

**EIGHTH REPORT**  
**PUBLIC ACCOUNTS COMMITTEE**  
**(2004-2005)**  
**(FOURTEENTH LOK SABHA)**  
**WASTEFUL EXPENDITURE ON RENT**  
**(MINISTRY OF COMMERCE AND INDUSTRY)**

*[Action Taken on the 18th Report of Public Accounts Committee  
(13th Lok Sabha)]*



*Presented to Lok Sabha on \_\_\_\_\_*

*Laid in Rajya Sabha on \_\_\_\_\_*

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

*February, 2005/Magha, 1926 (Saka)*



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## CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2004-2005)..	(iii)
INTRODUCTION .....	(v)
CHAPTER I : Report .....	1
CHAPTER II : Observations / Recommendations which have been accepted by Government .....	7
CHAPTER III : Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from Government .....	17
CHAPTER IV : Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which require reiteration .....	20
CHAPTER V : Observations/Recommendations in respect of which Government have furnished interim replies .....	28
PART-II	
Minutes of the sitting of the Public Accounts Committee held on 9 February, 2005 .....	29
APPENDIX : Conclusions and Recommendations .....	31

COMPOSITION OF PUBLIC ACCOUNTS COMMITTEE  
(2004-2005)

Prof. Vijay Kumar Malhotra — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Ramesh Bais
3. Shri Khagen Das
4. Dr. M. Jagannath
5. Shri Raghunath Jha
- \*6. Shri Naveen Jindal
7. Shri Ashok Kumar Rawat
8. Shri Magunta Sreenivasalu Reddy
9. Dr. R. Senthil
10. Shri Madan Lal Sharma
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21. Shri Jairam Ramesh
22. Prof. R.B.S. Varma

SECRETARIAT

1. Shri P.D.T. Achary — *Secretary*
2. Shri S.K. Sharma — *Additional Secretary*
3. Shri Ashok Sarin — *Director*
4. Shri N.S. Hooda — *Under Secretary*
5. Smt. Anita B. Panda — *Under Secretary*

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\*Shri Naveen Jindal, MP has been elected as a Member of the Committee on 16th December, 2004, *vice* Shri A.R. Antulay, MP who resigned from the membership of the Committee *w.e.f.* 27th August, 2004.

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, having been authorised by the Committee to present the Report on their behalf, do present this Eighth Report on action taken by Government on the recommendations of the Public Accounts Committee contained in their Eighteenth Report (13th Lok Sabha) on paragraph 3.1 of the Report of C&AG of India for the year ended 31 March 1997, No. 2 of 1998, Union Government (Civil — Transaction Audit Observations) relating to "Wasteful Expenditure of Rent".

2. This Report was considered and adopted by the Public Accounts Committee at their sitting held on 9 February 2005. Minutes of the sitting form Part II of the Report.

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

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

NEW DELHI;  
16 February, 2005  

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27 Magha, 1926 (Saka)

PROF. VIJAY KUMAR MALHOTRA,  
*Chairman,*  
*Public Accounts Committee.*

## CHAPTER-I

### REPORT

1. This Report of the Committee deals with the action taken by the Government on the observations and recommendations contained in their 18th Report (Thirteenth Lok Sabha) on paragraph 3.1 of Report of the Comptroller and Auditor General of India for the year ended 31 March 1997, No. 2 of 1998, Union Government (Civil) relating to "Wasteful Expenditure on Rent".

2. The Eighteenth Report, which was presented to Lok Sabha on 22 December, 2000, contained eight observations/recommendations. The Action Taken Notes on all these observations/recommendations have been received from the Ministry of Commerce & Industry and have broadly been categorised as follows:—

- (i) Observations/Recommendations which have been accepted by Government:  
Paragraph Nos. 48, 50, 53 & 55
- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from Government.  
Paragraph Nos. 51 & 54
- (iii) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which required reiteration:  
Paragraph Nos. 49 & 52
- (iv) Observations/Recommendations in respect of which Government have furnished interim replies:  
- Nil -

#### **Retention of excess accommodation**

#### **[Sl. Nos. 2, 3 & 4 (Paragraphs 49, 50 & 51)]**

3. In their Original Report, the Committee had noted that as per norms fixed by the Ministry of Urban Development and Poverty Alleviation (Directorate of Estates), the Office of Joint Director General of Foreign Trade (JDGFT), Chennai was entitled to not more than 10,500 sq. feet of accommodation even after providing for all Miscellaneous requirements liberally. The Committee found that despite clear norms for Office accommodation, Assistant Estate Manager (AEM), Chennai assessed the requirement of accommodation of the Office of JDGFT, Chennai as 42,490 sq. feet in 1987. When the matter was pointed out by Audit, the AEM assessed the requirement as 10,500 sq. feet in 1997 *i.e.* after a gap of 10 years. The Committee were concerned to note that even if AEM had made an error, Director General Foreign Trade (DGFT), Delhi and JDGFT, Chennai also did not calculate the area required on the basis of the norms

stipulated by the Ministry of Urban Development for Office accommodation. The Committee had concluded that DGFT, Delhi and JDGFT, Chennai were jointly responsible for hiring an area of about four times more than the required accommodation for the office of JDGFT, Chennai. They had also questioned the professional competence, objectivity and credibility of AEM who had drastically reduced the assessment of requirement of space of JDGFT, Chennai from 42,490 sq. feet in 1987 to 10,500 square feet in 1997.

4. The Committee further noted that the DGFT, Delhi directed JDGFT, Chennai in November 1990 to reassess the requirement of office accommodation after being pointed out by the Regional Pay and Accounts Officer. The Committee were perturbed to note that the DGFT not only failed to enforce compliance of its own orders but also continued to lease excess accommodation for seven years on one or the other grounds. The Committee had recommended that a Committee should be constituted consisting of the representatives of the Ministry of Urban Development and Poverty Alleviation (Directorate of Estates) and the Ministry of Commerce (Office of DGFT) to ascertain and fix the entitlement of the Office of JDGFT, Chennai.

5. The Committee had noted that though as per the assessment of AEM made in 1997, the Office of JDGFT, Chennai was required to surrender 34,737 sq. feet area, they surrendered only 11,313 sq. feet, which resulted in wasteful expenditure on rent for 82 months amounting to Rs. 1.33 crore on excess accommodation from January 1991 to October 1997.

6. The Ministry of Commerce in their Action taken note have stated that: when the building for the Office of JDGFT, Chennai was initially occupied at 197, Peters Road, Chennai, the total staff strength was around 205 and several export promotion schemes were in operation. Consequently there was enormous quantum of work in that office which also generated huge records. Therefore, after taking into consideration the norms prescribed by the Directorate of Estate for Officers/staff and other special requirements, the then Assistant Estate Manager in May 1987 correctly recommended 42,490 sq. feet for their earlier office building at 197, Peters Road Chennai. There were also certain additional requirements like Staff Canteen, Employees Association Recreation, Club, Stationery Room, General Store for keeping old furniture and other equipments etc. The Ministry stated that when private buildings are taken for Government Offices considerable amount of space has to be earmarked for creating corridors, Conference rooms, visitors rooms etc. As per the suggestion of the then AEM, the approval of concerned Authority was obtained for such additional requirements.

7. According to the Ministry, in pursuance of the recommendation of the Public Accounts Committee, a Committee was constituted on 21 November, 2001 to view and assess requirement of office accommodation of all its Regional Offices including Chennai. A nominee from the Ministry of Urban Development and Poverty Alleviations (Directorate of Estates) was also a Member of this Committee. The Committee found that the calculation of 10,500 sq. feet area for the Office of JDGFT, Chennai which was recommended by Assistant Estate Manager in 1997 was incorrect and reassessed the entitlement of their space as 20,797 sq. feet (Plinth area) against the total plinth area of 20,245 sq. feet which is actually occupied by the Chennai Office at present. The above



statement was stated to be made on the basis of much reduced staff strength at 169.

8. As regards Office of DGFT calculating the area required on the basis of the norms stipulated by the Directorate of Estates, the Ministry in their Action Taken Note had clarified that since the building at Peter's Road was occupied after Taking the due approval of area as well as rent from the Competent Authorities *viz.* Directorate of Estates and CPWD etc. and therefore, the office of the DGFT felt it unnecessary to recalculate the area/rent independently.

