

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

(FOURTH LOK SABHA)

SEVENTY-NINTH REPORT

Action taken by Government on the recommendations of the Public Accounts Committee contained in their 26th Report (Fourth Lok Sabha) on Appropriation Accounts (Civil) 1965-66 and Audit Report (Civil), 1967 relating to the Ministries of Finance, Industrial Development & Company Affairs (Department of Industrial Development) and Steel, Mines & Metals (Departments of Iron & Steel and Mines & Metals) and Action taken by Government on the recommendations of the Public Accounts Committee contained in 20th Report (Fourth Lok Sabha)



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1969/Vaisakha, 1891 (Saka)

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PUBLIC ACCOUNTS COMMITTEE

(1968-68)

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Shri Avtar Singh Rikhy—*Joint Secretary.*

Shri K. Seshadri—*Under Secretary.*

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

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Eighty Second Report on the Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 26th Report (Fourth Lok Sabha) on Appropriation Accounts (Civil) 1965-66 and Audit Report (Civil), 1967 relating to the Ministries of Finance, Industrial Development & Company Affairs (Department of Industrial Development) and Steel Mines and Metals (Department of Iron & Steel and Mines & Metals) and Action taken by Government on the recommendations of the Public Accounts Committee contained in 20th Report (Fourth Lok Sabha).

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

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

3. The draft Report was considered and adopted by the Sub-Committee at their sitting held on 22nd April 1969, and finally adopted by the Public Accounts Committee on 28-4-1969.

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

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

M. R. MASANI
Chairman,
Public Accounts Committee

NEW DELHI;

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

CHAPTER I

REPORT

This Report of the Committee deals with action taken by Government on the recommendations/observations contained in their Twenty-Sixth Report (Fourth Lok Sabha) relating to Ministries of Finance, Industrial Development and Company Affairs (Department of Industrial Development) and Steel, Mines & Metals (Department of Iron & Steel and Mines & Metals) and action taken by Government on the recommendations of the Public Accounts Committee contained in 20th Report (Fourth Lok Sabha) which was presented to the House on 19th April, 1968.

1.2. Out of 23 recommendations contained in the Report, action taken notes/statements have been received in respect of 21* recommendations. Reply is still awaited in respect of S. No. 9 (Paragraph 1.31).

1.3. The Action Taken Notes/Statements on the recommendations of the Committee contained in the 26th Report have been categorised under the following heads :

- (i) *Recommendations/observations that have been accepted by the Government.*
S. Nos. 1 (Para 1.52-1.56), 2, 3, 5, 6, 7 (Para 1.104)
8 (Para 1.122), 9 (Para 1.130), 10, 13, 18 (Paras 3.40 & 3.42) and 20.
- (ii) *Recommendations/observations which the Committee do not desire to pursue in view of the replies of Government.*
S. Nos. 7 (Paras 1.103 & 1.105) and 18 (Para 3.41).
- (iii) *Recommendations/observations replies to which have not been accepted by the Committee and which required reiteration.*
S. Nos. 1 (Para 1.57), 11, 12 (Para 2.34, 2.35), 15, 16, 17, 19 & 21.
- (iv) *Recommendations/observations in respect of which interim replies have been furnished by Government.*
S. Nos. 4, 8 (Para 1.123, 12 (Para 2.33), 22 and 23.

1.4. The Committee will now deal with the action taken by Government on some of the recommendations/observations *Kolar Gold Mining Undertaking—Para 1.57—(S. No. 1 of Appendix V).*

1.5. In paragraphs 1.1 to 1.60 of their Twenty Sixth Report (Fourth Lok Sabha) the Committee deal with the detail the working of the Kolar Gold Mining Undertakings. In para 1.57, the Committee referred to delay in submission of the report by the Technical Committee appointed in 1965

*In regard to recommendation at S. No. 14 (Para 3.11) a separate reply has not been furnished as this covered by the Government's reply to S. Nos. 37-39 (paragraphs 3.7, 3.13 & 3.14) of the 68th Report (Third Lok Sabha) relating to the Joint Plant Committee which is included in the 64th Report (Fourth Lok Sabha).

to review the mining techniques and suggest improvements and made the following observations :

“The Committee are unhappy that the Technical Committee, which was constituted by Government as far back as in January, 1965, has not so far submitted its Report. They need hardly stress that the Technical Committee should expedite its Report so that Government can initiate concerted measures in the light of its suggestions to improve efficiency and effect economy.”

1.6. In their reply dated the 11th November 1968, the Ministry of Finance (Department of Economic Affairs) have stated :

“The Technical Committee is being urged to expedite its report. It is understood that the reports of the two sub groups appointed by the Committee may be furnished shortly.”

1.7. The Committee hope that the Ministry would pursue the question of expeditious finalisation of the report by the Technical Committee appointed as early as 1965 to review the mining techniques employed by the Kolar Gold Mining Undertaking and suggest improvements.

1.8. The Committee also desire that the compilation of costing figures should be expedited, as suggested by the Consultants.

1.9. The Committee attach great importance to increasing productivity in the Kolar Gold Mining Undertaking and the adoption of effective costing system for improving efficiency and minimising losses. The Committee would urge government to pay sustained attention to these objectives so as to bring about the much needed improvement in the working of the Undertaking.

Cess on Salt—S. No. 11—(Paragraphs 2.7—2.17) of Appendix V of Twenty-Sixth Report—Fourth Lok Sabha.

1.10. In paragraph 2.19, the Committee made the following observation in regard to the Salt Cess Fund :

“Now that the Central Salt Cess Act, has been in operation for the last 14 years, the Committee suggest that a comprehensive review of its working should be conducted to find out how far the objectives of the Act have been fulfilled. The Committee suggest that the help of the Central and Regional Advisory Boards for Salt should be enlisted to achieve the objectives underlying the levy of the Cess.”

1.11. In their reply dated 10-12-1968 the Ministry of Industrial Development and Company Affairs (Department of Industrial Development) have stated :

“The recommendation of the Public Accounts Committee is noted. The Regional Advisory Board and Central Advisory Boards constituted by Government have been regularly meeting to consider proposals for execution of development and labour welfare works. These Boards have already approved a large number of works for execution. The programme of execution of works is drawn up according to their recommendations. However, sufficient progress does not take place in the execution of works for want of licensees interest and or an

account of procedural delays. With a view therefore, to speed up the progress, Government have under consideration the creation of Salt Cess Fund and the constitution of a Statutory Salt Boards which would be invested with sufficient powers to take quick decisions on the finalisation of works programme and their execution. Even after the formation of the Salt Board, it is proposed that the Regional Advisory Board's and Central Advisory Board for Salt would continue to function as hitherto to make their recommendations to the proposed Salt Board for the execution of Development and labour welfare works from the cess proceeds. These Boards are broad based and in addition to Departments concerned of Central and State Governments, other interests concerned viz. Labour and industry and leaders of Public Affairs are also represented on them."

1.12. The Committee note that in order to achieve better participation by the Salt Industry in the execution of development programme, Government have in May, 1968 liberalised the code for grant of assistance to the Salt licencees for execution of development programmes and Labour Welfare Works. Government have also under consideration the creation of a Salt Cess Fund and the constitution of a Statutory Salt Board invested with sufficient powers to take quick decisions on the finalisation of works programme and their execution. The Committee hope that a decision on these important issues would be taken and given effect to at an early date.

1.13. The Committee would like to know the action taken in pursuance of their recommendation that a comprehensive review of the working of the Central Salt Cess Act should be conducted to find out how far the objectives of the Act have been fulfilled. The Committee have no doubt that such a review would provide useful guidelines for execution of programme of development and labour welfare works. The Committee would also suggest that such a review should be undertaken periodically say once in three years.

Okhla Industrial Estate—Paras 2.23—2.32—S. Nos. 12 (Paras 2.33—2.36) of Appendix V of Twenty-Sixth Report—Fourth Lok Sabha.

1.14. In paragraphs 2.23—2.32, the Committee dealt with the delay in the recovery of the arrears of rent from the allottees of sheds since November 1965 which stood at Rs. 8.21 lakhs in November 1965 and had risen to Rs. 13.80 lakhs (including penal interest at 6%) in October, 1967.

1.15. The Committee had made the following observations in paragraphs 2.33—2.36.

"The Committee are not able to appreciate why it has taken Government more than five years to finalise the hire-purchase terms on which the Industrial sheds in Okhla are to be offered to tenants, though a decision was taken as far back as 1962 that the full economic rent charged from tenants would be adjusted against the amounts to be recovered towards the hire-purchase premium. The Committee would like Govt. to finalise these terms without further delay and make necessary recoveries/adjustments.

The Committee also note that the arrears of rent which stood at Rs. 8.21 lakhs in November, 1965 have risen to Rs. 13.80 lakhs (including penal interest at 6 per cent) in October, 1967. It is

obvious that the measures taken so far by the Delhi Administration have not yielded the desired results. The Committee would like Government to take more stringent measures to recover these arrears and also to ensure that recoveries of current rent are not allowed to fall into arrears.

Steps should be taken to complete the execution of deeds of lease with the remaining 31 allottees. The allottees should also be made to take out the requisite insurance as prescribed in the deeds of lease. The Committee would like to watch progress made in the above respects through future Audit Reports."

(Paras 2.33, 2.34, 2.35 & 2.36)

1.16. In their reply dated the 25th January, 1969, the Ministry of Industrial Development and Company Affairs (Department of Industrial Development) had stated :

"The terms and conditions of Hire Purchase have now been decided in principle by Government of India (*vide* Appendix I). The tentative figures for the same have been worked out and sent by the Delhi Administration to the C.P.W.D. and the N.S.I.C. for confirmation. On receipt of their confirmation, the terms will be finalised by the Delhi Administration in consultation with their Finance Department and with the approval of the Government of India. The sheds are to be handed over to the tenant industrialists on hire purchase basis and the entire expenditure incurred on it so far will be recovered from the factory owners. The question of any loss to the Government does not, therefore, arise.

