

**ESTIMATES COMMITTEE
1958-59**

FORTIETH REPORT

(SECOND LOK SABHA)

MINISTRY OF DEFENCE

ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE FIFTY-SIXTH REPORT OF THE ESTIMATES COMMITTEE (FIRST LOK SABHA) ON THE MINISTRY OF DEFENCE—ARMY STORES



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LOK SABHA SECRETARIAT

NEW DELHI

March, 1959

Price Rs. 1.10 nP.

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ESTIMATES COMMITTEE 1958-59

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INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee present this Fortieth Report of the Estimates Committee of the Second Lok Sabha on the action taken by Government on the recommendations contained in the Fifty-sixth Report of the Estimates Committee of the First Lok Sabha on the Ministry of Defence—Army Stores.

2. The Fifty-sixth Report of the Estimates Committee was presented to the House on the 25th March, 1957. The Government furnished their replies to the recommendations in this Report on the 30th August, 28th October and 24th December, 1957. The Sub-Committee 'Defence' of the Estimates Committee, 1957-58 examined the replies on the 14th April, 1958. Further particulars required by the Sub-Committee on certain points were received on the 18th April and 18th August, 1958 and examined by Study Group 'B' of the Estimates Committee, 1958-59 on the 15th December, 1958.

3. The Report has been divided into four Chapters :

I. Report.

II. Recommendations that have been accepted by the Government.

III. Replies of the Government that have been accepted by the Committee.

IV. Replies of the Government that have not been finally accepted by the Committee.

4. An analysis of the action taken by Government on the recommendations contained in the 56th Report is given at Appendix V.

NEW DELHI ;
The 6th March, 1959.

BALVANTRAY G. MEHTA,
Chairman,
Estimates Committee.

CHAPTER I

REPORT

The Estimates Committee in para 13 of their Fifty-sixth Report (First Lok Sabha) recommended that the question of the adequacy and effectiveness of the present system of Provision Review and the extent to which the system was being followed in actual practice should be referred to a Committee for a comprehensive enquiry. The Committee further suggested in para, 105 of the Report that this Committee which should include non-officials of standing with business experience, as well as officials from the Civil Departments or the Railways besides the Defence authorities should also look into the matter of excess stock carried by the Depots, instead of depending on the normal processes to eliminate them. The Ministry of Defence while agreeing with the views of the Committee to refer the above matters to a Committee for investigation stated on the 28th October, 1957, that the question of setting up a Stores Enquiry Committee was under their consideration and on the 17th November, 1958 it was stated that the matter was still under consideration. *The Committee regret to observe that no final decision has been taken in this regard even though more than a year has elapsed since the Ministry reported to the Committee last in this matter. They also regret to observe that the Ministry of Defence have stated in their reply that even if an enquiry committee as recommended were to be constituted, the Ministry would not consider associating non-officials in this Committee for the same reasons as were given in reply to para. 132 of the Report.*

2. The Estimates Committee have stressed in many of their Reports the value of associating non-officials in any enquiry undertaken by Government for effecting improvements in matters relating to trade and industry that would have repercussions on the economy of the country. With this end in view, they recommended in paras 61, 62, 72, 105, and 132 of the Report that representatives of industrialists and manufacturers as well as of units in the public sector and non-officials should be associated with the various Committees responsible for (i) locating internal sources of supply or manufacture potential of defence stores (ii) ascertaining the possibilities of maximum reliance on indigenous production for defence stores/equipment ; (iii) establishing indigenous manufacture of medical stores ; (iv) eliminating excess stock carried by the Defence Depots etc. and also with the Survey Boards, which were responsible for surveying periodically the defence stores to determine whether they were serviceable and whether there were any surpluses. Government have not accepted the recommendations of the Committee made in paras 105 and 132 of the Report for association of non-officials in the proposed Committees on the ground that outsiders could not be associated with the Defence Services to determine what Defence stores were serviceable or surplus to their requirements. As regards the recommendations made in the other paras referred to above it is observed from the replies received from Government that non-officials are not being represented or adequately associated with the Committees referred to above. While the Committee recognise the need for maintaining secrecy in Defence matters, the Committee have no doubt that there would still be much scope for contribution by non-officials in dealing with matters relating to Army Stores both as intelligent laymen and also as persons conversant with particular problems of industry and trade

of which they might be conversant and can bring to bear on the enquiry undertaken the benefits of their experience and knowledge in their respective spheres of activity. *The Committee are, therefore, not convinced of the replies of Government to the aforementioned recommendations and therefore reiterate that wherever possible non-officials having knowledge or experience of the stores akin to Army Stores may be associated and the benefit of their knowledge and experience made use of in planning, procurement and disposal of the stores.*

3. In para 63 of the Report, the Estimates Committee recommended that show-rooms should be opened by the Defence authorities in various industrial centres of the country, where defence stores which were being imported could be exhibited. Government stated in reply that there were museums attached to the various depots throughout the country, where imported defence stores were exhibited with a view to locating/facilitating indigenous manufacture of these stores and in addition it was proposed to participate in the proposed permanent exhibition to be set up at Delhi by the Ministry of Works, Housing and Supply. The Committee, however, feel that the depots to which the museums are at present attached are usually located in out of the way places and as such there is little likelihood of these museums attracting public attention. The purpose of the Committee's recommendation was that the show-rooms should be organised on the lines of those of the Ministry of Railways in big cities like Delhi, Bombay, Calcutta and Madras where they would attract a large body of manufacturers and others interested in the line. The Committee feel that such show-rooms help to bring to the notice of as large a section of the public as possible, the variety of defence stores that are being imported in the country and thereby create greater impetus for taking up indigenous manufacture of such stores. *The Committee, therefore, recommend that the suggestion to set up the show-rooms may be reconsidered and early action taken to give effect to it.*

4. In para 90 of their Report, the Estimates Committee pointed out the inordinate delay in taking a decision on the question of introduction of a Common Ration Scale for all the three services as recommended in 1948 by the medical authorities who considered the existing scales of ration as unbalanced in certain respects and recommended that the decision on that question should be expedited. Government stated in reply that, on the recommendations of the Defence Committee of the Cabinet, a Select Committee of nutrition experts of the Indian Research Fund Association had been required to draw up a revised balanced scale. They proposed a revised scale in 1949. The scale could not, however, be implemented as it involved a recurring expenditure of approximately Rs. 4.44 crores per annum. The matter was, therefore, re-examined and certain new proposals were considered in 1954 by the late Ration Advisory Committee. At this stage the Defence Minister decided that it was necessary to make a survey of the physical fitness and general health of the personnel of the three services in the first instance. An Inter-Services Investigation Team was set up in 1955. Preliminary survey carried out by the team did not show any conclusive results. It was therefore decided to conduct fresh trials and the findings of those trials were still awaited. *The Committee regret to observe that this matter is being examined by Committee after Committee for the last 10 years without any fruitful results. They are amazed that such a matter involving the health and life of thousands of men of the Defence Forces have been dealt with so leisurely. They recommend that the trials being carried out by the Inter-Services Investigation Team may be expedited and immediate action taken to revise the scales as acceptable to the medical authorities.*

CHAPTER II
RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Sl. No.	Reference to Para. No. in the Report	Recommendations made by the Committee	Reply of Government
1	2	3	4
4	42	<p>The Committee recommend that it should be made the responsibility of the indenting department to obtain all necessary particulars from the Technical Directorate and to place the indent on the D. G. S. & D. in a complete form.</p>	<p>This is generally being done. In very few instances where paper particulars are not readily available with the Technical authorities, a suitable endorsement is made on the indent, and the Technical authorities are required to furnish the requisite paper particulars within 60 days of the release of the indent.</p> <p>Instructions have, however, been issued emphasizing the importance of furnishing necessary particulars along with the indents placed on the D. G. S. & D.</p>

[Ministry of Defence O. M. No. F. 9(4)/57/D(O),
dated the 28th October, 1957].

7 46 The Committee recommend that the consignees should take very prompt action regarding the furnishing of necessary certificates to enable payments to be made without delay.

This is already being done. However, the importance of furnishing necessary certificates without delay has again been emphasised on the Defence indentors.

[*Ministry of Defence O. M. No. F. 9(4)/57/D(O) dated the 30th August, 1957*]

10 54 The Committee are glad to learn that the practice of direct negotiations with foreign firms for stores like arms and ammunition by-passing the recognised procuring agencies abroad, has been stopped.

No Remarks.

11 55 The Committee endorse the following recommendations of the Stores Purchase Committee:—

The recommendation of the Stores Purchase Committee was considered by the W.H. & S. Ministry who have issued necessary orders with the approval of the Cabinet. While accepting the recommendation that Ministry has given suitable discretion to the Purchase Officers since it would not be advantageous under all circumstances to make purchases only in India and there will be cases where imported stores may have to be obtained directly from the manufacturers through our Purchase Missions abroad.

(i) Tenders should be invited from India.

(ii) Purchases should be made in India and contracts should be placed as far as possible in Indian currency.

(iii) Imported stores should be bought through India-based establishments.

Indents for Defence stores are placed on the Purchase Missions abroad only when the stores

are neither indigenously available from the manufacturers/stockists nor can they be manufactured by the Ordnance Factories/E.M.E. workshops.

[Ministry of Defence O. M. No. F. 9(4)/57/D(O) dated the 28th October, 1957]

12 57 The Committee feel that the Defence authorities should actively help and encourage technological and industrial advance by interesting the Indian industrialists as well as the civil production units in the public sector in the manufacture of various items of stores. The Committee understand that during the last war the technical staff of the late Directorate General of Munitions Production regularly visited all the factories, big or small, in India not only to estimate their capacities but to tender advice for developing the production of Defence stores. The Committee consider that such a sense of urgency together with initiative and drive on the part of the Defence authorities should exist or be consciously developed and kept at high level, at all times, even in normal peace time.

(Views of Sub-Committee 'Defence', 1957-58)

The steps taken so far to obtain the assistance of the private industrialists and manufacturers as well as the civil production units, may be stated. (Lok Sabha Sectt. O.M. No. 98-EC/1/57 dated the 3rd February, 1958)

The Ministry of Defence do appreciate that a substantial portion of the defence requirements of stores/equipment should be met from the civil sector, both private and public, so that in the event of an emergency the industrial potential of the country may be expanded without much difficulty to meet the increased demands of the Services. The Ministry has, therefore, taken various steps to obtain the assistance of the private industrialists as well as the civil production units in the public sector for the manufacture of defence stores/equipment. The various Technical Development Establishments maintain close liaison with the civil trade with a view to giving them technical advice for the development of manufacture of defence stores/equipment, whenever necessary.

[Ministry of Defence O.M. No. F.9(4)/57/D (O) dated the 30th August, 1958]

(a) The Defence Production Board was set up in 1955 and one of the main functions is to secure effective liaison with the civil industry for meeting the defence requirements. To assist the Board in carrying out this task, the

Defence Production Advisory Committee was constituted. This Committee is comprised of the members of the Defence Production Board and representatives of the following Ministries:—

Ministry of Commerce and Industry.

Ministry of Works, Housing and Supply.

Ministry of Labour.

Ministry of Railways.

Representative from the private sector as required are also co-opted as member of this Committee.

(b) With a view to deploying Industry in the non-Defence sector so as to attain early self sufficiency in the supply of defence stores/equipment, close liaison is maintained with the Ministry of Commerce and Industry and the Planning Commission to correlate the defence requirements with the proposed industrial potential in the public and the private sectors in the Second Five Year Plan.

(c) In order to encourage private manufacturer to undertake the production of defence stores/

equipment, this Ministry have agreed to participate in the Permanent Exhibition organised by the Ministry of Commerce and Industry where defence stores/equipment at present imported will be displayed.

(d) A Master List of imported defence stores has been prepared. This list is constantly being reviewed by the various sub-committees of the Defence Production and Supply Committee for the purpose of developing and establishing indigenous production of these stores in close collaboration with the Development Wing of the Commerce and Industry Ministry and the D.G.S. & D.

(e) Specifications are being relaxed wherever practicable to enable indigenous production of Defence stores, hitherto imported.