9. On the issue of surrender of excess space by JDGFT, Chennai the Ministry in their Action Taken Note *inter-alia* stated as follows:

"The DGFT has intimated that in 1990, 20 posts were shifted to some other region like Coimbatore, Madurai etc. When these 20 people got shifted, the Asstt. Pay and Accounts Officer of Chennai wrote to DGFT saying that some space in the office of Joint DGFT, Chennai may be surrendered to landlord. In this context, Office of DGFT wrote to Joint DGFT, Chennai to get space requirement re-assessed and make arrangement accordingly. It would, thus, be observed that DGFT had not issued any specific directive to surrender the space and the advice was only for reassessment of space requirement. Where private accommodation is hired, it may be appreciated that part/portion can not be surrendered and more so unilaterally. Unfortunately, the said letter was not traceable in the Office of Joint DGFT, Chennai."

10. The Audit in their vetting comments observed that the stance taken by the Ministry that DGFT did not issue any specific direction to JDGFT, Chennai to surrender the space was not correct. They mentioned that DGFT *vide* their letter 7.1.1994 had advised JDGFT, Chennai to surrender the surplus accommodation. In response to Audit observation, the Ministry in their Action Taken Note stated that the Government Offices including the Office of JDGFT, Chennai had hired the Office building after taking into account the directions issued by the Estate Office. According to them, the office of DGFT therefore do not have technical expertise to advise/direct any of the Zonal/regional office under its control to reduce or enhance the entitlement of the area of their offices.

11. On the role of DGFT in enforcing its order for surrender of space by JDGFT, the Ministry stated that the recommendation given earlier by the AEM was suddenly withdrawn by him in August 1997. Till the withdrawal of earlier recommendation on 13.8.1997, the earlier recommendation was completely valid and, therefore, DGFT can not be said to have committed any irregularity by according sanction upto 1997 on the basis of the earlier valid recommendation conveyed *vide* letter dated 22.5.1987 of AEM, Chennai.

12. As regards surrender of some space by JDGFT, Chennai in October, 1997 the Ministry in their Action Taken Note *inter-alia* stated that out of 205 posts, 20 Posts (10%) were shifted in 1990 to regional offices in the same region like Coimbatore, Madurai etc. 10% proportionate reduction of accommodation was not possible as the landlord was not prepared to accept surrender of partial accommodation. According to the Ministry, as the premises were self contained (having basement of three floors),

partial surrender of accommodation would have exposed the office to security risk. In January and June 1996 there was further reduction of 19 posts, at that time Office of Joint DGFT, Chennai had made some readjustment of different sections and had surrendered the complete second floor on 15.10.1997.

**13. In their earlier Report, the Committee had held that both Director General of Foreign Trade (DGFT), Delhi and Joint Director General of Foreign Trade (JDGFT), Chennai were responsible for hiring an area of about four times more than the required accommodation for the Office of JDGFT, Chennai. The Committee found that the Office of DGFT not only failed to enforce compliance of its own orders for surrender of the excess rented accommodation by the JDGFT, Chennai but also continued to grant sanction till 1997. The Committee had observed that Office of JDGFT, Chennai incurred wasteful expenditure to the tune of Rs. 1.3 crore on rent for 82 months on excess accommodation from January 1991 to October 1997. Concluding that DGFT and JDGFT, Chennai were jointly responsible for hiring excess accommodation, the Committee had recommended that a Committee should be constituted consisting of the representatives of Ministry of Urban Development & Poverty Alleviation (Directorate of Estates) and the Ministry of Commerce (DGFT) to ascertain and fix the entitlement of the Office of JDGFT, Chennai.**

The Committee note that in pursuance of their recommendation, a Committee was constituted to review and assess the requirement of the Office accommodation of all the regional offices of DGFT including office of JDGFT, Chennai. According to the Ministry, the Committee constituted by them found that the calculation of 10,500 sq. feet area for the Office of JDGFT, Chennai which was recommended by Assistant Estate Manager (AEM) in 1997 was incorrect and re-assessed the entitlement of their space as 20,797 square feet (plinth area) against the total plinth area of 20,245 sq. feet which is actually occupied by the Chennai Office at present. The Ministry in their Action Taken Note added that since the building at Peter's Road, Chennai was occupied after taking the due approval from the competent Authorities in 1987 the Office of DGFT felt it unnecessary to recalculate the area/rent independently. As regards non-enforcement of its own orders, it has been stated that DGFT had not issued any specific directive to surrender the space and the advice was only for reassessment of space requirement. However, Audit contended the reply given by the Ministry and stated that DGFT *vide* their letter dated 7.1.1994 had advised JDGFT to surrender the surplus accommodation. In response to Audit observation, the Ministry *inter-alia* stated that the Government Offices including the Office JDGFT, Chennai had hired the office building after taking into account the directions issued by the Estate Office. According to them, the Office of DGFT, therefore, did not have technical expertise to advise/direct any of the Zonal/Regional Offices under its control to reduce or enhance the entitlement of the area of their offices.

The Committee wish to point out that the total area actually occupied by the Chennai office since 1987 was far in excess of the entitlement now recommended by the Committee constituted by the Ministry. It lends credence to the fact that the assessment made by AEM in 1987 was certainly erroneous. The Committee in their earlier Report had also questioned the professional competence, objectivity and

credibility of AEM who drastically reduced the assessment of requirement of space of Chennai office in 1997. Now the Committee constituted by Government has held the assessment made by AEM in 1997 as grossly incorrect. In this context, the reply of the Ministry is completely silent about the action taken against the AEM who reportedly made errors in assessing the space requirement of Chennai Office. The Committee would like to know the reaction of the Ministry of Urban Development & Poverty Alleviation (Directorate of Estate) on the findings of the Committee constituted by Ministry of Commerce including action taken against the AEM for erroneous calculation of space for Office of JDGFT, Chennai.

Further, the contention of the Ministry that the surrender of partial accommodation was not acceptable to landlord is not tenable in view of the fact that an area of 11,313 square feet could be surrendered in October 1997 after the wasteful expenditure was pointed out by Audit. The stance taken by the Office of DGFT in this regard is quite contradictory. While earlier they issued directives to JDGFT, Chennai to surrender excess space, it was stated subsequently that they did not have competence to do so. Curiously enough, the letter issued by DGFT was stated to be not traceable in the Office of JDGFT, Chennai. Thus, the whole sequence of events including the diluted stance taken by DGFT amply corroborate the conclusion arrived at by the Committee in their earlier Report that both DGFT and JDGFT were responsible for hiring excess accommodation which benefitted the landlord at the cost of the Government. The Committee regret that instead of taking action against the authorities responsible for inflicting loss to the Government, the Ministry continued to justify wrong doing on one or the other pretext.

#### **Refusal of JDGFT, Chennai to move to General Pool Accommodation**

##### **(Sl. No. 5, Paragraph 52)**

14. In their earlier Report, the Committee had observed that the Office of JDGFT, Chennai did not apply for General Pool Accommodation of the Directorate of Estates and continued the office in hired accommodation despite AEM, Chennai's offer of the same in April 1991 followed by a reminder in July 1991. To add to their dismay, the Committee found that the "no accommodation certificate" required to be obtained from the AEM, Chennai was not obtained ostensibly on the ground of urgency by the JDGFT. The Committee had recommended that the Ministry of Commerce should look into all attendant circumstances and facts, which restrained JDGFT, Chennai to dispense with the mandatory requirement of rules.

15. The Ministry in their Action Taken Notes have furnished the following reasons for not applying General Pool Accommodation of Directorate of Estates:

- "(a) The office building at 197 Peters Road, Royapettah, Chennai—14 was located in a central place in Chennai.
- (b) Since the Office of JDGFT, Chennai caters to the needs of Exporters/Importers, a centrally located building is essential for the convenience of the public, exporters and importers.
- (c) The accommodation offered in the General Pool was at Basant Nagar in Southern Chennai which is 17 Kms. away from the city. It was felt that shifting

to such a far off place would create hardships to the exporters/importers, especially when they are required to pay application fee for obtaining licenses etc. from the licensing authority."

