

PUBLIC ACCOUNTS COMMITTEE

1952-53

SEVENTH REPORT

APPROPRIATION ACCOUNTS (CIVIL), 1949-50

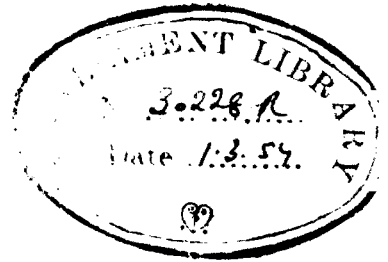
AND

UNFINISHED ACCOUNTS (CIVIL), 1948-49

VOL. I—REPORT



सत्यमेव जयते



IV.0.0(60)

PARLIAMENT SECRETARIAT

NEW DELHI

May, 1953.

CORRIGENDA

Seventh Report of the Public Accounts Committee (1952-53) on the Appropriation Accounts (Civil), 1949-50 and unfinished Accounts (Civil), 1948-49—Vol. I Report

Insert (i) at the bottom of the first page of the Volume captioned 'Composition of the Public Accounts Committee, 1952-53' and re-number the contents pages from (i-v) to (ii-vi).

Contents page as re-numbered (ii), insert: 'Composition of the Public Accounts Committee, 1952-53..... (i)' below the word 'CONTENTS'.

Contents page as re-numbered (v)—

Against Appendix—

- XLIV : for '371' read '373'.
- XLV : for '372-373' read '374-375'.
- XLVI : for '374' read '376'.
- L : for '393' read '395'.
- LI : for '394' read '396'.
- LII : for '395' read '397'.
- LIII : for '396-397' read '398-399'.
- LIV : for '398-400' read '400-402'.
- LV : for '401' read '403'.
- LVI : for '402' read '404'.
- LVII : for '403-404' read '405-406'.
- LVIII : for '405-406' read '407-408'.
- LIX : for '407' read '409'.

Contents page as re-numbered (vi)—Against APPENDIX XCII : for '9 0' read '489'.

- Page 3, Para 6, insert '7' at the commencement of the third sub-para and for 'The percentages of savings and excesses as compared with the.....' read 'The following table shows at a glance the particulars of the.....'
- Page 3, last line from bottom : for 'TOTA' read 'TOTAL'.
- Page 4, last line from bottom : for '11' read '101'.
- Page 5, Item 11 : for 'Emhassies' read 'Embassies'.
- Page 9, Para 14(f), line 8 : delete 'Technology, Kharagpur. The Committee would like to have a'.
- Page 12, Para 30, line 4 : for 'biok' read 'book'.
- Page 31, Footnote : insert '*' at the beginning.
- Page 43, Para 87, line 2 : for 'post-partion' read 'post-partition'.
- Page 53, Footnote, line 1 : for 'Publi' read 'Public'.
- Page 66, last line from bottom : insert 'have been done earlier if money was available.' after the words 'more work could'.
- Page 126 : for 'Shri C. S. Rau' read 'Shri G. S. Rau'.
- Page 135, last line from bottom : for 'held' read 'held'.
- Page 137, Footnote 3, line 2 : for 'appeo-' read 'appro-'.
- Page 163, Col. 5, line 3 from bottom : for 'bes' read 'be'.
Col. 6 : insert 'Other Ministries and the D.G., P. & T. have stated that necessary instructions have been issued.' as the penultimate sub-para.

Page 171, Item 27, Col. 3 : for '26(i)' read '26(ii)'.

