

PUBLIC ACCOUNTS COMMITTEE (1968-69)

(FOURTH LOK SABHA)

·EIGHTY SECOND REPORT

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 27th Report (Fourth Lok Sabha) on Appropriation Accounts (Civil), 1965-66, Audit Report (Civil), 1967 and Audit Report (Commercial), 1967 relating to the Ministries of Information & Broadcasting; Works, Housing & Supply (Department of Works & Housing) and Food, Agriculture, Community Development & Cooperation (Departments of Agriculture and Food)]



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1969/Vaisakha, 1891 (Saka)

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PUBLIC ACCOUNTS-COMMITTEE
(1968-69)

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Shri Avtar Singh Rikhy—*Joint Secretary.*

Shri K. Seshadri—*Under Secretary.*

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

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 82nd Report on the Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 27th Report (Fourth Lok Sabha) on Appropriation Accounts (Civil), 1965-66, Audit Report (Civil), 1967 and Audit Report (Commercial), 1967 relating to the Ministry of Information & Broadcasting; Works Housing & Supply (Department of Works & Housing and Food & Agriculture, Community Development & Cooperation (Deptt. of Agriculture & Food).

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

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

3. The draft Report was considered and adopted by the Sub-Committee at their sitting held on 24-4-1969 and finally adopted by the Public Accounts Committee on 28-4-1969.

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

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

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

NEW DELHI,
April 28th 1969/Vaisakha 8th 1891 (S).

CHAPTER I

REPORT

This Report of the Committee deals with action taken by Government on the recommendations contained in their 27th Report (Fourth Lok Sabha) on Appropriation Accounts (Civil), 1965-66, Audit Report (Civil), 1967 and Audit Report (Commercial), 1967 relating to the Ministries of Information and Broadcasting; Works Housing & Supply (Department of Works & Housing) and Food, Agriculture, Community Development & Cooperation (Departments of Agriculture and Food), which was presented to the House on 30th April, 1968.

1.2. Out of 56 recommendations contained in the Report, action taken notes/statements have been received in respect of 46* recommendations. A statement showing the recommendations in respect of which replies are still outstanding is given at Appendix—I.

1.3. The action taken notes/statements on the recommendations of the Committee contained in this Report have been categorized under the following head :—

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

S. Nos. 1, 2, 3, 4, 7, 11, 12, 13, 14, 17, 18, 19, 20, 23, 24, 25, 26, 27, 31, 33 (Para 3.29), 35 (Para 3.50), 36, 37, 39, 40, 41, 42, 43, 45 (Paras 3.105—3.108), 46, 50 (Para 4.56), 52, 53 (Para 4.90), 53 (Para 4.91), 54, 55 (Para 4.110), 57, 58.

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

S. Nos. 48, 53 (Para 4.77), 56 (Para 4.120).

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

S. Nos. 33 & 45 (Paras 3.28 and 3.104), 35 (Para 3.49) and 55 (Para 4.112).

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

S. Nos. 5, 6, 8-10, 15-16, 34, 38, 44, 53 (Para 4.78).

1.4. **The Committee hope that replies to the outstanding recommendations and final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.**

*The Ministry of Food and Agriculture (Department of Food) have since furnished (23-4-1869) an advance copy of note showing action taken on paragraphs 4.53—4.55 (Sr. No. 50) regarding the functioning of State Trading in Foodgrains and grant of subsidies. The matter will be dealt with along with action taken on the recommendations contained in para 1.10 of the 43rd Report (Fourth Lok Sabha) of the Committee as the note was belatedly received.

Delhi Milk Scheme—Paragraphs 3.28 & 3.104 (S. Nos. 33 & 45)

1.5. In paragraphs 3.1 to 3.27 the Committee had dealt with the losses which the Delhi Milk Scheme was continually incurring in spite of the fact that repeated increases had been allowed in the sale price of milk. The Committee made the following suggestions in this behalf :—

“3.28. The Committee are concerned to note that the Delhi Milk Scheme has been incurring losses since its inception and the cumulative loss upto 31st March, 1967, was Rs. 194.55 lakhs. The maximum loss of Rs. 97.77 lakhs was incurred during 1964-65. The Committee find that the losses in 1964-65 were not only on account of the sale price of milk lagging behind the procurement and processing cost of milk but also due to increases in establishment charges (Rs. 6.44 lakhs), stationery and printing (Rs. 2.74 lakhs) and excess consumption of bottles and stores (Rs. 18.88 lakhs). The Committee stress that the Delhi Milk Scheme should explore all avenues for effecting economy in overhead expenditure, particularly on the collection, transportation, processing and distribution of milk.”

“3.104. The Delhi Milk Scheme was set up in 1959 with the avowed objective of increasing milk production by assuring a remunerative market to milk producers on the one hand and to supply good wholesome milk to consumers on the other. The scheme was envisaged to run on a no-profit, no-loss basis. The working results of the Scheme show that till 31st March, 1967, it had incurred a total loss of Rs. 194.55 lakhs. The basic reasons for this loss are two-fold, namely, failure to develop assured sources of milk supply in consonance with the installed capacity and requirements, and the time lag in the revision of the sale price as compared with the cost price of milk, including procurement, processing and handling charges.”

1.6. In a note, dated 7-11-1968, the Department of Agriculture have stated as follows :—

“The losses incurred by the Milk Scheme from the inception of the Scheme to March, 1967 amount to Rs. 194.56 lakhs as under :—

Year	Less in lakhs of Rs.
November, 1959-61	5.02
1961-62	4.16
1962-63	10.64
1963-64	23.09
1964-65	97.77
1965-66	39.21
1966-67	14.66

1.7. The main reasons for the losses are as follows :—

- (i) Steady increase in procurement price of milk.
- (ii) General increase in price of stores particularly skimmed milk powder. Skimmed milk powder was being purchased at about

Rs. 1,400/- per tonne during 1965, and the price increased to about Rs. 3,400/- per tonne during the year 1966-67.

- (iii) Fixation of selling price of milk involves a lengthy procedure. The proposals of Delhi Milk Scheme for revision of selling price have to be considered by the Management Committee, Advisory Committee and the Governing Body of the Delhi Milk Scheme before the Government takes a decision. This procedure necessarily takes considerable time. It took about one year to decide about the last revision of the selling price of the milk. Steps will be taken to speed up the decision of the Advisory Bodies.

1.8. The objective of the Scheme is to run on a "No-profit No-Loss" basis. This will be possible only if selling prices are fixed realistically and in time on the basis of actual cost of procurement and handling of milk.

1.9. To reduce losses, selling prices of various types of milk have been increased with effect from 26-12-1967 as follows:—

Type of Milk	Previous Selling Price	Revised Selling Price
Standardised	Re. 0.84 Paise	Rs. 1.04 Paise per litre
Cow	Re. 0.84 Paise	Rs. 1.04 Paise per litre
Toned	Re. 0.54 Paise	Re. 0.74 Paise per litre
Double Toned	Re. 0.40 Paise	Re. 0.50 Paise per litre

1.10. Losses to the Scheme are caused mainly due to reasons beyond its control. There was considerable rise in the cost of imported skim milk powder as a result of devaluation. There has been increase also in the cost of other stores purchased by the Scheme. Working results of the Scheme will be affected further as a result of increase in dearness allowance accepted recently by Government, increased cost of transport of milk and other operational costs.

1.11. Major cause for the losses, however, is the large increase in the purchase price of milk. The Scheme paid a price of Rs. 104/- per quintal in June, 1968 as compared with Rs. 94/- per quintal paid during June of 1967. Average purchase rate during the financial year 1967-68 was Rs. 94/- and estimated price for 1968-69 is Rs. 100/- per quintal as against the average of Rs. 75.82 per quintal paid during the year 1966-67. The Scheme can run on 'No-Profit No-Loss' Basis if the selling price reflects the cost price of milk, processing and other charges.

1.12. The cost of milk of various types on the basis of the expected purchase price for 1968-69 is as follows:—

Standardised Milk	Rs. 1.09 Per Litre
Cow Milk	Rs. 1.09 Per Litre
Toned Milk	Re. 0.82 Per Litre
Double Toned Milk	Re. 0.65 Per Litre

1.13. The selling prices now sanctioned are still below the cost and the Scheme is likely to continue incurring losses during the current year inspite of the increase now sanctioned.

1.14. Working of the Scheme was examined thoroughly by a Team of Experts headed by Dr. V. Kurien in the year 1964. The Expert Team

recommended a norm of 21 Paise per litre as handling, processing and distribution and other charges taking into consideration the circumstances existing in the Scheme in 1964. The norm of handling charges was thus defined taking experience of other major milk Schemes into consideration. As compared with the norm laid down by the Expert Team, handling, processing, distribution and other charges of the Delhi Milk Scheme for the year 1965-66 and 1966-67 relating to Buffalo milk were as follows :—

	1965-66	1966-67
	(Paise per Litre)	
Processing Charges (of distribution Milk)	5.05	4.81
Processing & Bottling	6.26	6.10
Distribution Charges	4.55	5.88
Overhead & Interest	3.89	3.80
	19.75	20.59

1.15. The recommendation of the Committee that the Delhi Milk Scheme should explore all avenues for affecting economy in over-head expenditure particularly of the collection, transportation, processing distribution of milk is noted. The need for economy in the operation of the above is kept in mind both by the Management of the Delhi Milk Scheme and the Department of Agriculture.

1.16. Audit have furnished the following comments on 7th February, 1969 :—

“During the year 1967-68 the Delhi Milk Scheme incurred a loss of Rs. 146.71 lakhs (provisional as the proforma accounts are under audit) as compared to Rs. 14.66 lakhs in 1966-67.”

“Consequent upon the revision of selling prices of milk from 26th December 1967, an extra amount of Rs. 41.13 lakhs was realised from 26th December 1967 to 31st March, 1968. In spite of this increase in revenue, the losses have increased perhaps due to increase in the procurement price of milk as well. During 1968 the weekly procurement price ranged between Rs. 85 and Rs. 104 per quintal as against Rs. 67 to Rs. 94 per quintal during 1967.”

“A proposal for further revision of the selling prices as detailed below has been approved by the Management Committee and submitted to the Government Body :—

	Existing Price	Proposed Price
	(per litre)	
	Rs.	Rs.
Standardised Milk	1.04	1.14
Cow Milk	1.04	1.14
Toned Milk	0.74	0.86
Double Toned Milk	0.50	0.65

1.17. The Committee note that the prices of various types of milk were increased with effect from 26th December, 1967 and further raised recently by another 10 to 16 paise per litre.

The I.C.D.P. provides for a comprehensive programme covering simultaneous action on all fronts concerned with increasing production of milk which will be channelised to the plant in a specified area covering about 1,00,000 breedable milch animals."

1.23. The main programmes are :—

- (i) Veterinary aid : through establishment of veterinary hospitals, dispensaries and stockman centres. Provision of mobile veterinary dispensaries has also been included in the programme.
- (ii) Artificial Insemination to upgrade the local animals by establishing central semen collection banks, four bull semen collection centres and artificial insemination centres at each stock man's centre in the villages.
- (iii) Feed & fodder development to encourage the farmers to grow more green fodder all the year round. Incentives are provided by providing good variety of fodder seeds at subsidised rates, demonstrations in farmers plots and subsidised irrigation facilities. A provision to provide the producers with cheap concentrate cattle feed by establishing feed mixing units is also included.
- (iv) Loans are to be provided through Cooperative Societies for the purchase of good quality milch animals.
- (v) Incentives are also provided for rearing good quality calves through calf subsidies for calves born of pedigreed animals, calf rallies and cattle shows.
- (vi) Funds have also been earmarked in the I.C.D.P. budgets for rural dairy extension work for educating the producers in clean milk production and other modern dairying practices.

1.24. In addition to the intensive cattle development projects, cattle development programmes are also contemplated by utilisation of counterpart funds generated as a result of the two projects for distribution of double toned milk/toned milk undertaken with assistance of World Food Programme. Counterpart funds amounting to Rs. 14.70 lakhs have been generated against agreement No. 233 for supply of double toned milk finalised in the year 1964. The World Food Programme authorities supplied 850 tonnes of skimmed milk powder for this project and the counterpart funds have been generated by utilisation of the skimmed milk powder for sale of this milk. Another agreement No. 348 has been finalised for supply of 1167.9 metric tons of skimmed milk powder over a period of 3 years starting from the year 1967. Funds amounting to Rs. 35.03 lakhs will be generated as a result of this project.

1.25. A scheme for investment of these funds with the concurrence of the World Food Programme authorities is under consideration. The Scheme provides for issue of loans for purchase of milch cattle and provision of veterinary aid through mobile dispensaries etc. by direct participation by the DMS in these programmes.

1.26. It will thus be seen that comprehensive programmes for development of cattle in milk shed of the DMS are being undertaken. The approach of developing cattle belonging to milk producers in the rural areas has been considered more satisfactory than a cattle colony of its own departmentally

by the Scheme. Delhi Milk Scheme, by providing an assured market, will help the Development of Intensive Cattle Development Projects.

The Ministry has decided against setting up a Cattle Colony for the Delhi Milk Scheme."

1.27. The Committee note that Government have under consideration a Scheme for investment of funds generated by the sale of double toned milk supplied under the aegis of World Food Programme for giving loans for purchase of milch-cattle and provision of veterinary aid through mobile dispensaries etc. by direct participation by the Delhi Milk Scheme in these programmes. The Committee would like Government to expedite decision in the matter.

1.28. The Committee need hardly stress that unless a comprehensive programme for development of cattle in the milk shed of the Delhi Milk Scheme is undertaken, it would not be possible to meet the fast growing requirements for this essential food in the capital of the country.

Loss due to excess issue of bags—Paragraph 4.112 (S. No. 55).

1.29. In paragraph 4.101 to 4.109 the Committee dealt with losses due to excess issue of bags on account of non-filling of bags of food grains to their capacity, which, under conditions of sale of food grains, are issued free to the purchaser of grain. The Committee were informed that the question whether suitable provisions could be made by fixing the issue price, under which the price of grain and the price of gunny bags might be recovered separately from the buyers, was considered and not found to be practicable. The Committee made the following observations in this regard :—

"4.112. The Committee also suggest that the possibility of including a condition in the sale that the buyers will have to pay extra for the gunnies issued in excess of the prescribed standard should be explored so that losses on this account are reduced. Alternatively, it may be considered whether arrangements could be made with the State Governments to notify the prices of foodgrains exclusive of the cost of gunny bags so that separate recoveries could be made for the actual number of gunny bags made over."

1.30. In their reply dated 31-12-1968, the Department of Food have stated as under :—

"Although a condition may be included in the terms of sale to the effect that the buyers will have to pay extra for the gunnies issued in excess of the prescribed yet, in practice, it would lead to many problems. It is always open to the buyers to insist on bags being filled upto the required standard and thus save themselves from payment of anything extra for the gunnies issued in excess. The possibility of the buyers bringing their own gunnies with a view to avoiding extra cost is also there."

"Fixation of prices separately for the grain and the gunny is also bound to give rise to a number of practical problems as explained already in the Note forwarded with this Ministry's O.M. No. 21(4)/67-68/BFC-I dated 27-11-67. It may, however, be stated in this connection, that the 'cost of gunny' which is one of the incidentals taken into account in the calculation of the economic cost of foodgrains, is fixed on a *per quintal* basis

be undertaken on their behalf. Details are being worked out to give effect to this decision.

[Ministry of Information & Broadcasting O.M. No. 12/6/68-Estt II/US(P), dt. 12-12-1968]

Recommendation

"The Committee are unhappy to observe that although the agreement with the producer was signed in September, 1960, the manuscript for the film "Untouchability" was approved only in September, 1964 after it had undergone several revisions. The Committee are also not able to appreciate how the first instalment (Rs. 15,000) of the loan was given to the producer without first approving the script of the film. The Committee consider that a time limit should have been prescribed not only for the production of the film but also for the finalisation and approval of the script so that the film could be produced without undue delay to achieve the objectives underlying it. The Committee would like Government to adopt a more businesslike procedure in farming out films for production".

[S. No. 4 Appendix XII (para No. 1.20) to the P.A.C.'s Twenty-seventh Report (Fourth Lok Sabha)]

Action taken

The recommendation has been noted. The agreement with the producer was in regard to grant of loan for production of the film. No such loans are being given by Government now. It may be added that this is the solitary case where Government sanctioned loan for production of a film. Now there is the Film Finance Corporation which deals with requests for loans under its rules and regulations. Therefore such cases will not recur in so far as Government is concerned.

[Ministry of Information & Broadcasting O.M. No. 61/3/68-FP. dated 14-1-1969]

Recommendation

1.36. The Committee regret that there was a shortfall both in financial terms as well as in physical achievements in the Third Plan concerning All India Radio, as compared with the target envisaged. The Committee considers that these shortfalls were unfortunate as the need for strengthening the transmission service of All India Radio is widely recognised. The Committee would like All India Radio to adopt more business like methods for implementing schemes so that the targets envisaged are achieved on schedule. They suggest that blue prints of the schemes should be prepared well in advance to facilitate their timely execution. The Committee also stress that the Budget Estimates should be framed on a realistic basis to avoid inflated demands being included, for these not only result in heavy surrenders but also have the effect of denying much needed funds for more urgent schemes.