16. As regards Office of JDGFT, Chennai not obtaining the required "No Accommodation Certificate" from AEM, Chennai and other issues involved in it, the Ministry in their Action Taken Note stated as follows:

"It is added that due to heavy rains during October 1997 the building was inspected by the CPWD Engineers on 9.12.1997 and they had issued a certificate on the same day stating that the building was unsafe for further occupation. As is expected from Head of the Office, under the aforesaid circumstances, a decision was taken in consultation with the concerned authorities of the CPWD to shift the office immediately from the old building to prevent danger to human lives and to ensure safety of records of the office, Jt. DGFT, Chennai did not obtain "No accommodation certificate" from the Asstt. Estate Manager, Chennai as there was no space available in the General Pool Accommodation. This fact is evident from the reply furnished by the AEM, Chennai to the PAC D.4(v) *vide* his letter No. A2 (140)/98/AEM(MD)/3356 dated 23.11.1998 wherein the status of availability of General Pool Accommodation for the period 1997-98 had been recorded as Nil. Therefore, a prudent decision taken on the part of the Head of Office may not be considered as "dispensing with mandatory requirement of rules as observed by the Committee."

**17. The Committee are not convinced with the reasons advanced by the Ministry for JDGFT, Chennai not availing of General Pool Accommodation. The Committee are of the opinion that had the Office of JDGFT been shifted to Rajaji Bhawan, considerable financial loss to the Government in terms of rent paid for hired accommodation could have been prevented, with minimal effort in overcoming the stated functional inconvenience. Further the JDGFT, Chennai did not even bother to obtain 'No Accommodation Certificate' at the time of shifting to another hired building particularly when this certificate was essential for a Government Office to continue functioning in hired private premises. The Ministry stated that since the building was reported to be unsafe, the Office was shifted immediately to another hired accommodation. It was added that JDGFT, Chennai did not obtain 'No Accommodation Certificate' as there was no space available in the General Pool Accommodation as was evident from the reply given to PAC by AEM in November 1998. However, the fact remains that General Pool Accommodation was offered long back in 1990 and the JDGFT erred in not applying for the same. The Committee consider it to be a major lapse on the part of the then JDGFT, Chennai warranting appropriate administrative action against him. The Committee would like to be apprised of the action taken in this regard within a period of three months.**

## **CHAPTER-II**

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

#### **Recommendation**

The office of the Joint Director General of Foreign Trade (JDGFT), Chennai was located in hired building at Peter's Road, Chennai since 12 October, 1987. The accommodation comprised 45237 Sq. ft. consisting of basement and three floors and was hired at Rs. 2.11 lakh per month. The office of JDGFT shifted to a private rented building at Whites Road, Chennai with plinth areas of 16594 sq. ft. in January, 1998 at a monthly rent of Rs. 3.40 lakh besides another accommodation of 3651 sq.ft. at monthly rent of Rs. 36510. The Committee's examination has revealed glaring irregularities and lapses, which have been highlighted, in the succeeding paragraphs.

Para 48 of 18th Report of PAC  
(Thirteenth Lok Sabha)

#### **Action Taken**

This is a factual introductory para that does not recommend any action.

[Ministry of Commerce & Industry (Directorate General of Foreign Trade)  
O.M. No. 1/3/81-Genl. dated 16.07.2002]

#### **Recommendation**

Yet another irregularity found by the Committee is that DGFT not only failed to enforce compliance of its own orders of 1990 for surrender of the excess rented accommodation until 1997 but also continued to grant sanction for the same. According to Audit, the DGFT directed the JDGFT, Chennai in November, 1990 to reassess the requirement of office accommodation after being pointed out by the Regional Pay and Accounts Officer. In September 1993 *i.e.* 3 years after the orders of DGFT, the JDGFT, Chennai, approached AEM that too not in the prescribed proforma. The JDGFT, Chennai sent the information in the prescribed proforma only in December, 1995. Strangely, according to the Ministry, JDGFT, Chennai never received the letter of DGFT. Regarding the delay in sending the information to the AEM in the prescribed proforma, the Ministry of Commerce stated that the information was sought from landlords leading to a lot of exchange of correspondence and delay. The Committee are perturbed to note that DGFT not only failed to enforce compliance of its own orders but also continued to accord sanction upto 1997 and JDGFT, Chennai continued to lease excess accommodation for seven years on one or the other grounds. The Committee hold both DGFT and JDGFT, Chennai responsible for hiring excess accommodation and

recommend that a Committee may be constituted consisting of the representative(s) of the Ministry of Urban Development and Poverty Alleviation (Directorate of Estate) and the Ministry of Commerce (Office of DGFT) to ascertain and fix the entitlement of the office of the JDGFT, Chennai.

Para 50 of 18th Report of PAC  
(Thirteenth Lok Sabha)

#### **Action Taken**

The DGFT has intimated that in 1990, 20 posts were shifted to some other regional offices in the same region like Coimbatore, Madurai etc. When these 20 people got shifted, the Asstt. Pay and Accounts Officer of Chennai wrote to DGFT saying that some space in the office of Jt. DGFT, Chennai may be surrendered to landlord. In this context, Office of DGFT wrote to Jt. DGFT, Chennai, to get space requirement re-assessed and make arrangement accordingly. It would, thus, be observed that DGFT had not issued any specific directive to surrender the space and the advice was only for reassessment of space requirement. Where private accommodation is hired, it may be appreciated that part/portion can not be surrendered and more so unilaterally. Unfortunately the said letter was not traceable in the office of Jt. DGFT, Chennai. In 1992 when the Lease expired the issue become alive. At that time, Jt. DGFT, Chennai, had requested the Estate Officer to renew the Lease who desired that all the original Lease Deeds may be obtained from the landlord and taxes be paid by them, as this was required for reassessing the Lease rent. Since as many as 36 landlords were involved in that building, the process of completing requisite documents and formalities took considerable time (about 2-3 years).

The accommodation at Peters Road was occupied on the basis of and as per the recommendation of the then AEM, Chennai conveyed *vide* their letter No. A.2(43)/87/AEM(M)/4445 dated 22.5.1987. This recommendation was suddenly withdrawn by AEM *vide* their letter dated 13.8.1997. Till the withdrawal of earlier recommendation on 13.8.1997, the earlier recommendation was completely valid and, therefore, DGFT can not be said to have committed any irregularity by according sanction upto 1997 on the basis of the earlier valid recommendation conveyed *vide* letter dated 22.5.1987 of AEM, Chennai.

As per the recommendation of the Hon'ble PAC, a Committee, to review the assess the requirement of office accommodation of all its Regional offices including Chennai, was constituted on 21.11.2001 after a nominee from the Ministry of Urban Development and Poverty Alleviation, Dte. of Estate was recommended by them on 07.11.2001. This Committee reviewed and assessed the office accommodation of all the Regional offices of DGFT including Chennai office. The aforesaid Committee visited the Chennai office in January, 2002. This Committee found the entitlement of 10,500 Sq. ft. recommended by the AEM incorrect and reassessed the entitlement of space as 20,797 sq. ft. for plinth area on the basis of the present staff strength of 169.

[Ministry of Commerce & Industry (Directorate General of Foreign Trade)  
O.M. No. 1/3/81-Genl. dated 16.07.2002]

### **Recommendation**

The Committee noted that the office of JDGFT, Chennai was shifted to another private rented building at Whites Road, Chennai with plinth area of 16,594 sq. ft. at a rental of Rs. 3,40,000 per month. In addition, another accommodation for office records has also been hired at No. 116, Greams Road, Chennai with a plinth area of 3,651 sq. ft. for a rent of Rs. 36,510 per month. The Committee do not accept the plea of the Ministry that the DGFT has no role to review the requirement of accommodation for any office and that only when some audit para is raised, the DGFT examines the matter after calling for necessary details from the concerned zonal/regional office. The Committee are of the opinion that on receipt of the draft audit para, DGFT should have reviewed the requirement of accommodation of all the regional/zonal offices to ensure that there is no excess accommodation in other offices also. They also desire that DGFT start the process of reviewing the requirement of accommodation of all the regional/zonal offices to ensure that there is no excess accommodation with any of them especially where their offices are located on rented premises.

Para 53 of 18th Report of PAC  
(Thirteenth Lok Sabha)

### **Action Taken**

In accordance with the recommendations of Hon'ble P.A.C. a Committee to review the requirement of office accommodation of all the Regional/Zonal offices of DGFT to ensure that there is no excess accommodation with any of them especially where their offices are located in rented premises, was constituted on 21.11.2001 after receipt of a nomination from Ministry of Urban Development & P.A. (Directorate of Estates) on 07.11.2001.