(Ministry of Defence O.M. No. F.9 (4)/57/D(O) dated the 18th April, 1958)

The Committee feel that the standardisation of specifications for stores require immediate attention. They recommend that without waiting for the Indian Standards Institution to lay down standards, the departments themselves should wherever they come across items for which the specifications could be simplified or rationalised take steps in that direction.

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(a) to rationalise requirements of the Services of equipment, stores and materials;

- (b) to lay down standardisation policy with each Service and to lay down inter-service policy ;
- (c) to cause cataloguing to be carried out under a uniform policy;

Views of Sub-Committee 'Defence' 1957-58.

(Ministry of Defence O.M. No. F-9 (4)/57/D(O) dated the 30th August, 1957)

The progress made by the Standardisation Sub-Committee with regard to the standardisation and simplification of specifications may be indicated.

(Lok Sabha Sectt. O.M. No. 98-ECI/58 dated 3rd February, 1958).

The Standardisation Sub-Committee decided that the standardisation/rationalisation should in the first instance be carried out in the following three categories :—

- (a) General Stores
- (b) Electronic Equipment
- (c) MT Spares.

Simple items of the above types of stores in the three services were scrutinized and lists of common items were prepared for cataloguing purposes. 478 items of general stores, 323 items of Electronic Equipment and 150 items of MT Spares were included in the finalised lists.

Further work on standardisation/rationalisation was held up pending decision of the Defence

Production Planning Committee in the matter.

(Ministry of Defence O.M. No. F.9(4)/57/D(O) dated the 18th April, 1958.)

18 68 The Committee feel that an important consideration which might go to increase indigenous procurement was the attitude of the indentors and purchasers towards indigenous manufacture and indigenous products. Owing to the long tradition, among all, specially the Defence authorities, there is probably an unconscious bias in favour of the imported variety of certain types of consumer items. The Committee hope that the authorities would make a deliberate effort and succeed in breaking away from the traditions of the past in all such matters.

Deviations in Defence specifications are being allowed wherever possible with a view to encouraging indigenous industry. The inspection procedure provides for acceptance of items to a standard lower than contracted/ to be contracted for which circumstances so warrant provided the quality of the store is not unduly compromised. Our specifications are constantly under review to bring our standards within the indigenous trade capacities. Wherever possible, national standards (I.S.I.) are adopted.

Consumer goods required for the Defence Services for which indigenous production has been established are not being imported at present. Imports are restricted to specialised types of equipment, security and other items which cannot be procured from within the country or which cannot be manufactured in the Ordnance Factories/E.M.E. Workshops.

(Ministry of Defence O.M. No. F.9 (4)/57/D(O) dated the 24th December, 1957)

19 69 The Committee feel that the concession in regard to the price preference upto 15 per cent, for

Instructions have already been issued by the Ministry of Works, Housing and Supply with

indigenous products over imported ones which the Defence authorities are permitted to allow while making direct purchase is a very valuable and important concession and should be shown in all deserving cases, especially in cases where indigenous industry is in the process of stabilising itself but is not immediately in a position to compete with foreign manufacture. However, where a single firm or a group of firms hold a monopoly, the price preference as recommended by the Stores Purchase Committee, should be given after ascertaining the cost of manufacture. The Committee feel that by giving an initial price preference and thereby helping to stabilise the industry, it should be possible to persuade the Industry, to progressively forego the concession, until the price preference is finally eliminated.

regard to the grant of price preference to indigenous products over the imported ones and the suggestion made by the Committee is kept in view when dealing with individual cases of price preference.

[Ministry of Defence O.M. No. F.9 (4)/57/D(O)
dated the 28th October, 1957]

The Committee feel that efforts should be vigorously pursued by the authorities connected with both central and local purchase to locate more and more sources for supply of defence stores among the small scale industries. They suggest that very close liaison should be maintained with such organisations as the All India Khadi and Village Industries Board, the All India Handloom Board, All India Handicrafts Board, the Coir Board, etc. which could actively assist

Provision already exists for close liaison between the D.G.S. & D. and the All India Khadi and Village Industries Board, the All India Handloom Board, etc. Government have also set up a National Small Industries Corporation with a view to arranging purchases from the Small Scale Industries. Necessary instructions have been issued to the Defence Services as well as to make direct purchases from the small scale industries in consultation with

the development of production in village and small scale industries of stores required. The Committee recommend, that just as during the war a technical team of the Defence Department went round the country contacting small scale engineering units and educating them in the necessary technique to produce stores for defence requirements, similar steps should be continuously taken to assist the small scale Industries.

The Committee also recommend that wherever it is decided that Khadi is not suitable, the use of handloom cloth should be considered as a second alternative, before finally deciding on the use of mill-made cloth.

83-84 The Committee suggest that a review of the methods and procedure of inspection may be usefully undertaken by the Technical Directorate. It may also be examined as a part of this review how far and in respect of which stores cent per cent inspection can be relaxed. Such a review should be particularly directed towards eliminating all delays, while prescribing the standard of inspection.

the National Small Industries Corporation. In pursuance of the general policy of Government to adopt, as far as possible, Khadi and as the next alternative Handloom Cloth by its various Departments, the question of adopting Handloom Cloth against Defence requirements is also under continuous examination. Appreciable quantities of stores such as Durries, Blankets Barrack, bandages, Gauze, and Huckaback Towels are being procured from the Handloom sector. Certain more handloom items are under consideration for adoption against Defence requirements.

[Ministry of Defence O.M.No. F.9(4) 57 D(O) dated the 28th October, 1957].

The remarks of the Committee are noted. It may be mentioned that periodical review of methods of inspection and procedure is made and the Inspection Instructions, Inspection Criteria as well as the procedure suitably modified accordingly. However, every effort will be made at indent scrutiny stage, to avoid delay in furnishing paper particulars and in the inspection and testing.

The substitution of 100 per cent inspection by a reduced percentage or sampling inspection has already engaged the attention of this Ministry. Sampling inspection is being employed in all those cases where examination required

distinctive or expensive testing. In all other cases, if it is found that 100 per cent inspection can be safely eliminated, without any resultant loss to the State and also to the suppliers, sampling inspection will be resorted to in consultation with the users and Finance on one hand and the suppliers and others on the other.

[Ministry of Defence O.M. No. F.(9)(4) 57/D (O) dated the 30th August, 1957].

12

The Committee recommend that the question of the permanent location of depots and of providing permanent accommodation for valuable stores should be tackled on a priority basis and a phased programme spread over a number of years should also be drawn up urgently for providing covered accommodation for various other items of Defence stores which are likely to deteriorate in value or become unserviceable by lying in the open.

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Government are fully aware of the difficult situation arising from inadequate covered accommodation in Ordnance Depots and of the consequent danger of deterioration of stores, if allowed to remain without proper storage accommodation. All possible steps are being taken to improve the situation. Permanent locations of almost all the Depots have been finalised and a phased programme for the construction of permanent accommodation has been drawn up and is being implemented to the extent funds are available.

[Ministry of Defence O.M.No. F.9(4)/57/D(O) dated the 30th August, 1957]

The Committee notice that while on the one hand, there was a pressing need for covered accommodation, on the other hand, there was covered accommodation to the extent of 15 lakhs sq. ft. lying vacant in various Depots. The Committee recommend that a special review may be made not only in respect of each individual Depot, but also of the over-all position in all the depots to determine to what extent available accommodation can be put to the best use.

The review of over-all position in respect of the covered accommodation in Ordnance Depots is now being carried out regularly every month, instead of every six months as was done in the past, and where necessary adjustments of accommodation are carried out within the depot and also between different depots. The periodicity of the reviews has been changed with a view to reviewing the position more frequently. In order to ensure that the maximum use is made of the existing covered accommodation instructions have been issued to all concerned that the stores should be stacked to the maximum height possible and gangways/passage ways should be kept to the absolute minimum. Senior officers of M.G.O. Branch visiting the various depots are given the storage accommodation statements with a view to checking that covered accommodation is not lying vacant for any avoidable reasons. The vacant accommodation is constantly being reallocated where two Ordnance Installations are located adjacent to each other and no administrative inconvenience is involved.

2. It may, however, be mentioned that a certain amount of covered accommodation will always remain vacant due to fluctuations in issues and receipts, and the necessity for earmarking accommodation for valuable equipment spares expected to be received as a result of orders already placed. At present about 9

lakhs sq. ft. of covered accommodation is lying vacant in various ordnance and ammunition depots, which represents approximately only 4.5% of the total covered accommodation available in the depots. The figure of 9 lakhs sq. ft. also includes accommodation lying vacant on account of the sheds having being handed over to the Military Engineering Service for special repairs.

[Ministry of Defence O.M. No. F. 9(4)/57/D (O) dated the 30th August, 1957].

35 110 The Committee feel that the recurrence of losses of large quantities of foodstuffs indicate that the storage conditions, the period of storage, the quality of foodgrains, etc., may also account for losses to a considerable extent. The Committee consider that it should be possible for the authorities to whom all modern techniques of food preservation are available to minimise, if not completely eliminate, the losses due to such reasons, by devoting more attention to the problem.

Losses in Army Service Corps Supply Depots are not abnormal. Detailed orders exist for stocking of stores, thereby leaving little possibility of deterioration. These orders are complied with in Supply Depots in peace stations. However, it has not been possible to comply with these orders fully in Supply Depots located in operational areas *viz.*, Jammu and Kashmir and North East Frontier Agency due to poor storage conditions. Losses in such depots are naturally higher.

2. The following measures are generally adopted in Supply Depots for stores preservation :
(a) Personnel are trained in store preservation ,

(b) Covered accommodation for stocking of stores is provided according to the priority fixed by Army Headquarters.

(c) Stores are constantly inspected, sampled, sun-dried, sieved and re-bagged.

(d) Infested grains and dals are fumigated in the Fumigation Chambers where these exist.

3. Every effort is made to minimise losses in storage. The depots/installations are periodically visited by the officers of Inter Services Stores Preservation Organisation and the advice tendered by them is rigidly followed.

4. To minimise losses while in storage, only 15 days reserve stock, in addition to normal maintenance stock, is kept in Supply Depots in peace stations. A higher reserve is however, kept in certain Supply Depots for operational requirements keeping in mind the difficult communications, availability of stocks and so on.

[Ministry of Defence O.M. No. F 9(4)/57/D (C)
dated the 30th August, 1957].

36. 112

The Committee urge that the provision review of M. & V. Stores should be conducted on a more realistic basis so as to leave no scope for over-provisioning or stocking for periods in excess of the life of the stores.

The losses referred to in para 111 of the Report relate mainly to stores belonging to the War-accumulated stocks which were kept and utilized for consumption without being disposed of as surplus for a very meagre auction price (10 to 15%). It is, on account of this fact, that it was possible to make provisioning on a low scale in the past years *vide* the statement below :

Amount provisioned for in thousands of rupees.

1951-52	52-53	53-54	54-55	55-56	56-57	57-58
1442	1485	1409	2369	3077	5137	8490
					(estimated)	

18

We have now practically exhausted the war accumulated surplus and so fresh stocks of a number of items have to be purchased, as will be seen from the estimate of about Rs. 85 lakhs for 1957-58. The losses have mainly been due to the loss of life of the war-accumulated stocks which were retained as long as possible for use. The measures adopted have thus actually resulted in a net saving to Government rather than in a loss. It is considered that the provision review has been conducted on a realistic basis as far as possible.

[Ministry of defence O.M. No. F. 9 (4)/57/D (O) dated the 28th October, 1957.]

The Committee feel concerned about the extent of the losses that took place and about the main recurring cause for the deterioration of stores continuing to exist. They feel that the deterioration due to defective storage accommodation, unsatisfactory arrangements and lack of care and preservation would be considerable. They would suggest that the losses, suffered on account of such reasons should be analysed and early action should be taken to remedy the defects.

As explained in reply to the Committee's recommendation No. 30, Government are fully alive to the danger arising out of inadequate storage facilities available for storing Army Stores and all possible steps are being taken to improve the situation.

