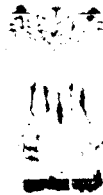


**PUBLIC ACCOUNTS COMMITTEE  
(1969-70)**

**NINETY-SECOND REPORT**

**(FOURTH LOK SABHA)**

**[Action taken by Government on the recommendations  
of the Public Accounts Committee contained in  
their Fifty-Ninth Report (Forth Lok Sabha)  
on Audit Report (Civil), 1968 relating to  
the Cabinet Secretariat (Indian  
Statistical Institute)]**



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NEW DELHI**

*January, 1970/Pusa 1891 (S)*

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(1969-70)**

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**Shri K. Seshadri—Under Secretary.**

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Ninety-Second Report on the Action Taken by Government on the recommendations of the Public Accounts Committee contained in their Fifty-Ninth Report (Fourth Lok Sabha) on Audit Report (Civil), 1968 relating to the Cabinet Secretariat (Indian Statistical Institute).

2. On the 7th June, 1969, 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 N.R.M. Swamy — *Convener*
2. Shri H.N. Mukerjee
3. Shri K.M. Koushik
4. Shri Tayappa Hari Sonavane
5. Prof. Shanti Kothari
6. Shrimati Sushila Rohatgi

3. The draft Report was considered and adopted by the Sub-Committee at their sitting held on the 17th December, 1969 and finally adopted by the Public Accounts Committee on the 7th January, 1970.

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 is appended to the Report (Appendix).

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

NEW DELHI;

January 9, 1970

Pausa 19, 1891 (S)

*Chairman*

*Public Accounts Committee.*

## CHAPTER I

### REPORT

This Report deals with action taken by Government on the recommendations contained in the Fifty-Ninth Report of the Public Accounts Committee (Fourth Lok Sabha) on paragraph 108 of Audit Report (Civil), 1968 relating to the Cabinet Secretariat regarding grants given to the Indian Statistical Institute, which was presented to the House on 2nd April, 1969.

1.2 The action taken notes statements on the recommendations observations of the Committee contained in the Report have been categorised under the following heads:

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

S. Nos. 3, 14, 15, 16, 18, 20, 21, 22 and 23.

(ii) *Recommendations observations which the Committee may not like to pursue in view of the replies of Government:*

S. Nos. 4, 17 and 24.

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

S. Nos. 1, 2, 5, 7, 9, 10 and 13.

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

S. Nos. 6, 8, 11, 12 and 19.

1.3 The Committee hope that final replies in regard to recommendations observations to which no reply has been furnished or only interim replies have been furnished will be submitted to them expeditiously after getting them vetted by Audit.

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

*Organisational and Financial set-up of the Indian Statistical Institute—Paras 1.11 to 1.13 (S. Nos. 1 to 3).*

1.5 In paras 1.11 to 1.13 of their Fifty-Ninth Report (Fourth Lok Sabha), the Public Accounts Committee drew attention to certain unsatis-

factory aspects of the organisational and financial set-up of the Indian Statistical Institute. The Committee also pointed out that to a certain extent Government was responsible for this state of affairs. In this connection, the Committee made the following observations:

"The Committee are concerned that large grants should have been given by Government to the Institute all these years without ensuring that the Institute observed the financial disciplines required of it as a statutory body expending public funds. The Cabinet Secretary himself admitted during evidence that 'there has been slackness on the part of the Institute in carrying out proper budgeting and expenditure control'. In the result, the financial position of the Institute 'has deteriorated from year to year' leading to a situation in which the Institute 'is not in a position to discharge its liabilities'."

The Committee cannot help feeling that this situation is to a certain extent of Government's own making. The Act governing the Institute provides for the exercise of various checks and reviews on the performance of the Institute. Government have apparently failed to take full advantage of these provisions. Section 8 of the Act, for instance, provides for a Statutory Committee being set up "as and when necessary" for 'the preparation and submission to Government as far as possible before the commencement of each financial year of statements showing the programmes of work during that year' to facilitate budget provision therefor. Though Government have been setting up Committees for this purpose, their reports have generally never become available to facilitate timely budget provision. Again, Section 9 of the Act provides for a Committee being constituted periodically for 'reviewing' and 'evaluating' the work done by the Institute. The first Review Committee was set up by Government under this Section in 1966, i.e., six years after the Act was passed. Besides the foregoing provisions, Sections 11 and 12 of the Act empower Government to issue directions to the Institute in specified circumstances. However, in spite of the deteriorating position of the Institute, these powers have never been used. Another mechanism for control available to Government, namely, its representation on the Council of the Institute, has also largely remained ineffective, as is evident from the findings elsewhere in this Report."

(Paras 1.11-1.12)

1.6 The Cabinet Secretariat in their reply dated 10.10.1969 have stated:

"The present financial difficulties of the Institute are largely attributable to its incurring over a number of years either excess expenditures on approved items or fresh expenditures on items not earlier approved by the Government. There are also a few cases of expenditures on a number of items which are pending settlement for want of complete details and satisfactory replies from the Institute. Many of the requests for reimbursement of excess expenditures or fresh expenditures on items not approved by the Government have already been negatived while the other requests are still under examination. The Institute had recently asked for an *ad hoc* loan of Rs. 30 lakhs pending settlement of these claims. This request has, however, been

turned down as in the Government's view the Institute would not be eligible for reimbursement of expenditure incurred in respect of most of these cases.

The Review Committee had made a number of recommendations for improving the financial, administration and budgetary control in the Institute. Many of these have already been accepted and are now being implemented by the Institute. Some of the other recommendations like merger of funds which the Institute has not accepted are still under correspondence. Recently the Institute has also been advised to prepare 'performance budgets' so that a more critical evaluation of the performance in physical terms in relation to financial expenditure could be rendered feasible. The implementation of these measures would, it is hoped, go a long way in improving the financial administration of the Institute.

Government have already set up a Committee for 1970-71 under section 8(1) of the ISI Act, 1959 to indicate the programme of work to be undertaken by the Institute in that year and the quantum of grants to be given by Government corresponding to these programmes. The Committee is required to submit its report to Government before December, 1969, so that its views could be taken note of while finalising the budget estimates for 1970-71."

"As regards the observations regarding setting up of committees under section 9(1) of the ISI Act for periodical reviewing the work of the Institute, it may be mentioned that Government have already decided to set up such Committees once in three to five years (i.e. LSS O.M. No. 2/17268-PAC dated 29-1-69 and Department of Statistics O.M. No. 3.2.68-B&A dated 18.2.69 and 14.2.69 refer).

The observations of the P.A.C. regarding the possible use of the other penal provisions contained in sections 11 and 12 of the ISI Act, 1959, have been noted by Government."

1.7 In a further note dated 1.12.1969, sent at the instance of the Committee, the Cabinet Secretariat have explained the position in regard to pending claims of the Institute as under:

"The grants given to the Institute have so far been in the nature of lumpsum grants for each sector of activity. Except in these cases where a particular item of the expenditure proposed by the Institute had not specifically been accepted by the Government, all other items of expenditure incurred by the Institute will, therefore, have to be treated as expenditure on items approved by Government. Full particulars of such expenditure (total: Rs. 19.60 lakhs) are given in the Annexure (pages 40—42)"

1.8 The Cabinet Secretariat have also indicated that "many of the pending claims may ultimately have to be rejected".

1.9 In regard to the progress made by the Institute in introducing a system of performance budgeting, the Cabinet Secretariat have stated in their note that "the Institute was requested in September, 1968 to prepare and submit to the Government detailed performance budget for 1968-69. The Institute, however, expressed doubts about the feasibility of preparing



such a performance budget particularly as major portion of its work related to research and training activities the performance under which can not easily be assessed with reference to norms and yardsticks. At their request a copy of the performance budget prepared by comparable select organisations has been obtained from the Ministry of Finance and sent to them very recently to enable them to prepare a performance budget for 1970-71 on these lines."

1.10 Giving an assessment of the financial position of the Institute, the Cabinet Secretariat have stated in their Note:

"The balance-sheet of the Institute for the period ending 31.3.1969 is now under the consideration of the Council of the Institute and is likely to be received soon by the Government with the comments of the Council. As soon as this audited balance sheet is received, a detailed assessment regarding the financial position of the Institute will be made and sent to the P.A.C."

1.11 [In paras 1.11 and 1.12 of their Fifty-Ninth Report, the Committee had drawn attention to the unsatisfactory state of the finances of the Indian Statistical Institute. From the information that has now been furnished by Government, the Committee observe that there has not been any material improvement in the position. The Institute has preferred claims aggregating Rs. 19.69 lakhs which are pending settlement with Government "for want of complete details and satisfactory replies from the Institute." Government have also indicated that "many of the pending claims may ultimately have to be rejected." Due to its unsatisfactory financial situation, the Institute has been obliged to ask for a loan of Rs. 30 lakhs which Government have negatived because of doubts about the admissibility of the Institute's pending claims.

1.12 The Committee note that the accounts of the Institute for the period ending 31st March, 1969 are now in the process of finalisation. As soon as these are received, the Committee would like Government to make an objective assessment of the financial position of the Institute. In particular, Government should assess the liabilities of the Institute, how its resources have to be husbanded to meet those liabilities and how best the activities of the Institute could be rationalised so that it could run on an even keel. The Committee would like in this connection to refer to their observations in para 1.13 of their Fifty-Ninth Report (Fourth Lok Sabha) where they had referred to the recommendations made by the Review Committee to tone up the performance and administration of the Institute. The Committee note from Government's reply to their observations that "many of these have been accepted and are now being implemented". The Committee trust that a close watch on the position in this regard would be kept by Government.

1.13 The Committee observe that there is a proposal to introduce a system of performance budgeting in the Institute. As this will enable the governing council of the Institute and the Government to assess the performance of the Institute better, the Committee would like the proposal to be followed up for early implementation.

1.14 Periodical stock-taking of the work done by the Institute is of great importance. The Committee would in this connection like to draw attention to their observations in para 1.12 of the Fifty-Ninth Report, where

they had referred to the review and evaluation procedures provided for in the Act governing the working of the Institute and to the need to ensure that these are enforced. The Committee note Government's assurances on this point and hope that these will be implemented.

1.15. The Committee asked for a note from Government about the steps taken by the Institute to rationalise its accounting procedure. This has been furnished and gives the following position:

"The Institute has, in pursuance of the decision taken on the recommendations of the ISIRC, taken up for consideration the question of appointing a Financial Adviser to coordinate its budget and accounting work etc. It has also commenced the preparation of a separate budget for its common services sector. It is also improving the system of internal audit and tightening up the machinery for the preparation of periodical expenditure reports so that the trend of expenditure could be watched."

1.16. The Committee hope that the appointment of a Financial Adviser and tightening up of Internal Audit will help the Institute to streamline its accounts and ensure financial propriety of its transactions. Both these should prove constructive and protective aids to the management in avoiding the irregularities that have been occurring so far.

*Need for test audit of the Institute's accounts—para 1.1 (S. No. )*

1.17. In para 1.15 of their Fifty-Ninth Report the Public Accounts Committee had stressed the need to evolve adequate procedures for test audit of the Institute's transactions. In this connection, the Committee made the following observations :

"One particular aspect of the Institute's system of financial management needing special attention is the absence of an effective system of test audit. The committee note that during evidence the representatives of Government agreed to evolve an appropriate arrangement in this respect, in consultation with the C & A G. The Committee trust that this will be done and that any arrangements made for audit are not hedged in with stipulations which would hamper its effectiveness."

1.18. In their reply dated 10.10.1969, the Cabinet Secretariat have stated as follows:

"The proposal for the introduction of an effective system of test audit of the Institute's accounts has been accepted by the Government and the C.&A.G. has been requested to take up the test audit of the Institute's accounts. The Institute has also been informed accordingly and requested to extend all help to the CAG in conducting test audit. The audit will be in the nature of superimposed audit, the periodicity of which will be determined after the first audit is completed. While audit would have regard to the rules, conventions, it will always be open to the C&AG to comment upon those rules, conventions and procedures, if they, in his opinion lead to waste and inefficiency and are not conducive to adequate financial control."