This Committee reviewed the office accommodation of all the Zonal/Regional offices and also visited some of the offices particularly at Chennai, Mumbai, Pune, Varanasi and CLA, New Delhi, where considerable space was occupied mainly by their indispensable Record and for other special requirements such as strong Room for keeping blank licence forms and cash etc. for which no norms are prescribed by the Dte. of Estate. The Committee found that none of the regional offices of DGFT is possessing excess accommodation. A significant observation of the Committee was that, despite regular weeding of records, huge record have to be maintained since these cannot be destroyed unless audited by three-four Govt. agencies. Substantial portion of office accommodation is occupied by these indispensable records. A copy of the Report is at Annexure-I.

[Ministry of Commerce & Industry (Directorate General of Foreign Trade)  
O.M. No. 1/3/81-Genl. dated 16.07.2002]

Government of India  
Ministry of Commerce & Industry  
Directorate General of Foreign Trade

Subject : Report of the Committee constituted as per the recommendations of PAC to review/assess the actual requirement of office accommodation by all the Zonal/Regional offices of DGFT

As per the recommendations contained in the 18th Report of Public Accounts Committee (13th Lok Sabha) on para 3.1 of CAG's Report for the year ending March, 1997, (No. 2 of 1998) Union Government (Civil) relating to "Wasteful expenditure on rent" in respect of our Regional office at Chennai, a Committee was constituted on 21.11.2001. The Composition of this Committee is enclosed.

2. The detailed information was called for from all the Zonal/Regional offices in respect of office space occupied by them *vis-a-vis* the norms stipulated by the Dte. of Estate for Officers/Staff and Special requirements. The Committee held its meetings at DGFT(HQ) on 07.12.2001, 14.12.2001 and on 18.12.2001. The representative of all the port offices attended these meetings. The Committee considered the details of information furnished by them. The Committee found that the Dte. of Estates have not laid down the norms for special requirements such as Computer Centre, Welfare Room for Staff and Staff Union, Strong Room for keeping blank licences, Stationery Room, ladies common room, Toilets, Photocopy Room, Room for keeping old and dilapidated furniture/coolers/heaters etc. The Committee felt that the provision for the above said requirements is essential to carry on the office work smoothly and efficiently.

3. The Committee, while deliberating on the details given by various Zonal/Regional offices, decided to visit the O/O Jt. DGFT, Chennai, Mumbai, Pune, and Varanasi to make on the spot study and verification of space occupied by these offices. The Committee visited these offices, and after verification of space occupied by these offices, recommended there space requirement as per prescribed norms of the Dte. of Estate making 10% austerity cut in their requirements and also keeping in view the scope of future expansion, if necessary. The representative of Dte. of Estates/CPWD were also present in these meetings of the Committee.

4. The Committee also considered the fact that majority of Zonal/Regional offices are located in private rented buildings which are not tailor made to suit the requirement of Govt. offices. There may be variations of 10-15% in the carpet/plinth area of such buildings between the permissible and available carpet/plinth area.

5. While keeping in view the facts mentioned in above paras and other related facts, the Committee was of the unanimous view that none of the Zonal/Regional offices of DGFT organisation is occupying excess space than the norms laid down by the Dte. of Estates. A statement showing their entitlement of office accommodation as well as in their possession verified by the Committee is enclosed.



No. 1/3/81-Genl./3660  
Government of India  
Ministry of Commerce & Industry  
Directorate General of Foreign Trade  
Udyog Bhavan, New Delhi.

New Delhi, the 21st November, 2001.

OFFICE ORDER

In partial modification of Office Order dated 13.9.2001 issued from this office file No. 1/3/81-Genl., the D.G.F.T. has decided to reconstitute the Committee to review the actual requirement of office accommodation of all the Regional and Zonal Offices of Directorate General of Foreign Trade to ensure that there is no excess accommodation with any of them especially where their offices are in rented premises comprising following members:—

- |  |          |
|--|----------|
| (1) Shri M.L. Bhutani,<br>Addl. Director General of Foreign Trade<br>DGFT (Hqrs.) Udyog Bhavan, New Delhi  | Chairman |
| (2) Shri M.C. Jauhari,<br>Jt. Director General of Foreign Trade<br>DGFT(Hqrs.), Udyog Bhavan, New Delhi.   | Member   |
| (3) Jt. Director Generals of Foreign Trade (Admn.)<br>of Zonal offices of DGFT viz. Delhi, Kolkatta,<br>Mumbai/Chennai.  | Member   |
| (4) Shri Ram Kumar,<br>Deputy Director General of Foreign Trade<br>DGFT (Hqrs.), Udyog Bhavan, New Delhi.  | Member   |
| (5) Shri S. C. Sharma,<br>Deputy Director General of Foreign Trade<br>DGFT (Hqrs.), Udyog Bhavan, New Delhi.   | Member   |
| (6) Smt. Sadhna Khanna,<br>Senior Administrative Analyst<br>DGFT(Hqrs.), Udyog Bhavan, New Delhi   | Member   |
| (7) Shri Harbans Singh,<br>Addl. Director of Estate,<br>Ministry of Urban Development & Poverty<br>Alleviation, Department of Urban Development,<br>Nirman Bhavan, New Delhi, and other concerned<br>Estate Manager/Asstt. Estate Manager/Executive Engineer/Asstt.<br>Engineer of Directorate of Estates/CPWD in<br>Zonal/Regional Offices outside Delhi. | Member   |

2. Shri C.K.Y.Das, Asstt. Director (O&M) and Shri Gulshan Monga, Foreign Trade Development Officer, DGFT (Hqrs.), New Delhi, will assist the Committee.

3. The other existing terms and conditions would remain the same.

4. This issues with the approval of Director General of Foreign Trade.

-Sd-

(RAM KUMAR)

DEPUTY DIRECTOR GENERAL OF FOREIGN TRADE

1. All concerned officers/offices.

2. Smt. Achla Sinha, Director of Estate, Ministry of Urban Development & Poverty Alleviation, Nirman Bhavan, New Delhi.

**Details of Office Accommodation in Possession of Zonal/Regional Offices of DGFT**

**(Area in Sq. Feet)**

Sl No	Name of Office (Private/Govt.)	Area permissible for officer/ staff	Area permissible for special requirements	Total Area Permissible	Total Area occupied	Area occupied for special requirements without norms	Excess if any	Remarks
		I	II	III	IV	V	VI	VII
1	2	3	4	5	6	7	8	9
1.	Jaipur (G)	1044	4198	5242	2706	—	NIL	Old Records (60,000)—3000 Sq. Ft.
2.	Hyderabad (G)	1932	3523	5455	4200	—	NIL	Old Records (45,000)—2250 Sq. Ft.
3.	Kanpur (P)	1608	8249	9857	9735	—	NIL	Old Records (1,28,000)—6400 Sq. Ft.
4.	Guwahati (P)	654	1678	2332	2116	—	NIL	Old Records (4,000)—200 Sq. Ft.
5.	Pune (P)	1840	6176	8016	7386	—	NIL	Old Records (80,000)—4000 Sq. Ft.
6.	Madurai (P)	860	2914	3774	3417	—	NIL	Old Records (25,000)—1250 Sq. Ft.
7.	Cochin (P)	1980	3150	5130	4480	—	NIL	Old Records (30,000)—1500 Sq. Ft.
8.	Patna (P)	558	2284	2842	1463	—	NIL	Old Records (12,500)—625 Sq. Ft.
9.	Ludhiana (P)	1836	5682	7518	7454	—	NIL	Old Records (80,000)—4000 Sq. Ft.
10.	Amritsar (P)	450	2848	3298	2485	—	NIL	Old Records (30,000)—1500 Sq. Ft.
11.	Surat (P)	594	1498	2092	1178	—	NIL	
12.	Moradabad (P)	774	3208	3982	3932	—	NIL	Old Records (36,000)—1800 Sq. Ft.
13.	Cuttack (P)	522	1588	2110	1800	—	NIL	Old Records (2,000)—100 Sq. Ft.
14.	Jammu (P)	630	1813	2443	1100	—	NIL	Old Records (7,000)—350 Sq. Ft.
15.	Goa (P)	522	1400	1922	1876	—	NIL	Old Records (10,000)—500 Sq. Ft.
16.	Panipat (P)	756	3028	3784	1883	—	NIL	Old Records (34,000)—1700 Sq. Ft.
17.	Baroda (G)	450	1813	2263	1320	—	NIL	Old Records (7,000)— 350 Sq. Ft.