[S. No. 7 of Appendix XII to 27 Report (Fourth Lok Sabha)]

Action taken

Noted for future guidance.

2. The physical targets for any Plan would, in future, be defined more realistically. All the projects included in the Plan are not to be reckoned

as physical targets to be achieved within the Plan period itself. Since most of the Projects of AIR normally require 3-4 years for completion, projects for which approval for implementation is accorded in the third and subsequent years of the Plan cannot normally be expected to be completed within the plan period.

As regards the Committee's observation regarding short fall in financial terms, their advice that the Budget Estimates should be framed on a realistic basis to avoid any surrenders, has been noted.

Although efforts are made to frame the budget estimates on a realistic basis to avoid any heavy surrenders, yet sometime the surrender of funds becomes inevitable when the provisions made in the budget cannot be utilised to the full extent as All India Radio has to depend on a number of other organisation for execution of works in as much as the sites are acquired through State Governments, the building works are executed through the CPWD, the Telephone lines are made available by the Posts and Telegraph Department and the power supply is given by the local power supply authorities. The savings accruing from the sanctioned capital grant are, therefore, by and large beyond the control of All India Radio.

However every effort will be made to ensure that the budget estimates are framed on a realistic basis and provisions made for works are fully utilised so that there is no overestimating and surrender of funds.

[Ministry of Information & Broadcasting O.M. No. 9/4/68-B(B),
dated the 13th Dec. 1968]

Recommendation

1.51. The Committee are concerned to note that a record processing plant purchased in 1953 at a cost of Rs. 2.5 lakhs to preserve speeches and messages of well known personalities, has now been closed down for it could only be operated much below its capacity. During the period of operation 1962-63 to 1964-65, the plant resulted in an extra expenditure of Rs. 2.15 lakhs.

1.52. The Committee cannot help concluding that the utility and economics of the plant were not carefully gone into before its purchase and that, even after the Special Re-organisation Unit of the Ministry of Finance pointed out in 1959-60, the uneconomic working of the plant and the losses incurred on it and suggested that the work might be got done more economically through a commercial firm, the Department persisted in retaining and working the plant and adding to the losses. The Committee would like Government to ensure that proposals for the purchase of equipment are carefully considered, keeping in view their economics, so as to eliminate avoidable expenditure and losses such as have occurred in the present case.

[S. No. 11 & 12 Appendix XII to 27th Report (Fourth Lok Sabha)]

Action taken

Noted.

[Ministry of Information & Broadcasting O.M. No. 9/4/68-B(B),
dated the 13th Dec. 1968]

Comments of the Delhi Development Authority on the recommendations of the Public Accounts Committee contained at Sr. Nos. 13 to 17 of Appendix-XII of the 27th Report (Fourth Lok Sabha)

Sl. No.	Para No. of the Report	Conclusion/recommendation	Comments of the Delhi Development Authority
1	2	3	4
13.	2-21	The Committee regret to observe that as against the target of 8,000 acres for the development of land during the Third Five Year Plan (i.e. upto 1965-66), only 4,980 acres were fully developed upto August, 1967, and another 1,757 were expected to be developed by March, 1968.	<p>Concerted efforts are being made to accelerate the progress of development. The present position of development of land is indicated below :</p> <p>(i) Area taken over by the CPWD for development upto 31-12-1968—7384 acres.</p> <p>(ii) Area practically developed :</p> <p>Residential : 2734 acres Industrial : 2473 acres</p> <hr/> <p>TOTAL : 5207 acres</p>

In addition, an area of 1466 acres is under various stages of development. Steps have also been taken to start the development of the remaining area of 711 acres.

14.	2-22	The Committee would urge that the pace of development should be accelerated by effecting close co-ordination between the Delhi Development Authority, the CPWD and the Delhi Municipal Corporation. The Committee note that the Delhi development Authority have decided to make arrangements on a temporary basis by digging tubewells and by installing electric generators where water and electricity services cannot be provided early by the Delhi Municipal Corporation. The Committee would like to watch through future Audit Reports the progress made by the Delhi Development Authority and other agencies to develop the land fully and make it available for construction to the general public at reasonable rates.	The Committee's recommendation that the pace of development should be accelerated by effecting close co-ordination between the Delhi Development Authority, the CPWD and the Delhi Municipal Corporation have been noted. The CPWD Divisions have already been transferred under the control of the D.D.A. w.e.f. October 1968 and this would ensure speedier development of the land placed at our disposal. As regards, Delhi Municipal Corporation it may be mentioned that periodical meetings are held to sort out difficulties regarding the provision of services by the Corporation such as water supply, sewerage and electricity. Every effort is made to see that the provision of trunk services is achieved by the target dates. However, due to certain practical difficulties there have been delays in the provision of services by the Corporation. To obviate these difficulties, interim
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17. 2.35 The Committee are glad to note that the Delhi Administration have taken steps to allot residential plots by drawing lots to low and middle income groups in the Capital. The Committee feel that this scheme should be stabilised and a large number of plots should be offered to low and middle income groups people. The Committee feel that a similar scheme may also be launched for the benefit of low and middle income groups of Government employees who comprise a sizeable proportion of the population of the Capital and who being a fixed income group, suffer from the handicap of low purchasing power.

arrangements for water supply and disposal of sewerage are being made by the Delhi Development Authority. Some tubewells have already been installed in the Punkha Road Residential Scheme to make available drinking water for the houses constructed for sale. Action is also being taken to provide sump wells for disposal of sewerage.

As already explained we have been allotting developed plots at the fixed rates to the persons in low and middle income groups in some of our residential schemes. We have since allotted 1441 and 1463 plots to persons in Low and Middle Income Groups respectively and 301 more plots are likely to be allotted by the 31st March, 1969. However, it was realised that the number of plots being limited we could help only a small number of persons. It was, therefore, decided to construct and allot houses/flats for the persons in low and middle income groups.

Accordingly a Construction Cell has already been set up under the Delhi Development Authority for the construction of houses/flats for the low and middle income group people. A phased programme has been prepared for making available a large number of houses/flats on individual as well as group housing basis to the persons in the low as well as middle income groups.

So far 178 and 512 flats have been allotted to persons in Low and Middle Income Groups respectively through draw of lots. Applications for disposal of 265 flats have been called for and the draw for the same will be held shortly. It is expected that another lot of 347 flats will also be ready for disposal by 31-3-69. Another 1800 units for the low income group are nearing completion.

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As regards the recommendation that a similar scheme may also be launched for the benefit of low and middle income groups of Government employees it is stated that 50% of the dwelling units and plots are already being reserved for allotment to the salaries group. A sizeable portion of the allotment to the salaried group goes to Government employees out of the above reservation.

[Ministry of Health, Family Planning, Works Housing & Urban Development (Department of Works, Housing & Urban Development) O. M. No. 5/18/68-Bt-dated 7-4-1969].

GOVERNMENT OF INDIA

MINISTRY OF HEALTH & FAMILY PLANNING & WORKS, HOUSING AND URBAN DEVELOPMENT (DEPT. OF WORKS, HOUSING & U.D.)

Note Showing Action taken on the Recommendations of the Public Accounts Committee

Recommendation

The Committee feel that the defective procedure for the maintenance of accounts of paper and other material issued to the firms and laxity in maintaining these accounts in the office of the Assistant Controller (Outside Printing) Calcutta were mainly responsible for arrears in recovery of about Rs. 9 lakhs. The Committee regret that adequate measures were not taken to safeguard Government's financial interests. They desire that the various lapses in this case may be enquired into and responsibility fixed if this has not already been done.

[S. No. 18 (Paragraph 2.53) of Appendix XII of 27th Report.]

Action taken

As already deposed before the Public Accounts Committee *vide* para 2.48 of their Report, 19 officials including some of the Outside Printing Organisation, Calcutta, were punished.

[Ministry of Health, Family Planning, Works Housing & Urban Development (Department of Works Housing & Urban Development) O.M. No. 5/18/68-Bt., dt. 17-3-69]

Recommendation

The Committee also stress that the accounts of the remaining ten presses should also be settled expeditiously and a limit should be fixed for their

completion. The Committee would like to be apprised of the progress made in this regard.

[S. No. 19 (Paragraph 2.54) of Appendix XII of 27th Report]

Action taken

The accounts of the remaining ten presses have since been finalised and nothing has been noticed as outstanding.

[Ministry of Health, Family Planning, Works Housing & Urban Development (Department of Works Housing & Urban Development) O.M. No. 5/18/68-Bt., dt. 17-3-69]

Recommendation

The Committee note that the procedure for issuing paper and other materials to private printers has now been changed to press-wise basis instead of a job-wise one and that adequate safeguards by way of security money and insurance coverage are taken. The Committee desire that Government should keep a close watch over the working of the revised procedure.

[S. No. 20 (Paragraph 2.55) of Appendix XII of the 27th Report]

Action taken

A close watch is being kept on the working of the revised procedure for the issue of paper/materials to private printers.

[Ministry of Health, Family Planning, Works, Housing & Urban Development (Department of Works, Housing & Urban Development) O.M. No. 5/18/68-Bt., dt. 17-3-69]

Recommendation

The Committee regret to note that there was delay in the execution of all the 61 works allotted to the Bharat Sewak Samaj between 1959 and 1966 and that only in 13 cases compensation of Rs. 1,35,658 was recovered from the Bharat Sevak Samaj on account of the delay. The fact that there was delay in completion of all the works allotted to the Bharat Sevak Samaj between 1959 and 1966 does not speak well of the Samaj as a construction agency.

[S. No. 23 (para 2.82) of Appendix XII to the 27th Report
(4th Lok Sabha)]

In the present case, the Committee find that the first work was awarded to the Bharat Sevak Samaj at 39.26% over the estimated cost. The second work was awarded to the same organisation at 68.50% over the estimated cost in preference to another contractor who had quoted Rs. 2.16 lakhs less than the Samaj on the plea that the latter wanted twelve months for completing the work against six months offered by the Samaj. The Committee regret to note that even though the first work was expected to be completed by August, 1966, and the second by March, 1965, both the works have not yet been completed by the Bharat Sevak Samaj. As the Bharat Sevak Samaj have not been able to complete the second work within six

months as stipulated in the contract, the purpose for which their tender was accepted at an additional cost of Rs. 2.16 lakhs was not realised.

[S. No. 24 (Para 2.83) of Appendix XII to the 27th Report (4th Lok Sabha)].

Action taken

The observations of the Committee have been noted.

[Ministry of Works, Housing & Supply (Department of Works & Housing)
O.M. No. 5/18/68-Bt., dt. 13-11-1968]

Recommendation

The Committee note that a sum of Rs. 0.74 lakh and of Rs. 0.70 lakh have been deducted from the running bill of the Samaj and kept in deposit for recovery of the penalty on completion of work. The Committee have no doubt that suitable action will be taken to recover the penalty leviable under the contract.

[S. No. 25 (para 2.84) of Appendix XII to the 27th Report (4th Lok Sabha)]

Action taken

The Chief Engineer (S.W.Z.) Bombay has reported that a sum of Rs. 2,14,944.50 has been levied as compensation in connection with the following two works executed by the Bharat Sevak Samaj.

- (i) Extension of NW/SE Runway at Santacruz Airport (Extension of S.E. end by 1400 ft.) Part II—Filling up of low lying area agt. No. 10/ACE. IV/EE/ACDI/64-65. Rs. 1,16,582.60

(This work was completed by the contractor on 15th January 1968. The final bill is under preparation and it is expected to be finalised early. The extra items of the work have also since been sanctioned.)

- (ii) Further extension of NW/SE runway at Santacruz Airport (Extension at S.E. end by 1400 ft.) Part I—Earth work Agt. No. 11/ACE. IV/EE/ACDI/64-65. Rs. 98,361.90

(The contract for this work was rescinded in October, 1967 as the contractor failed to complete the work in spite of notices issued by the Executive Engineer concerned. Out of the contract amount of Rs. 16 lakhs, the work of the value of about Rs. 40,000 was left incomplete. The residual work is being executed at the risk and cost of the Bharat Sewak Samaj. It has already been awarded and is in progress. The accounts of the contract will finally be settled after completion of the residual work.

Total Rs. 2,14,944.50

The amount of Rs. 2,14,944.50 has been recovered. The Bharat Sevak Samaj has, however, gone for arbitration against the Government's action.

[Ministry of Health, Family Planning, Works, Housing and Urban Development (Department of Works, Housing & Urban Development) O.M. No. 5/18/68-Bt., dated 22-2-1969]

Recommendations

The Committee consider it unfortunate that the Executive Engineer did not avail himself of the cheaper rates of firm 'A' and placed orders worth Rs. 3.25 lakhs on three other rate contract-holders during April, 1965 to June, 1965, involving an extra expenditure of Rs. 65,500. They are concerned to note that the Executive Engineer, in disregard of the instructions of the Superintending Engineer to avail of the cheaper rates of the contract offered by firm 'A'—again placed orders worth Rs. 1.10 lakhs in November, 1965 and June, 1966, on some other rate contract firms, resulting in an extra cost of Rs. 5,500. The Executive Engineer could have placed orders with the firm 'A' up to Rs. 60,000 as the L.G.S. & D. had raised in July, 1965 the limit from Rs. 30,000 to Rs. 60,000. The Committee are not convinced by the plea that the Executive Engineer did not receive the letter of the D.G.S. & D. raising the limit of individual orders on firm 'A' because the firm itself had sent a copy of the letter of the D.G.S. & D. alongwith its communications to the Executive Engineer on 30th July, 1965. If the Executive Engineer had any doubt about the authenticity of the letter he should have got the facts confirmed from the D.G.S. & D., specially when the higher authority had expressly asked him not to ignore the cheaper rate of firm 'A'.

[S. No. 27 (Para 2.90) of Appendix XII to the 27th Report, (4th Lok Sabha)].

The Committee suggest that the lapses in these cases, which resulted in extra expenditure to Government, should be investigated early with a view to fixing responsibility.

[S. No. 27 (Para 2.90) of Appendix XII to the 27th Report. (4th Lok Sabha)].

Action taken

The question of fixation of responsibility for the lapses on the part of the Executive Engineer in this case was considered in consultation with the Central Vigilance Commission whose advice in the matter is reproduced below :—

“It is an admitted fact that M/s. Victor Cable Corporation were 'new comers' in the field of cable manufacturing and were operating on a small-scale—their monetary limit for a single supply order was increased from Rs. 30,000 to Rs. 60,000 only in July, 1965. It is further to be observed that a small trial order was placed by Executive Engineer on the firm but they could execute the order after considerable (1½ months) delay. Since the firm did not adhere to the time schedule, Executive Engineer did not consider it dependable for receiving government orders.

* * *

As pointed out earlier, monetary limit of this firm was raised from Rs. 30,000 to Rs. 60,000 only in July 1965, though it may be said that the official should have taken notice of the firm's letter and the enclosure indicating increase in the limit and if he felt any doubt, he should have verified.

The circumstances, therefore, do not seem to warrant the recommendations for regular departmental action as for a major penalty. All that needs to be done appears to be to draw his

attention to what is stated above in regard to his not having taken notice of the firm's letter about increase in the limit".

2. The above advice of the Central Vigilance Commission has been accepted and action against the Executive Engineer concerned has been taken accordingly.

[Ministry of Works, Housing & Supply (Department of Works & Housing)
O.M. No. 5/18/68-BE, dated 25-1-1969].

Recommendation

The Committee feel that, before embarking on such large scale construction, the C.P.W.D. should have tested the soil to find out whether or not the area was prone to termite infestation. Since pre-anti-termite treatment is technically considered to be much more effective than post-anti-termite treatment, the Committee hope that Government will in future take sufficient care to ensure that, before such large scale construction is taken up, the soil is tested and all precautionary measures are taken to avoid extra work and expenditure at later stages.

[S. No. 31 (Para 2.110) of Appendix XII of the Twenty-seventh Report
(Fourth Lok Sabha)]

Action taken

The Central Public Works Department have been instructed (copy enclosed) that, in future, before taking up construction of buildings on a large scale, they should take sufficient care to ensure that the soil is invariably tested to find out whether or not there is termite infestation and in case there is termite infestation, they should take all precautionary measures before hand to avoid extra work and expenditure at later stages.

[Ministry of Works, Housing & Supply (Department of Works & Housing)
O.M. No. 5/18/68-Bt., dated 3-8-1968]

No. 17016(14)/66-W

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND SUPPLY,

(DEPTT. OF WORKS AND HOUSING)

(WORKS DIVISION)

New Delhi, dated the 5th June, 1968.

SUBJECT :—*Pre-antitermite treatment of quarters.*

The Central P.W.D. are taking up construction of residential accommodation in the general pool on a large scale in Delhi, Bombay, Calcutta etc. Colonies are also to be built by the Central P.W.D. for other Departments in various places in the country. Quite often, the C.P.W.D., may be unaware of termite infestation in the area where they have to build the residential units. However, since pre-anti-termite treatment is technically more effective than post-anti-termite treatment, the C.P.W.D. should take sufficient care to ensure that, before any large-scale construction is taken up,

the soil is invariably tested and all precautionary measures are taken to avoid extra expenditure at later stages.