(ii) The observation made by the Committee has been noted and all persuasive measures are being taken to recover arrears of rent. Coercive measures are not considered desirable in view of the promotional nature of the activity. Actually the main hitch in the recovery of arrears of rent is the non-finalisation of the hire purchase terms and to some extent the general economic recession in the industries. As soon as the hire purchase scheme is finalised, the parties will be given reasonable time for payment of arrears of Hire Purchase premium. Those who fail to pay the premium within this time, will be deprived of the privilege of Hire Purchase and objected from the premises and the allotment made to new parties. The recovery of rent from the allottees of the sheds in the Okhla industrial Estate will be kept in view while handing over the sheds on Hire Purchase. It is expected that by and large the allottees will pay their arrears of hire purchase premium within the stipulated time and thus the amounts now shown as arrears of rent will be liquidated either by adjustment of past payments or by quick recoveries.

The Position regarding up-to-date to arrears of rent as on 31-10-1967 and 31-10-1968 is given below :—

Arrears of rent as on 31-10-1967	—Rs 15,33,566.28
Arrears of rent as on 31-10-1968	—Rs. 23,26,617.37
Recoveries made from 1-11-1967 to 31-10-1968	—Rs. 1,91,272.10

(iii) Out of 41 allottees, 6 have already executed lease deed and one shed is lying vacant. The remaining 34 have submitted the lease sheds by 1-8-1968 which will be registered shortly after scrutiny. 96 factories have been insured as on 31st March, 1968 against 30 in 1965. Others are being persuaded to get their factories insured."

1.17. The Committee are unhappy to note that the arrears of rent have risen from Rs. 15.34 lakhs as on 31-10-67 to Rs. 23.26 lakhs as on 31-10-68.

1.18. The Committee also note that the question of finalisation of the hire-purchase terms has been under consideration of Government for more than six years. The Committee desire that the hire-purchase terms should be finalised without further delay so as to remove uncertainty and enable the Administration to take effective measures to recover the past arrears and not allow current charges to go into arrears.

1.19. The Committee note that 96 factories have been insured as on 31st March, 1968 as against 30 in 1965. The Committee desire that the remaining allottees should also be made to take out the requisite insurance as prescribed in the lease.

Reduction in the staff—Para 3.12—S. Nos. 15 and 16—(Paras 3.13-3.14)—of Appendix V of 26th Report—Fourth Lok Sabha.

1.20. In dealing with the question regarding reduction in the regular staff of the Iron and Steel Controller's Organisation and completion of the pending arrears in the Price Accounts Division by 31-12-1968 as recommended by Khadilkar Study Team, the Committee in paras 3.13 and 3.14 of their Twenty Sixth Report (Fourth Lok Sabha) made the following observations :

"The Committee would like Government to take an early decision regarding the reduction in the staff of the Iron and Steel Controller's Organisation considering that, following decontrol, most of the regulatory work has devolved on the Joint Plant Committee, and that work connected with import and export was proposed to be transferred to the Chief Controller of Imports and Exports and that the Iron and Steel Controller's organisation would be left mostly with developmental work. As regards the arrears of work in the Price and Accounts Division, the Committee agree with the Study Team on the Iron & Steel Control Organisation that these arrears should be cleared by 31-12-1968. The Committee would like Government to take all necessary measures, including designation of staff from the existing strength specially for arrears work, so that the target dated of 31-12-1968 is strictly adhered to."

"The Committee would like to be informed of the measures taken to clear these long pending arrears by 31-12-1968 and to effect a reduction in the regular staff of the Iron and Steel Controller's Organisation so as to achieve maximum economy consistent with requirements."

"The Committee hope that the work relating to the import and export of Iron and Steel along with the staff will be soon transferred to the organisation of the Chief Controller of Imports and Exports and that the problem of surplus staff would also be quickly settled.

The Committee would like to be informed when this work is transferred to the Chief Controller of Imports and Exports as recommended by the Study Team on the Iron and Steel Control Organisation."

(Paras 3.13—3.14 and 3.18)

1.21. In their reply dated the 2nd November, 1968, the Ministry of Steel, Mines and Metals (Department of Iron and Steel) have stated :—

"The Committee had been informed earlier that the Empowered Committee while considering the Report of the Khadiikar Study Team did not agree to recommendation of the Study Team in regard to the placement of special additional staff for clearance of arrears of accounts work which is to be completed by 31-12-1968 and decided to have a work study done by the S.I.U. in respect of the work which remained to be done to evolve a yardstick for the disposal of this work. S.I.U. who conducted the work study have recommended 113 persons for the arrears of accounts work to be completed by 31-12-1968. As against this only 80 persons are employed on the work from 1-1-1968. As against 5,676 cases pending on 1-1-1968 as many as 726 have been finally settled till the end of April, 1968. It appears that it may not be possible to complete the work by the deadline stipulated by the Study Team. The question of revising the target date for completion of work is presently under consideration in consultation with the Ministry of Finance.

1.22. The Committee note that as against 113 persons recommended by the Staff Inspection Unit of the Ministry of Finance for clearance of the arrears of work in the Price and Accounts Division of the Iron and Steel Controller's Organisation, only 80 persons were employed for the purpose. It has been pleaded that as a result the target date of 31st December, 1968, fixed earlier for completion of the work had to be extended.

1.23. The Committee hope that the work would now be completed by the revised date being fixed for the purpose, and that efforts would be made to complete it before the said date.

Sundry Debtors—Para 3.19—S. No. 17—(Para 3.20) of Appendix V of Twenty Sixth Report (Fourth Lok Sabha).

1.24. In para 3.20 of Chapter III of their Twenty Sixth Report (Fourth Lok Sabha) the Committee had made the following observations in regard to the recovery of dues from sundry debtors :

"The Committee note that some small progress has been made in recovering dues from sundry debtors. The Committee would like the work of recoveries to be expedited.

(Paragraph 3.20 of 26th Report)

1.25. In their reply dated 31st January, 1969 the Ministry of Steel, Mines & Metals (Department of Iron & Steel) have stated :

"The Committee's recommendation has been noted. Every endeavour is being made to recover the outstanding dues as quickly as possible. In this connection it may be mentioned that the outstanding of Rs. 381.02 lakhs against Sundry Debtors at the end of March, 1966 shown in the Audit Report (Civil), 1967 have since been reduced to Rs. 123.31 lakhs only at the end of March, 1968."

1.26. The Committee note that the outstanding dues from sundry Debtors which stood at Rs 381.02 lakhs in March 1966, have been brought down to Rs. 123.31 lakhs in March, 1968. The Committee trust that intensified efforts would be made to recover the remaining dues.

Levy of liquidated damages—Paras 3.43—3.52 (S. No. 19—Para 3.53—of Appendix V of Twenty-Sixth Report—(Fourth Lok Sabha).

1.27. In para 3.53 of their Twenty-Sixth Report (Fourth Lok Sabha), the Committee had made the following observation in regard to the pending cases of liquidated damages and where the liquidated damages were yet to be levied :

“The Committee have already recommended in para 3.13 of this Report all arrears of work should be cleared by 31st December, 1968. The Committee would like Government to intensify their efforts to finalise the remaining cases of liquidated damages.”

(Paragraph 3.53 of 26th Report)

1.28. In their reply dated the 31st January, 1969, the Ministry of Steel, Mines and Metals (Department of Iron and Steel) have stated :

“The Committee’s recommendations have been noted. As regards clearance of arrears of accounts work it may be mentioned that the Study Team’s recommendations in regard to the staff composition was not accepted by the Empowered Committee. It was decided that the Staff Inspection Unit of the Ministry of Finance should make a study of the work and assess the requirements of staff and evolve a yardstick for disposal of this work. The Staff Inspection Unit have since submitted their report on 30-12-1967 and their recommendations for additional staff in their regard are under consideration of Government. In the absence of the requisite staff, it will not be possible to complete the work of arrears clearance by the dateline stipulated by the Khadilkar Study Team. Every effort is, however, being made to clear the arrears as quickly as possible with the existing staff.

1.29. The position of the remaining 43 cases of liquidated damages is as indicated below :—

- (a) out of 33 cases where the amounts of liquidated damages have been assessed.
 - (i) Amounts have been recovered fully either in cash or by way of adjustment in 13 cases (Rs. 68,193.19).
 - (ii) Amounts have been partly adjusted in 1 case Rs. 8,624.07).
 - (iii) Claims have been dropped in 2 cases (Rs. 4,891.85).
 - (iv) 1 case has been closed (Rs. 42,072.51).
 - (v) Civil Suit has been filed in 1 case (Rs. 29,418.25).
 - (vi) Necessary plaint is being drawn up for filing a Civil Suit in 1 case (Rs. 2,29,320.00).
 - (vii) Legal notice has been issued by the Central Government Solicitor in 1 case (Rs. 3,620.83).

(viii) 12 cases have been referred to Arbitration (Rs. 3,37,372.18) and

(ix) The remaining 1 case (Rs. 9,358.35) has been referred to the High Powered Committee for settlement. The High Powered Committee has decided in respect of the remaining one case mentioned above that specific legal opinion should be obtained for certain aspects of the case for Committee's final decision. Action is being taken in the matter accordingly.

(b) Out of the 10 pending cases where the liquidated damages were yet to be levied, the damages have since been assessed in (i) 6 cases (Rs. 10,33,556.31), (ii) 1 case has been dropped with the concurrence of Finance; (iii) legal authorities have expressed doubts over tenability of liquidated damages claim in 1 case; and (iv) liquidated damages could not be assessed in the remaining 2 cases as the relevant files are lying with the Deputy Legal Adviser, Bombay the Special Police Establishment.