1.19. The Committee are happy that Government have accepted their suggestion for a periodical test audit of the Institute's accounts by the Comptroller and Auditor General of India. The Committee hope that adequate facilities would be extended to the test audit parties so that audit could effectively be conducted.

*Administrative control over the working of the Institute—Para 1.16 (S. No. 6)*

1.20 In para 1.16 of the Fifty-Ninth Report, the Public Accounts Committee had made the following observations in regard to administrative control to be exercised over the working of the Institute:

“The Committee would also like to draw the attention of Government to the recommendations of the Administrative Reforms Commission that control over the Department of Statistics should more appropriately vest in the Department of Economic Affairs in the Ministry of Finance rather than the Cabinet Secretariat, as collection and compilation of statistics have a close bearing on formulation of economic policy. The Committee would like early effect to be given to this recommendation particularly as the Cabinet Sect. have with their other pre-occupations, been quite obviously unable to give the time and measure of attention and supervision that the Institute requires.”

1.21. In their note dated 10.10.1969, the Cabinet Secretariat have stated that “the matter is still under the consideration of Government.”

1.22. The Committee would like Government to come to an early decision on the question whether control over the Institute should be exercised by the Cabinet Secretariat or the Department of Economic Affairs, keeping in view the considerations mentioned in para 1.16 of their Fifty-Ninth Report (Fourth Lok Sabha).

### National Sample Survey

*Accounting of expenditure and arrears of work—Paras 2.22, 2.23, 2.25 and 2.28 (S. Nos. 7,8,10 and 13).*

1.23. Commenting on the National Sample Survey work done by the Institute, the Public Accounts Committee made the following observations in paras 2.22, 2.23, 2.25 and 2.28 of their Fifty-Ninth Report :

“2.22. The Committee are at a loss to understand how Government could year after year make substantial payments to the Institute for National Sample Survey work without any evaluation of the work done and the cost at which it was done. The quantum of such payments for work relating to the period 1960-61 to 1963-64 was Rs. 256 lakhs. The work was to be done on a contract basis and payments were to be made against actual deliveries. No contract was, however, signed. In the absence of any agreement about the manner in which payments were to be regulated, Government felt constrained to make payments from time to time on an *ad hoc* basis. Even then, payments were delayed with the result that the Institute was obliged to borrow considerable funds from banks, the interest charges of which were ultimately borne by the public exchequer. A three-man Committee was constituted in March, 1964, to assess the cost of the Institute's work on the Nation-

al Sample Survey but even after four years an agreement could not be reached and Government had to resort to the expedient of paying the Institute whatever was asked for, except for a small amount of Rs. 11 lakhs which was disallowed. Even this is apparently not final and the way has been left open for the Institute to claim what has been disallowed.

"2.23. The Committee cannot resist the impression that the settlement made with the Institute was not in the best interests of the public exchequer. Government have stated that whatever was shown by the Institute was accepted because the system of accounts maintained by the Institute made identification of the expenditure incurred on the scheme difficult. The Committee fail to understand why the Government's representatives of the Council of the Institute including that of the Ministry of Finance could not have had the deficiency in the accounts rectified or checked effectively the Institute's outlay on staff which varied from two-thirds to three-fifths of the total expenditure."

"2.25. What the Committee find even harder to accept is the fact pointed out by the Review Committee that 'after huge outlays made over a period of years, the Government has not obtained timely data for planning and administrative purposes.' The Institute 'takes not less than 27 months from the close of a round of survey to publish the report' though, in other countries, 'reports relating to a round are made available within twelve months and urgent data even within a few weeks or months'. Even this period of 27 months is apparently not often achieved. A review of the annual report published by the Institute in 1966-67 shows that the latest report published in that year related to the 18th round, which covered the period July, 1962 to June, 1963 and the oldest report to the 11th and 12th rounds of survey, which took place as early as August, 1956-August, 1957. If the reports are thus delayed, 'their utility', as pointed out by the Review Committee, 'is greatly reduced'. The Committee note that, apart from the Institute, Government themselves have a share of responsibility for this state of affairs. The examination of reports submitted by the Institute to Government for clearance has been taking time. Besides, Government could have helped the Institute to process the data speedily by providing them with a computer. This was in fact recommended by the Fisher Committee as early as 1957 but it took over ten years for the computer to be sanctioned and installed."

"2.28. An immediate decision is also called for on the question as to what extent 'the heavy arrears' relating to National Sample Survey work with the Institute need be completed by them, so that, as pointed out by the Review Committee, 'time and money need not be wasted on completing the whole of the work'. The Committee desire that, pending a decision on the future set-up for National Sample Survey work, Government should ensure that the cost of the work done by the Institute is reasonable and is properly accounted for."

1.24. In their reply dated 10.10.1969, the Cabinet Secretariat have stated :

"The defects pointed out by the PAC arise out of the inherent difficulties in assessing and evaluating the NSS work done by the Institute. The lack of correspondence between the financial resources given to the Institute and the physical resources required by the Institute for carrying out the various tasks entrusted to them have also added to the difficulties and resulted in large accumulation of arrears. Recently, a working group has been set up to look into the question of arrears of tabulation

of NSS data. This Working Group is expected to list out those arrears which no longer need be tabulated and also draw out a priority list according to which the tabulation of the data can be taken up. The Working Group is also expected to examine the question of possibility of prescribing norms and yardsticks for the various items of work undertaken by the Institute. The Statutory Committee that is appointed under section 8(1) of the ISI Act is also expected to examine critically various items of work to be entrusted every year and ensure that the grants recommended are adequate for the purpose. The preparation of 'performance budget' by the Institute would also help to pinpoint the areas where the financial resources are not properly balanced with the physical resources for the work entrusted to the Institute. These measures would go a long way in guarding against the type of defects that have been observed by the PAC."

"It has been observed that the Institute's outlay on staff in relation to the total expenditure is on the high side. The research programmes undertaken by the Institute are all staff oriented and not much of the equipment or laboratory material is generally required for these research purposes. In these circumstances, the expenditure on staff on the research side is bound to be somewhat higher than in comparable scientific research institutions. The finalisation of the norms and yardsticks referred to in reply to observation at serial No. 7 would also help to ensure that staff are not deployed in excess of required numbers."

"The observations of the PAC have been communicated to the Institute and the Institute has been requested to speed up the tabulation of NSS data to the maximum extent possible. Action has also been taken to reduce delay at the various subsequent stages *viz.* in commenting on and clearing of the draft reports, obtaining of revised reports, and the different stages of printing, of these reports. Special arrangements have been made in the Department for a systematic and quick checking and return of the proofs of the NSS reports. A continuous watch is being maintained on the receipt and progress of various draft reports of NSS and as and when necessary appropriate authorities are reminded. There are still, however, considerable delays in the various stages of printing of the reports at the Government of India Press and the matter has been taken up with them.

As for giving a computer to the Institute, the PAC is aware that a Honeywell H-400 computer has already been allotted to it but due to agitation from the workers' side the Institute has not been able to instal the computer so far."

1.25. At the instance of the Committee, the following information about the terms and reference of the Working Group set up in July, 1969 to review the arrear work on National Sample Survey has been given in a note dated 1-12-1969 :

"The Group should take an overall view and give finally recommendations on :

(a) The arrears that could be written off and need not be tabulated at all.

- (b) Arrears with modifications, if any, that should be tabulated and the agency to be utilised for the purpose *i.e.* whether it would be possible to tabulate the arrears by working second shift or on overtime basis or needed to be got done by outside agencies like computer centre.
- (c) Requirement of replacement and/or addition of resources (both men and machines) for regular processing of one normal round data within the period of one year including pooling of central and state samples (statewise and for centre).
- (d) The group should also draw up a rational and feasible tabulation programme for the 23rd round."

1.26 The Cabinet Secretariat have also stated that the Working Group "is now expected to hold its first meeting in New Delhi on the 15th and 16th December" and that "it may take about a year's time to complete its task."

1.27 The Committee enquired about the present position regarding arrears of National Sample Survey work pending with the Institute and reported delays in approving the reports and getting them printed. The note dated 1-12-1969 furnished in this regard indicates the following position :

- (i) Survey reports on 36 subjects are awaited from the Institute.
- (ii) These reports relate to the following rounds of survey :

Round of Survey	Period	No. of reports
16th round . . . . .	1960-61	2
17th round . . . . .	1961-62	2
18th round . . . . .	1963-64	3
19th round . . . . .	1964-65	4
20th round . . . . .	1965-66	6
21st round . . . . .	1966-67	5
22nd round . . . . .	1967-68	7
23rd round . . . . .	1968-69	7

(Note : A round of survey takes 27 months for processing — *vide* para 2.18 of 59th Report)

(iii) 3 draft reports submitted by I.S.I. are pending approval by Government as follows :

Round of Survey	Date of Submission to Government	Remarks
19th round (1964-65)	6-5-1969	"Kept in abeyance" till corresponding results of another enquiry on the subject are brought out.
22nd round (1967-68)	14-10-1969	"Under examination".
1964* *(Round of survey not indicated)	22-10-1969	-do-

(iv) There was a time-lag ranging from 13 months to 25 months between clearing of a report for printing and actual printing in respect of 14 reports approved by Government for printing in 1967 and 1968.

1.28. The Committee are not happy about the position in regard to arrears of National Sample Survey work. Pursuant to their recommendations in the 59th Report, a Working Group was set up in July, 1969, to go into this question and decide "the arrears that could be written off". This Working Group is still to hold its first meeting and, according to the information furnished to the Committee, it will take them about a year to complete the work. Considering that, as early as 1966, the Review Committee of the Indian Statistical Institute had stressed the need for segregation of these arrears, the Committee feel that the matter does not brook further delay. The Committee would like Government to take steps to ensure that the Working Group's report on the subject becomes available as early as possible, so that, as pointed out by the Review Committee, "time and money need not be wasted on completing the whole of the work."

1.29. The Committee are concerned to find that in the meanwhile, the tabulation of National Sample Survey work continues to be substantially in arrears. The information furnished to the Committee shows that out of 36 reports pending with the Institute, as many as 17 reports relate to rounds of survey pertaining to the period 1960-61 to 1965-66. There has been particular delay also in getting the reports printed. During 1967 and 1968, it has taken anything from 13 to 25 months to get a report printed after it was cleared for printing. The very purpose of sample survey will be defeated, if the reports of the survey are delayed at each stage. The Committee hope that the Working Group would be able to evolve adequate procedures to eliminate such delays.

1.30. The Committee had, in Para 2.23 of their 59th report, called attention to the fact that two-thirds to three-fifths of the expenditure incurred by the Institute on National Sample Survey work represented outlay on staff. The

Committee now note that Government expects the Statutory Committee appointed under Section 8(1) of the ISI Act to work out "norms and yardsticks" to regulate this expenditure. The Committee trust that this will be done and will help to rationalise the Institute's expenditure on this account.

1.31. The Committee also expect early installation of the computer, which was bought as early as 1967.

*Future set-up of National Sample Survey—Paras 2.26 and 2.27 (S. Nos. 11 and 12).*

1.32. In paras 2.26 and 2.27 of their Fifty-Ninth Report, the Public Accounts Committee made the following observations about the technique and utility of the National Sample Survey work done by the Institute and the set-up for the Sample Survey work :

"2.26. Another important aspect of the National Sample Survey work done by the Institute, to which the Committee would like to draw attention, is what the Review Committee have characterised as the 'doubtful utility' of the statistics produced by the Survey. The Government's representative admitted during evidence that the statistics produced by the Institute relating to crop estimates and food estimates were at variance with official statistics and were not being utilised by Government. A Technical Committee appointed by the Planning Commission which reported in 1967 found official statistics of crop estimates 'to be in general conformity with the evidence on the availability of foodgrains' rather than the National Sample Survey statistics. This Technical Committee also took the view that 'no other series can ever completely replace the official series' and recommended that there was 'no need for continuing the present National Sample Survey series of crop estimates', a view substantially taken earlier in 1966 by the Review Committee, when it recommended that the entire work relating to the National Sample Survey consisting of design, data collection, processing and interpretation should be removed from the Statistical Institute (except for the State of West Bengal) and brought under unified control. It is strange that, though over two years have passed since this recommendation was made, it still continues to be under Government's consideration. The Committee note that Government are themselves conscious of the delay that has occurred in the matter."