As regards care and preservation, it may be mentioned that a special machinery has been provided for this purpose viz., Inter Services Stores Preservation Organisation. Specially qualified and trained stores-preservation officers of this Organisation are posted in all important depots and it is their special concern to ensure that stores in the depots are properly preserved and maintained. The storage conditions are checked periodically by these officers. The Organisation submits quarterly and annual reports, reflecting all major losses due to deterioration in defence installations, analysing the contributory causes and suggesting remedial measures. This has resulted in a considerable improvement in arresting deterioration of stores. The majority of stores which deteriorated during the past few years were those which were procured prior to 1950 and had been in storage for periods upto 10 years. Even so the losses attributable to deterioration were only of the order of 0.05% of the total estimated value of stores held by the Ordnance Services in 1955 and 1956. This is an exceedingly low figure having regard to

large volume and variety of stores held in the depots.

[*Ministry of Defence O.M. No. F. 9(4)/57/D (O) dated the 30th August, 1957*].

41 124 The Committee are glad to understand that delays in disposal have been cut down to a considerable extent in recent years.

42 125 The Stores Purchase Committee considered that after a period of four to five years when the volume of Defence surpluses was expected to fall, steps should be taken to decentralise the disposal activities, entrusting the work to the respective stock holding Ministries. The Committee are doubtful whether the annual disposals of Defence surpluses would even after a period of four or five years fall to pre-war level. They, therefore, do not desire to make any definite recommendation regarding the decentralisation.

No Remarks.

The suggestion of the Estimates Committee has been noted.

[*Ministry of Defence O.M. No. F. 9(4)/57/D (O) dated the 30th August, 1957*].

46 133 A number of army vehicles continues to deteriorate in value because of the delay in taking a decision regarding which of them are to be declared as unserviceable. The Committee consider this as very unsatisfactory and recommend that such cases should be dealt with expeditiously.

The recommendation of the Committee has been noted. It may, however, be mentioned that the question of disposal of vehicles held surplus to requirements has been receiving attention. Since 1953, about 12,400 vehicles have been declared to D. G. S. & D. for dis-

posal, out of which about 11,180 had been disposed of upto 30-6-1957. Action is now in hand to determine the number of repairable vehicles which are beyond economical repairs and also vehicles, whether serviceable or repairable which are surplus to our requirements. Such vehicles will be declared to D. G. S. & D. for disposal as soon as possible.

[*Ministry of Defence O. M. No. F.(4) /57/D(O)*
dated the 30th August, 1957.]

CHAPTER III

REPLIES OF THE GOVERNMENT THAT HAVE BEEN ACCEPTED BY THE COMMITTEE

Sl. No.	Ref. to Para No. in Report	Recommendations made by the Committee	Reply of Government
1	2	3	4

3 41 The Committee recommend that the nature of delays in the supply of Defence Stores procured through the D. G. S. & D. as well as their reasons should be carefully examined at an early date and if they could be minimised by posting Regional Army Liaison Officers, steps should be taken to post such additional Liaison Officers.

The nature of delays in the supply of Defence Stores procured through the D. G. S. & D. and their reasons are under constant examination by the Ministries of Defence and Works, Housing & Supply and remedial measures are taken to expedite procurements of stores as much as possible. It is felt that the posting of Regional Army Liaison Officers as recommended by the Committee is not likely to improve matters in any way. Further, a full fledged Progress Wing has recently been created in the D. G. S. & D.'s organisation and this wing progresses all indents placed on

D. G. S. & D. and his regional purchase organisation.

[*Ministry of Defence O. M. No. 9 (4)57/D(O)*
dated the 30th August, 1957].

Comments of Sub-Committee Defence, 1957-58

The measures adopted by the Ministry of Defence to avoid delays in the supply of Defence Stores in addition to those taken by the D. G. S. & D. may be stated. A note on the duties and functions of the Progress Wing in the D. G. S. & D. may also be furnished.

(Lok Sabha Sectr. O.M. No. 98-E.C.1/58 dated the 3rd February, 1958)

(i) Demands on D. G. S. & D. are normally placed 10 to 22 months in advance of the commencement of the phased period of supply.

(ii) Instructions have been issued to Defence Indentors—

(a) that specific instances of delay in coverage resulting in delays in delivery of supplies beyond the delivery period stipulated in such indentments are to be brought to the notice of D.D.G. (Progress) of the D. G. S. & D.'s Organisation.

(b) delivery dates should be framed realistically and impossible delivery should not be stipulated in the supply of orders placed by direct demanding offices against the D.G.S.&D. R/R contract.

(iii) Extensions in delivery periods are agreed to when warranted and where sufficient evidence exists to assume that supplies would be completed within the extended periods.

(iv) To ensure that services specifications remain at all times realistically related to the production

capacity and economics of indigenous manufacture, the following steps have been taken:—

- (a) to formulate plans and undertake immediately the reviews of existing Service specifications on a planned and systematic basis.
- (b) to institute a standing practice of checking carefully the particulars quoted on the indents and to ensure that these will not prove unduly stringent to the supplier/manufacturer.
- (c) to relax standards in respect of those items which are obtained by DGS&D with difficulty.
- (d) to adopt Indian Standards in all cases except where stores are of a special military nature.

(v) Where stores do not pass specifications/standards but yet are useable at reduced performances, revisions /relaxations can be given by inspectors and other categories of deviations are sanctioned at appropriate levels.

The Progress Wing in the DGS&D keeps a watch and ensures:—

- (1) that contracts against Defence indents are placed with the minimum delay

(similarly a watch is kept on the indents received from the Railways and P. & T. Deptt.) For this purpose, the Supply Sections are chased and cases of serious delays in the issue of tender enquiries, scrutiny of tenders and placement of contracts are brought to the personal notice of the Senior Purchase Officers for suitable action.

(2) that contracts placed against Defence demands and all other indentors are actively progressed through Field Staff posted at various manufacturing centres and bottlenecks relating to supply of raw materials, issue of amendments to contracts, import licences, movements of goods etc., are promptly removed by keeping a close liaison with the authorities concerned. More stress is laid on stores manufactured indigenously; and

(3) that action to renew Rate/Running Contracts is initiated in time by the Supply Directorates and that performance of firms against Rate/Running Contracts is satisfactory.

[Ministry of Defence O. M. No. F.9(4)/57/
D(O) dated the 18th August, 1958]

5 The Committee feel that there might be certain types of stores where the central purchasing organisation might not be very helpful. They recommend that a review may be made of such stores and they may be included wherever possible under direct purchase items.

The Stores Purchase Committee in their report had recommended that procurement of specialised stores peculiar to the requirements of individual departments, which were being purchased by the departments themselves, should progressively be transferred to the Central Purchase Organisation, as it becomes effectively equipped to handle a larger volume of purchases including specialised items.

The Ministry of W. H. & S. to whom the recommendation was referred for consideration, have stated that the Central Purchase Organisation was best fitted for these tasks, and though competition is lacking in such cases, the organisation was in a position to negotiate the best possible terms in respect of price as well as other contract conditions, based on well established procedure and general policy governing purchases.

[Ministry of Defence O. M. No. F. (9) (4)/57/D(O)
dated the 28th October, 1957]

Views of Sub-Committee 'Defence' 1957-58

As recommended, the Ministry of Defence may in the first instance make a list of items of stores where the advantage of Central Purchasing are

The question of procurement of specialised defence stores direct from the suppliers instead of through the Central Purchasing Organisation is under active consideration by the Defence Production and Planning Committee.

not significant and where direct purchase may be conveniently resorted to.

(*Lok Sabha Sectt. O.M. No. 98-E.C.I/58 dated 3rd February, 1958.*)

The preliminary report of the Committee contains certain recommendations on this point, which are being further examined by Government and orders are likely to be issued shortly on the subject. A list of such specialised stores in broad categories will be prepared once a policy decision in the matter of direct purchase of such stores is reached.

[*Ministry of Defence O.M. No. P. 9(4) 57/D(O) dated the 18th April, 1958.*]

The question of taking over the procurement of specialised defence stores by the Ministry of Defence from the Ministry of Works, Housing & Supply has been considered at length by the Defence Production & Planning Committee. Although the Committee was inclined to favour the procurement of specialised defence stores by the Defence Ministry themselves, the Defence Ministry are not in favour of taking over this responsibility at this stage as they have no specialised purchase staff. They have, therefore, decided to continue to utilise the Central purchase machinery of the Ministry of Works, Housing & Supply who have been requested to associate the technical officers of the Defence Services in all discussions about purchase of specialised defence stores. In addition, Services officers are also being appointed to fill the existing posts in the DGS&D/DGISD London to

achieve closer association with the purchase machinery and thus to speed up the procurement of defence stores. It is considered that such association of Service officers should be given a fair trial before any change in the procedure for the procurement of defence stores is made. In the ISD London, at present, there are 8 Service officers filling sanctioned posts in that organisation.

[Ministry of Defence O.M. No. F. 9(4)/57/D(O)
dated the 18th August, 1958.]

Further information required by the Committee

List showing broad categories of specialised stores and proprietary articles which have been purchased by the Defence Services during the last five years through DGS&D, New Delhi, DGISD, London and ISM, Washington may be furnished.

(Lok Sabha Secretariat O.M. No. 98-EC/57
dated the 29th July, 1958)

Ammunition

Wireless Equipment
 Radar Equipment
 Test Equipment for Radars
 Electronic Test Equipment
 Line Equipment
 Tractors
 M. T. Specialist Vehicles
 Signal Equipment
 Laboratory Equipment
 Spares for Marine and Diesel Engines
 Motor Boat and Survey Launches
 Mine sweeping Equipment

Sailing Dinghies
 Dock Gates
 Complete Aircraft
 Acro-engines
 Gliders and Helicopters
 Aircraft Electrical Stores
 Ground Electrical Equipment
 Aircraft Guns and Armament
 Rubber Equipment—

Tyres and tubes for aircrafts.
 Rubber material and gaseous apparatus and ancillary equipment.

Specialised stores required in connection with production, research and development.

[Ministry of Defence O.M. No. F. 9 (4)/57/SO/D
 (O) dated the 17th November, 1958]

6 45 The Committee do not consider that there is any danger in giving discretion to the D.G.S.&D. to accept market prices in the case of stores as have not been purchased during the last 3 or 4 years and the prices of which might have gone up very high, since he is in touch with the market and places orders only after ascertaining comparative prices.

It is considered that by and large, the existing discretion given to the Director General of Supplies and Disposals to exceed the estimated price of an indent is more than sufficient as the cases in which back references to the Defence indentors have been found to be necessary due to cost exceeding the indent estimate by the present limits of 66 2/3% and also that of Rs. 5 lakhs have been very few. In the case of spare parts for armoured vehicles, radars, tele-communication sets etc., where the prices vary considerably from time to time, increased powers have been delegated to Purchase Organisation abroad.

In view of the above, it is considered that there are no sufficient grounds for further liberalisation of the existing powers vested in the DGS &D.

[Ministry of Defence O.M. No. 9(4)/57/D(O) dated the 24th December, 1957]

8 48 The Committee note with regret that on 1st April 1956 orders for a total value of Rs. 7,00,05,139 in respect of A.O.C. Stores were outstanding for over one year with the D.G.O.F.

In para 48 of the Report it has been stated that the Committee would refer to this matter in detail in their report on the Ordnance Factories. Comments on this will therefore be furnished by Ministry of Defence along with those in respect of the recommendations/conclusions mentioned in that Report.

[Ministry of Defence O. M. No. F. 9(4)/57 D(O) dated the 30th August, 1957].

9 49 The Committee realise that the Services might have their own difficulties in regard to their provisioning system and in communicating their requirements to the D.G.O.F., but they feel that every endeavour should be made to reduce the resulting difficulties to the D.G.O.F. to the minimum.

There are three points raised in the observations of para 49 of the 56th Report of the Estimates Committee and these are :

(a) Though indication of forward requirement is given by the Services, the DGOF is authorised to provide for materials only against firm orders and not against anticipated demands for the subsequent orders.

(b) The indents placed on DGOF and the DGS&D by the services are not always followed by full technical particulars.

(c) The priorities on indents and delivery dates are frequently altered by the service indenter.