The case in which legal authorities have expressed doubts over tenability of the liquidated damage claim has also been submitted to the High Powered Committee, who has decided to lodge claim at the rate of 1% of the landed cost. Action is being taken in the matter accordingly.

1.30. The Committee would like to know the progress made in the recovery of liquidated damages in the remaining cases which are under settlement/arbitration or civil court proceedings. The Committee see no reason why the assessment of liquidated damages in two cases in which the relevant files are with the Deputy Legal Adviser/Special Police Establishment could not be expedited by either obtaining the original papers or by obtaining copies thereof.

Movement of coal by road-cum-river route—S. No. 21—(Paras 4.1 to 4.26) of Appendix V of 26th Report (Fourth Lok Sabha).

1.31. In paragraphs 4.1 to 4.36 of their 26th Report the Committee dealt with working of the scheme for the movement of coal by road-cum-river route. In paragraphs 4.37 to 4.40, the Committee made the following observations :—

“While the Committee appreciate the effort to find an alternative method for the movement of coal by resorting to road-cum-river route, they are constrained to observe that as a result of the adoption of a scheme which was based more on assumption than on adequate investigation and preparation, an infructuous expenditure of several lakhs was incurred without any corresponding benefit to the industry or the consumer.”

“The Committee are not able to understand why Government did not undertake a detailed hydrographic survey of the river Ganga specially when the Ministry of Irrigation & Power had repeatedly pointed out the imperative need for such a survey. The Ministry of Finance had also clearly pointed out that the long term benefits of the Project were open to doubt as it was questionable whether the consumers would be prepared to continue to pay for the high transport charges in getting the coal by road-cum-river route, while in the case of the

short terms scheme, the total quantities proposed to be moved were no more than 6 to 7 wagons per day."

"It is obvious that the Planning Commission did not exercise any detailed check before according approval to this particular scheme, when it should have been evident quite early that the cost of transport would be even higher than the cost of haulage by the Railways."

"The Committee suggest that a detailed study of this case should be made by Government with a view to finding out how such a costly scheme could have been rushed through in disregard of the doubts expressed by the Ministries of Irrigation and Power and Finance."

(Paras 4.37—4.40)

1.32. In their reply dated 12-12-1968 the Ministry of Steel, Mines and Metals (Department of Mines and Metals) have stated :—

"As desired by the Committee an officer of the Department of Mines and Metals had been asked to make a detailed study of the case. The officer is making a sifting enquiry and is expected to complete his work shortly. As soon as the detailed case history is ready, the matter is proposed to be discussed in an inter-Ministry meeting before taking a final view in the matter."

1.33. The Committee desire that the case study of the scheme for movement of coal by road-cum-river route should be expeditiously completed. The Committee would like Government to draw the necessary lessons from this case study and circulate them to all Ministries/Departments to avoid hasty decisions being taken on schemes involving heavy capital outlay without thorough investigation.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee hope that an early decision will be taken in consultation with the Directorate of Safety of Mines to reopen the Northern Folds of the Champion Reef Mines which were closed towards the end of 1962 due to rock burst so as to exploit the rich gold ore in the mine. The Committee have no doubt that while reopening the deep mine, adequate safety precautions will be taken to avoid any mishap.

The Committee note that the mill at Mysore Mine had been working very much below its capacity and the other two mills had not been utilised to their full extent except during the period April to November, 1962. The utilisation of the mill at Nundydroog Mine has also been showing a progressive decline since the date of take over by the Central Government. The Committee understand that the ore from Champion Reef Mine is being milled at the Mysore Mill and that the Milling plants in the Champion Reef Mines did not work during 1965-66. The Committee understand that there is a proposal for expanding the production of ore at the Nundydroog Mine and for reopening the Northern Folds of the Champion Reef Mines, which are rich in ore. The Committee would like Government to review critically the working of the milling plants with reference to the production programme of the three mines so as to ensure the most efficient and economic working.

The Committee also suggest that the Central Mining Research Station, Dhanbad, and the National Metallurgical Laboratory which are under the Council of Scientific and Industrial Research should be more intimately associated with the Mining problems of the Kolar Gold Mining Undertakings. The advice of the Central Mining Research Station, Dhanbad, may in particular be taken about the dumping and disposal of rejects of after the gold is extracted from the ore.

The Committee note that the Consultants had recommended that excess labour expenses should be curtailed by retrenchment of unproductive labour and an increase in the productivity of the labour retained. The Committee note that the Undertakings has been able to reduce the strength from about 18,000 men in 1963 to 12,900 at the end of 1967. In view of the imperative need for effecting further economy, the Undertaking should work out and introduce an appropriate incentive scheme to improving efficiency and effecting economy.

The Committee also recommend that the Undertaking should examine and implement the other suggestions of the Consultants for centralization of various standardized functions, accurate budgeting and costing and speeding up the compilation of cost figures for various operations to facilitate exercise of effective control over expenditure.

[Sr. No. *Appendix V—Paras 1.52—1.56—of 26th Report (Fourth Lok Sabha)*]

Action taken

The scheme to reopen the Northern Folds of the Champion Reef Mine has been cleared with the Directorate of Mines Safety and sanctioned. The scheme has been taken up and work is progressing in the phased manner recommended by the Expert Committee.

The scheme for increasing production in the Nundydroog Mine from 20,000 (short) tons per month to 28,000 (short) tons has since been sanctioned and taken up. The production in the Nundydroog Mine is accordingly expected to rise progressively resulting also in increased utilisation of the Nundydroog Mill. In regard to the other two Mills, it may be mentioned that from 1965 only the Mysore Mill is being actually utilised to handle ore from the Mysore and Champion Reef Sections. When the tonnage of ore from the Champion Reef Mine increases (with the implementation of the scheme for re-opening of the Northern Folds etc.) it may become necessary to work the Champion Reef Mine Mill rather than the Mysore Mine Mills. Both the Mysore and the Champion Reef Mine Mills are very old and would need a certain amount of modernisation. The matter will, however, be reviewed with the objective of making the best use of the Mills, as suggested by the Committee.

The suggestions of the Committee are noted. The Kolar Gold Mining Undertaking administration is in touch with the Central Mining Research Station, Dhanbad, and has indicated to them certain items of work in which it desires to have research conducted (in association with the Kolar Gold Mining Undertakings). The Kolar Gold Mining Undertakings had also written to them regarding the utilisation of rejects of ore after the gold is extracted from the ore. (It may be mentioned that similar investigations had already been made with the other organisations and the problem has been found to be difficult. Recently, investigations have been undertaken for the presence of scheelite in the residual dumps). In regard to the National Metallurgical Laboratory, it may be mentioned that the Kolar Gold Mining Undertakings have already been taking assistance from them for investigations of certain problems—for example, in the matter of improving the gold recovered from the Nundydroog Mine ore, certain investigations are being jointly conducted.

The Mines already have certain schemes of incentives which were introduced some years ago. A review of the incentive schemes has been recently conducted by an *ad hoc* Committee constituted for this purpose and certain changes in the schemes recommended by this Committee with the objective of improving productivity have been sanctioned by the Government. This, it is hoped will improve the position further.

The suggestion of the Consultants for centralization of various standardized functions for example, purchases, civil engineering services, workshop services has been generally implemented. In regard to costing, it may be stated that the Mines already have a system of detailed costing. The possibility of speeding of the compilation of cost figures etc. is being further looked into, as suggested by the Committee.

[Ministry of Finance (Deptt. of E.A.) O.M. No. 8(7)-B/68 dt., 25-1-1969]

Recommendation

The Committee regret to note that though the Undertaking was taken over by the Central Government on 1st December, 1962, no formal sale

deed has been executed so far. They hope that the sale deed will be finalised without further delay.

[Sr. No. 2, Appendix V—*para* 1.61 of 26th Report (Fourth Lok Sabha)]

Action taken

The Sale Deed has since been executed by the Governments of India and Mysore and has also been registered at the office of the Sub-Registrar, Bangarapet (Mysore State).

[Ministry of Finance (Deptt. of E.A.) O.M. No. F 2(7)-B 68, dt. 25-1-1969]

Recommendation

The Committee are extremely unhappy at the manner in which the Central Government agreed in cotravention of Article 287 of the Constitution to pay the State Government a grant-in-aid equal to the amount of the tax refunded by the State Government on electricity consumed by the Undertakings. If the State Government had to be compensated for the loss of duty on electricity consumed by the Undertakings, it would have been better to provide for it specifically while settling the total amount payable for the acquisition of the Undertakings. The Committee stress that such irregular practice will be strictly eschewed in future.

[Sr. No. 3, Appendix V—*para* 1.68 of 26th Report (Fourth Lok Sabha)]

Action taken

The question of compensating the Mysore Government for the loss of tax on electricity consumed by the Kolar Gold Mining Undertaking as a result of the taking over by the Centre of the Undertaking was carefully examined by Government *inter alia* with reference to the provisions of Article 287 of the Constitution. It was felt that the giving of a grant-in-aid to the State Government in this case to compensate them for the loss of tax on electricity, which they were realising before the Undertaking was taken over by the Centre, did not tantamount to the circumvention of the provisions of the Constitution. The fact that compensation was paid annually for some time in the form of grant-in-aid instead of in lump at the time of taking over should not make a difference in the consideration of this matter. Moreover the grant was mentioned in the Explanatory Memorandum on the Budget and was also discontinued from 1st April, 1966. In any case this was a solitary instance and the Committee's observations have been noted.

[Ministry of Finance (Deptt. of EA) O.M. No. F8(7)-B/68, dt. 20-11-68]

Recommendation

The Committee note that the declining trend in profits in these factories in 1963-64 to 1965-66 has given place to a substantial margin of profit in 1966-67 devaluation. The Committee suggest that Government should make a careful assessment of the future demand for the export of opium products for medicinal and other uses so that the production of opium and its products and the working of the factories can be suitably regulated to achieve the best possible results.