1	2	3	4	5	6	7	8	9
18.	Bangalore (G)	—	—	—	7248	—	—	Govt. accommodation
19.	Calcutta (G)	—	—	—	—	—	—	Govt. accommodation
20.	Chandigarh (P)	342	1836	2178	1224	—	NIL	Old Records (7,500)—375 Sq. Ft.
21.	Coimbatore (P)	828	1948	2776	2640	—	NIL	Old Records (10,000)—500 Sq. Ft.
22.	Mumbai (P)	22840	50426	68504	41009	—	NIL	Old Records (8,94,000)—44,700 S.F. Computer Center—472 Sq. Ft.
23.	Varanasi (P)	1000	2320	3542	4480	—	NIL	Out of an area of 4480 sq. ft. an area of 390 sq. ft. covered by six Bath Rooms/ Toilets and another area of 380 sq. ft. covered by big Lobby which is also an approach to three Rooms as well as entrance to the main area, are un-utilisable space due to the peculiar construction of the building (Private) for the Office of Jt. DGFT. Thus, remaining area (4480-770 =3710 sq. ft.) 3710 sq. ft. is being used by this office, which is more or less to the tune of permissible Carpet Area 3542 sq. ft. The private buildings are not tailor-made to suit the requirements of a Govt. office and there may be a variation of 10—15% in the required/available carpet.
24.	Ahmedabad (G/P)	2196	5098	7294	7040	—	NIL	Old Records (80,000)—4000 Sq. Ft.
25.	Bhopal (P)	594	2308	2902	1645	—	NIL	Old Records (18,000)—900 Sq. Ft.
26.	Chennai (P)	7100	8656	20797*	20245*	—	NIL	Plinth area in possession = 16594 sq. ft. + 3651 sq. ft. = 20245 sq. ft. Carpet area = 15756 sq. ft. +20% of 3151 sq. ft. carpet area ————— 18907 sq. ft.

1	2	3	4	5	6	7	8	9
								+10% for future 1890 sq. ft. expansion as _____ per DFPR. 20797 sq. ft.
27.	Pondicherry (P)	450	1723	2173	860	—	NIL	Old Record—5000 files
28.	Shillong (P)	306	774	1080	920	—	NIL	Old Record—10,000 files (500 sq. ft.)
29.	Vishakhapatnam (P)	414	2038	2452	2442	—	NIL	Old Record—5000 Files (250 Sq. ft)
30.	Rajkot (P)	828	3298	4126	2880	—	NIL	Old Record—40,000 Files (2000 Sq. Ft.);
31.	CLA, New Delhi (G/P)	8982	36495	54572	50,000	—	NIL	Carpet area-45477 +20% of carpet area 9095 Plinth area 54572

**Note:**

- (a) The norms prescribed by Dte. of Estates for special requirements have been adopted in arriving at the figures above with the following modifications:—
- Although for Canteen 1 Sq. Ft. per person has been provided but it is felt that this is not a realistic norm. Minimum space requirement for staff upto 150 for dining space including dining hall/kitchen is 150 Sq. Ft.
  - On the analogy of norms provided for Class Room, norms for Computer Room have been taken same as that of Class Room. For small offices, minimum space of 300 Sq. Ft. has been taken for Computer Room and for medium/large offices 472 Sq. Ft. has been taken as provided in the norms.
  - For library a uniform space of 150 Sq. Ft. per office has been taken except for Zonal Offices for which a space of 300 Sq. Ft. has been taken.
- Thus, the following norms have been taken for special requirements:—  
Conference Room—472 Sq. Ft.; Visitors' Room—472 Sq. Ft.; Reception/Security—120 Sq. Ft., Canteen—150 Sq. Ft. (Ref. (i) above); Classroom (Computer Room)—300 Sq. Ft. for small offices and 472 Sq. Ft. for medium/large offices; Library—150 Sq. Ft. Total — 1664 Sq. Ft.
- (b) In the above figures requirements for other essential items like Corridors, Staircase, Toilets, Ladies Common Room, Union Room, General Common Room, Cashier/Strong Room, Photocopy/Gestetner Room, Stationery Room, Store for General Branch (for keeping Coolers, Room Heaters, Old Furniture, etc.) etc. have not been taken into account because no norms have been prescribed for the same although it is very much desirable to have norms for these essential and mandatory requirements. In case these special requirements are taken into account the permissible area will be much more than what has been indicated in the statement above.
- (c) It may be stated that, in most of the cases, the private accommodation is not tailor-made to suit the requirements of a Govt. office and provisions are required to be made to suit the needs of a Govt. office. This may necessitate 10—15% excess accommodation over the prescribed norms.
- (d) Another factor to be taken into account is that most of the offices located in private accommodation were taken on rent long time back at a much cheaper rate. If these offices are vacated and re-located today, the rent would be manifold in comparison to the rent being paid at present. Moreover, we may not get offices at a central place.  
(P) = Private ; and (G) = Government

**Recommendation**

Yet another glaring irregularity found by the Committee was that the Ministry of Commerce did not reply to the draft audit paragraph in spite of the fact that they were aware of the instructions contained in O.M. No. F-32(9)/EGI/60 dated 3 June, 1960, issued by the Ministry of Finance, Department of Expenditure at the instance of Public Accounts Committee. During evidence, the Secretary admitted that there was an error on the part of their office and of the office of DGFT in not replying to the draft audit para. The Committee hope that the Ministry would give prompt and adequate attention to the audit observation so that preventive and corrective action is taken timely.

Para 55 of 18th Report of PAC  
(Thirteenth Lok Sabha)

**Action taken**

Comments have been noted for future guidance.

[Ministry of Commerce & Industry (Directorate General of Foreign Trade)  
O.M. No. 1/3/81-Genl. dated 16.07.2002]

### **CHAPTER-III**

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

##### **Recommendation**

The Committee have found that AEM, Chennai reassessed the requirement of accommodation for the office of JDGFT, Chennai in October, 1996 as 10500 sq. ft. The Committee are surprised to note that JDGFT, Chennai took one year to surrender only 11313 sq. ft. though as per the assessment of AEM they were required to surrender 34737 sq. ft., resulting in wasteful expenditure on rent for 82 months totalling Rs. 1.33 crore on excess accommodation from January, 1991 to October, 1997. When queried during evidence, the Secretary (Commerce) stated that off hand he did not have the comparative figures of accommodations held by Calcutta and Mumbai Offices. Surprisingly, economy of space does not appear to be concern of DGFT and the Ministry of Commerce as they are yet to review the actual requirement of office accommodation on all India basis, especially in metropolitan cities where heavy and avoidable expenditure is being incurred on rent. The Committee expect that the Ministry of Commerce would adopt a holistic and all India approach to avoid infructuous expenditure on payment of rent. The Committee would also like to be apprised in the matter in due course.

Para 51 of 18th Report of PAC  
(Thirteenth Lok Sabha)

##### **Action taken**

As has been stated in reply to preceding paras the present Assistant Estate Manager unilaterally reduced earlier requirement of the office accommodation for the Office Jt. DGFT, Chennai abruptly, drastically and wrongly from 42,490 Sq. FT to 10,500 Sq. Ft. in 1997 on the basis of the present staff strength of 169. The re-assessed area of 10500 Sq. Ft. given by the AEM in 1997 was found incorrect by the Committee constituted on the recommendation of Hon'ble PAC to review and assess requirement of office accommodation of all the regional offices of DGFT including Chennai office. This Committee, which also has a nominee from the Ministry of Urban Development and Poverty Alleviation (Directorate of Estates) as its member, found the entitlement of the Chennai office on the basis of present staff strength as 20,797 Sq. Ft. (plinth area) against the actual occupied area of 20,245 Sq. Ft. (plinth area). When the building for the office of Jt. DGFT, Chennai was initially occupied at 197, Peters Road, Chennai the total staff strength was around 205. The then Asstt. Estate Manager *vide* his letter No. A-2(43)/87/AEEM (M)/4455 dated 22.5.87 recommended 42,490 Sq. Ft. for the total staff strength of around 205.

As regards to time taken in surrender of surplus of space of Jt. DGFT, Chennai, it is submitted that out of 205 posts, 20 Posts (10%) were shifted in 1990 to regional

offices in the same region like Coimbatore, Madurai etc. 10% proportionate reduction of accommodation was not possible as the landlord was not prepared to accept surrender of partial accommodation. Moreover as the premises were self contained (having basement of three floors), partial surrender of accommodation would have exposed the office to security risk. In January and June 1996 there was further reduction of 19 posts, at that time Office of Jt. DGFT, Chennai, had made some readjustment of different sections and had surrendered the complete second floor on 15.10.1997.