Sd./-

Deputy Secretary to the Govt. of India.

To

The Engineer-in-Chief,
Central P.W.D., New Delhi.

Copy forwarded to the :—

- (1) Chief Engineer (I), Central P.W.D., New Delhi.
- (2) Chief Engineer (Food), Central P.W.D., New Delhi.
- (3) Chief Engineer (Central P.W.D., Nagpur).
- (4) Chief Engineer, Central P.W.D., Calcutta.

Sd./-

Deputy Secretary to the Govt. of India.

Recommendation

The Committee note that, while the purchase price of milk is fixed with reference to the prevailing market rates, the sale price of milk is fixed by Government after proposals in this behalf have been considered by an Advisory Committee and the Management Board of the Delhi Milk Scheme. The result of following this protracted procedure is that the sale price of milk continues to lag far behind the purchase price of milk. The Committee suggests that Government should evolve a more business like procedure for reviewing the sale price of milk *vis-a-vis* the purchase price and overhead charges so that it can be suitably adjusted to ensure that the Scheme runs on a no profit, no-loss basis as far as possible.

(S. No. 33, Appendix XII Para No. of Report 3.29 & 3.106).

Action taken

It has been recommended that Government should evolve a more business like procedure for fixing the selling prices of various kinds of milk and milk products manufactured by the D.M.S. Government have now decided to reconstitute the Governing Body replacing the present Advisory Committee and the Governing Body. This step is expected to expedite considerably decisions regarding revision of sale price of milk. Proposals for revision of selling prices will in future be examined by the Management Committee and then refixed by the Governing Body. Government will take a decision after taking into consideration the advice given by the Governing Body.

[Ministry of Food, Agriculture, Community Development & Cooperation
(Deptt. of Agriculture) O.M. No. 1-8/68-Budget, dated the 6-11-1968]

Recommendation

The Committee suggest that a detailed study should be made of the methods followed by the Kaira District Cooperative Milk Producers Union Ltd., Anand, in establishing collection and chilling centres on a cooperative basis so that suitable steps may be taken to develop dependable centres of milk supply for the Scheme. Efforts should be intensified to increase milk resources around Delhi so that the DMS can draw on an assured supply of milk to cater to the needs of the rising population of the metropolis at a fair price and also manufacture butter, ghee, ice-cream, milk powder and baby food in larger quantities to augment its income.

[S. No. 35 Appendix XII Para No. of Report 3.50]

Action taken

As desired by the Committee a detailed study of Kaira District Co-operative Milk Producers Union Ltd., (Amul) Anand, will be undertaken by the DMS, so that suitable steps can be taken in the DMS for establishing collection and chilling centres on cooperative lines to develop dependable centres of milk supply. An officer Shri N. S. Dave who was previously General Manager, Greater Bombay Milk Scheme has been taken on deputation in DMS as Officer on Special Duty. He is currently engaged in examining the possibility of setting up Cooperatives in the Jalmana area of Karnal District on lines similar to those adopted by Kaira.

Organisation of milk collection through cooperatives is being done by U.P. Cooperative Department who has organised cooperatives societies in Meerut and Bulandshahr districts. These cooperatives have been in operation for the last eight years. However, only limited progress has been possible as compared with the progress made in areas like Anand. The Milkshed around Delhi is already well covered by private trade. The cooperatives have not so far succeeded in competing with this private trade.

Steps to be taken to increase the procurement of milk are constantly under consideration of the Government and the Management of the DMS. The steps which have been taken recently with the specific objective of increasing procurement are indicated below :—

1. Farm agreement have been entered with the milk suppliers subjecting them to a penalty of Rs. 5 per quintal in case of failure to supply the agreed quantities of milk during various seasons in the year.
2. Rates of commission payable to milk suppliers has been increased with effect from January, 1967.
3. Areas for procurement of milk are being expanded in districts of Meerut, Muzaffarnagar, and Moradabad in U.P., Alwar and Bharatpur in Rajasthan and Gurgaon in Haryana.
4. Four intensive cattle development programme have been sanctioned for milkshed of the Delhi Milk Scheme in district of Meerut, U.P., Gurgaon and Karnal in Haryana and Bikaner in Rajasthan. These programmes will result in increase in production of milk in the concerned areas.
5. Counterpart fund made available against various agreements under W.F.P. will also be utilised for development of cattle in milkshed of the Scheme.
6. Procurement Department of the Scheme has been strengthened by appointment of Manager (P) as recommended by the Expert Team.
7. Action is in hand for setting up a balancing station in Bikaner with an ultimate capacity of one lakh litres of milk per day for enhancing of procurement of cow milk from the area.
8. Delhi, Meerut and Bulandshahr Milk and Milk Product Control Order, 1968 was enforced during the lean summer season from 15th May to 14th July, 1968. Use of milk for manufacture of luxury milk products like cream, casein, khoa, rubree, paneer, milk sweets etc. was prohibited in Union Territory of Delhi and the district of Meerut and Bulandshahr in U.P. under the order.

9. The Scheme has developed adequate flexibility for meeting competition from the private trade by offering higher purchase rates at specified centres.

That D.M.S. has except for temporary setbacks succeeded in increasing its procurement progressively may be seen from the following figures :—

	<u>Quintals (lakhs)</u>
1964-65	.. 3.90
1965-66	.. 5.16
1966-67	.. 6.28
1967-68	.. 5.78

Steps are being taken to procure more milk than in 1967-68. With increase in procurement it would be possible not only to augment the supply of liquid milk to the city of Delhi above the present level of about 2.25 lakhs litres per day, but DMS will also be able to produce larger quantities of butter, ghee and ice cream etc. The DMS has already placed orders for the supply and installation of a spray drier plant for the manufacture of spray dried skim milk powder and machinery for enhancing the existing capacity for production of ghee and butter. Equipment is also being installed for manufacture of baby food, as recommended by the Committee.

[Ministry of Food, Agri. CD & Cooperation (Department of Agriculture)
O.M. No. 1-8/68- Budget, dated 6-11-1968].

Recommendation

The Committee stress that every effort should be made to increase the procurement of milk consistently with requirements so as to put the existing plant and machinery to the optimum use.

(S. No. 36 Appendix XII Para No. of Report 3.54)

Action taken

The existing machinery in the DMS is being utilised to the extent possible when the quantity of milk procured. The manufacture of products such as ghee, butter, ice-creams, etc. are considered secondary to liquid milk distribution. Manufacture of some of these products is possible mainly during the flush season only. So long as the milk procured falls short of the total capacity of the milk processing plants it would not be possible to utilise fully the machinery for the manufacture of butter, ghee and other products. So far as the maximum level of procurement has reached only about 2,11,000 litres of milk per day in any year as against the installed capacity of 2,55,000 litres per day. Hence though the machinery engaged in the manufacture of products may be utilised 100% or more on a day when the milk procurement is in excess of the handling capacity, the average utilisation of the machines during the year is likely to be much lower. Under utilisation of by-product machines will thus be inevitable to some extent. The following figures in respect of the major items of plant and machinery

indicate the maximum capacity achieved during the year 1966-67 as also the average capacity achieved in this year :—

S. No.	Details of plant and machinery	Average Capacity achieved during the year 1965-66 (%)	Average Capacity achieved during the year 1966-67 (%)
1.	Milk processing Plant	64.26	78.92%
2.	Butter Plant	36.64	40.35%
3.	Ghee Plant	47.50	45.63%
4.	Roller Dried Powder Plant	38.29	44.11%
5.	Ice Cream Plant	..	1.48%
6.	Bottling Plant	66.58	Not available

Steps taken for enhancing procurement of milk by the Scheme have been outlined comments against S. No. 35, para 3.50 above.

[Ministry of Food, Agri., CD & Co-operation (Department of Agriculture)
O.M. No. 1-8/68-Budget, dated 6-11-1968]

Recommendation

S. No. 37 Para 3.58

The Committee regret to note that the Alfa Laval Plate Milk Pasteuriser, which was purchased at a cost of Rs. 30,570 remained unutilised for more than 7 years. The Milk Evaporating Plant purchased at a cost of Rs. 1,68,194 has not been utilised from 1962-63.

Para 3.59

The Committee note that action is now being taken by the Department of Agriculture to modify this pasteuriser at a cost of Rs. 3,400. The Milk Evaporating Plant will be shifted for use alongwith the milk powder plant after installation of a cooling pond to conserve water.

Para 3.60.

The Committee regret that the Delhi Milk Scheme did not take action all these years to modify or instal these plants at an alternative place and they remained unutilised for a long time. They desire that the reasons for not taking early action may be examined and steps taken to avoid a recurrence of such cases.

Action taken

Action taken for modification and utilisation of various equipment is indicated below :—

I. Plate Milk Pasteuriser (ultra high temperature)

This plant operate with heating of milk up to 135°C as compared with heating of milk at 75°C on H.T.S.T. (High Temperature Short Time) Pasteurisers. When planning the dairy it was expected that quality of milk to be received in a summer may require high temperature treatment. The need for this has not been felt in actual experience however. The Scheme has two H.T.S.T. pasteurisers in addition to the U.H.T. Pasteuriser. Since the procurement was not sufficiently high, the need for utilisation of U.H.T. Plant did not arise as the two H.T.S.T. Pasteurisers have so far been found

adequate for making the plants requirements. (While considering the expansion programme of the dairy it will be decided to handle the anticipated increase in the procurement of milk. UHT may be modified into HTST Plant). The equipment for conversion of the UHT Plant into HTST Plant has now been ordered at a cost of Rs. 3,400 from M/s. Alfa Laval, the manufacturers, and is expected to be received within the next 3-4 months.

2. Milk Evaporating Plant.

Utilisation of the Milk Evaporating Plant has not so far been possible as the water consumption on the plant without facilities for its neutralisation after cooling was found extremely high. It has accordingly been decided to instal cooling pond so that the cooling water may be reused repeatedly. This project has been taken up as part of expansion project of the Scheme. A large cooling pond has now been ordered which will allow economic use of this plant. This equipment is expected to go into commission in about one year's time when the plant will be put to maximum use.

[Ministry of Food, Agri., CD & Cooperation (Department of Agriculture)
O.M. No. 1-8/68-Bt., dated 6-11-1968]

Recommendation

The Committee regret to note that the percentage of breakage of bottles has increased from 0.77 between 1959 and 1962-63 to 1.235 between April, and August, 1965. In a period of five months (April 1965 to August, 1965) the value of bottles broken was as high as Rs. 2.80 lakhs. One of the reasons for breakage is stated to be the poor quality of bottles purchased.

The Committee desire that the question of improving the quality of bottles should be again taken up with the suppliers through the Director General, Supplies and Disposals. It may also be ascertained whether the bottles supplied are according to the prescribed specifications. Action may be taken to fix responsibility for the losses in case it is found that the bottles are not supplied according to the prescribed specifications. The Committee would also like the Delhi Milk Scheme to devise immediate remedial measures to bring down the breakage of bottles to the minimum.

(S. No. 39 Appendix XII Para No. of Report 3.69 & 3.70)

Action taken

The relevant audit para in respect of this item is extracted below :—

“Breakage of bottles : The table below indicates the breakage of bottles during the period 1959-60 to August, 1965.

Period	Value of bottles broken	Percentage of breakage
1959-60 to 1962-63	Rs. 8,47,237	0.77
1963-64	Not available	Not available
1964-65	Rs. 5,29,754	1.065
April 1965 to August, 1965	Rs. 2,79,829	1.235

The Management have attributed the large scale breakage of bottles to the purchase of poor quality bottles, poor operational condition of stackers and pilferage of filled bottles”.

In response to this para the main reasons for the breakages were indicated as poor operational condition of stackers, pilferage of filled bottles and poor quality of bottles. Milk bottles are being purchased by Delhi Milk Scheme through D.G.S. & D rate contracts on orders placed through the DGS&D and the bottles are accepted after inspection by Director of Inspection of the DGS&D in accordance with the specification. In view of the high incidence of breakage of bottles, however, the question of improving the quality of bottles was taken up in general terms with the DGS&D and the suppliers, as it was felt that improvement of quality may help in bringing down the breakages. The issue regarding poor quality of bottles was taken up with the DGS&D in March, 1965 in general terms and not in regard to any specific lot of defective bottles. The quantum of breakages involved on account of poor quality, if any, is not determinable. The question of quality of bottles, taken up as a general issue, was not found specific enough to justify levy of penalties on the suppliers. The officers of the Scheme discussed the matter at that stage with the firm and inspection wing of the DGS&D for the suitable corrective action. Corrective action was taken and subsequent supplies were accepted by the Inspection wing of the DGS&D in accordance with the specifications. Hence the question of fixing responsibility for purchase of poor quality of bottles did not arise at any stage.

The proposal to adopt a norm of 1% for bottle breakage was made to Government and has been approved on 25th July, 1968. Every effort will be made to limit the breakages to this norm. Review of the matter will be undertaken in due course.

The following steps have been taken in order to reduce the breakages of bottle in the Delhi Milk Scheme :—

- (1) Designs of embossings on milk bottles has been modified to eliminate source of weakness in the bottles. The size of cow-head crest has been reduced and shifted to the neck of the bottles. The other embossings, viz., 'Delhi Milk Scheme' and capacity mentioning contents of Milk Bottle have been shifted from the central portion of the bottle to its bottom ring. The bottles will be able to stand rough handling better as a result of these improvements.
- (2) The floorings of the loading and unloading dock as well as that of Cold Stores are being repaired so as to avoid higher breakage.
- (3) Breakages are being watched at different stages such as (a) prior to washing of bottles, (b) during the process of washing, (c) on the fillers and (d) in the Cold Stores. This will help in control of breakages at various stages. Instructions have also been issued to record the breakage in transit while they are in circulation with the Distribution Section. This would give us a clue of higher breakage if any and help us in detecting pilferage.
- (4) Arrangements have been made to pay surprise checks and follow up the trucks so as to find out the correct breakage figure and improve rough handling while in transit.
- (5) The existing trollies are two wheel types and carry 5 crates at a time. These are being replaced by stillage trucks with stillage frames of the type in use in Bombay which carry 30 to 36 crates at a time and are most able as they work on 4 wheels. The

number of times the bottles are to be handled during loading from the cold storage to the vans will be reduced as a result and will thus bring down bottle breakage.

[Ministry of Food, Agri., CD & Cooperation (Department of Agriculture)
O.M. No. 1-8/68 Bt., dated 6-11-1968]

Recommendations

The Committee stress that the Delhi Milk Scheme should ensure that sub-standard milk is not procured in the first instance and that cows milk is used for the preparation of toned milk to the extent necessary and found economic as against buffalo milk.

[S. No. 40 Appendix XII Para No. of Report 3.76]

Action taken

The Delhi Milk Scheme makes every effort to procuring milk of standard quality and has set up Quality Control Laboratories at its chilling centres to ensure this. Sub-standard milk is rejected at the point of receipt at the chilling centres wherever detected. Handling of substandard milk cannot however be avoided. In case substandard milk is received at the Central Dairy, however, the same is not used for liquid distribution but only for manufacture of products *i.e.* butter and ghee etc.

Cow milk procured in Bikaner varies widely from 100% to about 50% from season to season, and has to be accepted accordingly. Cow milk is issued as such to the maximum extent possible, and its utilisation for toning etc. is avoided as far as distribution commitment is made only on the basis of level of procurement in the lean season. Only cow milk which cannot be issued as such, or cow milk found substandard for issue as such is being utilised for toning etc.

[Ministry of Food, Agriculture & Cooperation (Deptt. of Agriculture)
O.M. No. 1-8/68-Bt., dt. 6-11-1968]

Recommendations

The Committee hope that the limits for stocking the remaining 1993 items will also be fixed at an early date. The Committee need hardly stress that by keeping proper control over their stocks, the Delhi Milk Scheme can easily reduce their overhead costs and thereby bring about an overall reduction in working expenses.

(S. No. 41 Appendix XII Para No. of Report 3.80)

Action taken

Position regarding fixation of maximum and minimum limits of the 1993 items is indicated below :—

1. No. of items for which remained maximum and minimum to be fixed.	1993
2. No. of items for which maximum and minimum have since been fixed.	1033
3. Balance	960

Action to fix the maximum limit in respect of the remaining 960 items is being taken and will be completed before the end September, 1968.

[Ministry of Food, Agri., CD & Cooperation (Department of Agriculture)
O.M. No. 1-8/68-Bt., dated 6-11-1968].

Further Information

41. Please state the final position regarding fixation of maximum and minimum limits of stocking of the remaining 960 items.

The maximum and minimum for the remaining 960 items have been fixed.

Recommendations

The Committee note that the cost of handling milk from the Bikaner area fell 33.81 paise per litre in 1964-65 to 26.74 paise per litre in 1965-66, but it is still higher than the Original estimated cost of 19 paise per litre. The Committee note that Government have sanctioned a Balancing Station at Bikaner and a Chilling Centre at Mahajan and that these are expected to help in bringing down the handling costs. The Committee stress that, apart from using a cheaper method of chilling, every effort should be made to increase the procurement of milk from the Bikaner area so that the cost of handling can be appreciably reduced as a result of economies of scale.