The Estimates Committee's remarks at (a) represent the position at the time when the Estimates Committee took the evidence. Essentially this restriction was placed on DGOF to avoid over-provisioning of materials and components against anticipated orders which may not materialise for various reasons. However, the difficulties inherent in accurate forecasting of 3 years requirement by the Service indentors as well as likely delay in restricting DGOF's provisioning only to the current years' requirements were appreciated by the Ministry. This question has been examined in great detail by the Defence Production Board and subsequently by the Defence Production Planning Committee. Under the revised procedure now proposed, the DGOF will be allowed to indent for materials based on the 3 years demand subject to the restriction that at no time he may hold more than six months' stocks, and to avoid large fluctuations in production targets due to change of policy, etc. any increases/decreases would be adjusted in the following 3 years' demand.

2. As regards (b) above, the authority holding sealed particulars who is also the final authority for inspection, normally holds the technical specifications and while advance indents may be sent by the indentors direct to DGOS, the firm indents are sent through the Authority Holding Sealed Particulars to certify the indent regarding correctness of particulars. In many cases it is correct that technical specifications do not exist. Such cases cannot be avoided and production has to be established to provisional drawings after making suitable prototypes. We are also intending to finalise procedure by which the availability of particulars will be settled between the Authority Holding Sealed Particulars and the indentor before the indent is released to the supplier. This may, however, not be possible especially in respect of large number of spares for equipment which is already obsolete in the country of its origin. Production in such cases will have to be undertaken by the DGOF on educational orders against provisional drawings to be supplied by the AHSP.

3. As regards (c), it is correct that priorities and consequently delivery dates are altered. In

many cases, this happens because of the change in policy regarding scales of training and reserves etc. The priorities have also to be changed due to the inability of DGOF to supply the stores to the original schedule.

This question was also considered in great detail by the Defence Production Board and it was decided that priorities will not be changed by the indenter without reference to the Defence Production Supply Committee of the Board wherein representatives of the indenting Services and DGOF would be present.

In the case of recurring orders for established items, it has also been decided that in future the delivery dates indicated by the Services will be examined by the Controller General of Defence Production in consultation with the DGOF and where supply has not been possible within a stipulated time, a phased programme within the capacity of DGOF will be indicated to the indenter.

[Ministry of Defence O.M.No. F9(4)/57/D(O)
dated the 24th December, 1957]

21 71 The Committee feel that even if in the initial stages the keeping qualities of the indigenous product were somewhat below standard, it might still be

Where sub-standard quality in respect of an attribute such as "Keeping quality" is detected, the implication is that the product suffers

possible to use it by arranging quicker turn over and by ensuring that the supplies from the manufacturers were staggered over different periods of the year. With this encouragement, it might even be possible to enforce gradually stricter specifications. The Committee believe that the advantages to be gained by the establishment of a new industry of that type in the country would warrant such readjustments as could be made without detriment to the health of the Defence personnel.

from an all-round depreciation in quality. Estimations of keeping quality are arbitrary values, and are based on the examination of a very small portion (the sample) of the whole consignment.

In view of the above it is considered that absolute reliance cannot be placed on the estimations of "Keeping quality" as a basis for the turnover of supplies. Once a consignment has been found to be sub-standard in quality, its further behaviour cannot be accurately predicted. The remedy would therefore be to accept only such consignments as satisfy universally accepted standards for the Tropic especially in respect of "Keeping quality"

As regards milk powder (skimmed and whole milk) the keeping quality tests commenced last year, in the Laboratory, are still in progress. The general remarks made above apply to these products also.

[Ministry of Defence O.M. No. F. 9(4)/57D(O)
dated the 30th August, 1957]

Views of Sub-Committee 'Defence' 1957-58

The progress made in the setting up of a tinned milk industry in the country may be stated.

(*Lok Sabha Sectt. O.M. No. 98-EC/58 dated 29th July 1958*).

23 The Committee observe that the Second Five Year Plan contemplates only a relatively small increase in the production of automobiles from 25,000 numbers in 1955-56 to 57,000 numbers in 1960-61 in the Private Sector and under the National Industrial Development Corporation. The Committee therefore recommend that urgent steps should be taken to explore the possibility of further developing indigenous manufacture of M. T. stores, and also if necessary of establishing units either in the private sector or in the public sector, to be managed in collaboration with Industry.

This question is the concern of the Ministry of Commerce & Industry.

[*Ministry of Defence O. M. No. 11/2/57/5776 (QS) dated the 29th August, 1958*]

Although the Imported Stores and Raw Materials Screening Committee did not include 'A' and 'B' vehicles in their routine work in view of the specialised nature of the problem, the question of indigenous manufacture to the extent it is necessary and practicable has not been lost sight of and is being actively progressed.

2. The Automobile Industry which is being developed by the Ministry of Commerce and Industry caters for the requirements of 'B' vehicles for the defence Services upto Army's 3 ton range *viz.* 18000 to 19000 lbs. GVW Vehicles. As regards Armoured fighting Vehicles, a project for establishing manufacture of Tanks is under consideration of the Ministry of Defence.

3. The manufacture of spares is correlated to the manufacture of the main vehicles. In the case of 'B' vehicles, while the main chassis manufacturers will be manufacturing main assemblies/

components such as the engine, transmissions, axles, chassis frame etc., there are a number of ancillary industries coming into being for the manufacture of components such as pistons, piston rings, gudgeon pins, spark plugs, brake linings and clutch facings, leaf springs etc. The development of these ancillary industries is being established and progressed by the Ministry of Commerce and Industry.

4. In the case of old vehicles still in service in the Army, it may be pointed out that it is not a practicable proposition to attempt to manufacture assemblies/components such as engines, transmissions, axles and similar other complicated components which will require expensive tooling. Such items will necessarily have to be imported. Every effort is, however, made to make the best use of ancillary industries mentioned above and also certain jobbing firms for minor items.

[Ministry of Defence O. M. No. F. 9 (4)/57(D)
dated the 28th October, 1957].

Views of Sub-Committee 'Defence' 1957-58.

The details of the decision regarding the establishing of a project for manufacture of Armoured Fighting Vehicles such as tanks etc. by the Ministry of Defence may be furnished.

[Lok Sabha Secretariat O. M. No. 98 ECI/58 dated the 3rd February, 1958].

Views of Sub-Committee 'Defence' 1957-58

The following particulars may be furnished.

“What is proposed to be done with the repairable old vehicles still in service in the Army? What steps have been taken to repair them?”

[Lok Sabha Secretariat O. M. No. 98 ECI/58 dated the 29th July, 1958].

A proposal for the indigenous manufacture of Light Tanks in the country is now under consideration. Negotiations are in progress with a foreign Government for their technical collaboration in this project.

[Ministry of Defence O. M. No. F. 9(4)/57/D(O) dated the 18th April, 1958].

The repairable old vehicles held in stocks will be repaired in the various E. M. E. Workshops. Those vehicles which are considered beyond economic repairs are declared surplus for disposal. Most of the spare parts required for the repair of old vehicles have, of necessity, to be imported. A proposal for the manufacture/retrieval/reclamation of spare parts in the E.M.E. Workshops is under examination of Government. As the present capacities of the various E. M. E. Workshops are not adequate to clear all the repairable old vehicles in stock, it has been decided to increase the capacities of Army Base Workshops with a view to expediting the repair of old vehicles and engines, and necessary action has been initiated to achieve this end.

[Ministry of Defence O. M. No. F. 9(4)/57/SO D(O) dated the 17th November, 1958.]

25 The Committee recommend that the possibility of the former Rulers of ex-Indian States and Jagirdars who were very keen on breeding horses, undertaking to breed and supply horses to the Army of the requisite standard, might be explored and a system should be devised of obtaining their services for breeding good quality horses in India. The Committee believe that it might be possible by taking suitable measures to stop import of animals from abroad or at least to reduce it to a great extent.

In view of the changed conditions, the rulers of the former Indian States and Jagirdars do not appear to be interested in the breeding of horses and mules. Prior to their integration certain States which had their studs functioning closed the studs and abandoned the scheme of breeding.

2. Measures are, however, being taken to make the country self-sufficient in her defence requirements for animals, thus avoiding imports from abroad.

3. Breeding on unbound system has been started in four districts of Uttar Pradesh and two districts of Punjab. The same has now been extended to another district of Punjab *viz.*, Karnal. A Mountain Artillery Mule breeding stud has been established at Bahugarh. The breeding stock required for this purpose has already been imported and the stud has now started functioning.

4. Efforts are also being made to start "Bound" system of breeding. For this purpose various State Governments were approached by us with a view to obtaining sufficient suitable irrigated land. The Government of Rajasthan have given hopes that they might earmark

10,000 to 20,000 acres of land for this purpose on the completion of their irrigation projects. A reconnaissance of the area considered suitable has been carried out. A number of conferences in this regard in which Local Jagirdars were represented has been attended by the representatives of the Ministry of Defence and Army Headquarters. No final decision has, however, been arrived at so far. It will be appreciated that breeding of horses and mules requires long term planning and the results can only be achieved after a number of years.

[Ministry of Defence O.M. No. F. 9 (4) 57/D(O) dated the 30th August, 1957].

3

Views of Sub-Committee 'Defence' 1957-58

It may be stated whether any of the ex-rulers or jagirdars who used to be interested in horse breeding were approached with definite proposals. Measures taken to make the country self-sufficient in her defence requirements for animals may also be stated.

No definite proposal was put forward by the Government to the ex-rulers or jagirdars, who used to be interested in equine breeding, but some of them were informally consulted. As the schemes suggested by them were neither acceptable nor advantageous to the Government, no further action was taken.

(Lok Sabha Secretariat O. M. No. 98-ECI/58 dated the 3rd February, 1958.

2. The following measures have been taken for attaining self-sufficiency in the supply of animals for the Army :—

(i) In selected districts of Uttar Pradesh and Punjab, the Government have established Unbound Breeding Areas.

Under this system horse breeders are to own mares of approved breed and standards; the stallion power is to be supplied by Government. The progeny will be available for purchase by the Government.

(ii) Efforts have also been made to introduce 'Bound Breeding' but without any success so far as the main requisite *viz.*, land for breeding has not been made available by any State Government.

(iii) The Government have started their own Stud for breeding Mountain Artillery Mules, This will be expanded progressively to meet the demand of the Army.

(iv) For the breeding of horses and General Service Mules, the Government propose to run their own Stud. A scheme for this is under examination.

[Ministry of Defence O. M. No. F. 9(4)/57/D(O) dated the 18th April, 1958.]

26 While the Committee agree that the laboratories maintained by the T. D. E. at several places in the country should mainly concern themselves with the testing of samples etc. of the Defence Services, they feel that there should not be any bar to their taking work for other Civil departments since the old tradition of the Civil and Defence Departments working in water tight compartments without any mutual obligations to each other is no longer tenable in the context of the changed circumstances.

80 The Technical Development Establishments since their inception have always been offering all facilities for analysis/test/identification to trade and other civil departments subject to their limitations of capacity and priorities. In order to obviate the necessity of seeking approval/sanction each time such work was received by the Technical Development Establishments, formal Government of India sanction authorising the undertaking of such work has been accorded.

[Ministry of Defence O. M. No. F. 9(4)/57/D(O) dated the 30th August, 1957.]

Views of Sub-Committee 'Defence' 1957-58

The reasons why Government of India's sanction was necessary each time before the T. D. E. could undertake work for Civil Departments may be stated.

(Lok Sabha Secretariat O. M. No. 98 EC I/58 dated the 3rd February, 1958.)

Technical Development Establishments under the Ministry of Defence being primarily responsible for technical research, design, development inspection and testing of Army stores and equipment had no Government authority with them previously to render any technical assistance to private firms/civil departments where such technical advice/testing work had no connection with Defence procurement action. Therefore, any request

received from a private firm/civil department had to be referred to Government of India for necessary sanction.

[*Ministry of Defence O. M. No. F. 9(4)/57/D(O) dated the 18th April, 1958.*]

27 The Committee recommend that there should be a periodical review to determine the types of stores the inspection of which the Defence Inspectorate should themselves undertake and those which might be left to the inspecting agency of the Central Purchase Organisation. Correspondingly, it should be ensured that the services of the Defence Inspectorates are available for inspecting stores required by other departments, especially where sufficient capacity for inspection may not be available outside the Defence Inspectorates.

81 While Defence Inspectors will inspect all stores which are procured according to service specifications or where any special service requirement is to be looked into, the question of stores obtained on Indian Standards Institution or trade standards where no special service aspect is involved being inspected by the D. G. S. & D. Civil Inspection Organisation on behalf of the Defence Services is under consideration in consultation with the D.G.S. & D.