As desired by the Hon'ble PAC, a Committee was constituted to review/assess the requirements of all regional offices of DGFT. The Committee has reviewed the accommodation of all the regional offices of DGFT by holding several meetings and by visiting many offices. A copy of the report of this Committee is at Annexure-I. It may be seen that none of the Regional offices of DGFT was found to possess excess accommodation and, therefore, there is no infructuous expenditure on payment of rent in respect of any Regional office of DGFT organisation.

[Ministry of Commerce & Industry (Directorate General of Foreign Trade)  
O.M. No. 1/3/81-Genl. dated 16.07.2002]

#### **Recommendation**

The Committee found during study visit that precious space was occupied unnecessarily by old files which needed to be weeded out. They feel that JDGFT, Chennai can certainly retrieve a lot of space if the files are reviewed/audited periodically with a view to weeding them out and the space thus vacated could be effectively and gainfully utilized or surrendered. The Committee desire that the JDGFT, Chennai start the work of microfilming the files earnestly and get the process of reviewing/auditing of the files expedited. They would like to be apprised of the action taken in the matter in right earnest.

Para 54 of 18th Report of PAC  
(Thirteenth Lok Sabha)

#### **Action Taken**

Campaigns of reviewing, recording and weeding out of old records are being launched by the Office of Jt. DGFT, Chennai regularly. During the period of last three years, they are reported to have weeded out 50,000 files. Subsequently, the space retrieved was utilised in relocation of other sections of the office. Microfilming of the existing records may not be feasible at present as it is not only costly but will also not eliminate the requirement of retention of valuable records for audit purpose. The real work starts after the issue of licence under Duty Exemption Scheme. Under these schemes licences are issued with export obligation to be completed within 2 and a half years to 10 years depending upon the Scheme of advance licence or EPCG licence. These files are continuously required for a period upto 10 years to monitor the export obligation and to redeem the licence and thereafter records thereof are to be maintained for audit purposes as well as due to the requirements of mandatory record retention schedule. In this manner there is a huge generation of records and thus microfilming of existing records is not a feasible solution.



Audit for the period upto 1992-93 has been completed. The files for the remaining period are yet to be audited, hence the need to preserve the same. Weeding out the redundant files is an ongoing process as new files get added every year. Every effort is made to minimise the space occupied by the essential records.

Further O/O DGFT in consultation with Office of the Comptroller and Auditor General of India and office of the Controller of the Aid Accounts and Audit under Department of Economic Affairs, has revised "The record retention schedule of DGFT organisation on 22.6.01 which would further expedite reviewing, recording & weeding of records in all offices of DGFT.

[Ministry of Commerce & Industry (Directorate General of Foreign Trade)  
O.M. No. 1/3/81-Genl. dated 16.7.2002]

## **CHAPTER-IV**

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

#### **Recommendation**

The Committee note that the Directorate of Estates (Ministry of Urban Development and Poverty Alleviation) fix accommodation norms for Government Offices which include norms for staff, conference room, visitors room, reception, telephone exchange, library, departmental canteen, old records etc. These norms also apply to the office of the JDGFT, Chennai like any other Government office. According to the Ministry, sanctioned strength of the office of JDGFT, Chennai in 1987-88 was 205. As per the norms, the office of JDGFT, Chennai was entitled to not more than 10,500 sq. ft., of accommodation even after providing for all miscellaneous requirements liberally. The Committee's examination of the Audit para, information furnished by the Ministry and the testimony of the witnesses revealed that despite clear norms for office accommodation, AEM assessed the requirement of accommodation of the Office of JDGFT, Chennai as 42490 sq. ft. in 1987. When the matter was pointed out by Audit, the AEM asked JDGFT, Chennai to treat their earlier assessment of 1987 as withdrawn and assessed the requirement as 10500 sq. ft. in 1997 after a gap of 10 years. During evidence, the Committee were informed by JDGFT, Chennai that AEM had made a mistake. The Committee are surprised to note that even if AEM had made a mistake, why DGFT, Delhi and JDGFT, Chennai did not calculate the area required on the basis of the norms stipulated by the Ministry of Urban Development for office accommodation. After appraisal of facts and testimony of witnesses, the Committee hold that the DGFT and JDGFT, Chennai are jointly responsible for hiring an area of about four times more than the required accommodation for the office of JDGFT, Chennai. The Committee also note that the manner in which AEM, Chennai drastically reduced the assessment of requirement of space of JDGFT, Chennai, speaks volumes for the professional competence, objectivity and credibility of AEM.

Para 49 of 18th Report of PAC  
(Thirteenth Lok Sabha)

#### **Action Taken**

When the building for the O/O Jt. DGFT, Chennai was initially occupied at 197, Peters Road, Chennai, the total staff strength was around 205 and several export promotion schemes were in operation. Consequently there was enormous quantum of work in that office which also generated huge records. Therefore, after taking into consideration the norms prescribed by the Dte. of Estate for officers/staff and other special requirements, the then Asstt. Manager *vide* his letter No. A. 2(43)/87/AEM(M)/4455 dated 22.5.1987, correctly recommended 42,490 sq. ft. for their earlier office building at 197, Peters Road, Chennai. There were also certain additional requirements like staff

canteen, Employees Association Recreation club, Stationery Room, General Store for keeping old furniture and other equipments etc. It is also well known that when private buildings are taken for Govt. offices considerable amount of space has to be earmarked for creating corridors, Conference rooms, visitors rooms etc. As per the suggestion of the then AEM the approval of concerned Authority was obtained for such additional requirements. It has already been stated in reply to preceding para that the present Asstt. Estate Manager unilaterally reduced the earlier requirement of office accommodation for the office of Jt. DGFT, Chennai abruptly and drastically from 42,490 sq. ft. to 10,500 sq. ft. in 1997 *i.e.* after a gap of 10 years. This was found to be grossly incorrect as assessed by the Committee constituted on the recommendation of Hon'ble PAC to review and assess the requirement of office accommodation of all the regional offices of DGFT including office of Jt. DGFT, Chennai. A nominee from Ministry of Urban Development and Poverty Alleviation (Directorate of Estates), was also a member of the Committee. The Committee found that the calculation of 10,500 Sq. Ft. area for the O/o Jt. DGFT, Chennai which was recommended by the Asstt. Estate Manager in 1997 was incorrect and re-assessed the entitlement of their space as 20,797 Sq. Ft. (plinth area) against the total plinth area of 20,245 Sq. Ft. which is actually occupied by the Chennai Office at present. The above assessment was made on the basis of much reduced staff strength of 169.

It is also worthwhile mentioning that the Parliamentary Committee had also visited the office of Jt. DGFT, Chennai on 17.1.1999 and had found that the present office badly cramped and congested. (Para 42 of the report). Though the office area is as per norms, the ground situation is far from ideal. Since the building at Peter's Road was occupied after taking the due approval of area as well as rent from the Competent Authorities *viz.* Dte. of Estates and CPWD etc. and, therefore, the office of the DGFT felt it unnecessary to recalculate the area/rent independently. It has been clarified by the DGFT that the statement by Jt. DGFT, Chennai, that the "AEM had made a mistake" was with reference to the assessment of space made by the AEM in 1997 which was certainly erroneous.

[Ministry of Commerce & Industry (Directorate General of Foreign Trade)  
O.M. No. 1/3/81-Genl. dated 16.07.2002]

#### **Recommendation**

The Committee note that the AEM, Chennai asked JDGFT, Chennai to apply for general pool accommodation of Directorate of Estate in April, 1991 and reminded them in July, 1991. JDGFT, Chennai did not apply for general pool accommodation and continued its office in hired building. The Committee was informed in a written communication by the Ministry of Commerce that no information was sought for by AEM in 1991. The Committee are perturbed to observe that during evidence when the plea of JDGFT, Chennai not having received the letter of Pay and Accounts Officer dated July, 1990, AEM dated April, 1991 and his subsequent reminder dated July, 1991 was brought to the notice of Secretary (Commerce) he deposed that "the Government office system is like that. There is nothing that one could do" and that "today the system is computerised". Such an attitude is unfortunate, for the Committee to not agree with the perception of the Secretary (Commerce) that without computers it was

not possible to safely arrange and retrieve vital Government papers/files. This is nothing but sheer abdication of responsibility. The Committee are of the firm view that Jt. DGFT, Chennai continued in the hired accommodation on one plea or another even after the General Pool Accommodation (GPOA) was offered to them. The Committee are anguished to observe that the Ministry reversed their stand during evidence when Secretary stated that GPOA was quite far off from Central Chennai, though in the advance information furnished to the Committee, the Ministry talked about other "lot of problems", they had overcome by October, 1996. To add to their dismay, the Committee find that the "no accommodation certificate" required to be obtained from the AEM, Chennai was not obtained ostensibly on the ground of urgency by the JDGFT. The Committee would like the Ministry of Commerce to look into all attendant circumstances and facts which restrained JDGFT, Chennai to dispense with the mandatory requirement of rules.