- Page 173, Item 37, Col. 2, line 2 : for 'artition' read 'partition'.
Item 38, Col. 1 : for '8' read '38'.
- Page 178, Item 54, Col. 2 : for '1946-49(I)' read '1948-49(I)'.
- Page 179, Item 58, Col. 1 : for '8' read '58'.
- Page 180, item 59, Col. 4 : for 'Offairs' read 'Affairs'.
Col. 1 : insert '60' in the blank space.
Item 61, Col. 6, line 9 : for 'of' read 'on'.
- Page 186, Item 76, Col. 5, line 1 : for 'ees' read 'fees'.
- Page 192, item 94, Col. 2, line 3 : for '1948-49()' read '1948-49(I)'.
- Page 194, Col. 1 : insert '101' in the blank space.
- Page 201, Item 116, Col. 5, line 4 : for 'eeps' read 'jeeps'.
Col. 5, line 5 : for 'mplemented' read 'imple-
mented'.
- Page 206, Item 123, Col. 5, line 6 : for 'not' read 'nor'.
- Page 211, **Appendix II**, Heading, Col. 3, line 2 : for 'of' read 'or'.
Grant No. 8, Col. 1, line 1 : for 'Irrigations'
read 'Irrigation'.
- Page 213, Grant No. 56, Col. 6, line 1 : for '-43,52' read '-43,520'.
- Page 214, Grant No. 74, Col. 6, line 1 : for '-13.7100' read '-13,710'.
- Page 215, Grant No. 88, Col. 6, line 2 : for '+1,66,294' read '+11,66,294'.
- Page 216, Col. 6 of the Heading : for 'Expenditurre' read 'Expen-
diture'.
Grant No. 100, Col. 6 : for '-1,41;81,993' read '-1,41,81,993'.
Grant No. 106, Col. 6 : for '-92,02,00' read '-92,02,000'.
- Page 243, Para 4, Col. 3 of the statement, line 6 : for '67926:0' read
'67,26:0'.
Col. 4 of the statement, line 9 : for '15,65 1' read
'15,65:1'.
- Page 273, Para 3 of the Lease of Anand Creamery, Col. 2 of the
statement, against 'Machinery etc.' : for '5 per ce' read
'5 per cent'.
- Page 274, Para 9, line 3 : for 'which' read 'with'.
- Page 277, Footnote, line 1 : for '20th' read '28th'.
- Page 287, Para 2, line 2 : for 'guarranteed' read 'guaranteed'.
- Page 288, Para 7, line 1 : for 'occurring' read 'occurring'.
Para 8, line 3 : for 'term' read 'terms'.
- Page 292, Para 5, line 4 : for 'd splayed' read 'displayed'.
- Page 296, sub-para 2, line 6 : for '\$ 16,379.75' read '\$16,379.75'.
- Page 300, **APPENDIX XXIII**, S. No. 82, Col. 2, line 4 : for '-' read ','
and in line 6 : for 'as' read 'at'.
- Page 314, Footnote : for 'Repot' read 'Report' and for 'no' read 'not'.
- Page 330, Para 6, sub-para 2, Against '(b) Deduct Recoveries' : for
'Rs. 30,52,932.89' read 'Rs. 30,52,932-8-9'.
- Page 333, Heading : for 'ANNEXURE' read 'ANNEXURE I'.
- Page 335, Heading : insert 'ANNEXURE II'.
Heading, line 2 : insert 'the' after 'during'.
S. No. 11, Col. 5 : for '2,451' read '2,441'.
- Page 337, Col. 5 of the statement : for '1,95' read '1,951'.
- Page 340, Heading : for 'STATEME I' read 'STATEMENT I'.
- Page 362, Heading : delete 'ACCOUNT' occurring after 'Government
Account'.
- Page 369, line 1 : for 'sale' read 'sales'.
sub-para 3, line 1 : for '130:048' read '130:048'.
sub-para 6, line 4 : for '2678:75, read '2678:75'.
- Page 372, sub-para 3, line 2 : for '3.517' read '3,517', sub-para 5
line 2 : for ' . ' read ' , '.
- Page 373, line 2 : for 'ov' read 'over'.

- Page 380, line 5 : for 'subseqlently' read 'subsequently'.
- Page 382, S. No. 1 of statement, Col. 4, line 1 : for 'estima' read 'estimates' and in line 2 : for 'approv' read 'approval'.
- Footnote 2 : for 'een' read 'been'.
- Page 384, Para 2, S. No. 1(b) of statement, col. 2 : for '4,905·50' read '4,905·59'.
- Page 386, sub-para 2, line 6 : for 'Steet' read 'Steel'.
- Page 387, Heading—"Tile lining....." : for 'Canal' read 'Canals'.
- Page 392, Para 9(iii) : insert '5·00' in the blank space under 'Rs. crores'.
- Page 423, **APPENDIX LXVII, STATEMENT I**, Col. 5, line 5 : for 'States' read 'Stores'.
- Page 429, **APPENDIX LXXII**, Heading : for 'take' read 'taken'.
- Item No. 41, Col. 3, line 1 : for 'coveped' read 'covered'.
- Page 431, Col. 1 : for '47' read '48'.
- Page 461, Col. 1, after S. No. 7 : insert '8' in the blank space.
- Page 485, **APPENDIX XCH**, S. No. 7, Col. 4, sub-para (ii), line 2 : for 'immed tely' read 'immediately'.

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Composition of the Public Accounts Committee, 1952-53

Shri B. Das—Chairman

Members

2. Pandit Munishwar Dutt Upadhyay.
3. Shri M. L. Dwivedi.
4. Shri Shree Narayan Das.
5. Shri Tribhuan Narayan Singh.
- *6. Shri H. V. Pataskar.
7. Shri Ranbir Singh Chaudhuri.
8. Acharya Shriman Narayan Agarwal.
9. Dr. Mono Mohon Das.
10. Pandit Krishna Chandra Sharma.
11. Shri Uma Charan Patnaik.
12. Shri V. P. Nayar.
13. Shri B. Ramachandra Reddi.
14. Shri G. D. Somani.
15. Shri K. M. Vallatharas.

SECRETARIAT

Shri M. N. Kaul—*Secretary.*

Shri S. L. Shakdher—*Joint Secretary.*

*Elected on the 11th December, 1952 *vice* Shri Balwant Nagesh Datar resigned.