(S. No. 42 Appendix XII Para No. of Report 3.85)

Action taken

Procurement of milk in Bikaner area has following limitations :—

- (i) All milk produced and collected in rural areas must reach Bikaner Ice Factory within 4-4½ hours of milking to avoid sourage of milk because prechilling of milk through ice in this area is not practicable.
- (ii) The villages are situated far apart and means of communications are very poor.
- (iii) The ice factory where Delhi Milk Scheme is freezing milk has a limited capacity and is able to freeze maximum of only 18 quintals of milk.
- (iv) The production of milk in this area is seasonal. This is also dependent upon timely rains etc. In periods of famine which are quite frequent the production of milk goes down to a negligible extent.
- (v) However new routes in this area have been taken up to collect milk from larger areas. At present 5 routes are being operated covering 47 villages. Due to increase in the routes and satisfactory weather conditions the handling of milk at Bikaner even during the last summer months has been very near the maximum handling capacity. During the month of June, 1968, 5,058.77 quintals was procured in 28 days, giving an average daily handling of 180.67 quintals. Maximum quantity of milk that can be collected within the existing circumstances is thus being collected from the area.

The milk potential of this area is high and it has been estimated that in lean procurement of nearly 1 lakh litres of Cow Milk per day can be built up in this area. For handling this milk action is in hand to set up a balancing station in Bikaner within 2 years, which will enable more economical and optimum utilisation of the Cow Milk procured in the area.

[Ministry of Food, Agri., CD & Co-operation (Department of Agriculture)
O.M. No. 1-8/68-Budget, dated 6-11-1968]

Recommendation

The Committee suggest that Delhi Milk Scheme should investigate thoroughly whether tube well water, if found free from health hazards and cheaper, can be used in place of water from the Municipal mains.

(S. No. 43 Appendix XII Para No. of Report 3.95)

Action taken

The question regarding optimum utilisation of the two tube wells installed in the Dairy has been examined in detail by a Committee of experts from the Delhi Milk Scheme and in the Department of Agriculture. Advice of the Joint Commissioner (Minor Irrigation) was also taken. The matter was also referred to the Municipal Authority who have declared the tube-well water free from health hazards and suitable for use in the Dairy.

The normal consumption of water per day in the dairy for all purposes including horticulture is about 4,00,000 gallons. The out put of the two tube wells is about 2 to 2.50 lakhs gallons per day of about 16 hours working. The tube wells are now being utilised for the supply of about 2 lakh gallons of water per day thus reducing the consumption of municipal water to that extent and reducing the expenditure on municipal water substantially.

Water used in the dairy has to be softened before use. At present the installations in the Central Dairy are such that the tubewell water cannot be segregated from the municipal water and hence all the water requires to be softened. Since water required for washing purposes need not be softened, it has been considered as to how best the expenditure on softening of water which is used for washing purposes could be avoided. It is now proposed to construct storage tanks with necessary pipe fittings which will enable the segregation of the tube well water so that it may be used for washing of floors etc. without softening. The capital equipment is expected to cost about Rs. 80,000 to Rs. 1,00,000. The saving on account of installation of such equipment would be approximately Rs. 20,000 per year less depreciation charges and interest on the cost of capital equipment. The matter is under detailed examination and will be put up to the Management Committee at its next meeting.

[Ministry of Food, Agri., CD & Cooperation (Department of Agriculture)
O.M. No. 1-8/68-Bt., dated 6-11-1968].

Further Information

43. Please state the final decision taken on the proposal to utilise the tube well water.

The Management Committee examined the issue further at the meeting held on 18th December, 1968 and finalised the matter. The relevant minute is extracted below :—

“(a) The tubewell water may be utilised for horticultural work, air conditioning washing in the dairy and washing of vans etc. A marginal surplus of about 1,00,000 litres may be utilised for supplementing municipal supplies.

- (b) Storage facilities may be augmented as per requirements to provide for storage of about 10 hours requirement of water.
- (c) The availability of pumps along with the 4 new pumps being procured through D.G.S. & D. would be adequate for handling the present requirements of water and no additional booster pumps may be procured for the proposed tubewell water storage tank."

Recommendation

The Committee consider that Government should pay closer attention to the question of developing milk resources in areas surrounding Delhi. The four Intensive Cattle development programmes taken up in the adjoining districts of Haryana, Uttar Pradesh and Rajasthan should be implemented with vigour so as to provide an assured and adequate base for the supply of milk to the Scheme. This should enable the Delhi Milk Scheme not only to meet to a larger extent the demand of the public for milk but also to bring down the cost and sale price as a result of economies of scale and putting to optimum use the installed capacity for the processing and manufacture of milk and milk products.

(S. No. 45 Appendix XII Para No. of Report 3.105)

Action taken

The cattle development projects taken up by the Government in milk shed of the Delhi Milk Scheme have been outlined against Sl. No. 35 para 3.49. Once larger quantities of milk become available to the Scheme as a result of these measures, the Scheme would be able to meet the demand of the public for milk to a larger extent. As pointed out by the Public Accounts Committee, further economies of scale would also result from handling of larger quantities of milk ensuring optimum utilisation of installed capacity of the Scheme.

[Ministry of Food, Agri., CD & Cooperation (Department of Agriculture)
O.M. No. 1-8/68-Bt., dated 6-11-1968].

Recommendation

Government should also devise a more business like procedure to revise the sale price of milk, keeping in view the cost price including the procurement, processing and distribution charges.

(S. No. 45 Appendix XII Para No. of Report 3.106.)

Action taken

Please see note in respect of S. No. 33, Para 3.29.

[Ministry of Food, Agri., CD & Cooperation (Department of Agriculture)
O.M. No. 1-8/68-Bt., dated 6-11-1968].

Recommendation

The Committee would also like the Delhi Milk Scheme to tighten up its distribution and supervisory arrangements to eliminate complaints from

consumers about the failure to supply milk and or to return the balance amount in full.

(S. No. 45 Appendix XII Para No. of Report 3.107).

Action taken

The Delhi Milk Scheme has taken the following steps to tighten up its distribution and supervisory arrangements to eliminate complaints from customers about failure to supply milk :—

- (i) The post of Manager (Distribution) has been filled up. The number of depots allotted to each MDO/PRO and the AMDOs have been readjusted and fully rationalised.
- (ii) Large scale checking of depots against ration cards has been made and bogus tokens and tokens in possession of unauthorised persons have been eliminated to a large extent.
- (iii) The tokens produced at the depots are checked by marking the tickler properly and supervising the distribution in the presence of a responsible officer and the quota of milk of the depot mechanically assessed.
- (iv) All temporary slips/old cards have been eliminated after 1st April, 1968, after completion of issue of metal tokens at all depots.
- (v) Home delivery has been centralised in one or two depots in each area to eliminate complaints that some people are carrying huge quantities of milk.
- (vi) Production of token for taking the supply has been made a rule and no one is being supplied milk on more than 3 tokens at a time. Sales through the door in an unauthorised manner has been eliminated.
- (vii) The supervising officers are maintaining their day to day diary showing their movements and each of them has to inspect all the depots under them at least once in a week.
- (viii) The field officers are meeting their respective Milk Distribution Officers/P.R.O. everyday for half an hour to discuss the work done in the morning and the work proposed to be done in the same afternoon and the following morning. They are meeting the Manager (Distribution) in groups once in a week and in a full meeting once in a week to discuss problems and to find out means to eliminate complaints and other difficulties of the customers.
- (ix) The inspections are being made as frequently as possible by the Senior Officers also depending upon the availability of transport. They are going out to their areas almost daily both in the morning and in the afternoon.
- (x) The working in the Complaint Cell has been streamlined and one person is available to attend to the telephone from the time the depots starts in the morning till afternoon depots close for the day. Complaints received are attended to immediately and replies given wherever necessary and possible (many of the

complaints do not bear the address). Position of complaints during the last one year is given below :—

Month	Number of complaints	
	Total	Average
	Complaints	per day
July, 1967	331	11.1
August, 1967	362	12.0
September, 1967	251	8.04
October, 1967	237	7.64
November, 1967	256	8.6
December, 1967	211	6.8
January, 1968	123	4.0
February, 1968	120	4.0
March, 1968	125	4.1
April, 1968	163	5.5
May, 1968	240	7.8
June, 1968	156	5.2

- (xi) To eliminate the complaints that the customers are not being returned the balance amount in full, circulars have been issued directing the Depot Manager to bring at least Rs. 2 in small coins with them daily. The customers have also been requested through a notice in the press and circulars at the depots to bring small change.

[Ministry of Food, Agri., CD & Cooperation (Department of Agriculture)
O.M. No. 1-8/68-Bt., dated 6-11-1968]

Recommendation

The Delhi Milk Scheme should set a high example of efficient management and supply of milk of unquestionable quality at competitive rates.

(S. No. 45 Appendix XII, Para No. of Report 3.108.)

Action taken

The recommendation that Delhi Milk Scheme should set a high example of efficient management and supply of milk of unquestionable quality at competitive rates has been noted.

The above note has been vetted by the Resident Audit Party of Delhi Milk Scheme except reply to S. No. 45 (para 3.105) on which Audit has remarked that "in view of the fact that the papers relating to the intensive cattle development and for the Centrally sponsored projects at Meerut, Bikaner, Karnal and Gurgaon were stated to be with the Government, the reply could not be verified in local audit". The relevant papers are being shown to Local Audit.

[Ministry of Food, Agriculture, Community Development & Cooperation
(Deptt. of Agriculture) O.M. No. 1-8/68-Budget, dated the 6-11-68]

Recommendations

The Committee are concerned that three out of five tractors are still out of operation and it is that after a delay of more than two years that proceedings for condemning the over aged locomotive have been started. The Committee stress that steps should be taken to put the remaining tractors to use

and to ensure that in future repairs and replacements of parts of tractors are undertaken expeditiously to obviate loss on account of idle machinery and man-power.

(S. No. 46 Appendix XII Paras 3.109, 3.110, 3.111, 3.112, 3.113, 3.114, 3.115, 3.116, 3.117 and 3.119).

Action taken

1. Out of the 3 idle tractors, two tractors have been repaired, commissioned and put on work from 20-1-1968. Efforts are being made to put the third tractor also to commission after the rainy season.
2. Action to dispose of the Fowler Locomotive has been started on 20-6-68 after obtaining the recommendation of the Condemnation Board.
3. Steps have been taken to build up the stock of spares for tractors, worth Rs. 1.42 lakhs, under the terms of rate contract concluded through the DGS&D, New Delhi, in order to ensure that tractors are always kept in working order in future, so that no loss occurs in future on account of idle machinery and man-power.

[Ministry of Food, Agriculture, Community Development & Cooperation (Deptt. of Agriculture) O.M. No. 8-11/66-F.II, dated 16-10-68]

Recommendations

The Committee note that in 1965-66, State Trading in foodgrains resulted in a net profit of Rs. 56 crores which was mainly due to decrease in the landed cost of foodgrains and an increase in their issue price. They however, find that the expenditure on establishment of the Department increased from Rs. 3.42 crores in 1963-64 to Rs. 3.99 crores in 1965-66. Further, the Food Corporation of India also incurred an expenditure of Rs. 68.14 lakhs on central transactions during 1965-66. As the cost of establishment is included in working out the economic cost of foodgrains, the Committee desired that every effort should be made to reduce the expenditure on establishment to the minimum necessary. The Committee hope that the overhead cost of handling foodgrains by the Food Corporation of India as well as by the Department of Food will be constantly kept under review so as to achieve maximum economy. The Committee suggest that every effort should be made to avoid overlapping of functions between the Food Corporation of India and the Department of Food.

[S. No. 50 of Appendix XII, (Para No. 56) 27th Report (4th Lok Sabha)]

Action taken

The Committee desires to know the efforts made to avoid overlapping of the functions between the Food Corporation of India and the Department of Food. The functions of the Food Corporation are mainly trading functions while that of the Department of Food cover many aspects other than State trading in foodgrains. The functions of State trading in foodgrains

of the Deptt. of Food prior to the coming in of the Food Corporation were mainly handling of foodgrains at the ports, looking after Central Storage godowns and taking care of the foodgrains received and issued from those godowns. Actual procurement of foodgrains in the country was mostly being done by the State Governments concerned and such of the stocks so procured which were surplus to the requirements of the States were earmarked for Central pool. Thus the Food Department activity in the main field of procurement was very limited. Apart from trading in foodgrains, the activities of the Department of Food covered many other aspects. Briefly these were administration of Acts relating to foodstuffs, formulation and implementation of good policy for the country, preparation and implementation of basic plan for distribution of foodgrains all over the country, the control and development of sugar and vanaspati industries, development and popularisation of subsidiary foods, purchase and supply of all foodstuffs for the Defence forces, Govt. level inter-national agreements for the import of foodgrains etc. Only the limited trading activities which were being performed by the Deptt. of Food, have been transferred to the Corporation from time to time with the transfer of Central godowns to the Corporation in different States. The major activity for which the Food Corporation was constituted viz. purchase of foodgrains, has not been inherited from the Food Deptt. but has actually been taken over from the State Governments. Initially, when the Central Storage godowns were transferred to the Corporation in a phased manner, there could be some possibility of over-lapping of functions between the Department of Food and that of the Food Corporation. This process of transfer of storage work from the Department of Food to the F.C.I. has almost been completed except Maharashtra. The work of handling at ports is being done by the Corporation to a very limited extent. With the transfer of this work in the future there would be no possibility of over-lapping of the work being done by the Food Department and the Corporation. Thus it is amply clear that the functions of the Food Corporation are mainly confined to the trading operations and after the transfer of the handling work at ports, the activities of the Corporation will be quite distinct from that of the Food Department and there would be little possibility of the overlapping of functions between Food Corporation of India and the Department of Food.

[Deptt. of Food, U.O. No. 23/68-69/BFC.I/27th Report, dated 14-10-68]

Recommendation

The Committee note that the percentage of foodgrains carried in Indian vessels increased from 4.2 in 1966 to 17.5 during the first nine months of 1967. They hope that, keeping in view the comparative benefit of carrying cargo and foodgrains more and more Indian bottoms will be pressed into service so as to conserve/earn foreign exchange.

[S. No. 52 and Para 4.72 of Appendix XII of 27th Report (4th L.S.)]

Action taken

Ministry of Transport & Shipping hereby reports the progress in the utilisation of Indian bottoms for carriage of foodgrains from U.S.A.—under P.L. 480 as desired by the Public Accounts Committee in paragraphs 4.64 and 4.72 of their 27th Report (4th Lok Sabha) reproduced below :

The following statement indicates the quantities of foodgrains lifted by Indian vessels under the P.L.-480 Programme during the period from January 1967 to September, 1968.

(Quantity in tonnes)

Year	Quantity lifted by Indian vessels	Quantity lifted by foreign vessels (non-U.S./non-Indian)	Total QTY.	% age for Indian vessels
1967				
January to September	6,09,000	28,82,500	34,92,400	17.5
October to December	3,37,000	4,89,900	8,26,900	
January to December, 1967	9,46,900	33,72,400	43,19,300	21.9
1968				
January to September	4,17,825	18,19,950	23,04,675	18.1

For the period from January to September, 1967 the share of Indian vessels was 17.5% and the percentage went upto 21.9 by the end of December, 1967. During the period from January to September, 1968 the Indian vessels could carry 18.1% of the cargo. The Shipping and Chartering Organisation will, continue to utilise to the maximum extent possible the Indian vessels which are made available to carry PL-480 foodgrains at the required time and at competitive rates as and when Chartering arrangements have to be made to move cargo to India.

The percentage however varies from year to year because sometimes the Indian ships prefer to carry other better freighted cargoes in the World Shipping Market.

[Ministry of Transport & Shipping (Transport Wing) O.M. No. 10-CHII-(4)/66, dated 7-9-68].

Recommendation

"The Committee note that there has been some improvement in storage conditions and the percentage of storage losses of foodgrains has come down from 0.24 in 1962-63 to 0.12 in 1966-67. The Committee also note that storage losses are mainly due to unsatisfactory conditions obtaining in hired godowns. They hope that with better supervision over these godowns and with the increase in the number of Government owned godowns, there will be further improvement in the matter".

[S. No. 53 of Appendix XII, (Para 4.90) to 27th Report (4th Lok Sabha)]

Action taken

The percentage of storage losses has further come down to 0.1 percent in 1967-68.

[Department of Food, U.O. No. 23/68-69/BFC-I/27th Report dated 12-12-1968].

Recommendation

The Committee find that as many as 4586 claims of the value of Rs. 95.85 lakhs were pending against the Railways as on 1-9-1967. The

Committee desire that the cases of pending claims should be pursued vigorously with the Railways. Action should also be taken to regularise/write off storage and transit losses where this has not been done so far.

[S. No. 53(Para 4.91) of Appendix XII, of 27th Report (Fourth Lok Sabha)].

Action taken

I. Previously the Depot/Zonal Officers preferred and pursued claims against the Railways. Claims repudiated by the Railways were referred by them to the Regional Directors who in turn refers them to the Ministry, as and when necessary. With a view to ensuring quicker and more efficient disposal of claims it was decided in May, 1963 to centralise the entire claims work in the offices of the Regional Directors. Under this procedure, initially the Depot/Zonal officers lodge claims against the Railways and send a monthly statement to the Regional Director giving particulars of all claims preferred during the month. An Asstt. Director (Claims) in each Region with his specialised knowledge of claims work keeps direct contact with the Railways and handles this work avoiding unnecessary delays. Discussions are also held with the concerned Railway Officers to expedite finalisation of cases.