[Para 52 of 18th Report of PAC  
(Thirteenth Lok Sabha)]

#### **Action Taken**

It is stated that the reasons for not applying for general pool accommodation of Dte. of Estates were as follows:—

- (a) The office building at 197, Peters Road, Royapettah, Chennai—14 was located in a central place in Chennai.
- (b) Since the office of JDGFT, Chennai caters to the needs of Exporters/Importers, a centrally located building is essential for the convenience of the public, exporters and importers.
- (c) The accommodation offered in the General Pool was at Basant Nagar in Southern Chennai which is 17 Kms. away from the city. It was felt that shifting to such a far off place would create hardships to the exporters/importers, especially when they are required to pay application fee for obtaining licenses etc. from the licensing authority.

It is added that due to heavy rains during October 1997 the building was inspected by the CPWD Engineers on 9.12.1997 and they had issued a certificate (copy at Annexure-II) on the same day stating that the building was unsafe for further occupation. As is expected from Head of the Office, under the aforesaid circumstances, a decision was taken in consultation with the concerned authorities of the CPWD, to shift the office immediately from the old building to prevent danger to human lives and to ensure safety of records of the office. Jt. DGFT, Chennai did not obtain "No accommodation certificate" from the Asstt. Estate Manager, Chennai as there was no space available in the General Pool Accommodation. This fact is evident from the reply furnished by the AEM, Chennai, to the PAC D.4 (v) *vide* his letter No. A2 (140)/98/AEM(MD)/3356 dated 23.11.1998, (Copy at Annexure-III) wherein the status of availability of General Pool Accommodation for the period 1997-98 had been recorded as Nil. Therefore, a prudent decision taken on the part of the Head of Office may not be considered as "dispensing" with mandatory requirement of rules as observed by the Committee.

Any inconvenience caused to the Hon'ble PAC on account of any apparent contradiction in the earlier oral evidence is regretted.

[Ministry of Commerce & Industry (Directorate General of Foreign Trade)  
O.M. No. 1/3/81-Genl. dated 16.07.2002]



GOVERNMENT OF INDIA  
MINISTRY OF URBAN DEVELOPMENT

CENTRAL PUBLIC WORKS DEPARTMENT

Telegram: "NIRMANPALDO"

Telephone: 8272622 (Office)

Office of the Executive Engineer  
Chennai Central Division No. II., C.P.W.D.  
"SHASTRI BHAVAN"  
No. 26 Haddows Road,  
Nungambakkam, Chennai-600 006.

No. 23(1)/CCDII/2146

Dated the 9.12.97

**CERTIFICATE**

As per the request made by the Deputy Director General of Foreign Trade *vide* his letter No. F.No. 4(3)/87/Admn. dated 9.12.97, the office of the Joint Director General of Foreign Trade located at 197, Peters Road is inspected by

- (1) Shri S. Mayakrishnan, Executive Engineer
- (2) Shri V. Sreeramakrishnan, Asstt. Engineer.

alongwith Shri S. Sasi Kumar, Deputy Director General of Foreign Trade and other Staff available on 9.12.97 at 4.30 P.M. The building sinks uniformly in the back portion. In the front portion unequal settlement is noticed. One central column has settled to 18cm in relation to its outer column. Some of the interior columns the ground water is flowing upwards like water fountain due to High water table in the surroundings. By considering the unequal settlement of the columns, it appears to unsafe for occupation. **Hence it is suggested that necessary action may please be taken to shift the accommodation immediately.**

Executive Engineer  
Chennai Central Division No. II  
C.P.W.D. CHENNAI-600 006.

*Annexure III*

**Kind attn:—Shri M.L. BHUTANI, Addl. DGFT.**  
GOVERNMENT OF INDIA  
OFFICE OF THE ASSISTANT ESTATE MANAGER  
SHASTRI BHAVAN, CHENNAI—600 006

No. A2 (140)/98/AEM(MD)/3356

Dt. 23.11.98

To  
The Hindi Officer,  
O/o the Jt. D.G.F.T.  
38 & 39, Whites Road,  
Royapettah,  
CHENNAI-600 014

Sir,

Sub: Examination of Paragraph 3.1 by the Public Accounts Committee of the Report of the C & AG of India for the year ended 31 March 1998, Union Government (Civil) relating to "Wasteful expenditure on rent".

.....

With reference to your letter No. 4(3)/97/Admn. Dated 20.11.98 and Lok Sabha Secretariat (PAC) O.M. No. 14/1/2/98/PAC dated 6.11.98 on the above subject, I am to furnish the reply to the paras pertaining to this office. You are requested to kindly forward a copy of reply sent to your Headquarters incorporating the reply of this office for our reference and record.

**B. Delay in compliance by JDGFT, Chennai**

*(v) The reasons for delay of 10 months from December, 1995 in sending his assessment of requirement of accommodation by Directorate of Estates.*

A huge General Pool Office Accommodation (GPOA), Rajaji Bhavan, measuring 2,47,125 sq. ft. with 20 closed Car Garages was constructed and completed during the month of December, 1995. The said GPOA was allotted to 55 different Central Govt. offices/Departments occupying private rented buildings at Chennai. The allotment of office accommodation has been classified as "Top Priority" work, in order to avoid revenue loss to the Government and therefore the Asstt. Estate Manager was busy with the said allotment work; holding discussions with various Heads of Offices/Departments to find out the suitability of the office space, area to be allotted; to ascertain optimum utilisation of office space by various offices; to assist CPWD in handing over and partition work; to sort out various problems arising out of allotment etc. Due to court case and MMDA restrictions on land-use, the Rajaji Bhavan building was not designed as a typical office accommodation building and it was constructed

with huge Halls without partitions, officer's cabin, strong rooms etc. Hence there were lot of problems in the allotment work. The laborious allotment work was completed only in the month of August, 1996. After the completion of Rajaji Bhavan allotment work, the re-assessment work of JDGFT work was taken up and completed in the month of October, 1996.

#### **D. Refusal of JDGFT, Chennai to move to General Pool Accommodation**

*4(i) Whether it is a policy of Government to go for hired accommodation only after obtaining "not available" certificate from the local CPWD/Director of Estates? Please enclose a copy of instructions issued by the Director of Estates/Ministry of Urban Affairs & Employment in this regard.*

The policy of the Government is to go for hired accommodation only after obtaining "Non-availability Certificate" from the Regional offices of the Directorate of Estates. A copy of Ministry of Urban Development (Directorate of Estates, New Delhi) O.M. No. 16013(I)/82-Pol. III dated 4.6.86 is enclosed herewith.

*(iv) Whether the information was asked by the Assistant Estate Manager in 1991 for accommodation needed for JDGFT in the building to be constructed or the building was already ready for allotment. In the case of former, please state when was the building completed?*

The Asstt. Estate Manager, Chennai called for applications in the prescribed proforma in the year 1991 from all the Central Govt. offices/Departments including JDGFT for allotment of General Pool Office Accommodation (GPOA) to be constructed at the following places:

1. Shastri Bhavan, Annexe Building at Haddows Road
2. Rajaji Bhavan at Basant Nagar.

The above GPOA Buildings were completed on the following dates:

- |                                   |                |
|-----------------------------------|----------------|
| 1. Shastri Bhavan Annexe Building | January, 1994  |
| 2. Rajaji Bhavan                  | December, 1995 |

*(v) What was the position of the vacant general pool office accommodation in Chennai since 1991 till date.*

The position of the vacant General Pool Office Accommodation since 1991 till date is as follows:

Year	Vacant area	Remarks
1	2	3
1991		
to		
1993	Nil	Nil
1994	23471 (Shastri Bhavan Annexe)	Fully allotted and occupied
1995	Nil	Nil



1	2	3
1996	2,47,125 (Rajaji Bhavan)	Fully allotted and occupied
1997 to 1998	Nil	Nil

Kindly acknowledge the receipt of the letter.