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• CHAPTER I

INTRODUCTION

I, the Chairman of the Public Accounts Committee having been authorised by the Committee to submit the Report on their behalf, present this Seventh Report on the Appropriation Accounts (Civil), 1949-50 and unfinished Accounts (Civil), 1948-49 and Audit Reports thereon relating to the Ministries of Communications, Works, Housing and Supply, Food and Agriculture, Health, Irrigation and Power, Home Affairs, Information and Broadcasting, Rehabilitation, Natural Resources and Scientific Research, Transport, Education, External Affairs and Labour, Partition Secretariat, U.P.S.C., Cabinet Secretariat and Prime Minister's Secretariat.

2. The Committee also examined the *Reviews on the financial working of the various State Trading and Manufacturing Schemes furnished to them by the Ministry of Finance pursuant to action taken on para. 7 of the Report of the Committee which examined the Appropriation Accounts (Civil), 1947-48 (post-partition).

3. The Committee examined the above Accounts during their meetings held in July, September, October and November, 1952. They could not take up examination of the Accounts of 1949-50 relating to the remaining Ministries of the Government of India for want of time and their pre-occupation throughout the current year with other important work.

The Committee appointed a sub-Committee to examine the various notes/memoranda furnished by the various Ministries on the points arising out of the Accounts under review. The proceedings of the Fourth, Fifth and Sixth Meetings of the sub-Committee containing a brief record of their deliberations are appended to this Report.

4. A brief record of the proceedings of each meeting of the Committee has been maintained and forms part of this Report.

Another important procedural change made in the publication of the Reports of the Committee is that the printing and publication of the *verbatim* record of the evidence and discussions of the Committee which was dispensed with from the year 1942 onwards has been resumed with effect from the year 1952-53 and the evidence tendered before the Committee during the course of examination of the Accounts and Audit Reports under review is being published in the form of a separate Volume.

A statement showing the summary of the principal recommendations of the Committee is also appended to the Report.

* Cf. Appendix IV.

5. The Committee place on record their appreciation of the great assistance rendered to them in their examination of the Accounts by the Comptroller and Auditor-General of India and his Officers and Secretary and Deputy Secretary, Parliament Secretariat and their staff.
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CHAPTER II

FINANCIAL RESULTS OF THE GOVERNMENT OF INDIA

(CIVIL GRANTS)

6. During the year under review (*viz.* 1949-50), the original grants voted by the Constituent Assembly of India (Legislative) and charged appropriations for civil expenditure (excluding those for Posts and Telegraphs, Railways and Defence Services) amounted to Rs. 2,10,80,08,000 and Rs. 99,10,64,000 respectively making a total of Rs. 3,09,90,72,000. The supplementary voted grants and the charged appropriations during the year amounted to Rs. 99,98,94,000 and 2,96,000 respectively, bringing the total of final grants and appropriations to Rs. 4,09,92,62,000 (voted grants=Rs. 3,10,79,02,000 and charged appropriations=Rs. 99,13,60,000). As against this, the actual expenditure during the year was Rs. 3,45,03,81,128 (voted=Rs. 2,50,64,82,770 and charged=Rs. 94,38,98,358). There was thus a saving of Rs. 64,88,80,872 over the final grants and appropriations.

The percentages of savings and excesses as compared with the original and the final grants or appropriations, as modified by supplementary grants and appropriations, were as follows:—

	Saving (—) or Excess (+) over	
	Original	Final
Voted	18·9	—19·4
Charged	—4·8	—4·8

The percentages of savings and excesses as compared with the original and final grants and appropriations and the expenditure actually incurred against them under the heads (i) Revenue, (ii) Capital and (iii) Loans and Advances:—

(In lakhs of rupees)

	Original Grant or Appropriation.	Final Grant or Appropriation	Actual Expenditure
Expenditure met from Revenue (voted) ...	124,32	136,73	128,57
Expenditure met from Capital (voted) ...	66,38	147,09	95,98
Disbursements of Loans and Advances (voted)	2,10	26,97	26,12
TOTAL (Voted)...	210,80	310,79	250,65
Expenditure met from Revenue (charged) ...	40,85	40,88	39,64
Expenditure met from Capital (charged) ...	1	1	...
Disbursements of Loans and Advances (charged)	58,25	58,25	54,75
TOTAL (Charged) ...	99,11	99,14	94,39
Total Expenditure met from Revenue ...	165,17	177,61	168,21
Total Expenditure met from Capital ..	66,39	147,10	95,98
Disbursements of Loans and Advances ...	78,35	85,22	80,87
GRAND TOTAL ...	309,91	409,93	345,04

8. *Excess over voted grants*—Notwithstanding the huge savings over the total final grant as stated in paragraph 1 above, the actual expenditure in several cases exceeded the voted grants as shown below.