2.27. The collection and tabulation of operational statistics is not the function of an institution like the Indian Statistical Institute. As the Review Committee have very appropriately pointed out: "The Institute is basically a scientific organisation and should not become involved in large-scale routine operations to the detriment of its more important work in teaching and fundamental and applied research. The Committee hope that, in view of this position, Government will take immediate steps to have the National Sample Survey work taken out of the purview of the Institute and entrust it to an organisation constituted on the lines recommended by the Review Committee."

1.33. In a note dated 10-10-1969, the Cabinet Secretariat have furnished the following reply to the foregoing observations:

"The question whether the land utilisation statistics and crop cutting estimates surveys should be modified or not has been engaging the attention



of the Government for quite some time. Since the opinion from the technical angle has been divided it has naturally to be sorted out in consultation with the experts concerned. It has recently been proposed that this should be discussed at a meeting which would be attended by the experts in the field, from State Government, from the Government of India and from the ISI. This conference is to take place on the 8th, 9th and 10th of October and a final decision on this issue is expected to be taken shortly thereafter."

1.34. In a further note dated 1-12-1969 about the question of evolving an appropriate procedure for reliable estimating, the Cabinet Secretariat have stated:

"Discussions held in Calcutta in October, 1969 were followed by another round of discussion early in November in New Delhi. The lines on which the LUS & CCE of the NSS should be integrated with the other programmes for collaboration as well as improvement of agricultural statistics have been tentatively decided upon. These are now proposed to be discussed at another meeting to be held early in December in Calcutta and a final decision would thereafter be taken in consultation with the State Governments commencing on 1-7-1970. The new integrated scheme which envisages intensive supervision and larger coverage so as to obtain reliable estimates both on All India and State levels for all major crops, if possible, be adopted in the 25th round of National Sample Survey beginning on 1-7-1970."

1.35. In their reply dated 31-12-1969 to the recommendation contained in paragraph 2.27 regarding the question of administrative set up of National Sample Survey work, the Cabinet Secretariat have stated that the matter is under the active consideration of Government and orders on the subject will be issued shortly.

1.36. The Committee note that the question of the future set up of National Sample Survey is under Government's active consideration. They hope that orders on the subject will be issued expeditiously.

1.37. The Committee also note that a new integrated scheme for sample Survey is being worked out by experts to facilitate collection of reliable agricultural statistics. The Committee trust that the defects noticed in the working of the N.S.S. will be kept in mind while evolving the new scheme so that these do not recur.

*Expenditure on construction of buildings—Para 5.12 (S. No. 19).*

1.39. Commenting on the expenditure incurred by the Institute on construction of buildings, the Public Accounts Committee made the following observations in paras 5.12 and 5.13 of their Fifty-Ninth Report (Fourth Lok Sabha):

"5.12. The Committee observe that several shortcomings in the Institute have been brought to light by the Review Committee and by the auditors of the Institute. Three of these call for specific comment."

Substantial amounts of capital grants given by Government to the Institute have been utilised on the construction of buildings. However, the standard of construction of the buildings, on which the Institute expended as much as Rs. 59 lakhs, was found by the Review Committee to be 'often unsatisfactory', there being a 'lack of' even 'essential amenities'. The Institute had 'most of the buildings' constructed by a Cooperative Society of which the President was the Estate Officer of the Institute. The Review Committee's observations in this respect are very revealing. 'The training of the officer is only that of an overseer. Since the functions of the executing agency and the supervising agency are combined in the same person, it is not surprising that the standard of construction is poor'. The Committee also note that the Review Committee received 'allegations of substantial leakage in the expenses on building operations'. In view of these findings the Committee would like Government to make a comprehensive investigation into the matter and initiate suitable remedial action thereafter."

"5.13. Another aspect of the construction activities of the Institute is the fact that they have been proceeding on a haphazard basis without 'any definite overall plan based on the requirements of the Institute over a period of years.' As pointed out by the Statutory Committee for 1968-69, this practice is fraught with the risk of the Institute unwittingly committing itself to schemes the ultimate expenditure on which might prove to be a source of financial embarrassment. As any expenditure in this regard will ultimately devolve on Government, the Committee trust that effective action will be taken by Government to ensure that the acquisition of properties and construction activities of the Institute proceed strictly on the basis of a Master Plan which should be prepared on a realistic basis."

1.39. In reply to these observations, the Cabinet Secretariat have, in a note dated 10-10-1969, stated as under :

"The Institute's replies on the various points contained in the Review Committee Report have been obtained and is now under examination in consultation with the Ministry of Finance. A further communication on this will be sent as soon as a decision is taken on the various points raised in the report."

"The ISI has accepted the recommendations of the ISI Review Committee that it should prepare a Master Plan of its requirements of land and accommodation etc. Action to prepare such a Master Plan has already been initiated by the Institute. Pending the preparation of such a Master Plan and its acceptance by Government, the Government have not been giving any financial assistance in the form of grants-in-aid to the Institute since 1967-68 for major construction activities."

1.40. In a further note dated 1-12-1969 regarding the progress in the preparation of the Master Plan, the following position has been brought to the Committee's notice:

"The Institute has been requested to prepare a Master Plan for its requirements of lands, and buildings in all the Centres. The Institute has

however only prepared a blue-print for the construction of buildings in New Delhi. They have also undertaken the preparation of a Master Plan for the area under their occupation in Baranagar, Calcutta. They are being again requested to prepare the Master Plan indicating the total requirement of land and buildings in all Centres taking into account the present availability of lands and buildings for future utilisation."

1.41. The Committee find that the preparation of a Master Plan for the construction activities of the Institute which was suggested by the ISI Review Committee as early as 1966 has still not got under way. The Statutory Committee for 1968-69 set up under section 8(1) of the ISI Act has also drawn attention to the absence of this plan and the financial embarrassment arising out of it. The Committee trust that Government will ensure that the Plan is prepared without further delay. No less important is the need for early investigation into various irregularities connected with the construction activities of the Institute to which the Committee had drawn attention in para 5.12. These in the first instance had been pointed out by the Review Committee as far back as 1966. This inordinate delay in investigation will only make it more difficult to find out the truth. The Committee suggest that the matter may be entrusted to Central Bureau of Investigation for investigation.

*Irregularities connected with Gratuity Fund and Provident Fund-Para 5.15 (S. No. 22)*

1.42. In para 5.15 of the Fifty-Ninth Report (Fourth Lok Sabha), the Public Accounts Committee drew attention to the following irregularities in the administration of the Gratuity Fund and Provident Fund of the Institute :

"The Committee would also like to call the attention of Government to the various infringements of regulations connected with the administration of Provident Fund and Gratuity Fund moneys of the Institute. The Gratuity Fund moneys have been borrowed by the Institute for meeting current expenses, while the Provident Fund accumulations were mortgaged against an overdraft obtained by the Institute from the State Bank of India. Besides, the Fund itself has not been registered for income tax purposes nor a Board of Trustees constituted for its administration. This is an extremely undesirable state of affairs which the representatives of Government on the Council of the Institute should have brought to Government's notice for corrective action. The Committee trust that Government will now at least ensure that all matters relating to the administration of these Funds are put on a satisfactory footing."

1.43. In reply to these observations, the Cabinet Secretariat have stated in a note dated 10-10-1969 as follows :

"In the light of the observations of the PAC, the Institute was requested to initiate immediate action to invest the gratuity fund contributions in a separate account and utilise it for purposes of only paying gratuity to the staff. The Institute was requested to take necessary action to have the General Provident Fund recognised by the Income Tax Commissioner, set up a separate Board of Trustees for the Fund and to invest the balance available in the Fund in terms of the Indian Trust Act.

“The Institute has indicated that the funds available in the gratuity fund have been diverted to the general account and that as soon as the pending claims with the Government are settled it would be in a position to recoup the funds fully and invest the balance properly. As indicated in the reply to the observation contained in serial No. 1 many of these pending claims have already been rejected while the remaining claims are still under the consideration of the Government. This has been pointed out to the Institute and the Institute has been requested to take immediate action for complying with the Review Committee’s recommendations in this regard.

As regards the GPF, the Institute is taking action on the following lines :

- (a) vigorously pursuing the matter regarding the recognition with the Income-Tax Commissioner;
- (b) it has initiated action to have a trust deed executed;
- (c) it is arranging to withdraw the funds invested in the fixed deposits so that these amounts can be invested in accordance with the requirements of the Indian Trust Act; and
- (d) the Institute is also preparing a list of eligible voters for selecting worker-subscribers representatives on the Board of Trustees and for conducting elections. Government are hopeful that the Institute will be in a position to finalise these arrangements at an early date.”

1.44. In a further note dated 1-12-1969, furnished at the instance of the Committee, the Cabinet Secretariat reported the following developments:

“The Institute has taken the stand that it would be able to replenish the gratuity fund as soon as Government clears all pending claims. As will however be apparent from the reply furnished to serial No. 1, many of the pending claim may ultimately have to be rejected by the Government. The extent to which the Institute will therefore be able to recoup the diversions made from the gratuity fund will therefore depend upon the extent to which it implements the recommendations of the Review Committee such as sale of surplus lands merger of funds etc.

The position regarding the Provident Fund accumulations as on 31st March, 1969 is as follows :

	(Rs. in lakhs)
(a) G. P. Notes . . . . .	37.46
(b) National Plan Savings Certificates . . . . .	0.50
(c) Fixed deposit with SBI . . . . .	55.25
(d) With State Bank of India . . . . .	13.43
(e) Cash Balance . . . . .	0.20
(f) Interest accumulation (a) (b) (c) . . . . .	3.12
(g) Loans to members . . . . .	11.92

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121-88

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The Institute has now indicated that of the sum of Rs. 55.25 lakhs kept as fixed deposits in the State Bank of India, Rs. 45.25 lakhs have since been invested in Government Promisary Notes. The Balance Rs. 10 lakhs would, also be invested in G.P. Notes when they mature in June, 1970. Similarly of the sum of Rs. 13.43 lakhs indicated under item (d) Rs. 12.50 lakhs have already been invested in Government securities in April, 1969 itself.

The Institute has indicated that the draft deed sent to the Commissioner for Income-Tax for approval has been received a few days back only. In the meantime, the Institute has already formed a Board of Trustees."

1.45. The Committee find that the Gratuity Fund, which was freely drawn upon by the Institute for meeting current expenses has still not been replenished. This is a very undesirable position for which an early remedy will have to be found. No less important from the point of view of safeguarding the employees' interest is the need to secure early recognition of the General Provident Fund for income tax purposes. The Committee hope that this matter which is stated to have been taken up with the Commissioner of Income Tax will be settled quickly.

## CHAPTER II

### RECOMMENDATIONS OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation

The Committee note that the Review Committee have made several far reaching recommendations to tone up the administration and performance of the Institute. The Committee regret that some of these have not been effectively implemented as they should have.

[S. No. 3 of Appendix IV (Para 1.13) of 59th Report—4th Lok Sabha]

#### Action Taken

As the PAC is aware decisions of the Government of India on the various recommendations made by the ISI Review Committee, 1966 (except those relating to reorganisation of National Sample Survey) were placed before Parliament on the 4th and 5th December, 1968. Copies of statements were also made available to the PAC, *vide* this Dept's OM No. 3 1 66-B&A (Vol. II), dated 14-1-69 to the Lok Sabha Secretariat.

The implementation of these decisions, many of which is to be undertaken by the Institute either by itself or with the concurrence of Government is being pursued with the Institute.