A monthly statement showing the progress of claims cases is received in the Ministry from each Region. This is scrutinised and necessary advice given or action taken for expediting matters. In difficult and old cases the matter is also taken up by the Ministry with the Zonal Railways/Ministry of Railways (Railway Board).

The total number of outstanding claims as on 1-9-1967 and the number of claims settled during the period 1-9-1967 to 31-8-1968 is given below :—

	No.	Amount (In lakhs of Rs.)
(i) Claims outstanding as on 1-9-1967	4586	95.86
(ii) Claims accepted by Railways for payment between 1-9-1967 to 31-8-1968	801	4.86
(iii) Claims dropped	831	62.96
Total No. of claims settled	1632	67.82
(iv) Claims outstanding on 31-8-1968	2954	28.03

These 2954 cases included 16 cases of missing wagons involving an amount of Rs. 5.3 lakhs. Missing wagons account for 18% of the total amount outstanding. It cannot be considered as a loss to the Department of Food as these wagons will be connected by the Railways in course of time as having been delivered either at a station other than that to which they were originally booked or at the correct destination. In such cases the claims lodged with the Railways will be withdrawn.

The claims preferred against the Railways were dropped in the following types of cases :

- (i) Wherever shortage of bags could not be attributed to the Railways.

- (ii) Where it was finally established that the damage to the grain was not due to the fault of the Railways.
- (iii) Whenever missing wagons were located later on and the Railways arranged to send the wagons to the correct destination.
- (iv) Wherever the wagons reaching the destination were not linked with the Railway receipt in the initial stages but were linked later on.
- (v) Claims which were found untenable on subsequent investigation.

II. As regards regularisation of the transit and storage losses, the quantity awaiting regularisation at the end of the year 1965-66 and the losses written off upto 30-4-1968 are given below :

	Losses awaiting regularisation on 31-3-1966	Losses written off upto 30-4-69	Balance on 1-5-1968
(i) Transit losses	62,724 tonnes	26,239 tonnes	36,485 tonnes
(ii) Storage losses	22,825 tonnes	1,669 tonnes	21,156 tonnes

In order to ensure that the investigation and finalisation of these losses are not unnecessarily delayed the following steps have also been taken :—

- (i) Enhanced powers of regularisation of losses have been delegated to the Sub-Regional Officers and the Regional Directors on 31st August, 1965.
- (ii) Time limits have been laid down within which a depot Officer Sub-Regional Officer should report cases of loss to the next higher authority. Time limits have also been fixed within which the superior officer should dispose of cases after due investigation.
- (iii) A comprehensive record of losses showing year-wise details in respect of losses of earlier years and monthwise details in respect of the losses of the year running, is now required to be maintained by all the Regional Directors. This record will pointedly bring to their notice cases which are awaiting regularisation for a long time and help initiate necessary action promptly. The Regional Directors are also required to send a monthly return of losses awaiting regularisation to the Ministry. The form of this return is also such as to give month-wise and yearwise details of outstanding losses and thus, the Ministry is enabled to find out the Regions in which cases of losses are pending without justification.
- (iv) All the Regional Directors are required to furnish every month, demi-officially to the Director General of Food, a summary of the progress achieved in the finalisation of cases of loss.
- (v) During the inspection of the Depots, Sub-Regional Offices and Regional Directorates, progress secured in the investigation of losses is one of the important points examined by the Inspecting officers.

Copies of circulars issued in respect of (ii) and (iii) above are enclosed.

[Department of Food, U.O. No. 23/68-69/BFC-I/27th Report, dated 3-3-69]

No. 21/50/65-BFC.IV

GOVERNMENT OF INDIA

MINISTRY OF FOOD, AGRICULTURE, C.D. & COOPERATION,
(DEPARTMENT OF FOOD)

New Delhi, the 15th March, 1966.

To

The Regional Director (Food),
Calcutta/Madras/New Delhi/Bombay.

Attention. Shri A. Bose/O. N. Bajpal/K. G. Mathur/S. K. Bedekar,

Sub. :—Regularisation of storage/transit losses.

Sir,

I am directed to invite your attention to the discussions at the recent conference held at New Delhi on 21-2-1966 and 20-2-1966 of the Regional Director wherein it was *inter-alia* pointed out that in the Audit comments on the proforma Accounts for 1964-65, it had been indicated by the Accountant General (CW&M), New Delhi that there were no records either in the office of the Regional Directors or the Pay & Accounts Officer to show year-wise details of the storage/transit losses awaiting regularisation at the close of each financial year with a view to obviating this position and to maintain accurate and handy statistics regarding the quantum of storage/transit losses involved, and progress in their regularisation, it was decided that in addition to the maintenance of the registers of storage/transit losses by the Depot Officer prescribed in this Ministry's letter No. 21(28)/62BFC-VIII, dated 22-2-1965, each depot officer should also submit to the Regional Director (Food) a monthly return of storage/transit losses in the proforma (Annexure I copy enclosed) within one week of the submission of the monthly stock accounts, separate returns being prepared for each kind of loss, viz. storage, rail transit and road transit and each kind of grain. A register as in the proforma Annexure—II copy enclosed should be written up in the Regional Directors Office from the above mentioned returns received from the Depot Officers separately for each kind of loss, viz. storage rail transit and Road transit and in respect of each commodity. The Regional Directors will in turn, send to the Ministry a consolidated monthly return in the proforma as in Annexure I for each kind of loss viz. storage, rail transit and road transit, and for each commodity, by the 25th of month following that to which the return relates. The fortnightly reports being submitted to the Ministry at present, may be discontinued and the first report in the new forma should be submitted on 25th March, 1966.

2. As large quantities of transit/storage losses are awaiting regularisation, it was also decided that these arrears should be dealt with as quickly as possible as this matter would come up for consideration by the Public Accounts Committee at their next meeting. It is, therefore, of the utmost importance that urgent and effective steps should be taken to show positive results in liquidating these arrears with a view to ensuring that all the losses which occurred up to the end of March, 1965 are investigated and regularised before the end of May, 1966.

3. As was indicated by the Director General of Food during the course of the meeting, I am also to request you to forward to him by name, a summary of the position indicated in the monthly progress report.

4. Kindly acknowledge receipt of this letter.

Yours faithfully,
Sd/-

DEPUTY DIRECTOR-GENERAL OF FOOD.

ANNEXURE I

Return of Transit, Storage losses for the month of _____ 19

of _____ Depot in respect of Wheat/Rice/Milo.
Region

Period to which the losses relate	Opening balance i.e. losses awaiting regularisation at the beginning of the month		Losses occurred during the month		Losses regularised during the month		Closing balance i.e. losses		Remarks
	No. of Cases	Qty.	No.	Qty.	No.	Qty.	No.	Qty.	
	a	b	a	b	a	b	a	b	
1	2		3		4		5		6
Up to	1962-63								
	1963-64								
	1964-65								
	1965-66								
April 1966									
May 1966									
June 1966									
July 1966									
August 1966									
September 1966									
October 1966									
November 1966									
December 1966									
January 67									
February 67									
March 1967									
TOTAL									

ANNEXURE II

Register of Storage/Transit Losses for the year _____
 In Respect of Wheat/Rice/Milo _____

Name of Depot	Opening balance		Losses during the month		Total		Losses regularised during the month relating to the period					
	No.	Qty.	No.	Qty.	No.	Qty.	Up to 1962-63		1963-64		1964-65	
1	2		3		4		No.	Qty.	No.	Qty.	No.	Qty.
												5

Region _____

April, 1966 (One page for each month)

1965-66	April 1966		May 66		3/67		Total Regularised		Closing balance		
	No.	Qty.	No.	Qty.	No.	Qty.	No.	Qty.	No.	Qty.	
No.	Qty.	No.	Qty.	No.	Qty.	No.	Qty.	No.	Qty.	No.	Qty.
						6					7

Detailing of closing balance of losses to be regularised

Up to 1962-63	1963-64		1964-65		1965-66		April, 66		May, 66		3/67		
	No.	Qty.	No.	Qty.	No.	Qty.	No.	Qty.	No.	Qty.	No.	Qty.	
No.	Qty.	No.	Qty.	No.	Qty.	No.	Qty.	No.	Qty.	No.	Qty.	No.	Qty.

No. 6/6/66-BFC-IV
 GOVERNMENT OF INDIA
 MINISTRY OF FOOD, AGRICULTURE, C.D. & COOPERATION,
 (DEPARTMENT OF FOOD)

New Delhi, the 15th December, 1966

To

- (1) The Regional Director (Food), Calcutta/Bombay/Madras.
- (2) The Joint Director (Food)
 Residuary Cell,
 Northern Region, New Delhi.

SUBJECT :—*Fixation of time limit for disposal of storage loss cases—instructions—regarding*

Sir,

I am directed to invite a reference to this Ministry's letter No. 37(11)/58-BFC-VIII, dated 22-2-1960 wherein instructions were issued that the storage losses should be reported to the Ministry for regularisation within a period of 3 months from the date on which these came to notice. So far, however, no time limit had been laid down for disposal of such cases in the Sub-Regional and Regional Offices. The Public Accounts Committee have in their 59th Report on the Audit Report 1965 *inter alia* desired that the desirability of laying down a time limit for disposal of such cases may also be examined. In the light of these recommendations, it has been decided that the following time schedule should be followed with immediate effect from reporting and disposal of cases of storage losses at the various levels :—

- (i) The Depot Officers should after proper investigation submit the loss statement in the prescribed form to the Sub-Regional Offices within one month of the storage loss coming to notice. The losses will be examined and those within his powers of write off will be regularized by the Sub-Regional Officer concerned within one month from the date of receipt in his Office.
- (ii) The Sub-Regional Officer will, in turn, after due examination report the losses, which are beyond his powers, to the Regional Director (Food) within one month of receipt for regularisation. The Regional Director will investigate and regularise the losses which fall within his financial powers within one month of receipt of the same in his office.
- (iii) The losses which are beyond the powers of the Regional Director Food to regularise should after thorough examination be reported by him to the Ministry within a period of 3 months from the date the losses came to notice as already prescribed *vide* Ministry's letter dated 22-2-1960 referred to above. These will be examined and regularized in the Ministry, as early as possible.

2. It is requested that the above instructions may be brought to the notice of all concerned for immediate compliance.

3. The receipt of this letter may kindly be acknowledged and the Ministry may be informed of the action taken.

Yours faithfully,

Sd/-

for *Director General of Food*

Recommendation

4.99. While the Committee agree that the fixing of prices of food-grains, incidentals etc. recoverable from the Food Corporation of India is a difficult exercise, they, however, feel that much of the delay involved in this case could have been avoided if the Department had initiated some prior action soon after it was known to them that work pertaining to the purchase, distribution etc. of the foodgrains was to be transferred to the Food Corporation of India. As the procedure of preferring bills to the Food Corporation of India has now been settled, the Committee hope that there will be no delay on this account in future.

[S. No. 54 of Appendix XII (Para 4.99) to Twenty-Seventh Report (Fourth Lok Sabha)]

Action taken

The recommendation of the Committee has been noted.

[Department of Food U.O. No. 23/68-69/BFC-I/27th Report dated 9-9-1968].

Recommendation

4.100. The Committee also trust that the question of recovery of Penal interest from the Food Corporation of India will be settled soon.

[S. No. 54 of Appendix XII (Para 4.100) to Twenty-Seventh Report (Fourth Lok Sabha)].

Action taken

As stated in Para 4.98 of the Report, after considering the objections raised by the Food Corporation, orders were issued in August, 1967 itself asking the Corporation to pay interest on the overdue amount for supplies made to them.

2. As regards the interest recovered, the position is as follow :—

Against Rs. 12.53 lakhs mentioned in Para 71(iii) of the Audit Report, 1967 as the interest due from the Food Corporation of India in respect of the Southern Region, due to re-calculation by the Pay & Accounts Officer, Madras, the interest due worked out to Rs. 12.08 lakhs. Accordingly, the interest due from the Food Corporation for the period July, 1965 to August 1966 was as under :—

Southern Region	Rs. 12.08 lakhs
Eastern Region (Bilaspur Sector)	Rs. 0.39 lakh
Northern Region (Rajasthan)	Rs. 0.10 lakh

The amounts due in respect of the Southern and the Eastern Regions were paid by the Food Corporation in November 1967. The amount due in respect of the Northern Region was also adjusted in November 67 out of the amounts due to the Food Corporation for the supplies made by it to the Central Storage Depots. Thus, the entire interest shown as outstanding in the Audit Report, 1967 stands settled.

[Deptt. of Food U.O. No. 23/68-69/BFC-I/27th Report dated 9-9-68].

Recommendation

The Committee find that the Department have already introduced on an experimental basis automatic weighing in Bombay Port and an incentive scheme in Madras Port for filling the bags upto the standard weight. The Committee desire that keeping in view the experience gathered in Bombay and Madras ports to effect standardisation of weights of foodgrains in gunny bags through automatic weighing and incentive schemes respectively, Government should adopt the most suitable method in other ports so as to cut down the heavy extra expenditure being incurred on the use of excess gunny bags.

[S. No. 55 of Appendix XII, (Para No. 4.111) of 27th Report (Fourth Lok Sabha)].

Action taken

The following numbers of bagging and stitching machines have been installed at various ports on an experimental basis :—

Bombay : 14

Calcutta : 7

Kandla : 2

The experiment so far has proved that mechanical bagging and stitching gives better standardisation than manual bagging and stitching.

The decision to extend the installation of these machines at these/other ports will however depend on the future import programmes and settlement with labour on the question of wages and gang strength. In ports where foodgrains discharge is spread over a large number of berths, the utilisation of these machines will require elaborate and costly conveying system. This will, therefore, have to be studied further before final decision regarding installation of more machines at these ports or extending this mechanisation to other ports, is taken.

Incentive Scheme for better Filling of Bags at Madras :

The scheme was introduced at Madras Port w.e.f. 1-11-1967 for a period of six months on an experimental basis. The review made in the month of May, 1968 showed that filling had improved to some extent. This scheme was, however, not intended for standardisation. As the results of the scheme have not been very encouraging, a modified scheme "Datum Incentive Scheme" was introduced at this Port w.e.f. 1st May, 1968 for a period of three months on an experimental basis. This scheme envisages payment to price rated departmental basis labour at higher rate when a stipulated datum for filling is achieved by a particular gang. The results of this scheme will be studied shortly. As the operations at different ports follow different patterns and the intervention of port labour is at different

stages of operation at different ports, it is not possible to evolve a uniform incentive scheme for better filling of bags at the Ports. The Department is, however, fully alive to the necessity for economy in the use of gunny bags and all efforts are being made to achieve better filling and standardisation. [Deptt. of Food U.O. No. 23/68-69/BFC-I/27th Report dated 24-10-68].

Recommendation

The Committee consider that, while calling for tenders for purchase, Government should pay special attention to the rates prevailing in the various markets so as to derive the maximum benefit. In any case, before placing an order on the basis of tender a careful comparison should invariably be made between the prevailing market rates as gathered from the Directorate of Economics and Statistics/Press reports and the tendered rate so as to make sure that there is no wide difference between the tendered price and the reasonable market rate.

[S. No. 56 (Para No. 4.119) of Appendix XII, of 27th Report
(4th Lok Sabha)].

Action taken

The recommendation of the PAC has been noted. In this connection it may be stated that while examining the tenders for normal purchases the rates received in the tenders are invariably compared with the market rates. For this purpose the market rates of stations from which supplies have been offered in the tenders or if market rates of such stations are not available, the market rates of other Mandies in States from which the supplies have been offered are taken from the newspapers and average market rate of these Mandies is worked out. To this average rate a margin on account of incidental charges like packing, loading, railway freight etc. is added according to a prescribed formula and a reasonable rate worked out. Purchases from the tenderers are made at rates within this reasonable rate.

[Deptt. of Food U.O. No. 23/68-69/BFC-I/27th Report dated 28-9-68].

CHAPTER III

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

Recommendations

The Committee find that, as against a saving of about Rs. 33 lakhs in 1965-66 as compared with 1964-65 in expenditure on establishment in the Southern Region by the Food Department, there has been expenditure of Rs. 68.14 lakhs by the Food Corporation of India on central transactions. The Committee note that the Food Corporation of India was performing some of these functions which were not undertaken earlier by the Southern Regional Directorate of the Food Department. They would, however, like government to keep a close watch over establishment expenditure on the Food Department and the Food Corporation of India. Efforts should be made to ensure that the setting up of the Food Corporation of India does not inflate expenditure on establishment unnecessarily as compared with the expenditure incurred by the Food Department earlier.