[Sr. No. 5 Appendix V—*Para* 1.82 of 26th Report (Fourth Lok Sabha)]

Action taken

(1) The steps taken to improve the profitability of the factories have proved effective. Profits earned for 1966-67 amounted to Rs. 1.15 crores. The audited *proforma* accounts of the factories for 1967-68 are not yet available, but it is anticipated that profits during this year also would be appreciable.

(2) Advance information has been obtained from foreign buyers about their intended requirements of opium during 1968 and 1969 and the procedure of obtaining such advance information will be continued.

(3) Information has also been collected from our consumers of alkaloids within the country regarding their future requirements.

(4) After ascertaining the future requirement of opium as correctly as possible, it has been planned to bring about 36,000 hectares of land under poppy cultivation during 1968-69 crop with an expected yield of about 32 Kgs. per hectare. It is hoped that the increased production will enable the Government to meet the demands from various sources in full. Exports are expected to rise in 1969 compared to 1968 which itself showed a rise compared to 1967.

1.82.

(5) Third shift in Ghazipur Alkaloid Works for increasing production of alkaloids to meet the immediate internal demand has been started from 23rd September, 1968.

(6) The demand for Alkaloids indicates a rising trend. A new alkaloids Works Project is in hand. The project will meet the entire demand of the country and is also expected to leave some surplus for export.

(7) With regard to detailed survey of export market of opium and alkaloids, efforts are being made to collect information about the prices of alkaloids in the international markets.

[Ministry of Finance (Deptt. of Rev. & Insurance) D.O. No. 47 2 68-
[Opium, dt. 13-1-1969]

Recommendation

The Committee note that under the costing system introduced in 1925 the cost of manufacture of opium is arrived at by taking into account the quantity of products estimated to be manufactured instead of the actual quantity produced. This system is defective as :

- (i) it does not indicate the true cost of production;
- (ii) the abkari losses (i.e. manufacturing losses) continue to form part of closing stock till the sanction for write off is received;
- (iii) the non-adjustment of the manufacturing losses in the Profit and Loss Account results in inflation of profits and this in turn increases the amount of capital as profits are adjusted to capital in departmental undertakings; and
- (iv) for the purpose of Profit and Loss Account, the closing stock of the semi-finished alkaloids is valued at 9/20th of the selling price

of the drugs manufactured therefrom whereas in the Production Account closing stock is valued on a different basis.

It is evident that all these factors are bound to affect in various ways the Profit and Loss Accounts of these Undertakings. The Committee hope that Government will take suitable measures, in consultation with the Cost Accounts Department of the Ministry of Finance, to resolve all these anomalies and ensure the preparation of the Profit and Loss Accounts on a standardised and acceptable basis. Government should also take early action about writing off the manufacturing losses in the light of the recent Report of the Narcotics Commissioner.

[Sr. No. 6 Appendix V—paras 1.91-1.92 of 26th Report (Fourth Lok Sabha)]

Action taken

"The observations of the Committee have been noted. Cost accounting system be modernised as soon as posts of Cost Accounts Officer and staff have been sanctioned and the staff posted. Action for creation of requisite posts has already been initiated.

(ii) With regard to the manufacturing and storage losses, the Ministry have appointed an enquiry committee to study the losses in the past years and also to fix some norms in respect of these losses. The Committee is expected to complete the enquiry and submit report shortly."

Recommendation

The Committee would like the Department to intensify its research to improve operational processes for the drying and mixing of opium and the stamping of opium so as to improve operational efficiency.

[Sr. No. 6 Appendix V—para 1.93 of 26th Report (Fourth Lok Sabha)]

Action taken

"A reference has been made to the C.S.I.R. to undertake research on the following aspects :—

- (1) How to prevent in storage, deterioration of Morphine in opium from the stage of collection of opium by the cultivators from poppy plant till it is surrendered to the Government at purchasing centres and brought to the factories for processing?
- (2) How to determine moisture content in opium quickly and accurately at the time of purchase from cultivators at the weighment centre, so that accounting and payment is more accurate?
- (3) How to determine morphine content in opium quickly at the weighment centre, so that price could be related to quality?
- (4) How to minimise losses in handling of opium during transit from the weighment centres to the opium factories. Also what type of containers would be most suitable for collection of opium by cultivators?
- (5) How to take quick and accurate accounting of the opium received at the factories? The manner of sampling and the method of analysis to be adopted in the factories keeping in view the

speed of intake of opium and the accuracy of analytical data has also been referred to.

- (6) How to improve storage of opium in the factories in order to prevent deterioration of morphine and also ensure that quick periodical verification of stocks of opium is made possible?
- (7) How to make the opium homogeneous throughout with a standard morphine and moisture content? Suitable mixing technique and mechanical equipment to be considered keeping in view the handling losses.
- (8) How to reduce losses in drying and processing of opium?
- (9) How to ensure steady drying throughout the year irrespective of the weather? Mechanical drying equipment suitable for opium to be considered.
- (10) How to avoid complaints of sticking opium with the packing materials—suitable manner of packing and materials used for export opium to be considered?
- (11) The best manner for sampling and quick accurate analysis of export opium to be considered.

(2) The question of making improvements in packing of opium is being examined in consultation with the Forest Research Institute, Dehra Dun and the Export Inspection Council.”

[Ministry of Finance (Deptt. of Rev. & Insurance) D.O. Letter No. 47/2/68- OPIUM dt. 13-1-1969]

Recommendation

The Committee would like the Department to take the help of the Indian Council of Agricultural Research in order to improve the yield and quality of opium.

[Sr. No. 7 Appendix V Para 1.904 of 26th Report (Fourth Lok Sabha)]

Action taken

(i) The proposals for collaboration with Indian Council of Agricultural Research in order to improve the yield and quality of opium were initiated as far back as 1960. Later in 1963, Ministry of Food and Agriculture were requested to secure a plot of about 100 acres in Suratgarh Farm or some land in Pusa Institute premises.

(ii) A scheme for the improvement of poppy cultivations was put up by the Ministry of Agriculture to this Ministry in 1961. However, no progress could be made as requisites area of land was not available and also because the hands of I.C.A.R. were full with other programmes.

(iii) Narcotics Commissioner has now approached Director, National Botanical Garden, Lucknow (C.S.I.R.) and I.C.A.R. for research on following items :

- (a) to develop high yielding strain of poppy which would yield opium high morphine content so that production of low grade opium is eliminated, without reducing the yield of poppy seed. (The cultivators crop economy also largely depends on the earnings from poppy seed).

Name of the Ministry Department

**MINISTRY OF INDUSTRIAL DEVELOPMENT & COM. AFFAIRS,
(DEPARTMENT OF INDUSTRIAL DEVELOPMENT), NEW DELHI—
SALT DEPARTMENT, JAIPUR**

Recommendation

The Committee hope that Proforma Accounts of the receipts on account of cess and the expenditure therefrom will now be maintained as required under Rule 18(1) of the Salt Cess Rules, 1964.

[S. No. 10— Para 2.6 of Appendix V to the 26th Report
(Fourth Lok Sabha)]

Action taken

The Proforma Accounts of the receipts on account of Cess on Salt and expenditure therefrom are now being maintained by the Salt Department as required under Rule 18 of the Salt Cess Rules, 1964. The accounts for 1966-67 have already been prepared and sent to the Accountant General, Commerce, Works & Misc., New Delhi on 22-7-1968, for audit, certification and onward transmission to the Ministry of Industrial Development and Company Affairs, as provided in the Rules.

[Ministry of Industrial Development & Com. Affairs (Deptt. of Industrial Development) O.M. No. 5(7)-BA/68, Dated 25-1-68]

Recommendation

The Committee find from the notes of the Department that, as against the original budget provision of Rs. 991 lakhs under some of the Sub-Heads of Grant No. 65 and 133, there was a saving of about Rs. 772 lakhs which represented 77.9% of the original budget. It is observed that the provision in the budget estimates was not made on a realistic basis at all.

[S. No. 13 Appendix V (Para 2.62) of 26th Report (4th Lok Sabha)]

The Committee feel that the inclusion of such a major provision in the budget estimates only to be surrendered at the end of the year leads to avoidable taxation and inflationary pressures on the economy of the country. The Committee, therefore, reiterate the observations contained in the para 1.16 of their 21st Report (4th Lok Sabha) and suggest that each Department should exercise more close and strict control over the technique of budgeting so as to exclude such projects from the budgetary provision as are not likely to be taken up for execution during the year.

The Committee hope that the Department of Industrial Development will prepare their Budget Estimates more realistically in future and that the Ministry of Finance, before accepting the inclusion of a provision in the Budget, will satisfy themselves about the prospects of the amounts being utilised during the year.

[Sl. No. 13 Appendix V. (Para 2.61) on 26th Report (4th Lok Sabha)]

Action taken

The contents of para No. 1.16 of the 21st Report of Public Accounts Committee (4th Lok Sabha) as circulated by the Ministry of Finance (Department of Expenditure) in their office Memorandum No. F. 12(18)-E(Coord)/68-I, dated the 24th June, 1968 together with their instructions

thereon have been brought to the notice of all concerned under the Department of Industrial Development Circular No. 5(20)-B&A/68, dated the 24th September 1968 (copy enclosed).

In addition, instructions have also been issued on the basis of the above recommendations to all the Estimating Authorities under the Department of Industrial Development Memorandum No. 5(6)-B&A/68, dated the 17th September 1968 (copy enclosed).

[Ministry of Industrial Development & Com. Affairs (Deptt. of Industrial Development) O.M. No. 5(7) BA/68, dated 9-12-68]

(COPY)

No. 5(20)-B&A/68

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRIAL DEVELOPMENT & COMPANY AFFAIRS
(DEPARTMENT OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 24th September, 1968

A copy of the undermentioned paper is forwarded for information and guidance to :

1. All Sections in the Department of Industrial Development.
2. All attached and subordinate offices under the Department of Industrial Development.
3. All Government Undertakings/Companies under the Department of Industrial Development.