[Cabinet Secretariat D.O. No. 28 3 69-Tech.. dt. 10-10-69]

#### Recommendation

The Committee find it difficult to accept the view of the Cabinet Secretaria that the Soviet equipment obtained by way of gift was 'to be used for research purposes' by the Institute. The Institute which took a large measure of initiative in obtaining the equipment quite obviously intended 'from the very beginning' to use the equipment 'for the production of calculating machines and precision instruments'. It is strange, therefore, that before obtaining the equipment, Government failed to obtain clearance for this purpose from the United Nations authorities through whose agency the gift was obtained. In the result, the equipment which was received between December, 1955 and December, 1958, remained largely unutilised and the question of its commercial exploitation remained under correspondence till in 1960 the United Nations authorities agreed to remove the embargo in this regard. Thereafter, legal difficulties, which the Government could well have foreseen earlier, stood in the way of the implementation of the scheme. It took two years to get round the difficulty by constituting a private company for the purpose of undertaking manufacture and another three years to prepare a project report. When the project report was received in April, 1965,

Government decided that the enterprise 'would not be a commercially sound one in view of the lack of foreign collaboration' and the fact that production in that field had by that time been established.

[S. No. 14 of Appendix IV (Para 3.19) of 59th Report—4th Lok Sabha]

#### **Action Taken**

The comments of the PAC have been noted.

[Cabinet Secretariat D. O. No. 28-3-69-Tech., dt. 10-10-69]

#### **Recommendation**

The Committee cannot resist the impression that the whole matter was ineptly handled by Government right through. In the first place, the position regarding the use of the equipment was allowed to remain nebulous for a long time after the equipment was obtained. Then, having decided to utilise the equipment for commercial utilisation, Government passively allowed matters to drift for five years. It is strange that in the meanwhile the Institute should have been piled with large grants, which over a period of ten years ending 1965-66 aggregated Rs. 41.64 lakhs. The quantum of grants was in fact 'stepped up' from 1961-62 in the hope that the Institute would, through the agency of the private company 'start its operations expeditiously.' But no positive steps were taken by Government in this direction. Neither were any effective checks exercised by Government to ensure gainful use of the grants given to the Institute. As much as a sum of Rs. 30.70 lakhs out of Rs. 41.64 lakhs given to the Institute for this project was expended on salaries and allowances of establishments and other ancillary items. Even after such substantial expenditure 82 out of the 120 crates in which the equipment was received remained unopened till October, 1966 when a large part of the equipment was transferred to the Garden Reach Workshop for establishing a line of production. It is noteworthy that a Committee set up by Government to value the equipment at the time of its transfer to the Garden Reach Workshop found that 'these equipment in packing cases remained without proper storage arrangements and consequently suffered considerable deterioration necessitating "extensive overhauling"'. According to the Review Committee, which examined the working of the whole scheme, "the enterprise was an unnecessary and wasteful venture." Government's view that some developmental work was done has little to substantiate it, as the details of the developmental efforts are not known and the records of the Institute do not show the amounts expended. In fact, the Institute themselves have admitted that "the spending of about Rs. 49 lakhs during the 12 years was largely (though not entirely) infructuous."

[S. No. 15 of Appendix IV (Para 30) of 59th Report—4th Lok Sabha]

#### **Action Taken**

The comments of the P.A.C. have been noted

[Cabinet Secretariat D.O. No. 28-3-69-Tech. dt. 10-10-69].

### Recommendation

The Committee hope that steps will be taken by Government now at least to ensure that the equipment transferred to the Garden Reach Workshop is put to purposeful and gainful use. The Committee would like to be apprised of the progress made in this direction.

[Sl. No. 16 of Appendix IV (Para 3.21) of 59th Report—4th Lok Sabha

### Action Taken

A detailed note (from the Garden Reach Workshop) regarding the extent to which various items of UNTAA equipment taken over by it are now being utilised is enclosed. (Annexure)

[Cabinet Secretariat D.O. No. 28 3 69-Teach., dt. 10-10-69]

### Further Information

As mentioned in the note from GRW enclosed with the reply to point 16 (Annexure), the GRW has been constantly endeavouring to find a use for these 24 items of equipment. The matter will again be taken up with the GRW so that if the latter still finds it difficult to utilise these machines within a reasonable time, the question of their being transferred to other user agencies could be explored.

[Cabinet Secretariat O.M. No. 28 3 69-Tech., dt. 1-12-69].

### Recommendation

The Committee note with concern that Government have had to bear liability for the cash tiffin subsidy amounting to Rs. 1.54 lakhs paid by the Institute to its staff after the subsidy ceased to be admissible with the introduction of CSIR scales of pay, dearness allowance and other emoluments. The Institute approached Government in October, 1964 for financial assistance to meet the liability arising out of the introduction of the new scheme of allowances. Though Government asked the Institute at that stage (November, 1964) to furnish information about the allowances and perquisites of the staff, the information was not furnished till June, 1965. Instructions were issued by Government in July, 1965 on the basis of the information furnished, that the payment of the tiffin subsidy should be stopped forthwith but the Institute continued to pay the subsidy for nearly a year thereafter, i.e., till June 1966. Had the matter been closely followed up by Government a substantial part of the over payments, for which Government ultimately bore the liability, might have been avoided.

[Sl. No. 18 of Appendix IV (Para 4.3) of 59th Report—4th Lok Sabha]

### Action Taken

The observations of the Public Accounts Committee have been taken note of.

[Cabinet Secretariat D.O. No. 28 3 69-Tech., dt. 10-10-69]



### Recommendation

Another aspect of the construction activities of the Institute is the fact that they have been proceeding on a haphazard basis without 'any definite overall plan based on the requirements of the Institute over a period of years.' As pointed out by the Statutory Committee, 1968-69, this practice is fraught with the risk of the Institute unwittingly committing itself to schemes the ultimate expenditure on which might prove to be a source of financial embarrassment. As any expenditure in this regard will ultimately devolve on Government the Committee trust that effective action will be taken by Government to ensure that the acquisition of properties and construction activities of the Institute proceed strictly on the basis of a Master Plan which should be prepared on a realistic basis.

[S. No. 20 of Appendix IV (Para 5.13) of 59th Report—4th Lok Sabha]

### Action Taken

The ISI has accepted the recommendations of the ISI Review Committee that it should prepare a Master Plan of its requirements of land and accommodation etc. Action to prepare such a Master Plan has already been initiated by the Institute. Pending the preparation of such a Master Plan and its acceptance by Government, the Government have not been giving any financial assistance in the form of grants-in-aid to the Institute since 1967-68 for major construction activities.

[Cabinet Secretariat D.O. No. 28/3/69—Tech., dt. 10-10-69]

### Recommendation

The Committee are unhappy that with such a large complement of staff, the Institute, have not been adhering strictly to rules in the matter of creation of posts, sanctioning of new appointments, formation of cadres, promotions, etc. The representative of Government admitted during evidence that in this respect the Institute has been following the 'forms' of the rules so far framed: 'whether the substance is followed or not is a different thing. The Committee trust that the matter will receive the earnest attention of the Government. Another point no less important is the need pointed out by the Statutory Committee for 1968-69 to carry out a 'comprehensive review' of the staff position in the Institute 'in view of the increasing use of computer facilities'. This would help to fix on a rational basis the strength of the staff which accounts for 'more than three-fifths of the total expenditure on research programmes.

[S. No. 21 of Appendix IV (Para 5.14) of 59th Report—4th Lok Sabha]

### Action Taken

These observations of the PAC as also the recommendations of the Statutory Committee for 1968-69 regarding comprehensive review of the staff position in the Institute have been brought to the notice of the Institute. The Institute has already completed categorisation of most of the staff employed on functional basis and prescribed requisite qualifications for recruitment etc., to each category of job. As regards the quantum of expenditure on staff in relation to total expenditure on research programmes, attention is invited to the reply given against the observations contained in serial no. 8 (pages 50-51). The Comments of the PAC regarding the need for a comprehensive review of the staff position vis-a-vis increased use of computer facilities would be taken up when the Honeywell Computer is installed.

[Cabinet Secretariat D.O. No. 28/3/69-Tech., dated 10.10.1969.]

### **Recommendation**

The Committee would also like to call the attention of Government to the various infringements of regulations connected with the administration of Provident Fund and Gratuity Fund moneys of the Institute. The Gratuity Fund moneys have been borrowed by the Institute for meeting current expenses, while the provident Fund accumulations were mortgaged against an overdraft obtained by the Institute from the SBI. Besides, the Fund itself has not been registered for income tax purposes nor a Board of Trustees constituted for its administration. This is an extremely undesirable state of affairs which the representatives of Government on the Council of the Institute should have brought to Government's notice for corrective action. The Committee trust that Government will now at least ensure that all matters relating to the administration of these funds are put on a satisfactory footing.

[S. No. 22 of Appendix IV (Para 5.15) of 59th Report—4th Lok Sabha]

### **Action taken**

In the light of the observations of the PAC, the Institute was requested to initiate immediate action to invest the gratuity fund contributions in a separate account and utilise it for purposes of only paying gratuity to the staff. The Institute was requested to take necessary action to have the General Provident Fund recognised by the Income Tax Commissioner, set up a separate Board of Trustees for the Fund and to invest the balance available in the Fund in terms of the Indian Trust Act.

The Institute has indicated that the funds available in the gratuity fund have been diverted to the general account and that as soon as its pending claims with the Government are settled it would be in a position to recoup the funds fully and invest the balance properly. As indicated in the reply to the observation contained in serial No. 1 many of these pending claims have already been rejected while the remaining claims are still under the consideration of the Government. This has been pointed out to the Institute and the Institute has been requested to take immediate action for complying with the Review Committee's recommendations in this regard.

As regards the GPF, the Institute is taking action on the following lines:—

- (a) vigorously pursuing the matter regarding the recognition with the Income Tax Commissioner.
- (b) it has initiated action to have a trust deed executed.
- (c) it is arranging to withdraw the funds invested in the fixed deposits so that these amounts can be invested in accordance with the requirements of the Indian Trust Act, and
- (d) the Institute is also preparing a list of eligible voters for selecting worker-subscribers representatives on the Board of Trustees and for conducting elections. Government are hopeful that the Institute will be in a position to finalise these arrangements at an early date.

[Cabinet Secretariat D.O. No.-28/3 69-Tech. dt. 10-10-69]

### Further Information

The Institute has taken the stand that it would be able to replenish the gratuity fund as soon as Government clears all pending claims. As will however be apparent from the reply furnished to serial No. 1 (pages 33) many of the pending claims may ultimately have to be rejected by the Government. The extent to which the Institute will therefore be able to recoup the diversions made from the gratuity fund will therefore depend upon the extent to which it implements the recommendations of the Review Committee such as sale of surplus lands, merger of funds etc.

The position regarding the Provident Fund accumulations as on 31st March 1969 is as follows:

	Rs. in lakhs
a. G. P. Notes . . . . .	37.46
b. National Plan Savings Certificates . . . . .	0.50
c. Fixed deposit with SBI . . . . .	55.25
d. With State Bank of India . . . . .	13.43
e. Cash Balance . . . . .	0.20
f. Interest accumulation a. b. c. . . . .	3.12
g. Loans to members . . . . .	11.92
	121.88

The Institute has now indicated that of the sum of Rs. 55.25 lakhs kept as fixed deposits in the State Bank of India, Rs. 45.25 lakhs have since been invested in Government Promissory Notes. The Balance Rs. 10 lakhs would also be invested in G.P. Notes when they mature in June 1970. Similarly, of the sum of Rs. 13.43 lakhs indicated under item (d) Rs. 12.50 lakhs have already been invested in Govt. securities in April 1969 itself.

The Institute has indicated that the draft deed sent to the Commissioner for Income tax for approval has been received a few days back only. In the meantime, the Institute has already formed a Board of Trustees.

[Cabinet Secretariat O.M. No. 283 69-Tech dt. 1-12-69]

### Recommendation

In regard to other irregularities or short-comings mentioned in this section of the report, the Committee trust that early action will be taken, keeping particularly in view the observations of the Review Committee.

[S. No. 23 of Appendix IV (Para 5.16) of 59th Report—4th Lok Sabha]

### Action taken

As earlier indicated in reply to comments contained in serial No. 3 (page 17) the implementation of decisions on the Review Committee recommendations is being pursued with the Institute. The shortcomings/irregularities pointed out by the auditors in the report for the year 1967-68

have been considered by the Institute's Council. They have now been requested to indicate the follow up action taken on the various points contained in the audit report.

[Cabinet Secretariat D.O. No. 28/3/69-Tech dt. 10-10-69]

**ANNEXURE**

**GARDEN REACH WORKSHOPS LTD.**

43/46. Garden Reach Road.  
Calcutta-24.