Yours faithfully,  
Sd/-

(M.H. BATCHA)  
ASSTT. ESTATE MANAGER

Copy to Shri R.D Sahay, Dy. Director of Estates (Pol), Dte. of Estates, New Delhi for information in continuation of this office letter dated 6.11.98. A copy of Lok Sabha Secretariat's letter referred to above is sent herewith.

ASSTT. ESTATE MANAGER

## **CHAPTER-V**

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

-NIL-

**NEW DELHI;**  
16 February, 2005  
27 Magha, 1926 (Saka)

PROF. VIJAY KUMAR MALHOTRA,  
*Chairman,*  
*Public Accounts Committee.*

## PART-II

### MINUTES OF THE FIFTEENTH SITTING OF PUBLIC ACCOUNTS COMMITTEE (2004-2005) HELD ON 9TH FEBRUARY, 2005

The Committee sat from 1100 hrs. to 1215 hrs. on 9th February, 2005 in Room No.53, Parliament House, New Delhi.

#### PRESENT

Prof. Vijay Kumar Malhotra — *Chairman*

#### MEMBERS

##### *Lok Sabha*

2. Shri Madan Lal Sharma
3. Shri Brij Bhushan Sharan Singh

##### *Rajya Sabha*

4. Shri R.K. Dhawan
5. Dr. K. Malaisamy
6. Shri Jairam Ramesh
7. Prof. R.B.S. Varma

#### SECRETARIAT

1. Shri S.K. Sharma — *Additional Secretary*
2. Shri Ashok Sarin — *Director*
3. Shri N.S. Hooda — *Under Secretary*
4. Smt. Anita B. Panda — *Under Secretary*

#### **Representatives of the office of the Comptroller and Auditor General of India**

1. Shri V.N. Kaul — C & AG
2. Ms. Anusua Basu — ADAI (RC)
3. Shri A.K. Thakur — DG(PA)

- |        |     |     |     |
|--------|-----|-----|-----|
| ***    | *** | *** | *** |
| 2. *** | *** | *** | *** |
| 3. *** | *** | *** | *** |
| 4. *** | *** | *** | *** |

5. The Committee then, took up for consideration and adoption of the draft report on Action taken by the Government on the recommendations contained in the 18th Report of PAC (13th Lok Sabha) relating to "Wasteful Expenditure on Rent". The Committee adopted the same without any modification/amendments. The Committee authorized the Chairman to finalise the draft Report in the light of changes suggested by Audit through factual verification, if any, or otherwise and to present the same to Parliament.

*The Committee then adjourned.*

## APPENDIX

### CONCLUSIONS/RECOMMENDATIONS

Sl. No.	Para No.	Ministry/ Department	Conclusions/Recommendations
1	2	3	4
1	13	Ministry of Commerce & Industry	<p>In their earlier Report, the Committee had held that both Director General of Foreign Trade (DGFT), Delhi and Joint Director General of Foreign Trade (JDGFT), Chennai were responsible for hiring an area of about four times more than the required accommodation for the Office of JDGFT, Chennai. The Committee found that the Office of DGFT not only failed to enforce compliance of its own orders for surrender of the excess rented accommodation by the JDGFT, Chennai but also continued to grant sanction till 1997. The Committee had observed that Office of JDGFT, Chennai incurred wasteful expenditure to the tune of Rs. 1.3 crore on rent for 82 months on excess accommodation from January 1991 to October 1997. Concluding that DGFT and JDGFT, Chennai were jointly responsible for hiring excess accommodation, the committee had recommended that a Committee should be constituted consisting of the representatives of Ministry of Urban Development &amp; Poverty Alleviation (Directorate of Estates) and the Ministry of Commerce (DGFT) to ascertain and fix the entitlement of the Office of JDGFT, Chennai.</p> <p>The Committee note that in pursuance of their recommendation, a Committee was constituted to review and assess the requirement of the Office accommodation of all the regional offices of DGFT including office of JDGFT, Chennai. According to the Ministry, the Committee constituted by them found that the calculation of 10,500 sq. feet area for the Office of JDGFT, Chennai which was recommended by Assistant Estate Manager (AEM) in 1997 was incorrect and re-assessed the entitlement of their space as 20,797 sq. feet (plinth area) against the total plinth area of 20,245 sq. feet which is actually occupied by the Chennai Office at present. The Ministry in their Action Taken Note added that since the building at Peter's Road, Chennai was occupied after taking the due approval from the competent Authorities in 1987 the Office of DGFT felt it unnecessary to recalculate the area/rent independently.</p>

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As regards non-enforcement of its own orders, it has been stated that DGFT had not issued any specific directive to surrender the space and the advice was only for reassessment of space requirement. However, Audit contended the reply given by the Ministry and stated that DGFT *vide* their letter dated 7.1.1994 had advised JDGFT to surrender the surplus accommodation. In response to Audit observation, the Ministry *inter-alia* stated that the Government Offices including the Office JDGFT, Chennai had hired the office building after taking into account the directions issued by the Estate Office. According to them, the Office of DGFT, therefore, did not have technical expertise to advise/direct any of the Zonal/regional Offices under its control to reduce or enhance the entitlement of the area of their offices.

The Committee wish to point out that the total area actually occupied by the Chennai office since 1987 was far in excess of the entitlement now recommended by the Committee constituted by the Ministry. It lends credence to the fact that the assessment made by AEM in 1987 was certainly erroneous. The Committee in their earlier Report had also questioned the professional competence, objectivity and credibility of AEM who drastically reduced the assessment of requirement of space of Chennai office in 1997. Now the Committee constituted by Government has held the assessment made by AEM in 1997 as grossly incorrect. In this context, the reply of the Ministry is completely silent about the action taken against the AEM who reportedly made errors in assessing the space requirement of Chennai Office. The Committee would like to know the reaction of the Ministry of Urban Development & Poverty Alleviation (Directorate of Estate) on the findings of the Committee constituted by Ministry of Commerce including action taken against the AEM for erroneous calculation of space for Office of JDGFT, Chennai.

Further, the contention of the Ministry that the surrender of partial accommodation was not acceptable to landlord is not tenable in view of the fact that an area of 11,313 square feet could be surrendered in October 1997 after the wasteful expenditure was pointed out by Audit. The stance taken by the Office of DGFT in this

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1	2	3	4
			<p>regard is quite contradictory. While earlier they issued directives to JDGFT, Chennai to surrender excess space, it was stated subsequently that they did not have competence to do so. Curiously enough, the letter issued by DGFT was stated to be not traceable in the Office of JDGFT, Chennai. Thus, the whole sequence of events including the diluted stance taken by DGFT amply corroborate the conclusion arrived at by the Committee in their earlier Report that both DGFT and JDFT were responsible for hiring excess accommodation which benefitted the landlord at the cost of the Government. The Committee regret that instead of taking action against the authorities responsible for inflicting loss to the Government. the Ministry continued to justify wrong doing on one or the other pretext.</p>
2.	17	Ministry of Commerce & Industry	<p>The Committee are not convinced with the reasons advanced by the Ministry for JDGFT, Chennai not availing of General Pool Accommodation. The Committee are of the opinion that had the Office of JDGFT been shifted to Rajaji Bhawan, considerable financial loss to the Government in terms of rent paid for hired accommodation could have been prevented, with minimal effort in overcoming the stated functional inconvenience. Further the JDGFT, Chennai did not even bother to obtain 'No Accommodation Certificate' at the time of sifting to another hired building particularly when this certificate was essential for a Government Office to continue functioning in hired private premises. The Ministry stated that since the building was reported to be unsafe, the Office was shifted immediately to another hired accommodation. It was added that JDGFT, Chennai did not obtain 'No Accommodation Certificate' as there was no space available in the General Pool Accommodation as was evident from reply given to PAC by AEM in November 1998. However, the fact remains that General Pool Accommodation was offered long back in 1990 and the JDGFT erred in not applying for the same. The Committee consider it to be a major lapse on the part of the then JDGFT, Chennai warranting appropriate administrative action against him. The Committee would like to be apprised of the action taken in this regard within a period of three months.</p>