Item No.	Name of Grant	Final Grant	Actual Expenditure	Excess
		Rs.	Rs.	Rs.
1	2.—Central Excise Duties ...	3,86,51,000	3,87,67,973	1,16,973
2	6.—Stamps ...	1,24,90,000	1,31,45,840	6,55,840
3	10.—Cabinet ...	13,00,000	13,48,598	48,598
4	13.—Ministry of Home Affairs	63,81,000	63,90,904	9,904
5	17.—Ministry of Agriculture ...	24,91,000	26,78,197	1,87,197
6	19.—Ministry of External Affairs and Commonwealth Relations ...	53,65,000	54,00,760	35,760
7	30.—Ministry of Relief and Rehabilitation. ...	10,00,000	16,20,844	6,20,844
8	37.—Light-houses and Light ships ...	11,82,000	12,88,333	1,06,333
9	38.—Ecclesiastical ...	25,000	4,85,765	4,60,765
10	39.—Tribal Areas ...	1,10,36,000	1,14,26,560	3,90,560
11	40.—External Affairs ...	3,05,48,000	3,06,17,866	69,866
12	53.—Agriculture ...	99,49,000	1,04,33,165	4,84,165
13	66.—Miscellaneous Departments	1,75,16,000	1,80,51,662	5,35,662
14	73.—Stationery and Printing	2,16,30,000	2,35,18,906	18,88,906
15	75.—Expenditure on Refugees ...	13,52,17,000	17,75,94,730	4,23,77,730
16	83.—Civil Defence ...	1,74,000	2,07,940	33,940
17	88.—Andaman and Nicobar Islands	1,09,74,000	1,21,40,294	11,66,294
18	11.—Commuted value of Pensions	1,15,51,000	1,35,39,876	19,88,876

The reasons for the excesses are briefly explained below:

- Item 1.*—Mainly, payment of arrear travelling allowance and more repairs to departmental buildings.
- Item 2.*—Mainly, adjustment of arrear cost of paper.
- Item 3.*—Mainly, more touring than anticipated.
- Item 4.*—Petty excesses under various heads.
- Item 5.*—Mainly, supplementary demand not obtained through oversight.
- Item 6.*—Composed of petty excesses.
- Item 7.*—The cut in original provision did not materialise and supplementary grant not obtained.
- Item 8.*—Mainly, larger contribution to General Reserve Fund on the basis of larger recoveries of Light dues.
- Item 9.*—Expenditure instead of anticipated recoveries.
- Item 10.*—Mainly, grant of dearness allowance, unanticipated debits relating to previous years and more expenditure on medicines, wireless, etc.
- Item 11.*—Mainly, increased expenditure in various Embassies and Information Services.
- Item 12.*—Mainly, adjustment of unforeseen debits and non-finalisation of recoveries pending fixation of overhead charges on the cost of wells constructed.
- Item 13.*—Mainly, increased contribution to the Coal Mines Labour Welfare Fund.
- Item 14.*—Mainly, adjustment of arrear debits, payment of sales tax to mills and difference in rates of paper supplied in 1948-49.
- Item 15.*—Mainly, unanticipated liabilities of previous year.
- Item 16.*—Mainly, unanticipated adjustment after the close of the year including arrears.
- Item 17.*—Arrear adjustments.
- Item 18.*—Mainly, larger number of commutations than anticipated.

The Committee observe that for the reasons recorded in Para. 2 of the Report of the Public Accounts Committee of 1950-51, the above excesses need not be regularised by the House at this stage.

They would, however, reiterate the recommendations contained in Para. 18 of the First Report of the Public Accounts Committee of 1951-52.

9. Excesses over charged appropriation.—

The following statement shows the excesses over individual charged appropriations:—

Serial No.	No. and name of Appropriation	Final Appropriation	Actual Expenditure	Excesses
		Rs.	Rs.	Rs.
(1)	84.—Pre-partition Payments	..	10,78,437	10,78,437

CHAPTER III

BUDGETING AND CONTROL OVER EXPENDITURE

10. On several occasions in recent years, the attention of the Public Accounts Committee has been drawn to the continuance of a large number of cases involving uncovered excesses, unsurrendered savings, and irregular re-appropriations. The Committee regard this as extremely unsatisfactory and deprecate once again such defective estimating. In some cases, excesses result from debits adjusted during and late in the year and savings accrue from the non-adjustment of anticipated debits. This could have been avoided if spending authorities had acted with a little foresight and vigilance in regard to the adjustment of outstanding liabilities of which they were fully aware. The Committee should like to draw specific attention to this point and reiterate the recommendation continuously made in this respect since their Report for the year 1944-45.

11. As stated in the preceding Chapter, there have been excesses in 18 voted grants involving Rs. 5,11,78,213. The supplementary schedules of authorised expenditure included 55 supplementary demands for grants (other than those for Railways, Posts and Telegraphs and Defence Services) aggregating Rs. 99,98,94,000. Savings occurred in 80 out of 100 Grants, but only 71·2 per cent. of the total actual savings under the voted grants was surrendered by the Controlling Officers and accepted by the Ministry of Finance. Similarly, there were savings in 21 out of 23 charged appropriations. There were two cases in which the supplementary demands presented to Parliament proved to be unnecessary and in three cases the bulk of the supplementary grants and appropriations remained unutilised.