Sd/-

Under Secretary to the Govt. of India.

PAPER FORWARDED

1. Ministry of Finance (Department of Expenditure O.M. No. F. 12(18)-E-(Coord)/68-II, dated the June, 1968.
2. Ministry of Finance (Department of Expenditure) O.M. No. F. 12(18)-E-(Coord) 68-I, dated the 24th June, 1968.
3. S. No. 8(Para No. 3.51 and 3.52) and S. No. 13 (Para No. 5.15) of Appendix VIII-Summary of main conclusions recommendations of the Twenty-first Report of the Public Accounts Committee (Fourth Lok Sabha).

A copy of Office Memorandum No. F. 12(18)-E-(Coord.)/68-II, dated the 27th June, 1968 from the Ministry of Finance addressed to All Ministries, etc.

SUBJECT :—21st Report of the P.A.C. (Fourth Lok Sabha).

The undersigned is directed to forward herewith extracts of recommendations of the P.A.C. contained at S. No. 9, 10 and 15 of the Appendix VIII to the 21st Report for information and guidance.

APPENDIX VIII

Summary of main conclusions/recommendations

S. No. of the Report	Ministry/Deptt. concerned	Conclusions/Recommendations
3.51	All Ministries/ Departments	It is also observed that a sum of Rs. 17,000 was diverted by the Parishad to the "Madras Study Project" from the "Project on current Studies". There were some other financial irregularities. The Committee note that some action has been initiated to get these financial irregularities regularised. They hope that Government will now be able to get the results of the studies entrusted to the All India Panchayat Parishad without further delay. The Committee would also like to be assured that the results of these studies would be put to the use for which they are intended. While the Committee appreciate that difficulties, might have been experienced in the recruitment of the right type of the staff for undertaking such a research assignment they feel that such difficulties should have been given proper consideration before entrusting this project to the Parishad. The Committee suggest that before giving grants to non-official organisations, Government should ensure that such organisations have the capability and financial soundness to execute the various projects entrusted to them. In particular, it must be ensured that the organisations have competent staff to undertake the research projects. In this connexion, the Committee would reiterate their observations in para 1.109 of their 14th Report (4th Lok Sabha).
3.2	Do.	The Committee also suggest that Government should not release a grant of its instalment to a non-official organisation without making sure that the progress made is commensurate with the grant and that the quality of work is upto the requisite standard. The Committee would like to be informed of the remedial measures taken to avoid the recurrence of such cases.
5.5	Do.	The Committee feel that effective measures should be taken to ensure that the state is not put to any loss due to inexact or wrong specifications, type or description of the surplus stores by Govt. departments concerned. The Committee would like to be informed of the remedial measures taken to avoid a recurrence of such cases.

(COPY)

No. 5(6)-B&A/68

GOVERNMENT OF INDIA

MINISTRY OF INDUSTRIAL DEVELOPMENT & COMPANY AFFAIRS
(DEPARTMENT OF INDUSTRIAL DEVELOPMENT)

New Delhi, the 17th September 1968

MEMORANDUM

SUBJECT :—Public Accounts Committee—(4th Lok Sabha) Recommendation No. 2.61 and 2.62—Observations on the preparation of Budget Estimates.

The P.A.C. commenting on the huge savings in the Budget Estimates under the Demand No. 65 and Demand No. 113, as brought out in the Appropriation Accounts (Civil) 1965-66, has made following observations in paras No. 2.61 and 2.62 of the 26th Report (4th Lok Sabha).

“The Committee find from the notes of the Department that as against the original budget provision of Rs. 991 lakhs under some of the sub-heads of Grant Nos. 65 and 133, there was saving of Rs. 772 lakhs which represented 77.9% of the original budget. It is observed that the provision in the budget estimates was not made on a realistic basis at all.

The Committee feel that inclusion of such a major provision in the budget estimates only to be surrendered at the end of the year leads to avoidable taxation and inflationary pressures on the economy of the country. The Committee, therefore, reiterate the observations contained in para 1.16 of the 21st Report (4th Lok Sabha) and suggest that each Department should exercise more close and strict control over the technique of budgeting so as to exclude such projects from the budgetary provision as are not likely to be taken for execution during the year.

The Committee hope that the Department of Industrial Development will prepare their budget estimates more realistically in future and that the Ministry of Finance before accepting the inclusion of a provision in the budget will satisfy themselves about the prospects of the amounts being utilised during the year”.

The above observations are self-explanatory and it is requested that these may be kindly be borne in mind while formulating the budget estimates in future.

Sd/-

Under Secy. to the Govt. of India

To

All Estimating Authorities.

Recommendation

The Committee regret to note that no specific reservation was made about the recovery of liquidated damages while granting various extensions

in this case. What is worse while communicating the extension in January, 1957, the date for shipment was extended upto 31st March 1957, "without any conditions".

[Sl. No. 18 Appendix V (para 3.40) of 26th Report (4th Lok Sabha)]

Action taken

The Committee's observation has been noted.

[Ministry of Steel Mines & Metals (Deptt. of Iron & Steel) D.O. Letter No. Para. (9)-8/68, dated 31-1-1969]

Recommendation

The Committee also desire that while granting the extension of delivery periods in such contracts, the Department should invariably reserve the right to levy liquidated damages in order to safeguard the public interest.

[Sl. No. 18 Appendix V (para 3.42) of 26th Report (4th Lok Sabha)]

Action taken

The Committee's recommendation has been noted. In this connection it may be mentioned that no such contracts are entered into by the Iron & Steel Controller at present.

Recommendation

The Committee would like to watch the progress made through further Audit Reports.

[Sl. No. 19 (Para 3.54) of Appendix V to the 26th Report (4th Lok Sabha)]

Action taken

The recommendation of the Committee has been noted.

Recommendation

The Committee feel that with advance planning, better coordination and more initiative, the Ministry could have avoided the expenditure amounting to Rs. 14,113 incurred as payment of demurrage. They hope that the Ministry, benefitting from this costly experience, will be more careful in future and ensure that such cases do not recur.

[Sl. No. 20 Appendix V (para 3.60) of 26th Report (4th Lok Sabha)]

Action taken

The Committee's recommendations have been noted.

[Ministry of Steel Mines & Metals (Deptt. of Iron & Steel) D.O. Letter No. Para (9)-8/68, dated 31-1-1969]

CHAPTER III

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

Recommendation

It is observed that the cost of production of export opium, Medicinal opium (I.M.O. Cake) and Alkaoids (Morphine and Morphine salts and Ethyl Morphine Hydrochloride) during 1965-66 had increased over that for the half year ending 31st March, 1965, notwithstanding the increase in the output.

[SR. No. 7 Appendix V (para 1.103) of 26th Report Fourth Lok Sabha]

Action taken

The quantity manufactured and the cost of products in question for the half year ending 31-3-65 and financial year 1965-66 is tabulated below :—

Particulars of drugs manufactured	1-10-64 to 31-3-65 (6 months)		1-4-65 to 31-3-66 (One year)	
	Quantity Kgs.	Rate per Kgs.	Quantity Kgs.	Rate per Kgs.
1	2	3	4	5
	Kgs.	Rs.	Kgs.	Rs.
1. Manufactured Opium (Export Opium.)	2,76,117 5,52,234	67.01	3,84,942	68.00
2. I.M.O. Cake	860 1,720	63.73	1,645	64.66
3. Morphine & its salts	246 792	523.76	278	591.33
4. Ethyl morphine Hydrochloride	160 320	638.80	346	801.53

The quantity of opium produced during the half year from 1-10-64 to 31-3-65 was 2,76,117 Kg. On *pro-rata* basis, the production for one year would be of the order of 5,52,234 Kg. The production during the financial year 1965-66 was 3,84,942. Therefore the production during 1965-66 had not increased over that by the previous year. The same was the case in respect of I.M.O. Cake & Morphine and its salts.

	1-10-64 to 31-3-65 Cost of production Rate per Kg. at 90° C Rs.		1-4-65 to 31-3-66 Cost of production Rate per Kg. at 90° C Rs.	
(i) Cost of raw opium at the factories (including district charges and freight)	62.31		63.30	
(ii) Manufacturing charges	2.35		1.80	
(iii) General Charges	2.35		2.71	
(iv) Packing charges	—		0.91	
TOTAL	67.01		68.00	

The differences are due to the present system of apportionment of expenditure on staff, labour and materials on different products manufactured in the factories. This system, though adopted in consultation with Accounts Officers some years back, needs modification in the light of existing circumstances. The system will be reviewed and revised after qualified Cost Accounting staff have been posted to the factory.

The cost of production has risen progressively over the years on account of higher prices paid to cultivators, increase in Railway freights and district charges and increase in Dearness allowance rates of workers and staff.

Recommendation

The Committee note that the Department have "conceded that there has been some surplus staff" and that this is one of the main reasons for the increase in district charges. The Committee would like Government to review carefully the strength of the staff in consultation with the State Government so as to effect economy consistently with security considerations. [SR No. 7 Appendix V (para 1.105) of 26th Report (Fourth Lok Sabha)]

Action taken

With the increase of cultivation, the requirement of staff also increased and the surplus staff have been absorbed against such increase in work. At present there is no surplus staff in any grade.

With the improvement in sales of Indian Opium in foreign countries, the area under poppy cultivation has also been stepped up as under :—

Crop year	Area of poppy cultivation (Hectares)
1965-66	12,064
1966-67	14,152
1967-68	23,971
1968-69 (approved for being settled)	36,000

[Ministry of Finance (Deptt. of Rev. & Ins.) D.O. Letter No. 47/2/68-OPIUM, Dated 13-1-69]

Recommendation

The Committee note that Government propose to call for explanations from the Officers who gave this extension. The Committee would like to be informed of the action taken in this case.

