of workers handling such misdeclared cargo as well as result in accidents. The Committee desire that this aspect should be examined afresh without delay and necessary remedial measures taken. The allegation, particularly, that undercharge bills amounting to some Rs. 0.76 lakh raised by the FA&CAO had been cancelled by the Traffic Manager's Office by declaring the cargo as non-hazardous remains also to be answered satisfactorily.

The Committee are far from satisfied with the Port Trust's reply to their pointed observations relating to the practice of allotting Port Trust land to officers' cooperative societies. Merely noting the Committee's observations in this regard without any assurance of positive action is indicative of an unhelpful attitude. The Committee would like a more categorical response to their recommendations and would like to be informed of the specific steps, if any, taken to implement their suggestion that the Class III and Class IV personnel of the Port Trust may be encouraged to form house-building cooperative societies.

10. 1.32 Shipping and Transport (Transport wing) Railways

The Committee take a serious view of the delay that continues to occur in revising the terminal charges payable by the Railways to the Indian Ports from 1 April 1971. It would appear from the reply furnished by

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the Ministry of Railways (Railway Board) that the unconscionable delay of over four years in this case was attributable more to the Ministry of Shipping and Transport, as a result of which this long-pending issue is yet to be resolved satisfactorily. The Committee find that despite protracted correspondence and also discussion between the two Ministries in this regard, a final decision is yet to be arrived at. Specific proposals in regard to the revision of terminal charges payable to the Port Railways, with effect from 1 April 1971, had been finalised by the Ministry of Shipping & Transport only in March 1974, after a lapse of nearly three years. It took another year for the Ministry of Railways to make their counter-proposal, and even after the 'issue of reminders', this proposal had not been accepted by the former, according to the information last furnished to the Committee in October 1975. The Committee would very much like to know the reasons for the initial delay of nearly three years in the Shipping Ministry in formulating their specific proposals and the virtual inaction on their part after the counter proposals had been made by the Railways in March 1975. The circumstances leading to this delay should also be investigated and appropriate action taken thereafter. Steps should also be taken to finalise this issue immediately.

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Shipping and Transport (Transport wing) Railways

No reply has been furnished by either of the Ministries concerned to two other specific suggestions made by the Committee that a standing arrangement should be evolved for an automatic increase in the terminal

charges payable by the Indian Railways to the Port Railways contemporaneously with a revision of the Railway freight rates and that the Railway Board should be required to clear such references within a period of six months. The Committee would urge the two Ministries to examine these suggestions expeditiously and take positive steps to eliminate delays in this regard.

12. 1.36 Shipping and Transport (Transport wing)

While the steps now enumerated in the Ministry's reply for improving the utilisation of the dredgers owned by the Calcutta Port Trust are largely measures for the future, no action appears to have been taken in regard to the Committee's specific recommendation that the poor utilisation of the dredgers in the past required a thorough probe with a view to fixing responsibility. The Committee, therefore, reiterate that this should be thoroughly investigated and responsibility fixed, under advice to them.

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13. 1.37 Do-

The Committee concede that the dredging of the approach channel and the Dock Basin at Haldia through private foreign contractors has been unavoidable and beyond the control of the Port Trust. The Committee are, however, anxious that our dependence on foreign firms, whose performance has also not been above reproach, should be minimised, if not in present conditions altogether eliminated, as early as possible. The Committee feel that formation of the Dredging Corporation, which is stated to be under Government's active consideration, will have to justify itself by achieving substantial reduction of our present dependence on foreign dredging contractors.

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14.	1.40	Shipping and Transport (Transport wing)	<p>The Committee note that it has been decided to appoint a high-level expert committee to examine the working and finances of Calcutta Port, which will also examine the question of continuance of Central subsidy for river maintenance and river dredging keeping in view the practice followed in this regard in estuarian ports in other countries. While there can be no objection to an expert committee looking into this question, it should be made sure that its report must come early. The Committee are somewhat doubtful whether a routine practice prevalent elsewhere could be applied straightaway to the Calcutta Port, which is unique in many respects and suffers presently from certain inherent as well as long accumulating disadvantages. Since the future of the Port of Calcutta on which the country largely depends appears itself at stake, the Committee desire that this question should be examine with the most perceptive care, so that well-thought out decisions can be taken and a new vitality infused into the operations of the Port.</p>
15.	1.44	Do-	<p>The Committee are concerned that no final decision has yet been taken by Government on the Report of the former Chairman of the Dock Labour Board on the stevedoring industry at Calcutta Port as well as the views expressed on the subject by various expert bodies from time to time. It seems a pity that the entire question has once again been referred to another committee appointed to review the Decasualisation Schemes and allied matters. The Committee are of the view that a decision on this question has been long overdue and must not be further delayed. The</p>

period of six to nine months, within which the latest review committee was required to submit its report, has also expired. The Committee urge strongly that positive steps should be taken to eliminate the unsavoury stranglehold of the private stevedoring industry not only at Calcutta but at other major and minor ports as well. The Committee would like to be apprised of the findings of the review committee as soon as they are available and the action taken in pursuance thereof.

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