12. The above instances as also the percentages of savings and excesses serve as an index to the accuracy or otherwise of making estimates, original as well as final.

13. The Committee note that in pursuance of the recommendations made by the Committee in paras. 17 and 19 of their First Report, the Ministry of Finance have issued specific instructions in regard to budgeting and control over expenditure and the regular reconciliation of departmental figures with those booked in the Accounts Offices. The Committee will watch very carefully the effect of these instructions in subsequent Audit Reports.

14. The Committee have come across a large number of specific cases in which laxity of control over budgeting or control over expenditure was noticed. Some of the more important cases are mentioned below:

(a) In the Appropriation Accounts (Civil), 1949-50 relating to the Ministry of Food and Agriculture, the Committee found that under 'Grant No. 88—sub-head E. 1(6)(1)—Stock' an excess of Rs. 5,19,932 had not been covered. The representative of the Ministry explained to the Committee that the debit for stores indented for the Andamans Forest Department during the year 1948-49 in respect of which provision could not be made in the budget for the year 1949-50 had to be adjusted in the Accounts under review. The Committee observe that the Ministry did not foresee with any exactitude the results of the adjustment of the cost of stores received during the previous year and they are left with the impression that the Ministry did not maintain sufficiently close liaison with the supplying department in this matter.

(b) Under 'Grant No. 104—sub-head E. 3—Purchases in England', the same Ministry did not make any provision to cover the excess of Rs. 5,44,47,851 especially when the adjustment was made in November, 1949. The Committee are not convinced by the explanations given by the representative of the Ministry that this excess was mainly due to receipt of Accounts from the India Supply Mission, Washington earlier than usual. The attention of the Committee was drawn to a letter written by the Accountant-General, Food, Rehabilitation and Supply to the Ministry pointing out that the excess was due to adjustment of Rs. 6.71 crores.....made in November, 1949. The Committee observe that had the Ministry shown ordinary prudence in handling their finances, this excess could have been easily covered during the year under review by making provision in the final Estimates. The Committee consider that all authorities should be reminded of the principle which appears to have been overlooked in a number of cases, namely, that suitable steps should be taken to ensure that provision on account of stores or supplies indented is made correctly during the financial year concerned. In case, the supplies are not likely to mature during that year, steps should be taken to surrender the funds and the provision in that behalf should be made in the next year's budget estimates or revised estimates.

(c) The Committee further found that under 'Grant No. 90—Capital Outlay on Forests', the same Ministry failed to surrender the entire final saving of Rs. 14,19,581 under this Grant. Out of this saving, a sum of Rs. 8,62,000 only was surrendered to Government. The representative of the Ministry could not offer any satisfactory explanation for such a lapse and admitted that it was a mistake on their part in not having surrendered the balance in time.

(d) During their examination of the Accounts relating to the Ministry of Rehabilitation, the Committee noticed that under 'Grant No. 75—Expenditure on Refugees', an excess of Rs. 4.24 crores mainly

under 'Relief' had occurred. The representative of the Ministry explained that the excess consisted of three items viz., (i) expenditure incurred on the evacuation of displaced persons by rail, (ii) relief and (iii) Rehabilitation Grants to the States. The Committee understand that this amount consisted of Rs. 1.91 crores representing the transport charges incurred on the evacuation of displaced persons from West Pakistan during the year 1947-48 but, debit in respect of which was raised by the Ministry of Railways during the year under review. The Committee observe that as the bulk of evacuation had been completed towards the middle of the year 1948, the Ministry of Rehabilitation should have initiated timely action to enquire from the Ministry of Railways about the approximate amount of transport charges incurred by the latter on this account and on the basis of that they should have made necessary provision in the budget for 1949-50. The Committee are not satisfied with the explanation given by the representatives of the Ministries of Rehabilitation and Finance that non-budgeting of the provision for a sum of about Rs. 1.29 crores was due to the belated receipt of bills from the Railways.

(e) In the Accounts relating to the Ministry of External Affairs, the Committee noticed that the Ministry did not make any provision for the expenditure of Rs. 3,23,487 incurred on the recovery of abducted women under Grant No. 75—Group Head F. The representative of the Ministry admitted that there was an omission on their part in this case.

(f) The Committee found that under 'Grant No. 82—sub-head D.4', the Ministry of Education did not surrender the saving of Rs. 13,52,562 in time in order to avoid lapse of funds. The representative of the Ministry explained that this was generally due to non-receipt of certain equipment which had been ordered from abroad for the Indian Institute of Science, Bangalore and the Indian Institute of Technology, Kharagpur. The Committee would like to have a detailed note in the matter after getting it vetted by the Accountant-General, Central Revenues.

(g) The Committee noted that under 'Grant No. 94—sub-head G.3—Delhi Transport Service', the Ministry of Transport failed to surrender the saving of Rs. 2,23,327. The representative of the Ministry stated that the saving was due to non-payment of bills before the close of the year under review as the debits were raised by the Accountant-General concerned during the year 1950-51. The Committee consider that on the evidence available, there is no ostensible justification for the non-surrender of this amount as the Ministry

should have ascertained from the Accountant-General whether or not the debits were likely to be adjusted before the close of the financial year.