[S. No. 48 of Appendix XII (Para No. 4.33) 27th Report (4th Lok Sabha)]

Action taken

In the note submitted earlier to the Public Accounts Committee it has already been emphasised that the expenditure incurred by the Food Corporation of India on its establishment cannot be compared with that incurred by the Department of Food earlier as the activities of the Corporation are not analogous to those of the activities which were being undertaken by the staff of the Regional Director (Food) of the Southern Region. The functions of the establishment of the Regional Director's office, which were transferred to F.C.I., were mainly confined to looking after central storage godowns, receiving and issuing foodgrains from those godowns to the bulk recipients under allocation from the Central Government. On the other hand when the Corporation stepped in, besides carrying out these limited functions, the Corporation took over the work of procurement of foodgrains both on account of the State and Central Governments this being the main purpose for which the Corporation has been established. Prior to the coming in of F.C.I. the work of procurement of foodgrains in the States was being done by the State Governments themselves both in respect of foodgrains purchased for consumption within the State or for making available the stocks of foodgrains for Central Pool for supply to other States. The procurement work meant functioning of the Corporation at various points in the interior of the States involving deployment of staff at large number of purchase centres. Besides this, the Corporation unlike in the past, took up the work of getting the wheat milled through the Roller Flour Mills on commission basis and undertaking the distribution of the wheat products in the Southern States. Thus the Corporation's establishment charges can have no comparison with those of the Department of Food particularly when the Corporation has been set up with the main objective of undertaking

procurement of foodgrains which function mainly devolved on the State Government concerned and not on the establishment of the Department of Food.

2. As a commercial organisation the Corporation's efforts are always to deploy its establishment to affect maximum turnover and to reduce its establishment charges to the barest minimum. It is, therefore, not possible to spell out in concrete terms the efforts that the Corporation has been making to reduce its expenditure. Only the working results of the Corporation can give some idea whether or not the Corporation is deploying its establishment in a manner to achieve the best results with the minimum possible expenditure. During the past 3 years viz. 1964-65, 1965-66 and 1966-67 for which the Audited Accounts of the Corporation have already been placed before Parliament, the accounts show that while it suffered a loss of about Rs. 6.9 lakhs during 1964-65 covering the initial period of 3 months and during which the Corporation was mainly engaged in setting up of its organization, in subsequent 2 years the Corporation has earned a sizeable net profit of Rs. 22.57 lakhs and Rs. 304.8 lakhs respectively.

Deptt. of Food U.O. No. 28/68-69/BFC.I/27th Report dt. 14th Oct. 68.

Recommendation

The Committee find that a sum of Rs. 22,578 was paid to Dock labour in Bombay in.....1965.... on the basis of notional employment even though they did not handle the work of unloading the foodgrains from the ship. It is also strange to note that Government had agreed in August, 1967 that foodgrains from bulk carriers would be discharged by grain discharging machines at Bombay and that an *ex gratia* payment at the rate of 75 paise per tonne would be made by Government to Bombay Dock Labour Board for the quantities of foodgrains discharged by machine from bulk carriers in Bombay. This means that payment would be made without any work being actually done by dock labour. The Committee would like Government to examine the matter in all its aspects as they consider that the making of such notional payments without any return has far reaching repercussions.

S. No. 53 of Appendix XII (Para 4.77) of 27th Report (4th Lok Sabha)

Action taken

Consequent on the closure of the Suez Canal, tankers were diverted to the international oil trade at very high rates and hardly any tankers were available for grain traffic to India. ISM, Washington intimated that the only practical alternative was to ship the grain in bulk carriers, which were still available. The Chief Controller of Chartering also agreed that there was no other alternative but to fix bulk carriers. These vessels were open hatched vessels and required draft of about 30' and more. Moreover, according to the terms of the Charter Party, the stipulation for minimum discharge was 1,500 tonnes a day. The aforesaid draft was available only at a few ports like Bombay (AD), Madras (JD) and Kandla. Also, stipulation of minimum discharge of 1,500 tonnes a day could only be met by mechanical discharge without incurring demurrage or by manual discharge, if enough number of hooks with slings were available. In any case, mechanical discharge would be required in the case of gearless Bulk carriers and for discharging grains from deep side tanks and wing tanks, as manual operations would not be possible in these tanks.

2. At Bombay we used to receive wheat and milo in tankers only and these vessels were discharged mechanically, as manual operations were not possible. The discharge rate by machines was about 2,000 to 3,000 tonnes per day, against the manual handling rate of 800 to 1,200 tonnes a day by cranes. Two berths had been completely mechanised with pneumatic machines, chain conveyors, hoppers, etc. There were enough machines to work on another two berths. With the four berths working and the existing machine strength, it used to be possible to achieve on average daily discharge of 8,500 to 10,000 tonnes as against 4,000 to 5,000 tonnes done manually with the cranes. In other words, manual operations would have reduce the grain handling capacity to 1.20 to 1.50 lakh tonnes per month, against the assessed capacity of about 2.50 lakh tonnes. This reduction would have required diversion of vessels carrying about 1.00 to 1.30 lakh tonnes every month to Madras and/or Kandla. This would not have been possible, as would be seen from the following table :—

(Figs. in '000 tonnes)

Name of Port	Assessed Capacity for Foodgrains	Quantity Discharged				
		Aug. '67	Sept. '67	Oct. '67	Nov. '67	Dec. '67
1. Madras	140.0	151.5	164.0	162.1	144.4	99.9*
2. Kandla	110.0	104.2	88.1	110.0	105.5	91.2
	250.0	255.7	252.1	272.1	249.9	191.1
Total import of food-grains		785.7	854.5	836.6	794.0	588.4

* Fertiliser arrival was very heavy—almost double the assessed capacity.

Secondly, even from the point of clearance by rail this additional quantity from Madras and Kandla could not have been moved, as daily rail wagon quota for foodgrains from these ports was as follows :—

Kandla	210 wagons.
Madras	280 wagons

Further, to move foodgrains from these ports to Bombay and other parts of Maharashtra, would have been prohibitively costly. Movement from Madras to Punjab, Delhi, Haryana and Rajasthan would have been much costlier than from Bombay, apart from other considerations. In the circumstances, there were two alternatives before the Department —

- (i) to reduce grain import by about 1.30 lakh tonnes of wheat/Milo every month, or
- (ii) to discharge the bulk carriers mechanically.

As for (i), during September, 1967 to December 1967 the total allocations of imported wheat and milo to various States, etc. was as follows :

(Figs. in '000 tonnes)

	Sept.	Oct.	Nov.	Dec.
Total import of wheat/Milo	734.0	740.5	824.8	702.2
2. Total allocation of Wheat/Milo	889.6	947.7	866.7	788.7

Thus, the country's requirements would not have allowed the Food Department to reduce grain imports. The Department was, therefore, left with

no other alternative but to decide on the discharge of bulk carriers mechanically.

3. As already mentioned, these vessels were open-hatched and according to the Dock Workers (Regulation of Employment) scheme, the discharge of foodgrains from open hatch vessels should be arranged manually with the employment of registered stevedoring labour. The labour leaders at Bombay insisted that as far as they were concerned, the employment of registered labour for these vessels was their right by law and tradition and if their rights were taken away, they should be compensated in full for the loss of earnings and employment as would have accrued to them, had they worked these vessels. They allowed tankers to be discharged mechanically, as manual discharge was not possible. They demanded Rs. 1.43 per tonne (Rs. 1.25 as loss of earning and 0.18 paise per tonne) as bonus that the registered labour would have got from the stevedorers on the basis of payments made to them during 1966-67 as compensation.

4. To get over this impasse, the matter was discussed with the labour leaders. It was pointed out to them that the manual discharge would cost us about Rs. 4.25 per tonne made up of Rs. 3.85 as the all-inclusive rate payable presently to the stevedores plus crane hire and electric charges payable to the Bombay Port Trust. As against that the overall cost on discharging with machines was estimated at Rs. 3.50 per tonne. The margin left within which to accommodate labour was thus not more than 75 paise per tonne. The Food Secretary was prepared to fix the rate of *ex gratia* payment at 50 paise per tonne which would offer a fairly big slice of the total margin available. The labour leaders were not prepared to lower their demand much below the said Rs. 1.25 plus 18 paise. The Food Secy. took a firm line and pointed out that anything more than 0.75 paise was inconceivable and would not be considered under any circumstances. After considerable persuasion and negotiation the labour leaders came round to accept this figure provided their demand for bonus of 0.18 paise per tonne was accepted in addition. It was then pointed out to them that there was no question of any additional bonus as this whole payment, in a way, amounted to a sort of bonus as it was really a payment for no work. With considerable difficulty the labour leaders were prevailed upon to accept this figure of 75 paise per tonne in full without any additional demand. It was agreed that an *ex-gratia* payment @ 75 paise per tonne would be made by the Government on the quantity brought in bulk carriers and discharged mechanically at Bombay with effect from 1-9-1967. In calculating the amount of *ex-gratia* payment, the total cargo brought by the Bulk Carriers and discharged with machines will be taken as the basis irrespective of the cargo being discharged in the docks or in midstream or overside or in the liberty type vessels or in barges, etc. All amounts due on account of the said *ex-gratia* payment will be deposited with the Bombay Dock Labour Board who will be requested to constitute a 'Special Fund' for the purpose. The special Fund will be administered by a Committee comprising the Deputy Chairman of the Bombay Dock Labour Board (Chairman), the President of Transport and Dock Workers Union and an Officer nominated by the RDF, Bombay (Member). In the deliberations of the Committee majority decision will prevail. The amounts accumulated in the Special Fund together with interest will be utilised as under :—

- (a) An amount equal to the amount of bonus payable from time to time to the registered stevedore workers (excluding Tally and Sorting Clerks) as per the agreement between the Bombay

Stevedores' Association and the Transport and Dock Workers' Union, Bombay will be set apart for payment to the registered stevedore workers (excluding Tally and Sorting Clerks).

- (b) Balance amount will be distributed among the following categories of workers and staff :
- (A) Registered stevedoring workers in the pool and on the Monthly Registers of Registered Employees, namely :—
- (i) Tindal
 - (ii) Senior Workers
 - (iii) Junior Workers
 - (iv) Reserve Pool Workers
 - (v) Winch Drivers
 - (vi) Hatch Foremen
 - (vii) Khalasees
 - (viii) Tally and Sorting Clerks.
- (B) Bombay Port Trust Crane Drivers who are normally employed to handle foodgrains from open hatch vessels.
- (C) Head Foreman, Assistant Head Foreman, Chargemen, Supervisors, Assistant Supervisors and such of the Dock Clerks as are normally engaged by Stevedores in the Docks for handling foodgrains vessels.
- (D) Listed Sweeping gang workers including their tindals.

The distribution of moneys from the Special Fund as stated above will be made in accordance with such rules as may be framed by the Committee. The Committee will have also the authority to decide whether any particular category of workers should be deleted from or added to the list indicated above.

5. This settlement is advantageous to the Government also because had the Department discharged these vessels manually at Bombay, the Charter Party terms could not have been fixed for more than 1000 tonnes minimum daily discharge. It would have cost the Department about 5 shillings extra per tonne on freight only on this basis, apart from encountering strong resistance from shipowners and incurring ship demurrage, etc. In other words, the Department would have paid about Rs. 4.50 per tonne more in foreign exchange in the case of manual discharge, against 0.75 Paise per tonne in Indian currency which was settled with labour. During September, 1967 to March, 1968, bulk carriers brought 7,97,794 tonnes of foodgrains at Bombay. Manual discharge would have added to our cost heavily on such a large quantity. However, the circumstances were such as to compel us to come to terms with labour as supplies to scarcity areas could not brook delay. The country would have faced great difficulty due to scarcity of grain or paid considerable additional amount in foreign exchange for handling what was imported, had we not settled with labour.

7. It may be mentioned here that from early 1968 a few tankers have become available for grain traffic. During May, 1968 no bulk carrier arrived at Bombay and eight tankers arrived. Thus, the arrival of bulk carriers with grains at Bombay is expected to go down in the near future.

8. Incidentally, it may also be stated that in many cases where ships were diverted to Bombay at Shipper's requests etc. we have recovered these charges from shipowners.

Two such cases are given below :—

Name of Vessels	Quantity	From	To	Date on which order issued
S. S. Jag Kisan	37,000	Kandla	Bombay	20-9-1967
S. S. Ram Bam	22,644	Kandla	Bombay	11-6-1968

9. No payment as such was made upto 30-6-1968 under the scheme agreed to. An agreement was executed in June, 1968 and the financial sanction was issued on 6-7-1968. The compensation payable to the Dock Labour Board for the period September 1967 to March 1968 comes to nearly Rs. 5,98,346.

Deptt. of Food U.O. No. 23/68-69/BFC-I/27th Report dt. 31-10-1968.

Recommendation

The Committee also hope that the economics of having grain depots on regional basis for defence needs will be examined in consultation with the Ministry of Defence and suitable action taken to rationalise the procurement and distribution of foodgrains in the interest of economy and efficiency.

S. No. 56 of Appendix XII (Para 4.120) of 27th Report (4th Lok Sabha)

Action taken

In July 1955, the then Defence Minister suggested that the system of procurement, inspection, processing, storage and distribution of animals, grains and dals obtaining in Military Grain Depot, Lucknow should be revised with a view to effecting purchases at production points closest to the supply Depots, thereby bringing about savings on transportation costs and reduction of pressure on wagon supplies. To implement these suggestions, the following possible solutions were considered :—

- (a) Despatch direct to all supply depots from procurement areas.
- (b) Selection of one or more depots in each command suitably placed in relation to the procurement areas and dependent depots.
- (c) To establish a second grain depot in area of Western Command to meet their requirements and thereby avoid cross movements.

2. The above solutions were examined in detail, taking into consideration the following factors :—

- (a) Procurement areas.
- (b) Periods of availability.
- (c) Sector-wise requirements for consumption.
- (d) Special equipment required for crushing grains.

- (e) Cleaning and fumigation facilities.
- (f) Re-bagging in standardised bags.
- (g) Holding and despatching of dals by varieties according to laid down percentages throughout the year.
- (h) Inspection facilities.
- (i) Avoidance of cross movements.

3. It was then found that a Central grain depot was inescapable and that the initial and recurring cost of having a second military grain depot was more than the saving that might accrue by eliminating cross movement.

4. In 1967 this question was again examined and reviewed in detail, taking into consideration the existing conditions of procurement and distribution of dals and grains obtaining in the country. As a result of this examination, the Ministry of Defence decided that there has been no material change in the basic circumstances to warrant any change in the present system.

[Ministry of Foreign Affairs, Community Development and Cooperation
(Deptt. of Food U.O. No. 23/68-69/BFC-I/27th Report dt. 13-12-68)]

CHAPTER IV

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

Recommendation

The Committee are concerned to note that the Delhi Milk Scheme has been incurring losses since its inception and the cumulative loss upto 31st March 1967, was Rs. 194.55 lakhs. The maximum loss of Rs. 97.77 lakhs was incurred during 1964-65. The Committee find that the losses in 1964-65 were not only on account of sale price of milk lagging behind the procurement and processing cost of milk but also due to increases in establishment charges (Rs. 6.44 lakhs), stationery and printing (Rs. 2.74 lakhs) and excess consumption of bottles and stores (Rs. 18.88 lakhs). The Committee stress that the Delhi Milk Scheme should explore all avenues for effecting economy in overhead expenditure, particularly on the collection, transportation, processing and distribution of milk.

S. No. 33 Appendix XII Para No. of Report 3.28 & 3.104

Action taken

The losses incurred by the Milk Scheme from the inception of the Scheme to March, 1967 amount to Rs. 194.56 lakhs as under :—

Year	Loss in lakhs of Rs.
November 1959-61	5.02
1961-62	4.16
1962-63	10.64
1963-64	23.09
1964-65	97.77
1965-66	39.21
1966-67	14.66

2. The main reasons for the losses are as follows :—

- (i) Steady increase in procurement price of milk.
- (ii) General increase in price of stores particularly skimmed milk powder. Skimmed milk powder was being purchased at about Rs. 1,400 per tonne during 1965, and the price increased to about Rs. 3,400 per tonne during the year 1966-67.
- (iii) Fixation of selling price of milk involves a lengthy procedure. The proposals of Delhi Milk Scheme for revision of selling price have to be considered by the Management Committee, Advisory Committee and the Governing Body of the Delhi Milk Scheme before the Government takes a decision. This procedure necessarily takes considerable time. It took about

one year to decide about the last revision of the selling price of the milk. Steps will be taken to speed up the decision of the Advisory Bodies.

3. The objective of the Scheme is to run on a "No-profit, "No-Loss" basis. This will be possible only if selling prices are fixed realistically and in time on the basis of actual cost of procurement and handling of milk.

4. To reduce losses, selling prices of various types of milk have been increased with effect from 26-12-1967 as follows :—

Type of Milk	Previous Selling Price	Revised Selling Price
Standardised	Rs. 0·84 Paise	Rs. 1·04 Paise per litre
Cow	Rs. 0·84 Paise	Rs. 1·04 Paise per litre
Toned	Rs. 0·54 Paise	Rs. 0·74 Paise per litre
Double Toned	Rs. 0·40 Paise	Rs. 0·50 Paise per litre

5. Losses to the Scheme are caused mainly due to reasons beyond its control. There was considerable rise in the cost of imported skim milk powder as a result of devaluation. There has been increase also in the cost of other stores purchased by the Scheme. Working results of the Scheme will be affected further as a result of increase in dearness allowance accepted recently by Government, increased cost of transport of milk and other operational costs.