[Sl. No. 18 Appendix V (para 3.41) of 26th Report (4th Lok Sabha)]

Action taken

The officer who had recommended the extension in January, 1957 extending the shipment date upto 31-3-57 "without any condition" resigned from Government service on 1-12-1959. No action is, therefore, possible against him. It was however, known at that time that due to Suez Crisis, shipping space was not available. In view of this, the suggestion made to extend the shipment date "without any condition" was agreed to.

[Ministry of Steel Mines & Metal (Deptt. of Iron & Steel) D.O. Letter No. Para. (9)-8/68, dated 31-1-1969]

CHAPTER IV

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

Recommendation

The Committee are unhappy that the Technical Committee, which was constituted by Government as far as in January, 1965 has not so far submitted its report. They need hardly stress that the Technical Committee should expedite its report so that Government can initiate concerted measures in the light of its suggestions to improve efficiency and effect economy.

[SR. No. 1 Appendix V (para 1.57) of 26th Report (Fourth Lok Sabha)]

Action taken

The Technical Committee is being urged to expedite its report. It is understood that the reports of the two sub-groups appointed by the Committee may be furnished shortly.

[Ministry of Finance (Deptt. of Econo. Affairs) O.M. 8(7)-B./68.
dated 20-11-68 & 25-1-69]

MINISTRY OF INDUSTRIAL DEVELOPMENT & COMPANY
AFFAIRS, (DEPARTMENT OF INDUSTRIAL DEVELOPMENT), NEW
DELHI—SALT DEPARTMENT, JAIPUR

Recommendation

Now that the Central Salt Cess Act, has been in operation for the last 14 years, the Committee suggest that a comprehensive review of its working should be conducted to find out how far the objectives of the Act. have been fulfilled. The Committee suggest that the help of the Central and Regional Advisory Boards for Salt should be enlisted to achieve the objectives underlying the levy of the Cess.

[S. No. 11—Para 2.19 of Appendix V to the 26th Report
(Fourth Lok Sabha)]

Action taken

The recommendation of the Public Accounts Committee is noted. The Regional Advisory Board and Central Advisory Boards constituted by Government have been regularly meeting to consider proposals for execution of development and labour welfare works. These Boards have already approved a large number of works for execution. The programme of execution of works is drawn up according to their recommendations. However, sufficient progress does not take place in the execution of works for want of licencees interest and/or an account of procedural delays. With a view therefore, to speed up the progress, Government have under consideration the creation of Salt Cess Fund and the constitution of a Statutory Salt Boards which would be invested with sufficient powers to take quick decisions on the finalisation of works programme and their execution. Even

after the formation of the Salt Board, it is proposed that the Regional Advisory Board's and Central Advisory Board for Salt would continue to function as hitherto to make their recommendations to the proposed Salt Board for the execution of Development and labour welfare works from the cess proceeds. These Boards are broad based and the addition to Departments concerned of Central and State Governments, other interests concerned viz. Labour and Industry and leaders of Public Affairs are also represented on them.

[Ministry of Indl. Dev. & Co. Affairs (Deptt. of Indl. Dev.) O.M. No. 5(7)B&A/68, Dated 25-1-69]

Recommendations

The Committee also note that the arrears of rent which stood at Rs. 8.21 lakhs in November, 1965 have risen to Rs. 13.80 lakhs (including penal interest at 6 per cent) in October, 1967. It is obvious that the measures taken so far by the Delhi Administration have not yielded the desired results. The Committee would like Government to take more stringent measures to recover these arrears and also to ensure that recoveries of current rent are not allowed to fall into arrears.

Steps should be taken to complete the execution of deeds of lease with the remaining 31 allottees. The allottees should also be made to take out the requisite insurance as prescribed in the deeds of lease.

[SR. No. 12 Appendix V—paras 2.34, 2.35—of 26th Report
(Fourth Lok Sabha)]

Action taken

(ii) The observation made by the Committee has been noted and all persuasive measures are being taken to recover arrears of rent. Coercive measures are not considered desirable in view of the promotional nature of the activity. Actually the main hitch in the recovery of arrears of rent is the non-finalisation of the hire purchase terms and to some extent the general economic recession in the industries. As soon as the hire purchase scheme is finalised, the parties will be given reasonable time for payment of arrears of Hire Purchase premium. Those who fail to pay the premium within this time limit, will be deprived of the privilege of Hire Purchase and ejected from the premises and the allotment made to new parties. The recovery of rent from the allottees of the sheds in the Okhla Industrial Estate will be kept in view while handing over the sheds on Hire Purchase. It is expected that by and large the allottees will pay their arrears of hire purchase premium within the stipulated time and thus the amounts now shown as arrears of rent will be liquidated either by adjustment of past payments or by quick recoveries.

2. The position regarding up-to-date arrears of rent as on 31-10-1967 and 31-10-1968 is given below :—

Arrears of rent as on 31-10-1967—Rs. 15,33,566.28.

Arrears of rent as on 31-10-1968—Rs. 23,26,617.37.

Recoveries made from 1-11-67 to 31-10-68—Rs. 1,97,272.10.

(iii) Out of 41 allottees, 6 have already executed lease deed and one shed is lying vacant. The remaining 34 have submitted the lease sheds by 1-8-1968 which will be registered shortly after scrutiny. 96 factories have been insured as on 31st March, 1968 against 30 in 1965. Others are being persuaded to get their factories insured.

[Ministry of Indl. Dev. & Co. Affairs (Deptt. of Indl. Dev. O.M. No. 5(7)B&A/68, Dated 25-1-69]

Recommendations

The Committee would like Government to take an early decision regarding the reduction in the staff of the Iron and Steel Controller's Organisation considering that, following decontrol, most of the regulatory work has devolved on the Joint Plant Committee and that work connected with import and export was proposed to be transferred to the Chief Controller of Imports and Exports and that the Iron and Steel Controller's organization would be left mostly with development work. As regards the arrears of work in the Price and Accounts Division, the Committee agree with the Study Team on the Iron and Steel Control Organisation that these arrears should be cleared by 31-12-1968. The Committee would like Government to take all necessary measures, including designation of staff from the existing strength specially for arrears work, so that the target date of 31-12-1968 is strictly adhered to.

The Committee would like to be informed of the measures taken to clear the pending arrears by 31-12-1968 and to effect a reduction in the regular staff of the Iron and Steel Controller's Organisation so as to achieve maximum economy consistent with requirements.

[SR. No. 15 Appendix V—paras 3.13, 3.14—of 26th Report
(Fourth Lok Sabha)]

The Committee hope that the work relating to the Import and export of iron and steel along with the staff will be soon transferred to the organisation of the Chief Controller of Imports and Exports and that the problem of surplus staff would also be quickly settled. The Committee would like to be informed when this work is transferred to the Chief Controller of Imports and Exports as recommended by the Study Team on the Iron and Steel Control Organisation.

[SR. No. 16 Appendix V (para 3.18) of 26th Report (Fourth Lok Sabha)]

Action taken

The Committee had been informed earlier that the Empowered Committee while considering the Report of the Khadilkar Study Team did not agree to recommendation of the Study Team in regard to the placement of special additional staff for clearance of arrears of accounts work which is to be completed by 31-12-1968 and decided to have a work study done by the S.I.U. in respect of the work which remained to be done to evolve a yardstick for the disposal of this work. S.I.U. who conducted the work study have recommended 113 persons for the arrears of accounts work to be completed by 31-12-1968. As against this only 80 persons are employed on the work from 1-1-1968. As against 5,676 cases pending on 1-1-1968 as many as 726 have been finally settled till the end of April 1968. It appears that it may not be possible to complete the work by the deadline stipulated

by the Study Team. The question of revising the target date for completion of work is presently under consideration in consultation with the Ministry of Finance.

The question of transferring the Import and Export work to C.C.I. & E's organisation is under the active consideration of Government. Necessary steps are in hand to find ways and means by which the work can be transferred along with the staff and officers engaged in it. It is expected that this would be done by 1-4-1969.

Consequent on partial decontrol with effect from 1-4-1964 and complete decontrol of iron and steel from 1-5-1967 there has been considerable reduction of staff (numbering about 250) in the office of the Iron & Steel Controller. At present there is no surplus staff in the Organisation.

Recommendation

The Committee note that some small progress has been made in recovering dues from Sundry Debtors. The Committee would like the work of the recoveries to be expedited.

[Sl. No. 17 Appendix V (Para 3.20) of 26th Report (4th Lok Sabha)]

Action taken

The Committee's recommendation has been noted. Every endeavour is being made to recover the outstanding dues as quickly as possible. In this connection it may be mentioned that the outstandings of Rs. 381.02 lakhs against Sundry Debtors at the end of March, 1966 shown in the Audit Report (Civil), 1967 have since been reduced to Rs. 123.31 lakhs only at the end of March, 1968.

Recommendation

The Committee have already recommended in Para 3.13 of this Report that all arrears of work should be cleared by 31st December, 1968. The Committee would like Government to intensify their efforts to finalise the remaining cases of liquidated damages.

[Sl. No. 19 Appendix V (para 3.53) of 26th Report (4th Lok Sabha)]

Action taken

The Committee's recommendations have been noted. As regards clearance of arrears of accounts work it may be mentioned that the Study Team's recommendations in regard to the staff composition was not accepted by the Empowered Committee. It was decided that the Staff Inspection Unit of the Ministry of Finance should make a study of the work and assess the requirements of staff and evolve a yardstick for disposal of this work. The Staff Inspection Unit have since submitted their report on 30-12-1967 and their recommendations for additional staff in this regard are under consideration of Government. In the absence of the requisite staff, it will not be possible to complete the work of arrears clearance by the dateline stipulated by the Khadilkar Study Team. Every effort is, however, being made to clear the arrears as quickly as possible with the existing staff.