Defence Inspectors do also undertake inspection of other civil departments for such stores for which facilities exist with them.

[*Ministry of Defence O. M. No. F. 9 (4)/57/D(O) dated the 30th August, 1957.*]

Views of Sub-Committee 'Defence' 1957-58

The latest position with regard to the question of certain stores being inspected by the Civil Defence live common

Inspection Organisation on behalf of the Defence Services may be stated.

(Lok Sabha Secretariat O. M. No. 98 ECI 58 dated the 3rd February, 1958.)

user items (for which corresponding Indian Standard may or may not exist) where use of the items is not critical for functional performance of the Services and which may accordingly be considered for purpose of transfer of bulk inspection responsibility to D.G.S. & D. (Inspection Wing). These lists are being drawn up and on completion will be referred to the D. G. S. & D. (Inspection Wing) to enable them to examine and determine the number of the items they could take over for carrying out bulk inspection.

[Ministry of Defence O. M. No. F. (9) (4)/57/D (O) dated the 18th April, 1958.]

35 106 The Committee understand that there had been instances where some individuals were found in suspicious circumstances in the precincts of the Depots and were handed over to the Police. They were tried by the Civil Magistrates and awarded ridiculously low punishments. The Committee feel that this raises an important question of security as much would depend on the motive of the miscreant e.g., it could be either theft or even sabotage. The Committee recommend that the matter should be carefully examined by the Government with a view to seeing if sufficient powers could be given to the Defence authorities in the station to deal with such cases. It is possible that deterrent

41 On the face of it, the suggestion made by the Estimates Committee regarding the conferring of magisterial powers on Depot Commander/ Station Commander to deal with cases of theft, pilferage and other such crimes appears attractive, but after analysing the implications, it is seen that the proposal bristles with many difficulties, e.g.,

(a) The Officers Commanding of the Depots etc., many of whom are Majors and Lt. Cols, would have to be placed under a Sub-Divisional officer who would be the appellate authority in such cases. The S. D. O. can make remarks regarding the procedure followed

action in a few cases may have generally a salutary effect on all such cases, besides, also minimising petty thefts, pilferage, etc.

by lower Magistrates, which may not be liked by the Officers Commanding.

(b) The number of cases of theft, etc., in the Defence Installations is very small and it is not worth-while approaching the State Governments to confer magisterial powers on our Officers. The State Governments may be reluctant to accept the proposal as the Commanding Officers are not legal experts and change every 2 or 3 years.

(c) The procedure laid down in the Criminal Procedure Code is quite technical and it would not be easy for the Army Officers to adequately deal with criminal cases.

(d) The proposal is against the generally accepted policy of separation of the executive and the judiciary.

In view of what has been stated above, it is felt that the suggestion, if implemented, would create many difficulties for the Officers Commanding.

[Ministry of Defence O. M. No. F. 9(4)/57/D(O)
dated the 30th August, 1957.]

107 The Committee feel that any deterioration in discipline among the civilian personnel working in the Depots may have serious consequences. The Committee recommend that the Government should consider the matter carefully and take necessary steps to bring the civilian personnel under proper discipline.

In the rules and instructions relating to the discipline of civilian employees of Defence installations, there are already adequate provisions to bring them under proper discipline and to punish them effectively for acts of indiscipline of all sorts. Measures are also being devised for further intensification of effective discipline.

2. The question of simplifying the procedure prescribed in the existing rules, for the conduct of disciplinary proceedings against the civilian employees of Defence installations, has also been considered in consultation with the Services Headquarters and the Inter-Services Organisations. The procedure prescribed for imposing minor penalties, e.g., censure, withholdings of increment, withholdings of promotion, recovery of loss caused to Government by negligence or breach of orders, etc. is already simple enough. This procedure does not require any further simplification. The question of simplifying the procedure prescribed for imposing major penalties, such as, dismissal or removal from service and reduction is proposed to be considered further after an authoritative decision of the Supreme Court on the question of applicability of Article 311 of the Constitution to Civilians in Defence Services, is available. The procedure prescribed conforms to the principles of natural justice and the requirements of Article 311 of the Constitution as interpreted in judicial decisions.

It also follows the pattern of the rules relating to the discipline of civilian employees under the civil Ministries of the Government, which were issued by the Ministry of Home Affairs.

3. The question of modification of the procedure prescribed for disciplinary proceedings is essentially an administrative matter. The rules relating to discipline of civilian employees of Defence installations were framed by the President in exercise of the powers conferred by the proviso to Article 309 of the Constitution.

(*Ministry of Defence O. M. No. F. 9 (4)/57/D(O) dated the 30th August, 1957.*)

Views of Sub-Committee 'Defence', 1957-58

The steps that have been devised for further intensification of effective discipline among the civilian personnel may be stated.

(*Lok Sabha Secretariat O.M. No. 98-EC I/58 dated 3rd February, 1958.*)

In this connection, it is pointed out that the three High Courts of the Punjab, Calcutta and Bombay have ruled that the civilian employees of the Defence Services are governed by Article 310 and not by Article 311 of the Constitution. If these rulings are ultimately upheld by the Supreme Court, it will not be necessary to follow the cumbersome procedure laid down under Article 311 for removing or dismissing a civilian employee of the Defence Services

who can then be punished at the pleasure of the President under Article 310. We are, however, awaiting an authoritative ruling of the Supreme Court. If the Supreme Court agrees with the rulings of the High Courts of the Punjab, Calcutta and Bombay, then it will be possible to examine further the question of simplification of the procedure for disciplinary cases.

(*Ministry of Defence O. M. No. F. 9 (4)/D.(O) dated the 18th April, 1958.*)

43 127—128 The Committee observe that in respect of M. & V. stores, the sale value is on an average about 13·8 per cent. of the book value. The Committee feel that the matter requires investigation.

45 It is difficult to strike a comparison between the average sale price of the surplus medical stores and that of the ordinary stores. Some of the items of stores were sub-standard or completely out of date and soon were in unusable condition except on being repaired. After the war quite a number of new drugs and equipment have been discovered and popularised. The medical men and the patients are normally keen to acquire the latest drugs and equipment and so the old drugs and equipment did not elicit adequate demand when they were auctioned as surplus. For instance out of a total of Rs. 22·5 lakhs worth of drugs declared surplus during the period 1951-55, tablets Mepacrine, Pamaquin and Quinine preparations were valued at nearly Rs. 9 lakhs. In view of the popularity of the latest drugs in this field like paludrine and camaquin, the old items were not sought either by the trade or by the public. Further,

an appreciable amount of the surplus had been issued to the " Priority Indentors " like the Central Government Departments and State Governments at the concessional rate of 10 per cent of the book value. No higher rate could be charged from them. In 1954, stocks of drugs were given free to the State Governments foregoing even the 10 per cent with a view to putting them to the best use rather than allowing them to lose their life or to trickle down to the market at a very low price only to be re-sold by the trade at enhanced prices. It would thus be seen that general unwillingness to buy old, out dated, much used equipment, the repairable condition of most of the equipment, the supersession of old drugs by more patent ones and issue of stores to ' Priority Indentors ' either free or at 10 per cent of the book value had been the causes of low realisation of sale value. There appears to be no need for any further investigation in this matter.

[*Ministry of Defence O. M. No. F. 9 (4)/57/D(O)*
dated the 28th October, 1957.]

extent due to the very short life left in the drugs when they are disposed of and, if so, whether by taking earlier action to survey the stock and by disposing them of when a little more life is left in them, the price obtained could be appreciably improved.

on other factors and an added life of few months is not going to make any appreciable difference in the sale value. In the example quoted regarding Pamaquin and other drugs, there was no fixed life but they could not fetch a large value as these were superseded in the market by the latest substitutes. It is however, assured that timely action for disposing of surpluses will be taken as soon as these are revealed. No further investigation in the matter appears necessary.

[*Ministry of Defence O.M. No. F. 9(4)/57/D(O)*
dated the 28th October, 1957.]

CHAPTER IV

REPLIES OF GOVERNMENT THAT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Serial No.	Reference to para number of the Report	Summary of recommendations	Reply of the Government	Comments of the Committee
1	2	3	4	5
1	13	<p>The Committee suggest that the question of the adequacy and effectiveness of the present system of Provision Review and the extent to which the system is followed in actual practice should also be referred to the Committee, recommended for appointment in para 105 of the Report, for a comprehensive enquiry.</p>	<p>Government had already examined the present provisioning system on the basis of the recommendation made by the Public Accounts Committee 1954-55, in their Fourteenth Report and had come to the conclusion that there was nothing wrong with the existing provisioning system which was very comprehensive and systematic. The Ministry, however, agrees that the extent to</p>	Please see Para 1 of Chapter I

purchase have been delegated, have been instructed to furnish details of such purchases to the Director General of Supplies and Disposals.

[*Ministry of Defence O. M. No. F.9(4)/57/D(O) dated the 30th August, 1957*].

Comments of Sub-Committee Defence 1957-58.

A copy of the orders issued by the Ministry of W. H. & S. regarding periodical reviews of the exercise of the power of local purchase and also the results of the periodical reviews conducted so far by the D. G. S. & D. may be furnished.

[*Lok Sabha Secretariat O.M. No. 98-ECI/58 dated 3rd February, 1958*].

A copy of the Ministry of W. H. & S. Memo. No. Pur-19(6)/4 dated the 18th February, 1955 is enclosed (Appendix I). The direct purchase powers delegated to various departments were reviewed in the 3rd meeting of the Standing Advisory Committee on Central Purchases (constituted by the Ministry of Works, Housing and Supply) held on the 16th February, 1958, and it

The Committee suggested a review of the exercise of powers delegated to various authorities. The Govt. have stated that the powers delegated to various departments were reviewed. The Committee reiterate that the manner in which the authorities to whom powers had been delegated had exercised those powers might be reviewed.

was agreed that the existing powers did not require any revision.

[*Ministry of Defence O.M. No. F.9(4)/57/D(O) dated the 18th August, 1958*]

13 61 The Committee feel that the limitation of the usefulness of the Imported Stores and Raw Materials Screening Committee which has recently been replaced by the Defence Production and Supply Committee and the Defence Research and Development Committee of the Defence Production Board was inherent in its constitution consisting as it did only of Government officials. It is strange that in a Committee charged with the responsibility of locating internal sources of supply or manufacture potential, no representatives of the industry in the private sector had been associated. The Committee have no doubt that if representatives of industrialists and manufacturers had been associated with the

The Defence Production and Supply Committee and its various Sub-Committees have been authorised to invite representatives of industrialists and manufacturers to attend meetings, as and when necessary. The remarks of the Estimates Committee will, however be brought to the notice of the Defence Production and Supply Committee at its next meeting.

[*Ministry of Defence O.M. No. F.9(4)/57/D(O) dated the 30th August, 1957*]

Please see para 2 of Chapter 1.

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above Committee, the Committee could have shown far better results than it had been able to achieve so far. The Committee, however, regret to observe that in spite of the changes recently made in the set up of the Imported Stores and Raw Materials Screening Committee, no action was taken to include representatives of industrialists and manufacturers etc. in the new Committee.

Views of the Sub-Committees 'Defence' 1957-58.

The following particulars may be obtained :

- (1) Numbers of instances when representatives of industrialists and manufacturers were invited to attend the Defence Production and Supply Committee.
- (2) Names of the persons who attended.
- (3) Whether the recommendations of the Estimates

It appears that the Estimates Committee has slightly misunderstood the position. The Defence Production

Committee have been brought to the notice of the above Committee and if so, with what results.

[*Lok Sabha Sectt. O.M. No. 98-ECI/58 dated the 3rd February, 1958*]

Board prior to 17th September, 1957 had two ancillary committees under its auspices, *viz.*—

(a) *Defence Production Advisory Committee*—Presided over by the Defence Minister — with representation from other Ministries and private industrialists when invited.

(b) *Defence Production Supply Committee*—a purely departmental committee.

On the recommendation of the Defence Production Planning Committee, an *ad hoc* committee, the Defence Production Advisory Committee was abolished with effect from 17th September, 1957 as it was considered that the Defence Production Board had the same composition as Defence Production Advisory Committee except for the representatives of private industrialists and civil Ministries who could be co-opted

on the Defence Production Board whenever it was found necessary.