June 14, 1969.

*Note on progress made in the direction of purposeful and gainful use of UNTAA machines taken over by G.R.W. Ltd., Calcutta from Indian Statistical Institute, Baranagar, Calcutta.*

Garden Reach Workshops Ltd. took over in November 66 from Indian Statistical Institute, Calcutta, 169 UNTAA machines as per Annexure 'A' to this note, which the Institute had received from U.S.S.R. as part of technical assistance aid during 1954 to 1958.

2. Out of these 169 machines taken over by G.R.W. Ltd., 98 machines were installed at the Workshops at Gooptu Niwas, Baranagar and 47 Nos. at different shops of the Main Workshops at Garden Reach.

24 Machines, as shown under Col. VII of Annexure 'A' most of which consist of Presses, have also been brought to the Main workshops. These are being kept in reserve, since no immediate requirement exists for the machines.

3. To start with, the few UNTAA machines already installed at the old Workshops of I.S.I., Calcutta, were put into commission. Thereafter the Workshops Shed situated at Gooptu Niwas was taken over by us on hire from I.S.I., Calcutta, for the purpose of setting up our own workshops at Baranagar with the UNTAA machines.

4. The Workshops building was completed by us and thereafter, UNTAA machines were installed and commissioned. The Workshops at Baranagar was commissioned as an independent Sub-unit of GRW Ltd. in July 1967. Simultaneously 47 machines out of 71 brought to the Main Workshops were also installed and commissioned.

5. The machines installed in the New Workshops at Baranagar and in the Main Workshops of GRW Ltd. are being utilised for the following purposes :

(i) *Machines installed at Baranagar Factory :*

- (a) For the manufacture of Gauges, Jigs, Fixtures and press tools required for Air Compressors, Army Recovery Equipments, Marine Diesel Engines, Diesel Locomotives, Valves for Bhilai Steel Project and Twin Screw Reversing Valves for Bokaro Steel.
- (b) Machining and assembly of Side and Deck Couplings for Army Pentoons.

(c) For carrying out various other General Engineering Orders.

(ii) *Machines installed in the Main Workshops of GRW Ltd.*

In connection with machining of components manufactured for GRW pumps, Air Compressors, Road Rollers, E.O.T. Cranes, Flame Hardening equipment for Piston Ring Grooves of Marine Diesel Engines, Army Recovery Equipments, Valves for Bhilai Steel Project, Twin Screw Reversing Valves for Bokaro Steel.

6. Out of the 24 machines not yet installed, 21 machines Model No. KA-235, K. 1151 K-2326 BII and K-460 are Crank Presses and these have not been installed so far, due to lack of the type of work suitable for these machines. We, however, intend to start manufacture of Charger Clips which are generally required by Ordnance Factories, with these machines, and we have also sent enquiries calling for the requirements. We hope to put these machines into commission as soon as we receive sufficient orders in this regard.

7. The 98 UNTAA Machines installed at the Baranagar workshops have been kept fully absorbed as will be evident from the negligible percentage of idle time these machines had, since take over as indicated below :—

Year	Percentage of idle time to total possible machine hours
1966-67	5%
1967-68	8%
1968-69	2%

Even this small idle time arose mainly due to absenteeism or lack of labour.]

The percentage of idle time in respect of the machines installed in the Main Workshops has, however, been to the extent of 20% during the years 1967-68 and 1968-69. This is due to absenteeism and lack of a full work-load. This idle time is not to be considered unusually high as 80% utilisation of machines is consistent with utilisation in large machine Shops.

8. The statistics given in para 7 above will indicate that 98 machines which represents 58% of the total No. of machines acquired from I.S.I. Calcutta and installed at the New Workshops at Baranagar, are being utilised fully.

80% of the possible Machine hours in respect of 47 machines (representing 28% of the total No. of machines required) installed in the Main Workshops have been utilised during the years 1967-68 and 1968-69. This represents a fairly reasonable percentage of machines utilisation.

Barring 24 machines out of 169 *i.e.* 145 of the total machines, it can be stated that 86% of the machines acquired from I.S.I. Calcutta have been put to purposeful and gainful use, after these were taken over by GRW Ltd. It has also been our constant effort to make use of these remaining 24 machines as early as possible; these 24 machines are not of a type for which work can readily be found.

Sd/-

Financial Controller GRW Ltd.  
Calcutta.

**ANNEXURE 'A'**

*Statement showing UNTOO Machines installed at Gooptu Niwas and G.R.W. main workshops and those not yet Installed*

Sl. No.	Machine Model No.	Brief Description of Machines	Machines Installed at Gooptu Niwas, Baranagore	Machines installed at Garden Reach Workshops	Machines not yet installed	
			No. of machines	Shon No.		No. of machines
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	165	Engine Lathe, Swing over bed 1000 mm, distance between centres 5000.			2	
2	1613D	Tool Room, Lathe Swing over bed 240 mm., distance between centres 270 mm. with spares.	13	9 2	1 1	
3	1616	Tool Room Lathe, Swing over bed 320 mm., distance between centres 730	8			
4	1A62B	High Accuracy Tool Room Lathe, Swing over bed 400 mm., distance between centres 1000 mm.	2			
5	1318	Turret Lathe, bar capacity 18 mm., height of centres 120 mm., max. longitudinal travel of turret 80 mm.	1	9 2	3 2	
6	1240-4	Four Spindle bar automatic, bar capacity 40 mm. max. stock feed 190 mm.	1			
7	K-96	Relieving Lathe, Swing over bed 560 mm. distance between centres 800 mm., length relieving capacity 560 mm., relieving stroke 22 mm.	1			
8	6H-82G	Horizontal Milling Machine, Working Surface 1250 X320 mm., feed 700 mm., cross 250 mm., vertical 370 mm.	1	39	1	

9	6-H	Vertical Milling Machine, Working Surface of Table 1000 X 250 mm., longitudinal traverse 600 mm., cross 200 mm., vertical 350 mm.	3		
10	679	Tool Room Milling Machine, Main Table 700 X 260 mm., Swivelling fitting table 600 X 250 mm., dia. of cir. table 380 mm. max. travel of table longitudinal 300 mm. and vertical 350 mm., horizontal travel of Ram 80 mm.	4		
11	6453	Dimensional Pantograph Milling Machine max. traverse of table 175 mm., cross traverse 100 mm.	2	9	1
12	5310	Semi-automatic Gear Hobbing Machine, max. spur 200 mm., max. module 3 in Steel and 4 in Cast Iron. Diametrical gear 8 D.P. in Steel and 6 D.P. in Cast Iron, dia. of helical gear 180 mm.		39	1
13	5107	Fine Pitch Gear Shaper, max. gear dia. 80 mm. outside dia. of internal gear 100 mm. cutting width 20 mm.		39	1
14	7A36	Hydraulic Shaper, stroke of ram 700 mm. cross travel 750 mm., vertical 350 mm., vertical travel of tool hd. ram 200 mm., surface of table 700 X 450 mm.	3	2	1
15	7412	Slotting Machine, max. stroke of ram 100 mm., min. stroke 5 mm., longitudinal feed 160 mm., cross 20 mm., vertical 10 mm.	1	2	1
16	7450	Hydraulic Slotter, stroke of ram 580 mm., max. & 120 mm., min. max. dia. of work 900 mm., table travel longitudinal 950 mm., cross 800 mm.		2	1
7 1	312M.	Universal Cylindrical Grinder, Swing over table 200 mm. distance between centres 500 mm., min. dia. to be ground 7 mm., max. dia. 40 mm., dia. of hole to be ground 25 mm. & 500 mm. max.	2		



(1)	(2)	(3)	(4)	(5)	(6)	(7)
18	372B	Horizontal Spindle Surface Grinder, Working Surface of table 1000 X 300 mm., table travel (hydraulically) min. 200 mm. & max. 1175 mm., dimensions of work ground length 1000 mm., width 300 mm. & height 300 mm.	1	39		
19	371M	Horizontal Spindle Surface Grinder, Working Surface of table 650 X 200 mm., table travel 630 mm., cross 200 mm., & vertical 320 mm.	3			
20	3A64	Tool and Outter Grinder, Swing over bed 252 mm., distance between centres 650 mm., longitudinal movement 400 mm., cross movement 230 mm., working surface of table 920 X 134 mm., table swivels 120, vertical movement of wheel head above and below centre of work 150/55 mm.	2			
21	3180	Centreless grinding machines, max. dia of work ground 75 mm. min. 5 mm.	—	2	1	1
22	3628	Carbide Tool Grinding Machine, max. to be ground 50 X 50 mm. distance between grinding wheel face 765 mm.	1	—	..	—
23	3699	Semi automatic Drilling Grinder Machines, dia of drills ground range 10 to 80 mm., angle of point for 10 to 30 mm—70° for 30 to 80 mm 100°, double angle point 70°.	1	39	1	—
24	3M634	Double ended Dis. Grinding machine, dia of Grinding wheel 400 mm.	2	9 22 3&4	1 1 1	..
25	3818	Tool Lapping Machine, dia of lapping dis. 275 mm. Height of centre over table 20 mm. size of tool 6 X 6 mm and 40 X 40 mm.	1	61		..

26	2A135	Vertical drilling machines max. drilling capacity 35 mm. distance from spindle to column 300 mm. working surface of table 450 X 500 mm, vertical spindle travel 225 mm.	2	—	—	—
27	HC 12A	Bench drilling machine, capacity 12 mm. with spares.	4	9 2 12 64 39 22 23 65	4 2 2 1 1 1 1 1	—       2
28	2A106	Bench drilling machine, capacity mm.	11	9	4	—
29	2A592	Portable Radial drilling machine, capacity 25 mm. max. travel of spindle head 500 mm., with spares.	2	12 39	1 1	—
30	2420	Jig Boring Machine drilling capacity 10 mm., boring capacity 40 mm., max. longitudinal travel 320 mm. cross travel 160 mm. vertical travel.	1	—	—	—
31	KA235	Single Crank Single Action Incliable Press Capacity 63 tons.	—	—	—	4
32	K-115-A	Gap Frame Single Crank Press, capacity 50 tons.	—	65	1	9
33	K-2326 B-II	Single Crank Incliable Press with Automatic roll feed, capacity 16 tons.	—	—	—	6
34	K460	Single Crank Double action enclosed press capacity of inner slide 63 tons, pressure of outer slides 50 tons, slide stroke of inner 400 mm. outer 240 mm.	—	—	—	2
35	PB452	General Purpose Hydraulic Press, capacity 63 tons, maximum stroke 400 mm.	—	64	1	—
36	872	Hydraulic Hacksaw Machine, cutting capacity 250 mm. dia stroke 150 mm.	2	7 9	1 1	— —

(1)	(2)	(3)	(4)	(5)	(6)	(7)
37	B-M-1	Large Instrument Microscope with 9" dia. screen magnification ratios 10,15,30 and 50	2	—	—	—
38	UIM-21	Universal Microscope	1	—	—	..
39	Metric Dimension Gauges	Metric Dimension Gauges accurate to 0.002 mm.	20	—	—	—
98			47			24

### CHAPTER III

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

##### Recommendation

One recommendation in particular to which the committee would like to draw attention of the Government, concerns the abolition of the post of Secretary of the Institute. As the Review Committee have pointed out, the position of this functionary as the Secretary and executive head of the Institute as well as Honorary Statistical Adviser to the Government has brought about a "confused and inter-mingled relationship between the Institute and the Government" resulting in a "failure to make an objective assessment of the performance of the Institute. The Review Committee had, on this appraisal of the position, recommended that the post of Secretary should be abolished and other suitable changes in the administrative set up of the Institute made to enable the Institute "to enhance and maintain its reputation" as "any institution of national importance". As this recommendation appears to be vital from the point of view of an improvement in the administrative structure of the Institute, the Committee are surprised that it has not so far been implemented and consider it essential that this should be done forthwith.