[Ministry of Steel Mines Metals (Deptt of Iron & Steel) D.O. Letter No. Parl. (9)-8/68, Dated 31-1-69]

The position of the remaining 43 cases of liquidated damages is as indicated below :—

- (a) out of 33 cases where the amounts of liquidated damages have been assessed :
- (i) amounts have been recovered fully either in cash or by way of adjustment in 13 cases (Rs. 68,193.1);
 - (ii) amounts have been partly adjusted in 1 case (Rs. 8,624.07);
 - (iii) claims have been dropped in 2 cases (Rs. 4,891.85);
 - (iv) 1 case has been closed (Rs. 42,072.51);
 - (v) civil Suit has been filed in 1 case (Rs. 29,418.25);
 - (vi) necessary plaint is being drawn up or filing a Civil Suit in 1 case (Rs. 2,29,320.00);
 - (vii) legal notice has been issued by the Central Government Solicitor in 1 case (Rs. 3,620.83);
 - (viii) 12 cases have been referred to Arbitration (Rs. 3,37,372.18); and
 - (ix) the remaining 1 case (Rs. 9,385.35) has been referred to the High Powered Committee for settlement. The High Powered Committee has decided in respect of the remaining one case mentioned above that specific legal opinion should be obtained for certain aspects of the case for Committee's final decision. Action is being taken in the matter accordingly.
- (b) Out of the 10 pending cases where the liquidated damages were yet to be levied, the damages have since been assessed in (i) 6 cases (Rs. 10,33,556.31); (ii) 1 case has been dropped with the concurrence of Finance; (iii) legal authorities have expressed doubts over tenability of liquidated damages claim in 1 case; and (iv) liquidated damages could not be assessed in the remaining 2 cases as the relevant files are lying with the Deputy Legal Adviser, Bombay, the Special Police Establishment.

The case in which legal authorities have expressed doubts over tenability of the liquidated damage claim has also been submitted to the High Powered Committee, who has decided to lodge claim at the rate of 1% of the landed cost. Action is being taken in the matter accordingly.

Recommendation

While the Committee appreciate the effort to find an alternative method for the movement of coal by resorting to a road-cum-river route they are constrained to observe that as a result of the adoption of a scheme which was based more on assumptions than on adequate investigation and preparation, an infructuous expenditure of several lakhs was incurred without any corresponding benefit to the industry or the consumer.

The Committee are not able to understand why Government did not undertake a detailed hydrographic survey of the river Ganga specially when

the Ministry of Irrigation and Power had repeatedly pointed out the imperative need of such a survey. The Ministry of Finance had also clearly pointed out that the long term benefits of the Project were open to doubt as it was questionable whether the consumers would be prepared to continue to pay for the high transport charges in getting the coal by road-cum-river route, while in the case of the short term scheme, the total quantities proposed to be moved were no more than 6 to 7 wagons per day.

It is obvious that the Planning Commission did not exercise any detailed check before according approval to this particular scheme, when it should have been evident quite early that the cost of transport would be even higher than the cost of haulage by the Railways.

The Committee suggest that a detailed study of this case should be made by Government with a view to finding out how such a costly scheme could have been rushed through in disregard of doubts expressed by the Ministries of Irrigation and Power and Finance.

[SR. No. 21, Appendix V (Para Nos. 4.37 to 4.40) of 26th Report
(Fourth Lok Sabha)]

Action taken

As desired by the Committee an officer of the Department of Mines and Metals has been asked to make a detailed study of the case. The officer is making a sifting enquiry and is expected to complete his work shortly. As soon as the detailed case history is ready, the matter is proposed to be discussed in an inter-Ministry meeting before taking a final view in the matter.

[Ministry of Steel Mines & Metals (Deptt. of Mines & Metals), O.M. No. 18/4/68-CI, Dated 2-12-68]

CHAPTER V

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

Recommendation

The Committee would like the Undertakings to review the inventory levels of the indigenous and imported items of stores with a view to effect maximum economy consistent with requirements.

[SR. No. 4, Appendix V—para 1.76—of 26th Report (Fourth Lok Sabha)]

Action taken

The Management has constituted three Committees to undertake a review of the Inventory levels, as suggested by the Committee. Two of these Committees have furnished a preliminary report and action thereon is being further progressed.

[Ministry of Finance (Deptt. of Eco. Affairs), O.M. 8(7)-B/68,
Dated 20 11-68]

Recommendation

It is understood from Audit that the matter regarding the rise in the percentage of losses to 4.42 per cent and the question whether any norm should be prescribed is being referred to an Enquiry Committee. The Committee will like to be furnished with a copy of the report of the Enquiry Committee as well as of the action taken thereon.

[SR. No. 8, Appendix V—para 1.123 of 26th Report (Fourth Lok Sabha)]

Action taken

Observations of the Committee have been noted and a copy of the enquiry committee report will be furnished to them when the same is received by Government.

[Ministry of Finance (Deptt. of Rev. & Ins.) Letter 47 2 68-OPIUM,
Dated 13 1-69]

Recommendation

The Committee are not able to appreciate why it has taken Government more than five years to finalise the hire-purchase terms on which the Industrial sheds in Okhla are to be offered to tenants, though a decision was taken as far back as 1962 that the full economic rent charged from tenants would be adjusted against the amounts to be recovered towards the hire-purchase premium. The Committee would like Government to finalise these terms without further delay and make necessary recoveries/adjustments.

[SR. No. 12, Appendix V—para 2.33—of 26th Report (Fourth Lok Sabha)]

Action taken

The terms and conditions of Hire-Purchase have now been decided in principle by the Government of India (*vide* Annexure). The tentative figures for the same have been worked out and sent by the Delhi Administration to the C.P.W.D. and the N.S.I.C. for confirmation. On receipt of their confirmation, the terms will be finalised by the Delhi Administration in consultation with their Finance Department and with the approval of the Government of India. The sheds are to be handed over to the tenant industrialists on hire-purchase basis and the entire expenditure incurred on it so far will be recovered from the factory owners. The question of any loss to the Government does not, therefore, arise.

[Ministry of Indl. Dev. & Co. Affairs (Deptt of Indl. Dev.), O.M. 5(7)/BA/68. Dated 25-1-69]

ANNEXURE

OKHLA INDUSTRIAL ESTATE

Proposed terms of Hire-Purchase

The terms and conditions under which the sheds in Okhla Industrial Estate are proposed to be allotted on hire-purchase basis are as under :

- (i) Hire-purchase will be made applicable to all the three phases in Okhla Industrial Estate. In calculating the hire-purchase premium the whole of the estate will be taken as one unit and uniform terms of hire-purchase will be offered to the occupants of sheds in all the three phases.
- (ii) The total cost chargeable from the allottees will include expenditure incurred on the following items :—
 - (a) acquisition and development cost of land;
 - (b) cost of constructing factory sheds:
cost on providing common facilities like roads, transmission lines, water mains, canteen, boundary wall, parks, sewer lines etc.
 - (d) maintenance charges;
 - (e) taxes paid to be paid but not already recovered;
 - (f) capitalised interest in the following manner :—
 - (1) Interest at 4½% calculated upto 31-8-1962 on phase I;
 - (2) Interest at 6% calculated upto the day when last shed was allotted in respect of phase II and III;
 - (g) Expenditure on the Administration, Buildings, Post Office etc.
- (iii) Expenditure incurred on the acquisition and development of open plots which are understood to have been separately sold by the Administration will be kept out of the capital cost chargeable from the allottees.
- (iv) After the hire-purchase instalments are computed on the above basis, the amount of economic rent paid by the allottees up to 31-8-1962 will be adjusted and the balance of principal will be recovered in equal monthly instalments together with interest at the rate of 6% per annum.
- (v) Hire-purchase premium will be recoverable in fifteen years commencing from 1st September, 1962 or the date of occupation of the sheds whichever is later.

(vi) The following restrictions will be imposed on the occupants of the sheds :—

- (1) Hire purchase terms will be offered to only those occupants who have paid up the arrears of rent outstanding against them;
- (2) In case the hire purchaser fails to pay the monthly instalments either for a period of one year consecutively or for a total period of 2 years during the term of hire purchase, shall be deemed to have forfeited all his rights to continue as a hire-purchaser;
- (3) In case of non-payment of instalments in time, penal interest @ 9% per annum will be chargeable on defaulted instalments;
- (4) The hire-purchaser will have the option to purchase the factory building on out right purchase basis during the period of hire purchase;
- (5) The hire-purchaser shall not sublet, underlet, mortgage or otherwise alienate or transfer or part with the possession of the sheds or any right or interest therein without prior permission of the Director of Industries;
- (6) Ownership of the sheds will pass on to the occupant only after the full payment of hire-purchase value alongwith up-to-date interest @ 6% per annum is paid to the Government;
- (7) If during the period of currency of hire-purchase terms, any allottee does not want to retain the sheds, he can write to the Delhi Administration who would allot the same to the other person and the amount paid by the first allottee till that date will be adjusted against rent due from him for the period of his occupation;
- (8) In case the original allottee has vacated the premises after 1-9-62, the amount paid by that allottee towards rent will not be adjusted against the hire purchase value of factory shed/sheds.

The Delhi Administration will draft Deeds of Agreement on the pattern of such deeds being drafted by the Ministry of Works & Housing and get the same approved by the Law Department of the Administration.

Recommendation

The Committee draw attention to their recommendation contained in para 6.25 of their 62nd Report (Third Lok Sabha) and hope that, as assured during evidence by the Chairman, Coal Board, the remaining portions of the Ropeway have started working during 1967-68. They would like to be informed of the completion and commissioning of the ropeway.

[S. No. 22 Appendix V—Para 4.51—of 26th Report (4th Lok Sabha)]

Action taken

Installations 1 and 2 of the Jambed Kajora Ropeways have since been taken over by the Coal Board on the 18th November 1968, after satisfactory testing by the Committee of the Board.