15. *Setting up of separate cells within the Ministries for exercising control over expenditure.*—The Committee are glad to note that as a sequel to their recommendation, the Ministry of Works, Housing and Supply have organised a cell in the Ministry for exercising control over expenditure in accordance with the budget as well as for prompt and satisfactory disposal of audit objections and the implementation of the recommendations of the Public Accounts Committee (*Appendix III*). The Committee should like to place on record their appreciation of the expeditious action taken by that Ministry in this direction and commend this for being adopted by other Ministries with a view to tightening up their budgetary control etc.

16. *Strengthening of the budgetary and financial control of Indian Missions abroad.*—The Committee considered the note submitted by the Ministry of External Affairs regarding the strengthening of budgetary and financial control over the Indian Embassies and Missions abroad in pursuance of the recommendations contained in Para. 22 of First Report of the Public Accounts Committee (*Appendix V*). The Committee feel that the measures taken in the matter are not adequate and a Committee should examine the matter further and suggest better financial checks over expenditure incurred by the Missions abroad.

The Committee also considered the note showing the revised financial powers contemplated to be delegated to the High Commissioner for India in the U.K., as also the measures proposed to be taken to tighten up the internal financial control in his organisation furnished by the above Ministry (*Appendix VI*). The Committee feel that the delegated financial powers of the High Commissioner are too large and unreasonable in some respects. Further, in order to make the control of the Financial Adviser attached to the High Commissioner in London more effective over the financial transactions of the High Commissioner, the Committee suggest that he should be independent of the control of the High Commissioner and responsible to the Ministry of Finance in so far as tendering of financial advice is concerned and that the kinds of cases in which the concurrence of the Financial Adviser should be obligatory should be clearly defined in the rules.

CHAPTER IV

LOSSES, FRAUDS, NUGATORY EXPENDITURE, FINANCIAL IRREGULARITIES, ETC.

17. *Import of Fertilizers.*—The Public Accounts Committee, in Para 33 of their First Report (1951-52), recommended that the Ministry of Food and Agriculture should immediately investigate in consultation with the Ministry of Works, Housing and Supply the case relating to the loss incurred on account of the import of fertilisers in paper bags and urged that disciplinary action should be taken against the Officers concerned. The Committee considered at some length the implications of the note furnished by the Ministry of Food and Agriculture stating the use of paper bags, inspection of packing and material, verification of weight etc. by the Cargo Superintendents, London, recovery of losses from the firm concerned and the fixing of responsibility for the loss on the individual Officers (*Appendix VII*). The Committee find from the evidence placed before them that large contracts for the supply of fertilisers were given to this firm without observing the usual formality of inviting open tenders. The firm had a nominal capital of £1,000 and a subscribed capital of £999 in shares of £1 each. Secondly, as far as the Committee can make out, the source from which the supply came was a governmental source, and it might have been possible to arrange the deal on a Government-to-Government basis. The present transaction which was originally expected to be of the order of £9 million should not have been put through intermediaries and every attempt should have been made for effecting a Government-to-Government transaction. Government could have saved £27,000 if the deal had been negotiated on a Government-to-Government basis.

It is quite obvious that the unnecessary bringing in of intermediaries must result in extra cost to the State.

Furthermore for want of a penalty clause, Government have not been able to recover the damages from the intermediaries for bad packing and consequent loss. Government have not also so far taken any effective action for pursuing the claims with the Clearing and Forwarding Agents for the loss for which they were responsible.

The Committee asked for information being furnished to them on certain points arising out of the discussions which they had with the representatives of the Ministries concerned in so far as it related to the use of ply bags in the first consignment of fertilisers imported from U.K., the extent of the responsibility that devolved on the Ministry of W. H. & S. vis-a-vis the High Commissioner for India in U.K. in entering into this transaction and the selection of the firm.

The Committee regret that the requisite information was made available to them after a lapse of six months and that too after repeated reminders. The Committee could not consider the note furnished by the Ministry of W. H. & S. on this subject for want of time and they, therefore, reserve their judgment in regard to the merits of this deal.

18. *Justice Rajadhyaksha Inquiry Report.*—The Ministry of Food and Agriculture have recently submitted to the Committee a copy of the Report of the Fertilizer Inquiry Committee by the Hon'ble Shri Justice G. S. Rajadhyaksha. As the Report has been marked 'Secret' and Government have already launched prosecution against the delinquent Officers, the Committee refrain from making any further observations about the merits of this deal at this stage.