[S. No. 4 of Appendix IV (Para. 1. 14) of 59th Report—4th Lok Sabha]

##### Action taken

Government have re-examined the question relating to the abolition of the post of Secretary in the Indian Statistical Institute. The Public Accounts Committee will kindly note that the Institute has considered it necessary in the interests and the name of the Institute to retain the post of Secretary to look after its society type activities, while the operational activities connected with research, training and projects will be the responsibility of the Director of the Research & Training School who will also be the Director of the Institute. In view of this, Government do not consider it necessary that the post of Secretary in the Institute should be abolished. The Committee would kindly recall that [while replying to point (4) of its Questionnaire, received with the Lok Sabha Secretariat OM No. 2/1/7/2/68-PAC dated the 29th January, 1969, vide Deptt. of Statistics OM No. 3 2 68-& AB dated the 26th-February 1969, Government has expressed the opinion that there was no confusion in the relationship between the Government and the Indian Statistical Institute.

[Cabinet Secretariat O. M. No. 28/11/69-Tech. dated 31-12-69.]

##### Recommendation

One other aspect of the case, which constituted a sequel to Government's decision to wind up the project, calls for comment. The Institute served notices on the staff employed on the scheme after Government's decision

was communicated to them. However, prior approval of the Government for serving notices, as required in terms of the Indian Statistical Institute Act, was not obtained. Consequently, the notices were held by the court to be illegal and the Institute had to incur an expenditure of Rs. 1.70 lakhs on the retention of the staff which could have been avoided. Liability for this expenditure ultimately devolved on Government. The Committee would like Government to examine the circumstances in which Government's representatives on the Council of the Institute failed to bring to the notice of the Institute and the Government the omission that occurred in this case at the time of service of notices of termination.

[S. No. 17 of Appendix IV (Para 3-22) of 59th Report—4th Lok Sabha]

#### Action Taken

Attention of the PAC is invited to the reply furnished to it in respect of point 16 of the questionnaire sent with the LSS O.M. No. 2/1/7/2/68/PAC dated the 29th January, 1969, *Vid.* Department of Statistics O.M. No. 3/2/68-B&A dated the 17th March, 1969. From this it would be seen that the Institute's Council, which decided to close the UNTAA Workshop and issue termination notices on the staff, at its meeting held on 7-5-66 (attended by the Government representatives) did not feel the necessity for taking prior approval of Government for such an action in terms of Section 7 of the ISI Act, 1959. This stand had in fact been supported by the Ministry of Law although the Hon'ble Judge of the Calcutta High Court took a contrary view and quashed the termination notices. This being so, the Government representatives should not be deemed to have failed in their duty to point out the procedural omission.

[Cabinet Secretariat D.O. No. 28/3/69-Tech. dt. 10-10-69]

#### Recommendation

The findings in this Report will show that the state of affairs in the Institute is far from a happy one. Government have annually been giving to the Institute grants which varied from Rs. 80 lakhs to Rs. 209 lakhs over a period of nine years without exercising any effective supervision or control over its working. While the Committee are of course whole-heartedly for such institutions functioning effectively in an autonomous manner, they are impelled by the facts of this particular case to urge in the strongest terms that Government should take a more active and continuous interest in the functioning of the Institute and take advantage of the provisions in the Statute, particularly Section 11 which empowers Government to issue directions to the Institute in public interest, so that the Institute might function in a sound and business-like manner. Indeed in the view of the Committee, it may well have to be considered whether a situation has arisen which warrants the management of the affairs of the Institute directly by Government under Section 12(2) of the Act.

[S. No. 24 of Appendix IV (Para 6) of 59th Report—4th Lok Sabha]

**Action Taken**

Many of the defects that have been noticed and commented upon both by the Review Committee and the PAC relate to the NSS work and the administration work of the Institute. The good work that has been done by the Institute on the research and training side has not in fact been questioned. The various remedial measures as suggested in the earlier paragraphs would go a long way to strengthen the administrative and financial side of the management of the Institute and thus enable the Institute to guard against the type of lapses that occurred in the past. As such Government do not think that there is a case for taking action under Section 12(2) of the ISI Act.

[Cabinet Secretariat D.O. No. 28/3/69-Tech. dt. 10-10-69]

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

**Recommendation**

The Committee are concerned that large grants should have been given by Govt. to the Institute all these years without ensuring that the Institute observed the financial disciplines required of it as a statutory body expending public funds. The Cabinet Secretary himself admitted during evidence that "there has been slackness on the part of the Institute in carrying out proper budgeting and expenditure control." In the result, the financial position of the Institute "has deteriorated from year to year" leading to a situation in which the Institute is "not in a position to discharge its liabilities."

[S. No. 1 of Appendix IV (Para 1.11) of 59th Report—4th Lok Sabha]

**Action Taken**

The present financial difficulties of the Institute are largely attributable to its incurring over a number of years either excess expenditure on approved items or fresh expenditures on items not earlier approved by the Government. There are also a few cases of expenditures on a number of items which are pending settlement for want of complete details and satisfactory replies from the Institute. Many of the requests for reimbursement of excess expenditures or fresh expenditures on items not approved by the Government have already been negatived while the other requests are still under examination. The Institute had recently asked for an *ad hoc* loan of Rs. 30 lakhs pending settlement of these claims. This request has, however, been turned down as in the Government's view the Institute would not be eligible for reimbursement of expenditure incurred in respect most of these cases.

The Review Committee had made a number of recommendations for improving the financial administration and budgetary control in the Institute. Many of these have already been accepted and are now being implemented by the Institute. Some of the other recommendations like merger of funds which the Institute has not accepted are still under correspondence. Recently the Institute has also been advised to prepare 'performance budgets' so that a more critical evaluation of the performance in physical terms in relation to financial expenditure could be rendered feasible. The implementation of these measures would, it is hoped, go a long way in improving the financial administration of the Institute.

[Cabinet Secretariat D.O. No. 28 3 69 Tech. dt. 10-10-69]

**Further information**

The grants given to the Institute have so far been in the nature of lumpsum grants, for each sector of activity. Except in those cases where

a particular item of the expenditure proposed by the Institute had not specifically been accepted by the Government, all other items of expenditure incurred by the Institute will, therefore, have to be treated as expenditure on items approved by Government. Full particulars of such expenditure are given in the Annexure I.

The Institute was requested in Sept., 1968 to prepare and submit to the Govt. detailed performance budget for 1968-69. The Institute, however, expressed doubts about the feasibility of preparing such a performance budget particularly as major portion of its work related to research and training activities, the performance under which cannot easily be assessed with reference to norms and Yardsticks. At their request a copy of the performance budget prepared by comparable select organisations has been obtained from the Ministry of Finance and sent to them very recently to enable them to prepare a performance budget for 1970-71 on these lines.

[Cabinet Secretariat O.M. No. 28-3-69 Tech. dt. 1-12-69]

#### **Recommendation**

The Committee cannot help feeling that this situation is to a certain extent of Government's own making. The Act governing the Institute provides for the exercise of various checks and reviews on the performance of the Institute. Government have apparently failed to take full advantage of these provisions. Section 8 of the Act, for instance, provides for a Statutory Committee being set up "as and when necessary" for "the preparation and submission to Govt. as far as possible before the commencement of each financial year of statements showing the programmes of work during that year" to facilitate budget provision therefor. Though Govt. have been setting up Committees for this purpose, their reports have generally never become available to facilitate timely budget provision. Again section 9 of the Act provides for a Committee being constituted periodically for "reviewing and evaluating" the work done by the Institute. The first Review Committee was set up by Govt. under this Section in 1966, i.e., six years after the Act was passed. Besides the foregoing provisions, Sections 11 and 12 of the Act empower Govt. to issue directions to the Institute in specified circumstances. However, in spite of the deteriorating position of the Institute, these powers have never been used. Another mechanism for control available to Govt. namely its representation on the Council of the Institute, has also largely remained ineffective, as is evident from the findings elsewhere in this Report.

[S. No. 2 of Appendix IV (Para 1.12) of 59th Report-4th Lok Sabha]

#### **Action taken**

Government have already set up a Committee for 1970-71 under section 8(1) of the ISI Act 1959 to indicate the programme of work to be undertaken by the Institute in that year and the quantum of grants to be given by government corresponding to these programmes. The Committee is required to submit its report to Govt. before December, 1969 so that its views could be taken note of while finalising the budget estimates for 1970-71.



Working Group is expected to list out those arrears which no longer need be tabulated and also draw out a priority list according to which the tabulation of the data can be taken up. The Working Group is also expected to examine the question of possibility of prescribing norms and yardsticks for the various items of work undertaken by the Institute. The Statutory Committee that is appointed under Section 8(1) of the ISI Act is also expected to examine critically various items of work to be entrusted every year and ensure that the grants recommended are adequate for the purpose. The preparation of 'performance budget' by the Institute would also help to pinpoint the areas where the financial resources are not properly balanced with the physical resources for the work entrusted to the Institute. These measures would go a long way in guarding against the type of defects that have been observed by the PAC.

[Cabinet Secretariat D.O. No. 28/3/69—Tech. dt. 10-10-69]

#### Further information

Copies of the notes leading to the setting up of this Working Group are enclosed (Annexure III). The Working Group is now expected to hold its first meeting in New Delhi on the 15th & 16th of December. It may take the Working Group about a year's time to complete its task.

[Cabinet Secretariat O.M. No. 28/3/69—Tech. dt. 1-12-69]

#### Recommendation

It should not cause surprise if the extraordinary latitude over a number of years that has been extended to this Institute were described as nothing short of gross irresponsibility.

[S. No. 9 of Appendix IV (Para 2·24) of 59th Report—4th Lok Sabha]

#### Action taken

The defects pointed out by the PAC arise out of the inherent difficulties in assessing and evaluating the NSS work done by the Institute. The lack of correspondence between the financial resources given to the Institute and the physical resources required by the Institute for carrying out the various tasks entrusted to them have also added to the difficulties and resulted in large accumulation of arrears. Recently, a Working Group has been set up to look into the question of arrears of tabulation of NSS data. This Working Group is expected to list out those arrears which no longer need be tabulated and also draw out a priority list according to which the tabulation of the data can be taken up. The Working Group is also expected to examine the question of possibility of prescribing norms and yardsticks for the various items of work undertaken by the Institute. The Statutory Committee that is appointed under Section 8(1) of the ISI Act is also expected to examine critically various items of work to be entrusted every year and ensure that the grants recommended are adequate for the purpose. The preparation of 'performance budget' by the Institute would also help to pinpoint the areas where the financial resources are not properly balanced with the physical resources for the work entrusted to the Institute. These measures would go a long way in guarding against the type of defects that have been observed by the PAC.

[Cabinet Secretariat D.O. No. 28/3/69—Tech. dt. 10-10-69]

### Recommendation

What the Committee find even harder to accept is the fact pointed out by the Review Committee that 'after huge outlays made over a period of years, the Government has not obtained timely data for planning and administrative purposes.' The Institute 'takes not less than 27 months from the close of a round of survey to publish the report' though, in other countries 'reports relating to a round are made available within twelve months and urgent data even within a few weeks or months.' Even this period of 27 months is apparently not often achieved. A review of the annual report published by the Institute in 1966-67 shows that the latest report published in that year related to the 18th round, which covered the period July 1962 to June 1963 and the oldest report to the 11th and 12th rounds of survey, which took place as early as August/1956—August 1957. If the reports are thus delayed, their utility as pointed out by the Review Committee, 'is greatly reduced.' The Committee note that, apart from the Institute Govt. themselves have a share of responsibility for this state of affairs. the examination of reports submitted by the Institute to Govt. for clearance has been taking time. Besides, Government could have helped the Institute to process the data speedily by providing them with a computer. This was in fact recommended by the Fisher Committee as early as 1957 but it took over ten years for the computer to be sanctioned and installed.

[S. No. 10 of Appendix IV (Para 2.25) of 59th Report—4th Lok Sabha]

### Action taken

The observations of the PAC have been communicated to the Institute and the Institute has been requested to speed up the tabulation of NSS data to the maximum extent possible. Action has also been taken to reduce delay at the various subsequent stages viz. in commenting on and clearing of the draft reports, obtaining of revised reports, and the different stages of printing, of these reports. Special arrangements have been made in the Department for a systematic and quick checking and return of the proofs of the NSS reports. A continuous watch is being maintained on the receipt and progress of various draft reports of NSS and as and when necessary appropriate authorities are reminded. There are still, however, considerable delays in the various stages of printing of the reports at the Govt. of India Press and the matter has been taken up with them.