The Defence Production and Supply Committee being a departmental Committee has no representation from the private industrialists.

[*Ministry of Defence O.M. No. 9(4)/57/SO/D(O)* dated the 17th November, 1958]

14 The Committee feel that the entire problem of the lack of sufficient coordination between the indigenous production and the defence requirements in the matter of stores and equipment should be approached and tackled in a different manner and more realistically. It would be profitable in this connection, to draw from the experience of the Railways in respect of locating indigenous sources for stores. The Committee, therefore, recommend that an Equipment Committee for Defence Stores

62 With a view to ascertaining the possibilities of maximum reliance on indigenous production and skill for defence stores/ equipment a Defence Production Planning Committee has been set up under the Chairmanship of the Deputy Defence Minister (II). The Committee will study the whole field of defence production, repair, maintenance and research activities and prepare a phased plan to enable the defence organisation, sustained by indigenous resources, skill and industry—defence or otherwise—

similar to the Railway Equipment Committee, should be appointed to examine the capacity in India for the manufacture of various defence equipments and stores which are at present imported and to suggest ways and means for expanding the existing industries or of setting up new industries for producing these items which cannot at present be manufactured with the existing resources. It is necessary that representatives of industrialists and manufacturers as well as of units in the public sector and non-officials should be associated with the Committee to make it fully effective.

to attain as near self-sufficiency as possible.

[Ministry of Defence O.M. No. F.9(4)/57/D(O) dated the 30th August, 1957]

*Views of Sub-Committee 'Defence'—
1957-58.*

The details regarding the date on which the Defence Production Planning Committee was constituted, number of meetings held so far, and the time-limit, if any, fixed

The Defence Production Planning Committee was constituted on 26th June, 1957. 29 meetings of the Committee have been held so far. 2. The Committee was originally required to submit its report within two months from the date of its being set up.

for the Committee to submit its report may be called for.

[*Lok Sabha Sectt. O.M. No. 98-ECI/58 dated 3rd February, 1958*]

However, as the scope of its work covered a wide range of subject, it was not possible for the Committee to complete its deliberations and prepare a report within the stipulated period. Under the revised instructions of the Defence Minister a preliminary report of the Committee covering the subjects so far considered by the Committee was prepared and submitted to the Defence Minister on 6th February, 1958.

Please see para. 2 of Chapter I.

3. The remaining aspects will now be examined by the Committee and its recommendations in this regard included in the final report. It is not possible to give a firm date by which the final report would be submitted.

[*Ministry of Defence O. M. No. F.9(4)/57/ D(O) dated the 18th April, 1958*]

15 63 The Committee recommend In addition to participating in the proposed permanent Ex- hibition to be set up at Delhi Please see para. 3 of Chapter I.

mittee for Defence Stores, suggested in para. 62, show-rooms should be opened by the Defence authorities in various industrial centres of the country where defence stores which are now being imported could be exhibited. These show-rooms should be in addition to those that might be opened by the D.G.S. &D. in view of the recommendations of the Stores Purchase Committee.

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The Committee recommend that a review of the existing vocabulary of stores might be undertaken with a view to its simplification in as many cases as possible so as to bring it in line with the trade vocabulary and thereby eliminate one of the difficulties that stand in the way of exploration of indigenous production of defence stores due to the Defence vocabulary not being understood by the trade. For the rest a "Translated Copy" may be made available to the trade.

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by the Ministry of Works, Housing & Supply, there are also Museums attached to the various depots throughout the country, where imported defence stores are exhibited with a view to locating/facilitating indigenous manufacture of these stores.

[*Ministry of Defence O. M. No. F.9(4)/57/D(O) dated the 30th August, 1957*]

The nomenclature of Service Stores is allocated in accordance with a uniform system bearing in mind the principles of simplicity and brevity compatible with lucidity so as to bring out the uniqueness necessary for the identification of the Store. This is the most scientific way of allocating a nomenclature and has been in use for a long time and all concerned are conversant with it.

Making changes in the nomenclatures in the existing catalogues will only create confusion at various stages such

as provisioning, inspection, storage, maintenance, demand, issue, etc. Besides the task would be out of all proportion to the results likely to be achieved as there is no uniform trade vocabulary and the trade nomenclatures in use vary from State to State.

Further, indigenous production of warlike stores is the responsibility of the Ordnance Factories who are quite conversant with Service nomenclatures. As regards vehicles, the Services adopt the Makers Parts Lists and in the case of General Stores and Clothing items, 95% of which are already indigenously produced, no difficulty has been experienced to date.

With a view to assisting the indigenous manufacturers of Electronics Equipment and Instruments, the Authorities Holding Sealed particulars

maintain cross references, of Service nomenclatures as against corresponding trade names.

[*Ministry of Defence O.M. No. F. 9(4)/57 D(O) dated the 30th August, 1957.*]

Views of Sub-Committee 'Defence'
1957-58.

Steps taken so far regarding translation of vocabulary of stores may be indicated.

(*Lok Sabha Secretariat O. M. No. 98-EC/58 dated 3rd February, 1958.*)

No steps have been taken, nor are any proposed to be taken on the recommendation of the Estimates Committee on the subject. The existing vocabulary for defence stores and the system of allocating designations to different groups of stores are quite intelligible to those who are, or are likely to be interested in the supply and the manufacture of items according to their fields of interest.

[*Ministry of Defence O. M. No. F. 9(4)/57 D(O) dated the 18th April, 1958.*]

Further information required by the Committee.

The attention of Government is invited to the following observations made by the representatives of the Ministry of Defence at the sitting of the Estimates Committee held on the 5th December, 1957 :—

A comprehensive brochure on Metals and Alloys has already been brought out and circulated widely to trade and industry. A copy of the same is forwarded for perusal. The question of issuing further brochures will be taken up as soon as it is possible to collect and compile suitable materials.

The Committee recommend that the work of preparing brochures on other items also might be speeded up.

[Ministry of Defence O.M. No. 5(36)/57/CG(P&C) dated the 14th October, 1958.]

“The vocabulary itself could not be simplified because it is meant for certain specific defence purposes. But what might be called ‘a translated copy’ can be furnished to the trade, which will be easily understood by them. We are in the process of drawing up illustrated brochures showing what the article we use is, what are its specifications etc. and we try to indicate even the size of the demand to those

people who manufacture or are interested in knowing what the size of the demand will be. We have prepared such brochures for certain types of general stores. We are proceeding on the same lines and we intend making a number of brochures, different volumes, dealing with different types of stores. In these brochures we use language which could be easily understood by the trade.”

It is requested that the present position with regard to the preparation of brochures on the lines indicated in the evidence referred to above might be intimated.

(*Lok Sabha Secretariat O.M. No. 98-ECI/58 dated 16th September, 1958.*)

22	72	<p>While the Committee hope that the efforts which are at present being made would go a long way in establishing indigenous manufacture, they feel that the usefulness of Medical Stores Development Sub-Committee which at present consists only</p>	<p>The various Sub-Committees of the Defence Production and Supply Committee, which include Medical Stores Development Committee, have been authorised to co-opt representatives of trade, manufacturing firms and the Indian</p>	<p>Please see para 2 of Chapter I.</p>
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of officials of different departments would be considerably enhanced, if representatives of the trade and manufacturing firms were also included in it.

Standards Institution, as and when considered necessary.

[*Ministry of Defence O.M. No. F. 9(4)/57/D(O) dated the 30th August, 1957.*]

24 74 The Committee recommend that a comprehensive review of the existing position in regard to the production in the country of modern defence equipment required by modern Defence forces should be made and that, on the basis of it, there should be a phased programme for installing additional production capacity in Ordnance Factories, ancillary industries and other engineering units.

A Defence Production Planning Committee consisting of the Deputy Defence Minister (II) as Chairman, the three Chiefs of Staff, the Secretary, the Additional Secretary, the Financial Adviser as Members, has been recently constituted. This Committee will make a study of the defence production activities in the country and prepare a considered plan on a phased basis of 3 to 4 years, which will enable the defence organization, sustained by indigenous resources, defence or otherwise, to achieve self-sufficiency in the production of defence stores/equipment.

Please see remarks against Serial No. 14.

[*Ministry of Defence O.M. No. F. 9(4)/57/D(O) dated the 30th August, 1957.*]

The Committee are surprised to learn that although the defects in the ration scales were pointed out by the Medical authorities in 1948, it has not been found possible so far for the Defence authorities to rectify the defects by introducing a balanced ration scale. The Committee consider this particularly unfortunate as the efficiency of the Defence personnel is bound to be affected by their diet. They, therefore, recommend that a decision on this question should be expedited and a balanced ration scale introduced without any further delay.

Improvement in the Army Scale of Ration has been suggested by the Director Medical Services in 1948.² On the recommendation of the Defence Committee of the Cabinet, a Select Committee of nutrition experts of the Indian Research Fund Association was requested to draw up a ration scale. They proposed a revised/ balanced scale in 1949. The difficulties which have so far stood in the way of the introduction of the said balanced ration scale are explained below :

The scale could not be implemented as it involved a recurring extra expenditure of approximately 4.44 crores of Rupees per annum. The Defence Committee of the Cabinet therefore directed that the possibility of balancing the diet of Armed Forces personnel within the limits of the

present financial allotment might be examined.

In 1954, it was proposed that the saving effected through substitution of milk ghee by oil hydrogenated and the 5/2½ per cent cut in the rations issued to units may be utilized towards improving the diet of the troops and towards the introduction of a balanced ration scale. This was discussed by the late Ration Advisory Committee now redesignated as Defence Food Advisory Committee. The Committee appreciated that as the introduction of the Common Ration Scale will entail an additional expenditure, its early implementation in full may not be feasible owing to non-availability of adequate funds. Keeping in view the overriding necessity for economy, the Committee recommended implementation of Common

Ration Scale in four stages so that the heavy extra expenditure may not affect the budget all at once but in stages only. The Defence Minister decided that it was necessary to make a survey of the physical fitness and general health of the personnel of the three services by an Inter-Services Investigation Team in the first instance. An Inter-Services investigation Team was accordingly formed in October, 1955. Preliminary survey carried out by the Team did not show any conclusive results. It was, therefore decided to conduct fresh trials, on replanned basis in consultation with the Defence Science Organisation. The findings of this Team are still awaited.

[Ministry of Defence O.M. No. F.9(4)/57/D(O) dated the 30th August, 1957.]

- 32 The Committee recommend that instead of depending on the normal processes to eliminate the excess stock carried by the
- 105 The question of setting up a Stores Enquiry Committee is under active consideration. In case it is decided to set up such
- J. Please see para 2 of Chapter

Depots the Government should appoint a Committee to look into the matter. It should include non-officials of standing, with business experience, as well as officials from civil Departments or the Railways besides officers of the Defence authorities.

a committee, the Ministry of Defence would not consider associating non-officials in the committee for the reasons given in reply to item 45 of the summary of recommendations.

[*Ministry of Defence O.M. No. F. 9(4)/D(O) dated the 28th October, 1957.*]

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Large discrepancies in A.O.C. stores are revealed on stock verification every year. The Committee consider this position as very unsatisfactory. They regret to observe that in spite of the reorganisation programme introduced in the C.O.D.'s in June, 1950, there has been no improvement in the results of stock verification.

The Ordnance Services hold a large number of vehicles and huge quantities of various types of stores involving about 6,00,000 items; the aggregate value being approximately Rs. 302.7 crores. In view of the enormous quantity of stores held, the total elimination of discrepancies is very difficult, due to various factors, such as, discrepancies found in factory, packed packages which are subjected only to a percentage check at the time of receipt, incorrect identification of stores at the time of

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The Public Accounts Committee in their Ninth Report pointed out the imperative necessity of improving the position regarding stores accounts. It

was expected that with the issue of necessary instructions and the employment of about 4,000 personnel for the re-organisation scheme, stores accounts would be satisfactorily maintained. But the position is still far from satisfactory.

receipt, which is detected at the time of annual stock verification, and also due to an element of human error. The Government are, however, aware of the importance of proper store-keeping and store-accounting, and instructions have been issued to various Defence Services from time to time to ensure that the prescribed procedure is strictly observed. As a result of these instructions, the position in regard to stock-taking and store-accounting has considerably improved and it is expected that this improvement will be maintained.