19. *Withdrawal of money in advance of requirements—Purchase of two tank wagons by the Chief Fire Officer, Delhi—Para 22(c) of the Audit Report, Civil, 1951.*—A sum of Rs. 12,000 representing the cost of two tank wagons (Rs. 6,000 each) was drawn by the Chief Fire Officer, Delhi from the Treasury on the 30th March, 1949 though the amount was not actually required for immediate payment. An incorrect certificate to the effect that the wagons had been received in good condition was recorded on the bill in which the amount was drawn although one of the tank wagons was not completely ready for delivery even by the 5th August, 1949. The Committee pointed out that considering the gravity of the offence, mere censure of the Officer concerned did not constitute an adequate punishment. The representative of the Ministry of Home Affairs, however, informed the Committee that the Officer acted in good faith as he was motivated not by any personal gain but merely by an excessive anxiety to avoid the amount from lapsing. *Although the Committee have been assured that the error which arose in this case was due, in the first instance, to ignorance of the accounting procedure and secondly, to cover the obvious lapse of funds, they nevertheless, would observe that the withdrawal of money in advance of requirements is an irregularity, which may eventually lead to loss, if not to fraud.

20. *Free issue of ration in the camps of displaced persons—Para 30(a) of the Audit Report, 1951.*—To stop the free issue of rations or unauthorised ration cards in the camps of displaced persons, a fortnightly census of the population of each camp was prescribed by

Government in April, 1948. In actual practice, however, in most of the camps, the administrative authorities failed to carry out the enumeration after the prescribed interval and in many of them complete census was not taken for months together. This non-compliance with Government orders by the camp authorities resulted in an estimated loss of over Rs. 11 lakhs. While the Committee are aware of the post-partition upheavals, they observe that the irregularities disclosed in the Audit Report relate to a time when the emergency was over and fairly stable conditions had been established.

The Committee asked for a note reviewing the conduct of the various Commandant Officers concerned who had been put in charge of the different Refugee Camps with special reference to the strength of the camp inmates that they had to look after and other responsibilities entrusted to them in that respect. But the Committee regret that the Ministry have not so far seen their way in furnishing them the requisite information.

The Committee also suggest that the Ministry should undertake a review of the more important audit objections which revealed leakage of Government money and gross mismanagement on the part of the administrators of the various camps in consultation with the Accountant-General, Food, Rehabilitation and Supply and see whether they could fix responsibility on particular individuals and determine the action to be taken against them.

21. *Non-maintenance of Accounts of wool for knitting garments for displaced persons—Para 30(b) of the Audit Report.*—The Ministry of Rehabilitation procured from different sources large quantities of wool for issue to various Governments and organisations for knitting garments for displaced persons. In the course of local audit in March, 1948, it was found that no proper account of the issues was maintained. The Ministry was accordingly requested by the Audit authorities to prepare an account showing the issues to the different Governments and Organisations and receipt from them of woven garments. The reconstructed accounts showed a shortage of 10,872 garments and 20,926 lbs. of wool, which was omitted to be accounted for, although the relevant consignments had been taken delivery of. The monetary effect of this shortage is in the order of Rs. 1.55 lakhs. The Committee are informed that Shri Wadhvani, the Officer who was responsible for not keeping proper Accounts was discharged from service as soon as things came to the knowledge of the Ministry. The Committee asked the representative of the Ministry to submit to them a note giving the list of Officers employed in the various camps against whom disciplinary action had been taken for frauds, embezzlements and abuse of their powers. They

regret that in this case too the Ministry have not so far furnished them the requisite information.

The Committee feel that the Ministry should have, before putting an Officer in charge of stores worth several lakhs of rupees, verified his antecedents and set up an adequate organisation to cope with the maintenance of stores accounts. The Committee are satisfied that the loss could have been reduced if preventive measures had been taken earlier.

22. *Embezzlement of Rs. 12,736 by a Cashier of the Delhi Transport Service—Para 26(i) of the Audit Report, 1951.*—There was an embezzlement of revenue of Rs. 12,736 by a Cashier who failed to deposit the amount into the Bank. The embezzlement was partly facilitated by the failure to verify daily whether the Cashier was remitting all moneys received by him promptly to the Bank. Against this embezzlement, the Cashier's security and provident fund balance amounting to Rs. 923 had been adjusted and a claim for the recovery of Rs. 10,000 was stated to be under negotiation with an Insurance Company which had executed a fidelity bond. The Committee are informed that the Insurance Company have accepted the claim for the loss incurred on the first day only, that is about Rs. 4,000 and they have repudiated the remainder of the claim on the ground that the discovery should have been made at least on the next day. The Committee desire that in order to eradicate such losses in future, only those persons who can pledge adequate securities both in the form of cash and property should be entrusted with the duties of handling the cash. Further, in accordance with the established procedure laid down in the Codes, the entire receipts should be remitted daily to the Bank immediately after these are collected. The Committee would stress the importance of all verifications of public moneys being carried out by the higher authorities with a full sense of responsibility. The Committee feel that the conditions existing in the Delhi Transport Service seem to warrant a searching scrutiny.