As for giving a computer to the Institute, the PAC is aware that a Honeywell H-400 computer has already been allotted to it but due to agitation from the workers' side the Institute has not been able to instal the computer so far.

[Cabinet Secretariat D.O. No. 28/3/69—Tech. dt. 10-10-69]

### Further Information

(i) List of NSS surveys undertaken by ISI in regard to which draft reports are still awaited by Government—indicating the round of survey, the period to which the round of survey relates and the subject-matter of the reports Annexure IV).

(1)	(2)	(3)	(4)	(5)
				<p>conclusion that the amount credited to the leave salary fund by the Institute exceeded the liability on this fund by Rs. 211937 and therefore the question of further payment by Govt. does not arise. The institute has recently indicated that the transfers to this fund were made from its own resources and that these amounts have not actually been paid by the Govt. in these years. The accounts for all these years are now being examined to find out the correct position.</p> <p>The items (a) and (b) form part of the total leave salary claim of the institute.</p> <p>(c) This has been accepted and paid in June 1961. However, the Institute has not made the necessary adjustments as the savings against which this expenditure was to be set off was utilised by it for some other purpose. The Institute is treating this as an outstanding item, while conceding Government's position.</p>
5	2.2	1960-67 excess	1.85	This claim was rejected first in 1962 in December 1965. The Institute has intimated that it proposes to press this claim once again and their reference is awaited.
6	2.3	1962-63 excess	3.46	Claim rejected in June 1965. Institute proposes to request further re-consideration and reference is awaited.
<b>NSS Project Sector</b>				
7	3.1	Upto 1958-59	5.44	Remarks against items (a) & (b) of 4 above apply.
<b>Revenue Current</b>				
8	4.1	1966-67 excess	1.62	This is mainly due to expenditure on UNTAA equipment which the Institute could not meet from out of savings. The claim was rejected in June 1968 and no further request for reconsideration has so far been received.

9	4.2	1967-68 excess	0.51	The Institute was requested to furnish full particulars in May 1969. Their reply has been received only on 3.11.1969 and is now under consideration.
<i>Revenue (Plan)</i>				
10	5.1	1966-67 excess	0.00 (630)	These two are very petty items and we had suggested to the Institute and the latter had agreed to adjust these against the 1968-69 grants. This has not, however, been possible as the 1968-69 accounts also shows an excess expenditure.
11	5.2	1967-68 excess	0.00 (117)	
<i>25th anniversary</i>				
12	6.0	25th anniversary	0.05	Remarks against item (c) of item 4 above apply.
<i>Sch. III—Amount to be claimed from Govt. of India.</i>				
13	1	Revenue (current)	0.54	The claims can be examined only after the audited accounts for the year are formally received by the Government.
14	2	Revenue Plan	0.00 (174)	
15	3	Loss of old and damaged building materials	0.42	This matter is still under consideration of the ISI Council.
<i>Sch. IV—Amounts claimed and rejected (but under correspondence)</i>				
16	1.1	1963-64 excess	0.85	This claim was rejected in April 1967. The Institute has requested reconsideration of the decision. This is yet to be discussed with the Institute authorities.
17	1.2	1964-65 excess	2.67	Claim rejected in April 1967 and again in Dec. 1967. No formal request for reconsideration received.

*ANNEXURE II*

No. 30/14/68 Teach.  
Government of India  
Cabinet Secretariat  
Department of Statistics

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New Delhi, dated 28 August 1969.

To,  
The Comptroller and Auditor General of India,  
New Delhi, (Attention Shri R.P. Ranga, Addl, Deputy C&AG).

Sub: Test Audit of the accounts of the Indian Statistical Institute, Calcutta.

Sir,

I am directed to refer to your u.o. note No. 860-TAI/50-69 dated the 16th June 1969 to the Ministry of Finance, Department of Expenditure, on the above subject (copy enclosed) and to state that the proposal to conduct the test audit of the accounts of the ISI has been approved.

2. The ISI is being requested to provide all necessary facilities in this regard, when the test audit is taken up.
3. Receipt of this letter may please be acknowledged.

Yours faithfully,

Sd/  
(K.P. Geethakrishnan)  
Deputy Secretary.

Copy to Shri A.P.V. Krishnan, JS(I&R), Ministry of Finance, Deptt. of Expenditure, New Delhi.

Sd/  
(K.P. Geethakrishnan)  
Deputy Secretary

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OFFICE OF THE C&AG, New Delhi

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According to the recommendations of the Review Committee, there should be a test audit by the C&AG once in five years in addition to the audit of the accounts of the Institute by duly qualified auditors as provided

in section 6(1) of the ISI Act. The PAC have also, in the 59th Report recommended *inter alia*, that the arrangements made for the test audit of the accounts of the Institute are not hedged in with stipulations which would hamper its effectiveness. C&AG consider that in pursuance of these recommendations, there should be a test audit (by the audit department) of the accounts of the Institute. The audit will be of the nature of superimposed audit, the periodicity of which will be determined after the first audit is completed. While audit would have regard to the rules, conventions and procedures etc. prevalent in the Institute, it will be open to the C&AG to comment upon these rules, conventions, procedures etc. if they, in his opinion lead to waste and inefficiency and are not conducive to adequate financial control.

The decision taken in the matter may please be communicated to this office at an early date so that arrangements may be made for conducting the test audit accordingly.

### ANNEXURE III

In response to our circular at PUC I (In pursuance to para 6 of the minutes of NSS PAC held in May 1969) replies from 7 states have only been received so far. But since it is not possible to delay any further the formation of the Working Group on arrears, particularly because the detailed examination of the tabulation programme for the 23rd round has also been remitted to this group, it is proposed to form the group immediately and start work with those states whose reports are available with us.

2. NSS PAC in its meeting held in May, 1969 (ref. para 6) recommended that the Working Group should be a small one and should go round from one state to another to study their problems. Accordingly the following action points are suggested:-

- (i) A small working group with the following composition may be formed:

Joint Direct (NSS), C.S.O.	—	<i>Chairman</i>
Prof. N.C. Ghosh or his nominee, ISI	—	<i>Member</i>
Shri D.P. Octania, Director, SSB, U.P.	—	<i>Member</i>
Shri P.B. Buch, Director, SSB, Gujarat	—	<i>Member</i>
Deputy Director (NSS), C.S.O.	—	<i>Convener</i>

Representatives of states whose problems as and when are examined by the Working Group are to be invited.

(ii) Problems leading to arrears in tabulation including pooling of Central and State samples should be examined by the Group state by state and for the centre on the basis of spot examination. With a view to economise touring, spot examination may be made only of those states where huge arrears have accumulated and where resource position needs a thorough re-examination. The representatives of the neighbouring states may also be invited and their problems also examined.

(iii) The group after examination should prepare state-wise reports and a separate report for the Central tabulation giving an upto-date account of arrears stage-wise and the problems leading to arrears with full examination of resources available *vis-a-vis* requirement.

(iv) The Group should take an overall view and give finally recommendations on:-

- (a) The arrears that could be written off and need not be tabulated at all.
- (b) Arrears with modifications, if any, that should be tabulated and the agency to be utilised for the purpose *i.e.* whether it would be possible to tabulate the arrears by working second shift or on overtime basis or needed to be got done by outside agencies like computer centre.
- (c) requirement of replacement and/or addition of resources (both men and machines) or regular processing of one normal rounds data within the period of one year including pooling of central and state samples. (state-wise and for centre)
- (d) The group should also draw up a rational and feasible tabulation programme for the 23rd round.

3. After the working group completes the job mentioned in the above para. representatives of all users (may be the NSS PAC itself) may be invited to finalise particularly (a) and (b) of para 2 (iv) on prepage.

For approval.

Sd/- S.K. Gupta  
5.7.69

JD(B)

Director

Sd/-N. K. Chakravarti  
5.7.69

The composition of the W.G. is approved, I will attend the first meeting of the W.G., to which C.D. NSS may be invited.

Sd/- Uttam Chand  
9.7

JD(B)

Please issue the fs. placed below.

## ANNEXURE IV

*List of NSS surveys for which results/reports are awaited from the ISI*

Round (Period)	NSS Schedule No.	Subject	Results pending
16 th (1960-61)	6. 1 & 6. 2	Land holding	Fractile tables*
	12	Population, births & deaths etc.	Fractile tables* and one priority I table }
17th (1961-62)	6. 1 & 6. 2	land holding	Fractile tables
	12	Population, births & deaths etc.	Full result according to Priority List of tabulation plan §
18th (1963-64)	1. 0	Consumer expenditure	Priority II tables (urban tables programmed for 1969-70)
	3. 03	movement of essential commodities	—
	12	Population, births & deaths etc.	Fractile tables*
19th (1964-65)	16	Housing condition, demographic particulars, expenditure on physical assets, enterprises.	Delivery programmed for 1969-70.
	16	consumer expenditure	Priority II tables (programmed for 1969-70)
	17	Integrated household survey (abridged)	part results given and part work programmed for 1969-70.
	17(s)	Integrated hh. survey land utilisation	—
	20th (1965-66)	0. 1, 0. 2	Village/block information
	12	Population, births & deaths etc.	To be completed in 1969-70
	16	Integrated household survey	—
	17	Integrated household survey (abridged)	Programmed for 1969-70.
	17(s) I.H.S.	Land utilisation	—
	17. 1 I.H.S.	Trading enterprises	Programmed for 1969-70.

\*There are some technical issues to be decided regarding fractile tabulation and the need therefor.



	(1)	(2)	(3)	(4)
21st (1966-67)	0.1 & 0.2	Village/block information		—
	12	population		—
	16	Integrated household schedule		—
	17	Integrated household survey (abridged)		—
	17(s)	Integrated household survey (l.u.s.)		—
22nd (1967-68) ■	0.1 & 0.2	Village/block information	Programmed for 1969-70	
	9	farming practices		-do-
	12	urban labour force		-do-
	12	population etc.		—
	16	Integrated household schedule		—
	—	sample registration in West Bengal		—
	—	Post Census Survey (pop) 1961		—
23rd (1968-69)	0.1 & 0.2	Village/block information		—
	2.2 & 2.21	household and non-household non-registered manufacture		—
	3.01	monthly rural retail price		—
	5 series	land utilisation survey and crop-cutting experiments	results received; report pending	
	12(U) 12(R)	population etc.		—
	16	Integrated household survey		—
		Pilot study on urban employment & unemployment		—

## ANNEXURE V

*List of draft reports submitted by ISI which are still pending Government approval*

S. No.	Draft report No. Round and Period	Subject matter	Date of submission of the report to Govt.	Remarks or reason for delay.
1.	207 (19th Round) 1964-65.	Household consumer expenditure and enterprises in rural and urban areas of India (Sch. 17)	6. 5. 1969	Govt.'s approval kept in abeyance till corresponding results of sch. 16 were brought out.
2.	211 (22nd Round) 1967-68	Pilot enquiry on building constitution	14. 10. 1969	Under examination
3.	212 (1964)	Annual survey of Industries 1964 (Sample sector: Detailed Results)	22. 10. 1969	Under examination

## ANNEXURE VI

*List of Reports approved by Government*

Sl. No.	Draft Report No.	Final No.	Cleared for printing on	Revised press copy received on	Sent for printing on	Printed on
1	134					
	126		1-2-67	19-6-67	21-7-67	10-8-68
2	146					
	144		14-3-67	19-6-67	21-7-67	22-2-69
3	147					
	132		12-4-67	11-12-67	5-2-68	22-8-69
4	150					
	137		17-10-67	27-11-67	27-11-67	4-12-68
5	151					
	127		3-11-67	14-12-67	28-12-67	24-3-69
6	153					
	131		18-5-67	16-8-67	18-8-67	18-5-69

1	2	3	4	5	6
7.	<u>155</u> 129	12-6-67	31-7-67	24-8-67	July 69
8.	<u>157</u> 143	3-8-67	6-5-68	25-5-68	11-9-69
9.	<u>159</u> 130	29-5-67	1-8-67	24-8-67	8-6-68
10.	<u>162</u> 139	13-6-67	26-6-67	28-11-67	22-8-68
11..	<u>163</u> 128	4-9-67	21-12-67	3-1-68	16-5-69
12.	<u>166</u> 142	21-6-67	23-11-67	12-12-67	31-10-68
13.	<u>167</u> 151	20-1-68	6-8-68	11-9-68	4-7-69
14.	<u>191</u> 148	26-6-68	9-8-68	21-8-68	6-8-69

## CHAPTER V

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

#### Recommendations

The Committee would also like to draw the attention of Government to the recommendations of the Administrative Reforms Commission that control over the Deptt. of Statistics should more appropriately vest in the Deptt. of Economic Affairs in the Ministry of Finance rather than the Cabinet Sectt., as collection and compilation of statistics have a close bearing on formulation of economic policy. The Committee would like early effect to be given to this recommendation particularly as the Cabinet Sectt., have with their other preoccupations, been quite obviously unable to give the time and measure of attention and supervision that the Institute requires.