6. Major cause for the losses, however, is the large increase in the purchase price of milk. The Scheme paid a price of Rs. 104 per quintal in June, 1968 as compared with Rs. 94 per quintal paid during June of 1967. Average purchase rate during the financial year 1967-68 was Rs. 94 and estimated price for 1968-69 is Rs. 100 per quintal as against the average of Rs. 75.82 per quintal paid during the year 1966-67. The Scheme can run on 'No-Profit No-Loss Basis' if the selling price reflects the cost price of milk, processing and other charges.

7. The cost of milk of various types on the basis of the expected purchase price for 1968-69 is as follows :—

Standardised Milk	Rs. 1·09 per litre
Cow Milk	Rs. 1·09 per litre
Toned Milk	Rs. 0·82 paise per litre
Double Toned Milk	Rs. 0·65 Paise per litre

The selling prices now sanctioned are still below the cost and the Scheme is likely to continue incurring losses during the current year inspite of the increase now sanctioned.

8. Working of the Scheme was examined thoroughly by a Team of Experts headed by Dr. V.Kurien in the year 1964. The Expert Team recommended a norm of 21 Paise per litre as handling processing and distribution and other charges taking into consideration the circumstances existing in the Scheme in 1964. The norm of handling charges was thus defined taking experience of other major milk Schemes into consideration. As compared with the norm laid down by the Expert Team, handling process-

ing, distribution and other charges of the Delhi Milk Scheme for the year 1965-66 and 1966-67 relating to Buffalo milk were as follows :—

	1965-66	1966-67
		(Paise per litre)
Processing Charges (of distribution Milk)	5.05	4.81
Processing & Bottling	6.26	6.10
Distribution Charges	4.55	5.88
Overhead & Interest	3.89	3.80
	19.75	20.59

9. The recommendation of the Committee that the Delhi Milk Scheme should explore all avenues for effecting economy in over-head expenditure particularly of the collection, transportation, processing distribution of milk is noted. The need for economy in the operation of the above is kept in mind both by the Management of the Delhi Milk Scheme and the Department of Agriculture.

[Ministry of Food, Agriculture, Com. Development & Cooperation (Deptt. of Agri.) O.M. 1-8/68-BE dt. 6-11-68]

Recommendation

The Committee consider that the solution to the problems of the Delhi Milk Scheme lies in increasing the availability of milk on an assured basis to match its processing capacity and the requirements of consumers. This can be achieved only by increasing the production of milk in the areas surrounding Delhi. The Committee are glad four intensive cattle development projects have been taken up in the adjacent districts of Haryana, Uttar Pradesh and Rajasthan. The Committee find that the question of establishment of a cattle colony formed an integral part of the original Delhi Milk Scheme. Though a period of more than 8 years has lapsed since the Scheme came into effect, Government have not come to any final decision on the establishment of a cattle colony. The Committee hardly need emphasize the desirability of taking an early decision on the establishment of a cattle colony, on the lines of the Aarey Milk Colony in Bombay so that the Scheme could have a substantial quantum of supply of wholesome milk from its own sources.

S. No. 35 Appendix XII Para No. of Report 3.49

Action taken

The need for cattle development in milk shed of various fluid milk plants has been well recognised by the Government and a number of intensive cattle development projects have been sanctioned for milk sheds of various Milk Schemes. a basic idea of these Projects is linking a large dairy with the Project. So that the dairy gets advantage of the additional milk generated, and the producers get an easy assured market. Four such projects have been sanctioned for milk shed of the Delhi Milk Scheme in districts Meerut in U.P., Gurgaon and Karnal in Haryana and Bikaner in Rajasthan.

These programmes are centrally sponsored and outlay as follows has been provided over the Five Year Plan Period for the various projects :—

	Rs.
Mecrut Project	71.32 lakhs.
Bikaner Project	120.00
Karnal Project	82.52 ..
Gurgaon Project	77.98 ..

The I.C.D.P. provides for a comprehensive programme covering simultaneous action on all fronts concerned with increasing production of milk which will be channelised to the plant in a specified area covering about 1,00,000 breedable milch animals.

The main programmes are :

- (i) Veterinary aid : through establishment of veterinary hospitals, dispensaries and stockman centres. Provision of mobile veterinary dispensaries has also been included in the programme.
- (ii) Artificial Insemination to upgrade the local animals by establishing central semen collection banks, four bull semen collection centres and artificial insemination centres at each stock man's centre in the villages.
- (iii) Feed & fodder development to encourage the farmers to grow more green fodder all the year round. Incentives are provided by providing good variety of fodder seeds at subsidised rates, demonstrations in farmers plots and subsidised irrigation facilities. A provision to provide the producers with cheap concentrate cattle feed by establishing feed mixing units is also included.
- (iv) Loans are to be provided through Cooperative Societies for the purchase of good quality milch animals.
- (v) Incentives are also provided for rearing good quality calves through calf subsidies for calves born of pedigreed animals, calf rallies and cattle shows.
- (vi) Funds have also been earmarked in the I.C.D.P. budgets for rural dairy extension work for educating the producers in clean milk production and other modern dairying practices.

In addition to the intensive cattle development projects, cattle development programmes are also contemplated by utilisation of counterpart funds generated as a result of the two projects for distribution of double toned milk/toned milk undertaken with assistance of World Food Programme. Counterpart funds amounting to Rs. 14.70 lakhs have been generated against agreement No. 233 for supply of double toned milk finalised in the year 1964. The World Food Programme authorities supplied 850 tonnes of skimmed milk powder for this project and the counterpart funds have been generated by utilisation of the skimmed milk powder for sale of this milk. Another agreement No. 348 has been finalised for supply of 1167.9 metric tons of skimmed milk powder over a period of 3 years starting from the year 1967. Funds amounting to Rs. 35.00 lakhs will be generated as a result of this project.

A scheme for investment of these funds with the concurrence of the World Food Programme authorities is under consideration. The Scheme

provides for issue of loans for purchase of milch cattle and provision of veterinary aid through mobile dispensaries etc. by direct participation by the DMS in these programmes.

It will thus be seen that comprehensive programme for development of cattle in milk shed of the DMS are being undertaken. The approach of developing cattle belonging to milk producers in the rural areas has been considered more satisfactory than a cattle colony of its own departmentally by the Scheme. Delhi Milk Scheme, by providing an assured market, will help the Development of Intensive Cattle Development Projects of proper times. The Ministry has decided against setting up a Cattle Colony for the Delhi Milk Scheme.

[Ministry of Food and Agriculture, Community Development and Cooperation (Deptt. of Agri.) O.M. No. 1-8/68-BF, dt. 6-11-68]

GOVERNMENT OF INDIA

MINISTRY OF F.A.C.D. & COOPERATION

(DEPARTMENT OF FOOD)

Action taken on the recommendations of the Public Accounts Committee.

Recommendations

4.104. Government have stated (January, 1967) that the bulk of the stock received in the Northern Region is received *ex* Bombay and Kandla ports after standardising the bags, that the bags of foodgrains cease to be standard owing to losses in transit storage in depots, etc., and that a second standardisation of bags would involve a larger expenditure than the cost of gunny bags issued in excess. The reasons why it is not possible for the Department to recover the cost of extra bags from the buyers or to fix the price of foodgrains exclusive of the cost of gunnies to avoid the excess issue of bags, however, still remain unexplained.

4.112. The Committee also suggest that the possibility of including a condition in the sale that the buyers will have to pay extra for the gunnies issued in excess of the prescribed standard should be explored so that losses on this account are reduced. Alternatively, it may be considered whether arrangements could be made with the State Governments to notify the prices of foodgrains exclusive of the cost of gunny bags so that separate recoveries could be made for the actual number of gunny bags made over.

S. No. 55 Appendix XII Para No. (4.112) of Twenty Seventh Report (Fourth Lok Sabha)

Action taken

Although a condition may be included in the terms of sale to the effect that the buyers will have to pay extra for the gunnies issued in excess of the prescribed, yet, in practice, it would lead to many problems. It is always open to the buyers to insist on bags being filled upto the required standard and thus save themselves from payment of anything extra for the

gunnies issued in excess. The possibility of the buyers bringing their own gunnies with a view to avoiding extra cost is also there.

2. Fixation of prices separately for the grain and the gunny is also bound to give rise to a number of practical problems as explained already in the Note forwarded with this Ministry's O.M. No. 21(4)/67-68/BFC-1, dated 27-11-67. It may, however, be stated in this connection, that the 'cost of gunny' which is one of the incidentals taken into account in the calculation of the economic cost of foodgrains, is fixed on a *per quintal* basis by dividing the total expenditure incurred in the purchase of gunnies in a year by the total quantity of foodgrains purchased. If, however, the market rate at the time happens to be more, the latter is adopted. Thus, when the issue price is equal to or higher than the economic cost and when all the foodgrains purchased in a year are issued, the entire expenditure incurred on the gunnies would stand recovered and thus, ultimately there is no loss to Government. Even when the issue price is, from the point of view of making the foodgrains available to the vulnerable sections of the people, fixed at less than the economic cost, the issue price can always be deemed to be made up of two elements—cost of grain and the cost of gunny, subsidy being allowed only on the cost of grain and thus, even in such cases when the foodgrains are issued out in full, the entire expenditure incurred on the purchase of gunnies would also be recovered. Attempts are also being made to introduce the automatic bagging and stitching machines wherever possible.

[Ministry of Food and Agriculture (Deptt. of Food) D.O. Letter No. 23/67-68/BFC-I/27th Report dt. 6-1-69]

CHAPTER V

Recommendations/observations in respect of which Government have furnished interim replies.

Recommendation

"The Committee would also like to know the final outcome of the negotiations with the producer".

S. No. 5 Appendix XII (Para No. 1.21) to the P.A.C.'s Twenty-Seventh Report (Fourth Lok Sabha).

Action taken

It was proposed to the producer that the agreement between him and Government might be terminated by mutual consent. Government was prepared to waive the recovery of the advance of Rs. 15,000/- and interest thereon and also allow the producer to keep the proprietary rights on the script without further financial repercussions on either side. The producer agreed to this proposal subject to :—

- (i) Government agreeing that the said advance of Rs. 15,000/- has been properly spent in getting the script for the film ready; and
- (ii) Government allowing him to sell the movie camera which he had been permitted to import on Actual Users Import Licence for the production of the film.

2. As regards (i), there is no difficulty. An officer of the Films Division had checked and audited the accounts of Rs. 15,000/- maintained by the producer and Government are satisfied that the amount was properly spent in getting the script for the film ready. As regards (ii), the Films Division itself is interested in acquiring the camera for its newly-created Defence Films Wing at Delhi. The producer has quoted a price for the camera and the Films Division has now to satisfy itself about the reasonableness of the price and the condition of the camera and its accessories. Thereafter, the Division will make an application to the licensing authority, which had issued the import licence to the producer, for permission to purchase the goods. Under the rules, imported goods can be transferred from one actual user to another for valuable consideration with the permission of the licensing authority.

3. It is hoped that the matter will be settled soon and the agreement with the producer will be terminated with mutual consent.

[Ministry of Information and Broadcasting O.M. 61/3/68-FP dated 14-1-69].

Recommendations

1.24. The Committee hope that the Proforma Accounts for the year 1966-67 will be finalised at an early date. They consider that if the Proforma Accounts is to serve a useful purpose, it should be prepared in

time. The Committee expect that the Proforma Accounts for the last year (1967-68) would be consolidated and finalised before December, 1968 and that in future no avoidable delay would be allowed to occur in the finalisation of these accounts.

S. N. 6 Appendix XII to 27 report Para No. of the Report 1.24
(Fourth Lok Sabha).

Action taken

The consolidated Proforma Accounts of All India Radio is compiled on the basis of audited copies of Proforma Accounts of the Units of All India Radio and the figures of B.R. Licences receipts as intimated by the A.G. P. & T. The Accounts can be consolidated before December each year if the audited copies of Proforma Accounts of the Units are received from the concerned unit offices and the figures of B.R. Licences are furnished by the A.G. P. & T. by the end of August each year.

2. The accounts for 1966-67 have been delayed for the following reasons :—

- (i) The Accountant General, Posts and Telegraphs intimated the total receipt on account of B.R. Licences on the 5th April, 1968. He also intimated that Rs. 68,71,473.82 has not been adjusted in the accounts for 1966-67 due to non-receipts of credit from Civil Accountant General and the accounts for that financial year have been closed. The Chief Auditor, Commercial Accounts, Northern Region had been addressed for advice regarding exhibition of the above amount in the Proforma Accounts. His decision has been received on 30-10-1968.
- (ii) The Units of AIR were requested to submit their Accounts to this Directorate for approval by the 30th June, 1967, so that the Accounts could be audited during July, 1967. The Accounts were not compiled by all the Units by the due date. However, most of the Accounts were audited and certified copies received by November, 1967. But in the case of Jodhpur, Udaipur and Agartala the Accounts were submitted during December 1967 and audited copies were received in this Directorate on 26-4-68, 3-5-68 and 10.6.68 respectively.
- (iii) The Proforma Accounts of AIR Bhagalpur were submitted to audit on 31-1-1968 and the audited Accounts were received on 11-6-1968. As there were certain discrepancies in the Accounts the Station Engineer Bhagalpur was requested to submit revised Accounts to audit for rechecking. The Station Engineer, Bhagalpur has sent revised Accounts to Accountant General Bihar on the 21st September, 1968. These have not been received from A.G. Bihar so far. A.G. has been requested to send the certified Accounts to this Directorate early and the Accounts will be compiled on receipts of these.

3. The consolidated Proforma Accounts for 1967-68 have not been compiled so far, because of the following reasons :—

- (i) The Accountant General, Posts and Telegraphs, Simla has not intimated the figures of B.R. Licences receipts inspite of repeated reminders. The matter is being pursued.

(ii) Audited copies of Proforma Accounts of 18 Units (given below) are awaited from the respective audit offices. They are being reminded.

S. No.	Name of the Units	Name of Audit Office
1.	Transcription & Programme Exchange Service.	Chief Auditor Commercial Account, Northern Region, New Delhi.
2.	AIR Lucknow	Chief Auditor, Commercial Accounts, New Delhi,
3.	AIR Patna	Accountant General, Bihar, Ranchi.
4.	AIR Gauhati	Accountant General, Assam and Nagaland.
5.	AIR Allahabad	Chief Auditor, Northern Region, New Delhi.
6.	AIR Simla	Chief Auditor, Northern Region, New Delhi.
7.	AIR Ranchi	Accountant General, Ranchi, Bihar.
8.	AIR Port Blair	Accountant General, Central, Calcutta.
9.	Visakhapatnam	Accountant General, Andhra Pradesh.
10.	Bhadravati	Chief Auditor, Commercial Accounts, Southern Region, Bangalore.
11.	Chandigarh	Accountant General, Punjab, Haryana & Himachal Chandigarh.
12.	Varanasi	Chief Auditor, Commercial Accounts, New Delhi.
13.	Kanpur	Chief Auditor Commercial Accounts, New Delhi.
14.	Agartala	Accountant General, Assam and Nagaland, Shillong.
15.	Udaipur	Accountant General, Rajasthan
16.	Pondicherry	Pay and Account; Officer, Pondicherry.
17.	Akashvani Group of Journals	Chief Auditor, Commercial Accounts, New Delhi.
18.	Monitoring Service (Revised Accounts)	Accountant General Punjab, Chandigarh.

(iii) Two Units [Regional Engineer (East) and Central Stores] have been asked to submit revised Accounts to audit for re-checking.

(iv) The Proforma Accounts in respect of T.V. Centre, N.S.D., AIR, Parbhani and AIR Bhagalpur have not been received as yet. Necessary action to expedite them is being taken.

[Ministry of Information and Broadcasting O.M. No. 9/4/68-B(B) dated 13-12-68].

ANNEXURE

Action taken on the recommendation of the P.A.C.

MINISTRY OF INFORMATION AND BROADCASTING

Recommendations

1.44. The Committee find that unduly heavy stocks of spares are held by All India Radio in comparison with their annual consumption. In 1965-66, All India Radio was carrying a closing stock of Rs. 151.30 lakhs as against the annual consumption of stores and spares worth Rs. 22.14 lakhs. They feel that the present stocks are altogether disproportionately high as compared to actual consumption the purchase and acquisition of stores in excess of needs results not only in deterioration of stores due to long stores but also to avoidable blocking of capital. The Committee suggest that Government may arrange for a careful review of the inventory position of All India Radio keeping in view the need for maintaining uninterrupted service so as to effect all possible economy consistently with requirements.

1.45. As regards the stores held by the Maintenance Engineer valued at Rs. 6.48 lakhs, which have not been put to use since April, 1963, the Committee suggest that all such stores which are surplus to requirements should be identified very early and suitably disposed of.

1.46. In view of the fast pace at which the electronics industry is progressing, the Committee suggest that All India Radio should examine the feasibility of replacing their obsolescent equipment, as and when necessary, by modern equipment which should preferably be indigenous instead of burdening the inventory with costly spares for the servicing and maintenance of obsolescent items.