Commissioning of the J&K Ropeways (Installation 1 & 2) was delayed on account of the following reasons :—

- (i) Work was held up on account of an injunction obtained by a colliery.
- (ii) Approval of drawings for modification of some lines of the Eastern Railway being crossed by the ropeway was delayed at the Railway's end.
- (iii) Approval of the Electrical Inspector of West Bengal Government was also received late.
- (iv) Testing of some pontoons could not be done earlier on account of floods in the river.

'F' Ropeway in Jharia field

Completion of this Ropeway was held up on account of the following reasons :—

1. Delayed approval by Railways of the designs of the protective bridges to be constructed over Railway's properties.
2. Issue of the court injunction against Coal Board restraining construction over some area of land.
3. Delayed issue of the final notification by the State Government under section 6(1) of the Bihar and Orissa Aerial Ropeways Act for want of execution of Agreements with the Railways in respect of protective bridges at the points of crossing their tracks by the ropeways.
4. On account of modification of an 11 K.V. Power line of the Tata Iron & Steel Co. Ltd., who refused to have their power houses shut down during the monsoon when their underground working of the mines were flooded.

In view of the above difficulties this ropeway is being completed in parts and will be taken over by the Coal Board in parts and will be working section by section. There may be indefinite delay in the commissioning of two out of the seven dumps in respect of which court injunctions have been issued against Board. In respect of the remaining ones pre-handover tests are already in progress.

[Ministry of Steels, Mines & Metals (Deptt. of Mines & Metals), O.M. No. CJ-2(6)/68. Dated 24-1-1969]

Recommendation

As the case is *sub judice*, the Committee do not desire to comment on it. They would, however, like to be informed, in due course, of the final result of the case.

[Sl. No. 23 Appendix V (Para 4.57) of 26th Report (4th Lok Sabha)]

Action taken

This case is still pending in the Court of Law and the decision will be intimated, if and when delivered by the court.

[Ministry of Steel, Mines & Metals (Deptt. of Mines & Metals) O.M. No. CJ-2(6)/68, Dated 24-1-1969]

NEW DELHI;

April 28, 1969

Vaisakha 8, 1891 (Saka).

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

Appendix I
OKHLA INDUSTRIAL ESTATE
Proposed terms of Hire purchase

The terms and conditions under which the sheds in Okhla Industrial Estate are proposed to be allotted on hire purchase basis are as under :

- (i) Hire purchase will be made applicable to all the three phases in Okhla Industrial Estate. In calculating the hire-purchase premium the whole of the estate will be taken as one unit and uniform terms of hire-purchase will be offered to the occupants of sheds in all the three phases.
- (ii) The total cost chargeable from the allottees will include expenditure incurred on the following items :—
 - (a) Acquisition and development cost of land;
 - (b) Cost of constructing factory sheds;
 - (c) Cost on providing common facilities like roads, transmission lines, water mains, canteen, boundary wall, parks, sewer lines etc.
 - (d) Maintenance charges;
 - (e) Taxes paid/to be paid but not already recovered;
 - (f) Capitalised interest in the following manner :—
 - (1) Interest at 4½% calculated upto 31-8-1962 on phase I,
 - (2) Interest at 6% calculated upto the day when last shed was allotted in respect of phase II and III.
 - (g) Expenditure on the Administration, Buildings, Post Office etc.
- (iii) Expenditure incurred on the acquisition and development of open plots which are understood to have been separately sold by the Administration will be kept out of the capital cost chargeable from the allottees.
- (iv) After the hire purchase instalments are computed on the above basis, the amount of economic rent paid by the allottees upto 31-8-1962 will be adjusted and the balance of principal will be recovered in equal monthly instalments together with interest at the rate of 6% per annum.
- (v) Hire purchase premium will be recoverable in fifteen years commencing from 1st September, 1962 or the date of occupation of the sheds whichever is later.
- (vi) The following restrictions will be imposed on the occupants of the sheds :—

- (1) Hire purchase terms will be offered to only those occupants who have paid up the arrears of rent outstanding against them;
- (2) In case the hire purchaser fails to pay the monthly instalments either for a period of one year consecutively or for a total period of 2 years during the term of hire purchase, shall be deemed to have forfeited all his rights to continue as a hire-purchaser;
- (3) In case of non-payment of instalments in time, penal interest @9% per annum will be chargeable on defaulted instalments;
- (4) The hire-purchaser will have the option to purchase the factory building on out right purchase basis during the period of hire purchase;
- (5) The hire-purchaser shall not sublet, underlet, mortgage or otherwise alienate or transfer or part with the possession of the sheds or any right or interest therein without prior permission of the Director of Industries;
- (6) Ownership of the sheds will pass on to the occupant only after the full payment of hire-purchase value alongwith up-to-date interest @ 6% per annum is paid to the Government;
- (7) If during the period of currency of hire-purchase terms, any allottee does not want to retain the sheds, he can write to the Delhi Administration who would allot the same to the other person and the amount paid by the first allottee till that date will be adjusted against rent due from him for the period of his occupation;
- (8) In case the original allottee has vacated the premises after 1-9-62, the amount paid by that allottee towards rent will be not adjusted against the hire purchase value of factory shed/sheds.

The Delhi Administration will draft Deeds of Agreement on the pattern of such deeds being drafted by the Ministry of Works & Housing and get the same approved by the Law Department of the Administration.

APPENDIX II

Summary of main Recommendations/Conclusions

S. No.	Para No.	Ministry/Department	Recommendations/Conclusions
1	2	3	4
1.	1.7 1.8 & 1.9	Ministry of Finance (Department of Economic Affairs).	<p>The Committee hope that the Ministry would pursue the question of expeditious finalisation of the report by the Technical Committee appointed as early as 1965 to review mining techniques employed by the Kolar Gold Mining Undertaking and suggest improvements.</p> <p>The Committee also desire that the compilation of costing figures should be expedited, as suggested by the Consultants.</p> <p>The Committee attach great importance to increasing productivity in the Kolar Gold Mining Undertaking and adoption of effective costing system for improving efficiency and minimising losses. The Committee would urge Government to pay sustained attention to these objectives so as to bring about the much needed improvement in the working of the Undertaking.</p>
2.	1.12 & 1.13	Ministry of Industrial Development & Company Affairs (Department of Industrial Development).	<p>The committee note that in order to achieve better participation by the Salt Industry in the execution of development programme, Government have in May, 1968 liberalised the code for grant of assistance to the Salt Licences for execution of development programmes and Labour Welfare Works. Government have also under-consideration the creation of Salt Cess Fund and the constitution of a Statutory Salt Board invested with sufficient powers to take quick decisions on the finalisation of works programme and their execution. The Committee hope that a decision on these important issues would be taken and given effect to at an early date.</p> <p>The Committee would like to know the action taken in pursuance of their recommendation that a comprehensive review of the working of the Central Salt Cess Act should be conducted to find out how far the objectives of the Act have been fulfilled. The Committee have no doubt that such a review would provide useful guidelines for execution of programme of development and labour welfare works. The Committee would also suggest that such a review should be undertaken periodically say once in three years.</p>
3.	1.17, 1.18 & 1.19	Do.	<p>The Committee are unhappy to note that the arrears of rent have risen from Rs 15.34 lakhs as on 31-10-67 to 23.26 lakhs as on 31-10-68.</p>

1	2	3	4
			<p>The Committee also note that the question has been under consideration of Government for more than six years. The Committee desire that the hire-purchase terms should be finalised without further delay so as to remove uncertainty and enable the Administration to take effective measures to recover the past arrears and not allow current charges to go into arrears.</p> <p>The Committee note that 96 factories have been insured as on 31st March, 1968 as against 30 in 1965. The Committee desire that the remaining allottees should also be made to take out the requisite insurance as prescribed in the lease.</p>
4.	1.22 & 1.23	Ministry of Steel, Mines & Metals (Department of Iron & Steel).	<p>The Committee note that as against 113 persons recommended by the staff Inspection Unit of the Ministry of Finance for clearance of the arrears of work in the price and Accounts Division of the Iron and Steel Controller's Organisation, only 80 persons were employed for the purpose. It has been pleaded that as a result the target date of 31st December, 1968, fixed earlier for completion of the work had to be extended.</p> <p>The Committee hope that the work would now be completed by the revised date being fixed for the purpose, and that efforts would be made to complete it before the said date.</p>
5.	1.26	Do.	<p>The Committee note that the outstanding dues from sundry Debtors which stood at Rs. 381.02 lakhs in March, 1966, have been brought down to Rs. 123.31 lakhs in March, 1968. The Committee trust that efforts would be intensified to recover the remaining dues.</p>
6.	1.30	Do.	<p>The Committee would like to know the progress made in the recovery of liquidated damages in the remaining cases which are under settlement/arbitration or civil court proceedings. The Committee see no reason why the assessment of liquidated damages in two cases in which the relevant files are with the Deputy Legal Adviser/Special Police Establishment could not be expedited by either obtaining the original papers or by obtaining copies thereof.</p>
7.	1.33	Do.	<p>The Committee desire that the case study of the scheme for movement of coal by road-cum-river route should be expeditiously completed. The Committee would like Government to draw the necessary lessons from this case study and circulate them to all Ministries/Departments to avoid hasty decisions being taken on schemes involving heavy capital outlay without thorough investigation.</p>

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI			34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
24.	Jain Book Agency, Connaught Place, New Delhi.	11	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	36.	Hind Book House, 82, Janpath, New Delhi.	95
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	37.	Bookwell, 4, Sant Narankari Colony, Kingsway Camp, Delhi-9.	96
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	MANIPUR		
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	AGENTS IN FOREIGN COUNTRIES		
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.—2.	59
31.	Bahree Brothers, 188 Lajpatrai Market, Delhi-6.	27			
32.	Jayana Book Depot, Chap-parwala Kuan, Karol Bagh, New Delhi.	66			
33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68			

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