[S. No. 6 of Appendix IV (Para 16) of 59th Report—4th Lok Sabha]

#### Action Taken

The matter is still under the consideration of the Government. As soon as a decision is taken it would be communicated.

[Cabinet Secretariat D.O. No. 28/3/69—Tech. dt. 10-10-69.]

#### Recommendations

The Committee cannot resist the impression that the settlement made with the Institute was not in the best interests of the public exchequer. Government have stated that whatever was shown by the Institute was accepted, because the system of accounts maintained by the Institute made identification of the expenditure incurred on the scheme difficult. The Committee fail to understand why the Government's representatives on the Council of the Institute including that of the Ministry of Finance could not have had the deficiency in the accounts, rectified or checked effectively the Institute's outlay on staff which varied from two-thirds to three-fifths of the total expenditure.

[S. No. 8 of Appendix IV (Para 2-23) of 59th Report—4th Lok Sabha.]

#### Action Taken

It has been observed that the Institute's outlay on staff in relation to the total expenditure is on the high side. The research programmes undertaken by the Institute are all staff oriented and not much of the equipment, or laboratory material is generally required for these research purposes. In these circumstances, the expenditure on staff on the research side is

bound to be somewhat higher than in comparable scientific research institutions. The finalisation of the norms and yardsticks referred to in reply to observation at serial No. pages 36-37 would also help to ensure that staff are not deployed in excess of required numbers.

[Cabinet Secretariat D.O. No. 28/3/69-Tech. dt. 10-10-69]

#### **Further Information**

The Institute has, in pursuance of the decision taken on the recommendations of the ISIRC, taken up for consideration the question of appointing a Financial Adviser to coordinate its budget and accounting work etc. It has also commenced the preparation of a separate budget for its common services sector. It is also improving the system of internal audit and tightening up the machinery for the preparation of periodical expenditure reports so that the trend of expenditure could be watched.

[Cabinet Secretariat O.M. No. 28/3/69-Tech. dt. 1-12-69]

#### **Recommendation**

Another important aspect of the NSS work done by the Institute to which the Committee would like to draw attention, is what the Review Committee have characterised as the 'doubtful utility' of the statistics produced by the Survey. The Government's representative admitted during evidence that the statistics produced by the Institute relating to crop estimates and food estimates were at variance with official statistics and were not being utilised by Government. A Technical Committee appointed by the Planning Commission which reported in 1967 found official statistics of crop estimates 'to be in general conformity with the evidence on the availability of food grains' rather than the NSS statistics. This Technical Committee also took the view that 'no other series can ever completely replace the official series' and recommended that there was 'no need for continuing the present NSS series of crop estimates', a view substantially taken earlier in 1966 by the Review Committee, when it recommended that the entire work relating to the NSS consisting of design, data collection processing and interpretation should be removed from the statistical institute (except for the State of West Bengal) and brought under unified control. It is strange that, though over two years have passed since this recommendation was made, it still continues to be under Government's consideration. The Committee note that Government are themselves conscious of the delay that has occurred in the matter.

[S. No. 11 of Appendix IV (Para 2-26) of 59th Report—4th Lok Sabha]

#### **Action Taken**

The question whether the land utilisation statistics and crop cutting estimates surveys should be modified or not has been engaging the attention of the Govt. for quite some time. Since, the opinion from the technical angle has been divided it has naturally to be sorted out in consultation with the experts concerned. It has recently been proposed that this should be discussed at a meeting which would be attended by the experts in the field,

from State Government, from the Govt. of India and from the ISI. This conference is to take place on the 8th, 9th and 10th of October and a final decision on this issue is expected to be taken shortly thereafter.

[Cabinet Secretariat D.O. No. 28/3 69-Tech. dt. 10-10-69]

#### Further Information

Discussions held in Calcutta in October, 1969 were followed by another round of discussion early in November in New Delhi. The lines on which the LUS & CCE of the NSS should be integrated with the other programmes for collaboration as well as improvement of agricultural statistics have been tentatively decided upon. These are now proposed to be discussed at another meeting to be held early in December in Calcutta and a final decision would thereafter be taken in consultation with the State Governments commencing on 1-7-1970. The new integrated scheme which envisages intensive supervision and larger coverage so as to obtain reliable estimates both on all India and state levels for all major crops, if possible, be adopted in the 25th round of National sample Survey beginning on 1-7-1970.

[Cabinet Secretariat O.M. No. 28 3 69-Tech. dt. 1-12-69]

#### Recommendation

The collection and tabulation of operational statistics is not the function of an institution like the Indian Statistical Institute. As the Review Committee have very appropriately pointed out. The Institute is basically a scientific organisation and should not become involved in large scale routine operations to the detriment of its more important work i.e. teaching and fundamental and applied research". The Committee hope that, in view of this position, Government will take immediate steps to have the National Sample Survey work taken out of the purview of the Institute and entrust it to an organisation constituted on the lines recommended by Review Committee,

[S. No. 12 of Appendix IV (Para 2-27) of 59th Report—4th Lok Sabha]

#### \*Action taken

The Committee observe that several shortcomings in the Institute have been brought to light by the Review Committee and the auditors of the Institute. Three of these call for specific comment.

Substantial amount of capital grants given by Government to the Institute have been utilised on the construction of buildings. However, the standard of construction of the buildings, on which the Institute expended as much as Rs. 59 lakhs, was found by the Review Committee to be 'often unsatisfactory' there being a 'lack of' even 'essential amenities'. The Institute had 'most of the buildings' constructed by a Cooperative Society of which the President was the Estate Officer of the Institute. The Review Committee's observations in this respect are very revealing 'The training of the officer is only that of an overseer. Since the functions of the executing agency and the supervising agency are combined in the same person

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\* The Cabinet Secretariat have furnished a reply (*vide* their M.O. No. 29/3/79-Tech. dated 31-12-79) This has been marked confidential and has, therefore, not been printed.

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position of the Institute. In particular, Government should assess the liabilities of the Institute, how its resources have to be husbanded to meet those liabilities and how best the activities of the Institute could be rationalised, so that it could run on an even keel. The Committee would like in this connection to refer to their observations in para 1.13 of their Fifty-Ninth Report (Forth Lok Sabha) where they had referred to the recommendations made by the Review Committee to tone up the performance and administration of the Institute. The Committee note from Government's reply to their observations that "many of these have been accepted and are now being implemented." The Committee trust that a close watch on the position in this regard would be kept by Government.

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Cabinet Secretariat

The Committee observe that there is a proposal to introduce a system of performance budgeting in the Institute. As this will enable the governing council of the Institute and the Government to assess the performance of the Institute better, the Committee would like the proposal to be followed up for early implementation.

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Periodical stock-taking of the work done by the Institute is of great importance. The Committee would in this connection like to draw attention to their observations in para 1.12 of the Fifty-Ninth Report, where they had referred to the review and evaluation procedures provided for in the Act governing the working of the Institute and to the need to ensure that these are enforced. The Committee note Government's assurances on this point and hope that these will be implemented.

- 5            1-16            -do-            The Committee hope that the appointment of a Financial Adviser and tightening up of Internal Audit will help the Institute to streamline its accounts and ensure financial propriety of its transactions. Both these should prove constructive and protective aids to the management in avoiding the irregularities that have been occurring so far.
- 6            1.19            -do-            The Committee are happy that Government have accepted their suggestion for a periodical test audit of the Institute's accounts by the Comptroller and Auditor General of India. The Committee hope that adequate facilities would be extended to the test audit parties, so that audit could effectively be conducted.
- 7            1-22            -do-            The Committee would like Government to come to an early decision on the question whether control over the Institute should be exercised by the Cabinet Secretariat or the Department of Economic Affairs, keeping in view the considerations mentioned in para 1-16 of their Fifty-Ninth Report (Fourth Lok Sabha).
- 8            1-28            -do-            The Committee are not happy about the position in regard to arrears of National Sample Survey work. Pursuant to their recommendations in the 59th Report, a Working Group was set up in July, 1969 to go into this question and decide "the arrears that could be written off." This Working Group is still to hold its first meeting and, according to the information furnished to the Committee, it will take them about a year to complete the work. Considering that, as early as 1966, the Review Committee of the Indian Statistical Institute had stressed the need for segregation of these arrears, the Committee feel that the matter does not brook further delay. The Committee would like Government to take steps to ensure that the Working Group's report on the



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subject becomes available as early as possible, so that, as pointed out by the Review Committee, "time and money need not be wasted on completing the whole work".

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Cabinet Secretariat

The Committee are concerned to find that in the meanwhile, the tabulation of National Sample Survey work continues to be substantially in arrears. The information furnished to the Committee shows that out of 36 reports pending with the Institute, as many as 17 reports relate to rounds of survey pertaining to the period 1960-61 to 1965-66. There has been particular delay also in getting the reports printed. During 1967 and 1968, it has taken anything from 13 to 25 months to get a report printed after it was cleared for printing. The very purpose of sample survey will be defeated, if the reports of the survey are delayed at each stage. The Committee hope that the Working Group would be able to evolve adequate procedures to eliminate such delays.

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The Committee had in para 2.23 of their 59th Report, called attention to the fact that two-thirds to three-fifths of the expenditure incurred by the Institute on National Sample Survey work represented outlay on staff. The Committee now note that Government expects the Statutory Committee appointed under Section 8(1) of the ISI Act to work out "norms and yardsticks" to regulate this expenditure. The Committee trust that this will be done and will help to rationalise the Institute's expenditure on this account.

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The Committee also expect early installation of the computer, which was bought as early as 1967.

- 12            1.36            -do-            The Committee note that the question of the future set up of National Sample Survey is under Government's active consideration. They hope that orders on the subject will be issued expeditiously.
- 13            1.37            -do-            The Committee also note that a new integrated scheme for sample survey is being worked out by experts to facilitate collection of reliable agricultural statistics. The Committee trust that the defects noticed in the working of the N.S.S. will be kept in mind while evolving the new scheme so that these do not recur.
- 14            1.41            -do-            The Committee find that the preparation of a Master Plan for the construction activities of the Institute which was suggested by the ISI Review Committee as early as 1966 has still not got under way. The Statutory Committee for 1968-69 set up under section 8(1) of the ISI Act had also drawn attention to the absence of this plan and the financial embarrassment arising out of it. The Committee trust that Government will ensure that the Plan is prepared without further delay. No less important is the need for early investigation into various irregularities connected with the construction activities of the Institute to which the Committee had drawn attention in para 5.12. These in the first instance had been pointed out by the Review Committee as far back as 1966. This inordinate delay in investigation will only make it more difficult to find out the truth. The Committee suggest that the matter may be entrusted to Central Bureau of Investigation for investigation.
- 15            1.45            -do-            The Committee find that the Gratuity Fund, which was freely drawn upon by the Institute for meeting current expenses, has still not been replenished. This is a very undesirable position for which

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an early remedy will have to be found. No less important from the point of view of safeguarding the employees' interest is the need to secure early recognition of the General Provident Fund for income tax purposes. The Committee hope that this matter which is stated to have been taken up with the Commissioner of Income Tax will be settled quickly.

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