The Re-organisation in the Central Ordnance Depots, a reference to which has been made by the Estimates Committee, did not involve stock verification of the items held in the Depots. The scheme covered opening, checking, preservation and repacking of wartime, doubtful packages into standard packages. The discrepancies found as a result of re-organisation would inevitably

be reflected in the first stock-taking after the reorganisation was completed and improvement will be reflected only in the subsequent stock-takings.

Views of Sub-Committee 'Defence' [Ministry of Defence O. M. No. F. 9(4) 57/D(O) dated the 30th August, 1957.]
Serial No. 38-39.

The latest figures with regard to stock-taking and store-accounting may be enquired. A note may also be furnished indicating in detail the essential features of the improvements with regard to stock-taking and store-accounting of Army Stores.

(*Lok Sabha Sectt. O.M. No. 98-ECI/58 dated the 29th July 1958*).

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The Committee understand that all Railway stores whether in a Stores Depot or with a Department are verified at periodical intervals by the Stock

A note giving the requisite information is enclosed (Appendix II).

This matter has further been dealt with in para 7 of the Audit Report, 1958, which shows that the standard of store-accounting and storekeeping in all the Branches of the Services still leaves considerable room for improvement. Since the matter is likely to come up before the P.A.C. when they take up for discussion the Audit Report, 1958, the Committee do not desire to comment further on this subject.

Verifiers of the Accounts Department. This enables verification being considered by an agency independent of that charged with the responsibility for maintaining stores. The Committee suggest that the feasibility of introducing a similar procedure in respect of the verification of Defence stores may also be examined.

Lok Sabha Secretariat *vide* their O.M. No. 79(a)/ECI/56* dated the 29th January, 1957. Attention of the Lok Sabha Secretariat is invited to the Ministry of Finance (Defence)'s reply† contained in their O.M. No. 146/CA dated the 10th May, 1957. It has been explained therein why the work of stock-verification cannot be satisfactorily done by the Accounts Department. It may be mentioned that according to the existing orders the stock-verification of stores is carried out by an independent agency, *viz.*, the stock-taking Officer who has no connection with store-keeping or store-accounting. In view of the foregoing it is considered that the existing procedure may be allowed to continue.

[Ministry of Defence O. M. No. F. 9(4)/57/D(O) dated the 28th October, 1957]

* Appendix III.

† Appendix IV.

Views of Sub-Committee 'Defence'
1957-58.

Please state as to how and under whom the Stock-taking Officer functions.

(*Lok Sabha Sectt. O. M. No. 98-ECI/58 dated 3rd February, 1959.*)

Stock-taking in establishments under the Army Headquarters is done as follows :—

Branch Procedure

1. M.G.O. Stock-verification is done by a Stock-taking section under a Stock-taking officer, who functions independently of the stockholder and who has no connection with the store-keeping or store-accounting.
2. QMG's The responsibility for stock verification is that of the O.C. of a Depot/Installation, who may deputate an officer to carry out monthly stock verification but must personally

carry out stock verification at least once every quarter.

3. **B-in-C's** Stock verification in Engineer Store Depots is carried out by a stock taking team working under a stock verification officer, who has no stock-holding responsibility and who is responsible direct to the Officer Commanding of the Depot. In Engineer Parks Divisions, it is carried out by an officer or Superintendent Supervisor Grade I, other than the stock-holder. In addition, a percentage of stock-verification in Depots/Parks Divisions is carried out by Command Stock-taking team, which is directly under Command Headquarters.

4. D.G., A.F.M.S. Stock verification teams are quite independent of the stock-holder. The teams work directly under Officers Commanding, Armed Forces Medical Store Depots, Store-holding Units. Please see remarks against S. Nos. 38 and 39 in Chapter IV.

[Ministry of Defence O.M. No. F.9(4) 57 D(O) dated the 18th April, 1958] |

45 132 The Committee feel that it would be a healthy practice to associate with Review Boards, except in relation to such matters as are of top secret nature, persons in civil life who have special knowledge in the subjects under consideration or allied subjects. They feel that a beginning must be made by deliberately thinking and planning in a

The Ministry of Defence considers that outsiders cannot be associated with the Defence Services to determine what defence stores are serviceable or surplus to their requirements. What may be serviceable for civil use may not meet the requirements of the Defence Services. This Ministry, therefore, is not in a position to accept the recommenda-

Please see para 2 of Chapter I.

way different from the past tradition. The Committee recommend that it should be carefully considered in what manner it could be provided for to include in Review Boards, civilian officers and non-officials having the requisite knowledge and in whom trust could be reposed.

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The Committee recommend that a Defence Stores Enquiry Committee should be set up to go into the problem of excess stocks in the depots and to examine the administrative control and organisational set up of the Depots, possible sources of leakage, wastage and corruption in the stores organisation and also adequacy of the present regulations and the extent to which they are being actually followed.

tions of the Estimates Committee in this regard.

[Ministry of Defence O. M. No. F. 9 (4) 57/D(O) dated the 30th August, 1957]

In so far as the question of examination of the problem of excess stocks in the Depots is concerned, the matter is proposed to be left for consideration by the Defence Stores Enquiry Committee (proposed in recommendation No. 32), if it is finally decided to set up one.

As regards the question of examining the administrative control, organisational set up of the Depots, possible sources of leakage, wastage and corruption in the stores organisation, adequacy of the present regulations etc., it is not considered necessary to investigate all these points by a Committee

Just as in the case of Sl. No. 1, the Ministry has agreed that even though the system is good the extent to which the system is being followed in actual practice might be investigated by the Defence Stores Enquiry Committee, in this case also, even if the procedures are considered to be adequate, that Committee may examine whether its practical working may be improved. The Committee, therefore, reiterate their view.

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because the existing procedures in respect of each of the aspects have stood the test of time.

Further, the administrative control has since been tightened up with the setting up of vigilance units which are entrusted with the task of eradicating leakage, wastage and corruption. A stricter watch and departmental scrutiny, within the framework of existing administrative machinery, would achieve the desired object without the necessity of setting up a separate committee.

[Ministry of Defence O.M. No. F. 9(4)/57/D(O) dated the 28th October, 1957]

APPENDIX I

(Serial No. 2—Para 38)

Copy of Memo. No. Pur-19(6)/4, dated 18th February, 1955 from the Ministry of Works, Housing and Supply, New Delhi, addressed to all Ministries

SUBJECT :— *Direct Purchase Powers of Government Departments*

The Stores Purchase Committee appointed by the Government to examine the working, organisation, policy and procedure of the Central Purchase Organisation, has recommended in its Interim Report that "the Railways, the Posts & Telegraphs and the Defence Departments should be authorised to make direct purchases upto the value of Rs. 10,000 in each case."

2. The Government of India have accepted the above recommendation of the Committee. The Ministries of Railways, Communications and Defence may delegate, under intimation to the Directorate General, Supplies & Disposals, suitable powers for direct purchase within this limit of Rs. 10,000 to such of the authorities under them as have adequate purchase arrangements. In doing so, the authorities concerned may also be instructed to associate their respective Finance officers while making direct purchases.

3. The limit of Rs. 10,000 for direct purchase applies to the value of each article or class of similar articles or inter-connected articles, purchased at one time. The indents should under no circumstances be split up to bring them within the indentors' direct purchasing powers. Furthermore the limit of Rs. 10,000 now prescribed shall not apply to items for which Rate Running contracts exist. For such items the applicable limit will be Rs. 100/- in each case and not exceeding Rs. 1,000/- in the aggregate in any one year, as per instructions contained in this Ministry's Office Memorandum No. Pur-6(14), dated the 4th January, 1954.

4. It will be open to the authorities concerned to send their indents below the value of Rs. 10,000 in each case to the Directorate General, Supplies and Disposals, and its subordinate organisations where the stores cannot be conveniently obtained by them direct.

5. All purchases made by the indentors direct the purchase value of which exceeds Rs. 2,000/- shall be notified in the Indian Trade Journal with full particulars, name of the stores, date of purchase, quantity, price paid, name of suppliers and whether the store is of imported or indigenous origin. This may be done in the form used by Directorate General, Supplies and Disposals, a copy of which is enclosed for ready reference. Details of all such purchases (including those below Rs. 2,000/- in value) will also be furnished to the Directorate General, Supplies and Disposals, in a quarterly statement, so that statistical data regarding the total quantum of Government purchases is available for periodical review of Government purchase policy.

SPECIMEN FORM IN WHICH CONTRACTS PLACED BY THE DIRECTORATE GENERAL OF SUPPLIES AND DISPOSALS ARE PUBLISHED IN THE INDIAN TRADE JOURNAL.

CONTRACTS PLACED BY THE DIRECTORATE GENERAL OF SUPPLIES AND DISPOSALS, NEW DELHI

During the week ending

Sl. No.	Tender No. and article	No. or quantity	Value of Contract	Name of Contractor	Imported. Indigenous of Cottage and Small Scale Industry	Country of origin, if imported	Terms of delivery
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Contracts placed

Contracts cancelled.

APPENDIX II

(Serial Nos. 38-39—Paras Nos. 119-120)

Note indicating in detail the essential features of the improvement with regard to stock taking and store accounting of Army stores and latest figures in respect of surpluses, deficiencies and the number of items involved

The figures based on the result of stock taking cycle 1957-58 are given below :—

(a) Total number of items checked	7,86,819
(b) Total number of items found discrepant	19,732
(c) Of (b) above, total number of items found deficient]	8,734
(d) Of (b) above, total number of items found surplus	[10,998

The re-organisation scheme in Ordnance Depots, a reference to which was made by the Estimates Committee, was confined to seven out of twenty-five Ordnance Depots. The scheme involved opening, checking, preserving and packing in standard packages and marking of contents of wartime doubtful packages, which represented about 45% of the stores held in the depots. The average discrepancies in terms of items in the re-organised depots, which used to range between 10·6% to 61·4% in the past, now range between 0·4% to 7·7%.

Ordnance is a vast organisation wherein many categories of personnel of varying capabilities are employed to handle stores at various times connected with the multifarious activities of the depots. A small percentage of discrepancies, mostly on paper, is inevitable, even if the depots worked under ideal conditions. As is already known, the depots suffer from lack of adequate storage accommodation, manpower turnover/overhaul facilities. Besides, the following factors, though individually imperceptible, contribute to the total discrepancy percentages:

(i) *Human Errors* :

- (a) Clerical errors in posting.*
- (b) Non-posting of Issue Vouchers.*
- (c) Non-Posting of receipt vouchers.*
- (d) Issues made in lieu by selectors without recording these on issue vouchers.
- (e) Maintenance of more than one account card.
- (f) Certain locations not being revealed.

(* About 33 lakhs of items are posted in a year in Ordnance Depots.)

(ii) Storage in Factory Packed packages :

Discrepancies subsequently found in factory packed packages which are subjected to a percentage check at the time of receipt.

(iii) Incorrect Identification :

Incorrect identification at the time of receipt which is detected at the time of stock taking.

It may be pointed out that according to the prescribed procedure a detailed pre-location check of all stores in depots has to be carried out, prior to the commencement of an Annual Stock Verification, when all the sheds/storehouses/areas are combed thoroughly with a view to avoiding omission of any stores from the actual stock count. Stock verification is an annual process and is confined to a sample check. According to the existing procedure, only one package per stack is opened for checking of its contents and only in the event of a discrepancy being revealed in such a check, five more packages are opened for verification of the contents. 100% check of the contents is made where discrepancies still persist. It would be realised that a discrepancy may remain undetected in a cycle on this sample check and may come to light in the subsequent checks.

At the time of receipt of stores from the Trade and the Ordnance Factories, according to the existing regulations, only 5% of the packages are checked for correctness of their contents and the remaining 95% of the stores are accepted as correct provided there are no discrepancies in the package checked and the number of packages received agrees with that shown on the Issue Voucher.

Also, in the case of tropically packed cases received from abroad, only 5% check is carried out after 12-18 months of their receipt.