S. No. 8, 9 & 10 of Appendix XII to 27th Report (Fourth Lok Sabha)

Action taken

1.44. & 1.45. The Maintenance Engineer has been asked to conduct a review and submit his findings regarding the stock worth Rs. 6.48 lakhs mentioned in para 1.45. His findings are likely to be available before 31-3-69. A committee was also formed on 4-10-1968 to go into the entire question of stocking of spares and the report of the Committee is likely to be finalised within three months' time. The result of the findings in this regard will be intimated to the P.A.C. in due course.

1.46. A Renewal Reserve Fund has been started recently and replacement of obsolete and other uneconomical equipment is being taken up under this scheme gradually. At the time of procuring new equipment the question of availability from indigenous sources is always taken into consideration.

[Ministry of Information and Broadcasting O.M. No. 9/4/68-B(B) dated 13-12-68].

1	2	3	4
15 & 16	2:27 2:34	<p>The Committee suggest that the condition regarding development of land by co-operative Societies within the specific period should be strictly enforced. A periodical review should also be made so that any defects noticed in the system of development of land through co-operative societies are remedied. Government should also, wherever possible, try to help co-operative societies in the expeditious development of plots.</p> <p>The Committee note that a decision has been taken by the Delhi Admn. to build multi-storied tenements with this fund for the benefit of the people falling within low-income group and that sites have also been selected for such construction. In order that these schemes become popular amongst members of the low income groups, it is desirable that sites are suitably and widely located. The Committee hope that the proposed scheme will go a long way to meet the rising needs of metropolitan population and will at the same time produce a healthy effect in reducing the high rental charges now prevalent in the Capital.</p>	<p>These comments pertain to the Secretary, Land and Building, Delhi Administration and copies of the recommendations have been sent to him for reply.</p>

[Ministry of Health, F.P., W.H., U.D. (Dept of W.H.U.D.)

O.M. No. 5/118/68Bt, dated 7-4-1969].

Recommendations

The Committee are perturbed to note that the opening of milk collection and chilling centres, milk depots and all-day milk stalls has fallen short of anticipation and the milk collection and chilling centres set up at Bahadurgarh, Alipur, Najafgarh and Bawana at a cost of Rs. 11.04 lakhs had to be closed down owing to their uneconomic operation or the non-availability of milk.

The Committee feel that, before opening such centres in future, the Delhi Milk Scheme should carry out a detailed survey of the area covered to ensure that milk will be available in sufficient quantities so that cases of such avoidable expenditure do not recur. The Committee also desire that the Delhi Milk Scheme should find alternative avenues of using their buildings at places where the centres have been closed down. The machinery should also be transferred early to other places where the new centres are to be set up.

S. No. 34 Appendix XII Para No. of Report 3.36, 3.37.

Action taken

In the initial stages of the Scheme, chilling Centres were established on the basis of assessment of potential of milk production in various areas. Experience has shown however that even though milk is available in an area, it may not be sold to DMS for various reasons e.g. proximity to Delhi city which makes direct sale to the customers at a much higher price more profitable.

All proposals for opening of the milk collection and chilling centres are now based on actual collection of milk in the concerned area during collection of milk in the concerned area during the previous three or four years. When the milk in that particular area has increased to a level where it cannot be handled by sending it to an existing chilling centre, the setting up of a new chilling centre in the area is considered. Thus before the chilling centre is set up, it is now possible to satisfactorily establish the actual milk potential of the area.

At present DMS is considering the opening of chilling centres at Bhadas and Punhana in Gurgaon district in Haryana and Bikaner and Mahajan in Rajasthan.

The milk potential in the areas where new centres are proposed to be set up is likely to be as indicated below :—

1. Bhadas	about 170 quintals.
2. Punhana	about 150 quintals.
3. Mahajan	about 200 quintals.
4. Bikaner	about 500 quintals.

Regarding building at Sampla a where the plant and machinery has not been erected, and for the utilisation of the centre building, D.M.S. letter addressed to the Government vide this office No. 2.3/100/64/Genl. dated 28-11-67 and letter No. 29-152/67-DD dated 27-12-67 from the Ministry may please be referred to. The matter is under consideration.

As regards the centres, at Bhawana and Najafgarh at which the plant and machinery have been erected, but which are lying idle, it has been decided to shift the plant and machinery to Balancing Station at Bikaner. The Plant and machinery of Bahadurgarh centre is proposed to be shifted to Mahajan Chilling Centre. After the machinery have been removed, the question of disposal of the building at these centres will be taken up.

Regarding Kharkhoda, a Scheme to collect milk in Rohtak District is under consideration of Government and W.F.P. Authorities. On its implementation the Centre at Kharkhoda will be utilised. The action for the utilisation of the plant and machinery and buildings at Alipur Centre is yet to be taken up.

[Ministry of Food, Agriculture C.D. and Cooperation (Deptt. of Agri.)
O.M. No. 1-8/68-Rt dated 6-11-69]

Further Information

34. Please state the final action taken in regard to (a) utilisation of building and plant and machinery at Sampla (b) Shifting of plant and machinery and disposal of buildings at Bhawana, Najafgarh and Bahadurgarh and (c) utilisation of plant and machinery and buildings at Alipur Centre.

The plant and machinery installed at Bawana, Najafgarh, Bahadurgarh and Alipur will be shifted to Bhadus, Punhana in Gurgaon District where land has been acquired for establishing Chilling Centres and to Mahajan in Bikaner. Since the capacity of Mahajan Centre is being planned double that of other Centres, two sets of equipment will be shifted to that place. Plant and machinery has not been installed at Sampla. As regards disposal of buildings at Bawana, Alipur and Najafgarh, their availability is being intimated to the various Ministries, Attached and Subordinate Offices of the Government of India and the Delhi Administration. On hearing from interested Departments further action will be taken.

Recommendation

It is evident from the above facts that an order was placed for automatic decrating and recrating machines along with crate stackers and other spares at a cost of Rs. 7.43 lakhs without making sure that these machines were required and would serve to the purpose with the result that they are lying unused. The Committee would like to be informed about the disposal of the machines and the loss incurred in the transaction as well as the steps taken to ensure that such lapses do not recur in ordering machinery in future.

S. N. 38 Appendix XII Para No. of Report 3.65

Action taken

Action is in hand to resell these machines through the manufacturer M/s. Graham Enock, M/s. Graham Enock had circulated the details of the equipment and the following firms showed interest in their purchases :

1. M/s. Lacta-Alcala, 178, Madrid, Spain (*vide* their letter No. PS/BC dated 13-12-1967).
2. Anderson Equipment Cooperative Ltd., Sydney, Australia (letter No. LDJL-njc-139 1-2-1968).
3. Hinshberg Brothers & Co., Machinery Ltd., 39 Wolfrom Street, TEL-AVIV, Issrael (Letter No. 6080/67 dated 5-12-1967).

Full specifications and details of the machines were made available to the interested parties and also to our trade representative abroad. In their letter No. EO/mr dated 2-7-68 M/s. Lacta Ltd., Madrid Spain have indicated that they are examining the possibility of getting these machines modified to suit their requirements and would contact us again. The matter is being pursued both with this firm and M/s. Graham Enock. It would be possible to work out the loss, if any, incurred in the transaction and reported to the P.A.C. as and when the sale is completed.

Every care is being taken to ensure that in future machinery which is not actually required will not be purchased. The proposals of the Scheme for purchase of capital equipment are being scrutinised in the Department of Agriculture by the technical staff including 2 Foreign Experts.

[Ministry of Food, Agri., C.D., & Cooperation (Department of Agriculture)

O.M. No. 1-8/68-Bt., dated 6-11-68]

Recommendation

The Committee stress that all cases involving loss should be promptly investigated and suitable remedial measures taken to eliminate their recurrence. Disciplinary action should be taken against the parties found to be at fault so that it may act as a deterrent to other.

S. N. 44 Appendix XVI Para No. of Report 3.103

Action taken

The Committee's recommendation that all cases involving loss should be promptly investigated and suitable remedial measures should be taken to eliminate their recurrence has been noted. Disciplinary action will also be taken against parties found to be at fault.

The present position regarding the 5 items mentioned in the Audit Report, 1966 is indicated below :—

1. As already reported to the Committee the loss on account of deteriorated skimmed milk powder was reduced by Rs. 3657.60 i.e. Rs. 21,790—Rs. 3,657.60 = Rs. 18,132.40.
2. The matter regarding the loss of 5,000 packets of 100 grams butter has been enquired into by the Enquiry Officer of the Delhi Milk Scheme. The enquiry has been completed and the report of the Enquiry Officer is under preparation.
3. As already reported to the Committee the loss on account of 8,868 melted cups and 140 bars valued at Rs. 3,600 has already been written off by the Government after necessary departmental enquiry.
4. Loss on account of 850 Kgs., of Ghee not accounted for is under enquiry by the Enquiry Officer of the Scheme and the concerned official has been charge sheeted. The enquiry is expected to be completed by October, 1968.
5. The loss of Rs. 44,993 on account of loss cans has been reported to Government for write off. As already intimated to the Committee the result of enquiry conducted through the C.B.I. was negative and no responsibility for the losses could be fixed.

[Ministry of Food, Agri. C.D., & Cooperation (Department of Agri.) O.M. No. 1-8/68-Bt., dated 6-11-68]

44. Please state the final action taken on the report of enquiry officer regarding (i) loss of 500 pockets of 100 grams butter and (ii) loss on account of 850 Kgs. of Ghee.

The enquiry Officer has submitted his report to the Disciplinary Authority viz. Chairman. The report is under consideration by the Chairman. A decision will be taken shortly.

Recommendation

The Committee note that, in the absence of a mechanical device for weighing foodgrains at the ports, it is not possible for the Department to establish losses during voyage. They find that at Bombay Port weighment has been mechanised as an experimental measure and its efficacy is being watched. The Committee hope that on the basis of the results achieved at Bombay Port, such mechanical devices for weighment will be introduced at other major ports handling foodgrains. The Committee would like to be apprised of the progress made in this regard.

S. No. 53 of APPENDIX XII (PARA 4.78) of Twenty Seventh Report (Fourth LOK SABHA)

Action taken

During 1965 and 1966, when the foodgrain import was very heavy, the question of increasing the foodgrain handling capacity was examined by two teams of U.S. Experts. One of the recommendations of these Experts was to introduce bagging and stitching machines at the ports for greater output and quicker operations. These machines have a rated capacity of about 40 tonnes each. They fill, weigh and stitch bags. Stitching is much better than manual stitching. Moreover, weighment is adjusted in such a way so that standarisation is almost perfect. It was, therefore, decided to procure 21 bagging and stitching machines for Bombay and 20 more machines for the other ports. Two machines were already available at Kandla.

2. Out of the 21 machines at Bombay, 14 have been installed and commissioned with effect from July, 1967 to January/February, 1968. They are being worked in rotation for training labour to handle these machines. Out of the remaining seven, 5 are being sent to Kandla and 2 will remain at Bombay as standby. The labour has agreed to mechanisation provided their existing rates of wages are not affected and there is no retrenchment. This matter has been taken up with the Finance Ministry.

3. Meanwhile, seven machines have been installed near the Silo at Calcutta and there is a proposal to instal two more. At Kandla, there is a proposal to instal 16 machines. 2 machines have already been installed and their trial runs have proved satisfactory. The remaining 14 are in transit from Calcutta.

4. It may be mentioned here that operation of bagging and stitching machines requires mechanical discharge of grains from the ships and extensive and costly conveying arrangements. It is therefore, not operationally feasible or economical to operate these machines at ports, where there are no specified berths for foodgrains discharge. At Bombay it is restricted to 3 to 4 berths where we have arrangements for mechanical discharge and

chain/belt conveyors. 2 foodgrains berths at Kandla and Silo berths at Calcutta have also similar arrangements. With the uncertainty about the future foodgrains imports, it is difficult to plan further mechanisation by installation of bagging and stitching machines at the other ports at this stage.

5. As regards the assessment of voyage loss with the help of automatic weighing, bagging and stitching machines, it is stated that these machines are introduced to achieve better standardisation and stitching. The assessment of voyage loss is not possible unless shipowners' representatives/agents agree to associate themselves with our weighment at destination ports, so that we can prefer our claims for shortages in bulk cargo on the basis of this weighment. All the Regional Directors of Food were requested to issue notices to the steamer agents in two such cases of bulk cargo and let us have their final reactions. In the case of Calcutta the Regional Director Food Calcutta has stated that such notice was issued in one case but the steamer agents did not accept the proposal to associate themselves with the delivery weighment. The response in respect of Madras was also not favourable. The matter was also taken up with the Ministry of Transport and the ISM LONDON/WASHINGTON to examine the possibility of including a suitable clause in the Charter Party with the shipowner to the effect that they would authorise shipping agents to be present at the time of inspection and tallying after discharge. Replies received from the Mission and the Ministry of Transport indicate that the shipowners cannot be held liable for the shortages in bulk and as such it is very unlikely that the shipowners could be made to agree to associate a representative at the time of weighment prior to the clearance of cargo from the port limits.

6. In order to sort out this problem, a meeting was held on 4-7-68 with the representatives of the Port Trusts of Bombay, Madras and Calcutta, Ministries of Transport and Finance, and the Department of Agriculture. It has been decided that drought surveys by independent surveyors may be carried out both at the loading/discharging ports in respect of six ships, two carrying fertilisers, two bulk foodgrains and the two bagged fertilisers so that difference in weight, if any, as ascertained by draft surveys and that calculated on the basis of our standardisation could be worked out to examine whether claims for voyage losses could be legally enforced. Further action in this regard is being taken. The matter is receiving constant and urgent attention in this Department. The Public Accounts Committee will be informed of the final outcome.

Deptt. of Food U.O. No. 23/68-69/BFC-I/27th Report, dated 31st Oct. 68

Further Information

S. No. 53 (Para 4.78). Please state the outcome of the draft surveys by independent surveyors in respect of ships and the final decision taken in the matter.

Reply

The result of the draft survey both for loading and discharging ports have been received only in respect of 2 bulk foodgrains shipment. The results

of the survey in respect of remaining 4 shipments (2 bagged fertilisers and 2 bulk fertilisers) are still awaited and the nominations for this purpose have since been made.

The matter would be examined further and the decision whether claims for voyage losses could be legally enforced would be taken only on receipt of the results of the draft survey in respect of the remaining 4 fertiliser shipments. The matter is being vigorously pursued and the P.A.C. will be informed of the final outcome.

[Ministry of Food, Agri., C.D., Cooperation (Deptt. of Food) O.M. No. 28/68-69/B&C.I/27th Report of 29-1-68]

NEW DELHI;

April 28th 1969

Vaisakha 8th, 1891 (Saka).

M. R. MASANI,
Chairman,

Public Accounts Committee.

APPENDIX I

Recommendations for which replies are outstanding.

S. No. of Recommendation (Appendix XII)	Paragraph	Ministry/Department concerned
21	2-63	Department of Works & Housing
22	2-64	Do.
28	2-98	Do.
29	2-99	Do.
30	2-109	Do.
32	2-114	Do.
47	4-20—4-24	Department of Food
49	4-44	Do.
50	4-53—4-55	Do.
51	4-60	Do.
53	4-79—4-80	Do.
55	4-110	Do.

APPENDIX II

Summary of main conclusions/recommendations (referred to in para 4 of the Introduction)

S. No.	Para No.	Ministry/Department concerned	Conclusions/Recommendations
(1)	(2)	(3)	(4)
1.	1·4	Ministries of Information & Broadcasting, Works, Housing & Supply, Food & Agriculture, Community Development & Cooperation (Departments of Food & Agriculture).	The Committee hope that replies to outstanding recommendations and final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.
2.	1·17	Department of Agriculture.	The Committee note that the prices of various types of milk were increased with effect from 25th December, 1967 and further raised recently by another 10 to 16 paise per litre.
	1·18	Do.	The Committee also understand that the Delhi Milk Scheme has been able to improve perceptibly the procurement of milk and have consequently issued an appreciable number of new tokens.
	1·19	Do.	The Committee feel that with this increase in sale price and enhanced turn-over, it should be possible for the Delhi Milk Scheme not only to reduce the losses but also to break even and in due course to wipe out the accumulated losses incurred during earlier years.
	1·20	Department of Agriculture.	The Committee stress that Delhi Milk Scheme should take concerted measures to run the Scheme on efficient and economic lines by reducing overheads which have been showing a rising trend.
3.	1·27	Department of Agriculture.	The Committee note that Government have under consideration a Scheme for investment of funds generated by the sale of double toned milk supplied under the aegis of World Food Programme for giving loans for purchase of milch-cattle and provision of veterinary aid through mobile dispensaries etc. by

1	2	3	4
			<p>direct participat.on by the Delhi Milk Scheme in these programmes. The Committee would like Government to expedite decision in the matter.</p> <p>The Committee need hardly stress that unless a comprehensive programme for development of cattle in the milk shed of the Delhi Milk Scheme is undertaken, it would not be possible to meet the fast growing requirements for this essential food in the capital of the country.</p> <p>The Committee feel that as the objective underlying Government policy is to subsidise the sale of foodgrains only and not the cost of gunny bags, it should be possible to find a working arrangement whereby the extra benefit of a free gunny bag is not passed on to dealers. The Committee would like Government to examine the matter thoroughly in consultation with the Comptroller & Auditor General in order to minimise the expenditure incurred on gunny bags.</p>
4.	1-32	Department of Food.	

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

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