In view of the position explained above, a certain percentage of discrepancies has to be accepted, unless 100% check, which would involve a huge increase in man-power and considerable additional expenditure in repacking/preservation, is exercised at all stages. Orders have, however, been issued to all concerned that procedure instructions on store accounting must be strictly complied with and lapses thoroughly investigated with a view to taking disciplinary action against those at fault.

APPENDIX III

(Serial No. 40—Para 120)

Copy of the Lok Sabha Secretariat O.M. No. 79 (a) EC. I/56, dated the 29th January, 1957 addressed to the Ministry of Finance (Defence) regarding verification of Defence Stores

It appears that under the existing procedure, the periodical verification of Defence Stores lying in the different Depots Parks is conducted by the respective Officers Commanding themselves or by some other Officers under their supervision. The procedure obtaining in the Railways, in this respect is, however, somewhat different inasmuch as all Railway Stores, whether in a Stores Depot or with a Department are required to be verified at periodical intervals by the Stock Verifiers of the Accounts Department. The procedure thus enables verification being conducted by an agency independent of that charged with the responsibility for maintaining Stores.

The undersigned is, therefore, directed to request the Ministry of Finance (Defence) to clarify the position and furnish their comments on the relative advantages or otherwise of the two procedures mentioned above in so far as they relate to Defence Stores, indicating also the date since which the present procedure is in force, for the consideration of the Estimates Committee.

APPENDIX IV

(Serial No. 40—Para 120)

Ministry of Finance (Defence Division) O.M. No. 146/CA, Dated the 10th May, 1957 addressed to Lok Sabha Sectt. regarding verification of Defence Stores

The undersigned is directed to refer to the Lok Sabha Secretariat Office Memorandum No. 79(a) EC. I '56, dated the 29th January, 1957 on the subject indicated above and to state as follows:

2. Under the existing procedure, the responsibility in the matter of physical verification of stock of stores held by Defence Services formations normally devolves on the authorities who hold the stores in stock and not on the Defence Accounts Department. The Defence Accounts Department is, however, responsible to see:

- (a) that stock verification as laid down in standing orders is duly carried out by the Executive authorities;
- (b) that the results of verification of stores as laid down in the various departmental regulations are recorded periodically by a responsible authority of the Defence Services;
- (c) that the system of verification adopted by the Defence Services authorities is adequate and proper;
- (d) that discrepancies found on stock taking are properly investigated and adjusted ; and
- (e) that wherever possible the staff responsible for the verification is independent of the staff which is responsible for the physical custody of the stock or for keeping accounts of it.

This does not, however, preclude the Defence Accounts Department from carrying out a physical verification of stock at any time whenever such verification is considered necessary by that Department. This procedure has been in vogue since the 1st April, 1948.

3. It may be mentioned in this connection that according to the procedure obtaining prior to the last war, stock verification of Defence Stores held in the various Depots used to be conducted periodically by the Defence Accounts Department, either independently or jointly with the Executive authorities. In the case of consuming units, a physical stock verification was not, however, being carried out by that Department, but it was the duty of that Department to see that the stock verification by the Executive authorities prescribed in the rules had been carried out and their results recorded. In the case of stores held on charge by the Farms Department, however, the work used to be carried out departmentally by the Executive authorities and only a test-check exercised by the Defence Accounts Department. In Store Formations of the Navy and the Air Force and in the case of Ordnance & Clothing Factories, the stock verification used to be conducted by that Department. It will be observed that this procedure was more of

less similar to the one now obtaining in the Railways as indicated in the Lok Sabha Secretariat Memorandum referred to above.

4. During the last war, this work of stock verification by the Defence Accounts Department was, however, suspended, except in the case of Ordnance & Clothing Factories, and the responsibility for the correctness of stock and its verification vested solely with the authorities holding the stock. This was due to the great increase of work in all directions and it was necessary to conserve man-power for more important items of work. When the Defence Accounts Department reverted, after the war, to the pre-war scope of audit and checks exercised thereunder, the question of the responsibility of the Department in this matter was examined *de novo* in all its aspects and the decision then taken led to the introduction of the present procedure indicated in para 1 above.

5. The circumstances which necessitated the introduction of the present procedure are that as early as June 1939 (that is, about three months before the last war broke out) the Governor General laid down the basic principles in regard to the conduct of audit of accounts of stores and stock kept in offices of departments of the Central Government and these were notified in the *Gazette of India* Notification No. 3335-F, dated the 15th June, 1939, para 6 of which indicated the responsibility of audit officers in the matter. An extract from this para is reproduced below:

“It is an important function of audit to ascertain that the articles are counted periodically and otherwise examined to verify the accuracy of the quantity balances in the books. Audit shall not, except when specially authorised to do so, assume responsibility for the physical verification of stores, but it has the right to investigate balances of stores, if any discrepancies in the stores accounts suggest that such action is necessary. Audit is, however, to see that a certificate of verification of stores is recorded periodically by a responsible authority, that the system of verification adopted by the Executive is adequate and proper, that discrepancies found on stock-taking are properly investigated and adjusted and that, wherever possible, the staff responsible for the verification is independent of the staff which is responsible for the physical custody of the stock or for keeping accounts of it. It should also be seen that, wherever practicable, verifiers of stock work directly under the control of Government and not under the heads of individual departments.”

6. The primary question that arose for consideration, therefore, was whether the responsibility of the Defence Accounts Department should be limited to that laid down in these regulations or whether it should be extended to include a physical verification of the stock. Past experience had shown that the results of a routine verification of stock by that Department had not been very effective in any sense. On the other hand, there had been many difficulties in carrying out this work and the net result was only a fulfilment of an academic requirement. These difficulties were still and are that:

- (a) Owing to the technical nature of a substantial proportion of articles stored by Defence Services Depots, the members of the Defence Accounts Department found it difficult to correctly identify the items ;

- (b) there has been a large scale expansion in the organisation of the Army and its ancillary services and the number of items held on charge in Store Depots has increased considerably, this increase is conspicuous in cases of technical stores which are not easily indentifiable;
- (c) the Defence Accounts Department have neither got the resources nor the facilities to undertake the work which the executive authorities can command, such as labour, staff experienced in this type of work, internal transport and other facilities. If the Defence Accounts Department are to carry out independent stock-taking with a reasonable degree of efficiency, they would require the same arrangements which may involve duplication of resources. Even so, co-ordination with the activities of the Executive will present administrative problems. All this, it is felt, will not be commensurate with the results to be gained.

7. After careful examination of all aspects of the matter, it was felt that instead of carrying out a routine verification which would not be effective, the Defence Accounts Department would be well-advised in confining themselves to the duties laid down in Para 6 of the *Gazette of India* Notification No. D. 3335-F, dated the 15th June, 1939, *vide* para 5 *ante*.

APPENDIX V

(Vide Introduction)

Analysis of the Action taken by Government on the Recommendations contained in the Fifty-sixth Report of the Estimates Committee (First Lok Sabha)

1. Total number of recommendations made	47
2. Recommendations accepted fully by Government (Vide recommendations in Chapter II)	
Number	18
Percentage to total	38·3
3. Recommendations accepted by Government partly or with some modifications : (Vide recommendations Nos. 8, 9, 21, 23, 26, 27 and 34 in Chapter III)	
Number	7
Percentage to total	14·9
4. Recommendations not accepted by Government but re- plies in respect of which have been accepted by the Committee : (Vide recommendations Nos. 3, 5, 6, 25, 33, 43 and 44 in Chapter III)	
Number	7
Percentage to total	14·9
5. Recommendations replies to which have not been accepted by the Committee : (Vide recommendations in Chapter IV).	
Number	15
Percentage to total	31·9

LIST OF AUTHORISED AGENTS FOR THE SALE OF PARLIAMENTARY PUBLICATIONS OF THE LOK SABHA SECRETARIAT, NEW DELHI-1.

Agency No.	Name and address of the Agent	Agency No.	Name and address of the Agent	Agency No.	Name and address of the Agent
1.	Jain Book Agency, Connaught Place New Delhi.	19.	The Kashmir Book Shop, Residency Road, Srinagar, Kashmir.	37.	Amar Kitab Ghar, Diagonal Road, Jamshedpur-1.
2.	Kitabistan, 17-A, Kamla Nehru Road, Allahabad.	20.	The English Book Store, 7-L, Connaught Circus, New Delhi.	38.	Allied Traders, Motia Park, Bhopal.
3.	British Book Depot, 84, Hazaratganj, Lucknow.	21.	Rama Krishna & Sons, 16-B, Connaught Place, New Delhi.	39.	E.M. Gopalkrishna Kone, (Shri Gopal Mahal) North Chitrai Street, Madura.
4.	Imperial Book Depot, 268, Main Street, Poona Camp.	22.	International Book House Private Ltd., 9, Ash Lane, Bombay.	40.	Friends Book House, M.U., Aligarh.
5.	The Popular Book Depot (Regd.), Lamington Road, Bombay-7.	23.	Lakshmi Book Store, 42, M. M. Queensway, New Delhi.	41.	Modern Book House 286, Jawahar Ganj, Jabalpure.
6.	H. Venkataramiah & Sons, Bidyanidhi Book Depot, New Statue Circle, Mysore.	24.	The Kalpana Publishers Trichinopoly-3.	42.	M.C. Sarkar & Sons, (P) Ltd., 14, Bankim Chatterji Street, Calcutta-12.
7.	International Book House, Main Road, Trivandrum.	25.	S.K. Brothers, 15A/65, W.E.A., Karol Bagh, Delhi-5.	43.	People's Book House B-2-829 1, Nizam Shahi Road, Hyderabad Dn.
8.	The Presidency Book Supplies, 8-C, Pycroft's Road, Triplicane, Madras-5.	26.	The International Book Service, Deccan Gymkhana, Poona-4.	44.	W. Newman & Co. Ltd. 3, Old Court House Street, Culcutta.
9.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	27.	Bahri Brothers, 188, Lajpat Rai Market, Delhi-6.	45.	Thacker Spink & Co. (1938) Private Ltd., 3, Esplanade East, Calcutta-1.
10.	Book Centre, Opp. Patna College, Patna.	28.	City Book-sellers, Sohanganj Street, Delhi.	46.	Hindustan Diary Publishers, Market Street, Secunderabad.
11.	J.M. Jaina & Brothers, Mori Gate, Delhi-6.	29.	The National Law House, Near Indore General Library, Indore.	47.	Laxami Narain Agarwal Hospital Road, Agra.
12.	The Cuttack Law Times Office, Cuttack-2.	30.	Charles Lambert & Co., 101, Mahatma Gandhi Road, Opp. Clock Tower, Fort, Bombay.	48.	Law Book Co., Sardar Patel Marg, Allahabad.
13.	The New Book Depot, Connaught Place, New Delhi.	31.	A.H. Wheeler & Co. (P.) Ltd., 15, Elgin Road, Allahabad.	49.	D.B. Taraporevala & Sons Co., Private Ltd. 210, Dr. Naoroji Road, Bombay-1.
14.	The New Book Depot, 79, The Mall, Simla.	32.	M.S.R. Murthy & Co., Visakhapatnam.	50.	Chanderkant Chiman Lal Vora, Gandhi Road, Ahmedabad.
15.	The Central News Agency, 23/90, Connaught Circus, New Delhi.	33.	The Loyal Book Depot, Chhipi Tank, Meerut.	51.	S. Krishnaswamy & Co., P.O. Teppakulam, Tiruchirapalli-1.
16.	Lok Milap, District Court Road, Bhavnagar.	34.	The Goods Compansion, Baroda.	52.	Hyderabad Book Depot, Abid Road (Gun Foundry), Hyderabad.
17.	Reeves & Co., 29, Park Street, Calcutta-16.	35.	University Publishers, Railway Road, Jullundur City.		
18.	The New Book Depot, Modi No. 3, Nagpur.	36.	Students Stores, Raghunath Bazar, Jammu-Tawi.		

**PRINTED AT THE PARLIAMENTARY WING OF THE GOVERNMENT OF INDIA PRESS,
NEW DELHI AND PUBLISHED BY THE LOK SABHA SECRETARIAT UNDER RULE
382 OF THE RULES OF PROCEDURE AND CONDUCT OF BUSINESS IN LOK SABHA
(FIFTH EDITION)**