23. *Disposal of Capes Cotton Porus Antigas—Para 24(c) of the Audit Report.*—The Committee note that an agreement between the Directorate-General, Supplies and Disposals and a certain firm, was executed in the name of the Director-General instead of in the name of the 'Governor-General-in-Council' as required under Section 175(3) of the Government of India Act, 1935, resulting in financial loss to the tune of Rs. 3.56 lakhs in this case (*Appendix IX*). The Committee trust that the Director-General, Supplies and Disposals is now following the proper procedure for the execution

of the contracts in consultation with the Legal Advisers and all possible precautions are taken to safeguard the interests of Government.

24. *Punishment of delinquents.*—The Committee find that in the case referred to in Para 24(d) of the Audit Report, 1951, wherein an officer had been found guilty of gross carelessness in the discharge of his official duties which resulted in a loss of Rs. 53,851 had been punished in the form of stoppage of his increments for two years with cumulative effect (*Appendix X*). This Officer, the Committee are informed, was also found guilty in certain other cases. The Committee regard this punishment as quite inadequate.

25. *Recovery of amount paid in excess to contractors.*—The Committee came across two cases involving overpayments to contractors to the extent of about Rs. 50,653 and Rs. 69,818 in certain Divisions of the Central Public Works Department. Against these, recoveries amounting to Rs. 27,557 and Rs. 40,113 respectively have since been made. In one case, the balance of the amount which could not be recovered was being set off against the security deposits of the contractor concerned lying with Government. The Committee are of the view that in order to prevent any loss of public moneys, Government should consider the expediency of black-listing such of the contractors who fail to refund the amounts paid to them in excess and a list containing their names and addresses marked 'Secret' should be circularised to all the Ministries of the Government of India at frequent intervals.

26. *Reciprocal arrangement with the Government of Pakistan for awarding punishment to the delinquent officials.*—While examining the case referred to in Para 24(f) of the Audit Report, 1951, the Committee wanted to know why the salvaged motor vehicles and trucks were disposed of below the guidance prices resulting in a loss of Rs. 37,375 to Government without the sanction of the competent authority and why no disciplinary action had been taken against the Officers concerned. They were informed that the Deputy Regional Commissioner, Kanpur, who had accepted and approved the bids of the auction had opted for Pakistan and was at present in the service of that Government. It was thus not possible to take any action against him. (*Appendix XI*).

The Committee suggest that the Government of India should enter into a reciprocal arrangement with the Pakistan Government under which all cases of frauds, irregularities committed by the Officers who were serving under the undivided Government of India should be reported to the respective Governments under whom they are employed at present. The Committee feel that no Government would

tolerate the presence of dishonest Officers in its Services and it is inconceivable that the Pakistan Government would be interested in hushing up the irregularities committed by its Officers.

27. *Investigation into losses.*—The Committee observe that the loss of public moneys can be broadly attributed to one or other of the following causes:

- (i) misuse of financial and administrative powers vested in a particular authority;
- (ii) disregard of the codal and financial rules and audit objections;
- (iii) wilful negligence in the proper spending and accountal of public funds; and
- (iv) relaxation of agreements or contracts.

The Committee feel that the relaxation of the specifications agreed upon in a contract results in the possible loss. To counter such a situation, the Committee reiterate the recommendations made in the past that the financial effect of such relaxation should be taken into account before it is agreed to; the contracts should be business-like and the drawing Officers should exercise every possible care, vigilance and prudence before they commit the Government to any financial embarrassment.

The Committee also notice that there seems to have grown up a tendency among the Executive Officers to regard the breach of rules of procedure as of little consequence and it is this tendency against which they should like to sound a note of warning. Departure from procedure should not be permitted at all as it paves the way for all kinds of evils and consequential losses, frauds, embezzlements, thefts, pilferages, bribery and corruption.

Another point that has attracted the attention of the Committee is the protracted delays that occur in the investigation of losses, fixing of responsibilities and the awarding of punishment to the guilty officials. The Committee, while reiterating the recommendations contained in Para 20 of their First Report, 1951-52, urge that the investigation of any loss must not be unduly protracted, as they feel that any element of procrastination is likely to assist the delinquents to manipulate the facts, to tamper the record, to concoct evidence and thus to escape punishment. The Committee wish that this matter should receive the unremitting attention of all the administrative Departments of the Government of India.

CHAPTER V

IMPORTANT OBSERVATIONS ON INDIVIDUAL MINISTRIES

In the following paragraphs, the Committee shall refer to some of the important points that they considered in the course of examination of the Accounts relating to the various Ministries.

MINISTRY OF FOOD AND AGRICULTURE

28. *Government Research Creamery at Anand.*—The Committee have looked into the terms of the lease of Anand Creamery furnished to them by the Ministry (*Appendix XII*). They would like to know how the amount of rent on account of the buildings and machinery leased to the Government of Bombay compares with that charged for similar buildings etc. from the Commercial Departments of the Government of India and why no provision to recover depreciation charges on these accounts has been made in the agreement. The Committee observe that since the Anand Creamery has now been reduced to a small concern, they do not consider that it would eventually prove to be a profitable proposition for the Central Government to run it. They would also like to refer to Para. 53 of the Report of the Public Accounts Committee of 1944-45 and ask the Government of India to consider the desirability of either handing over the entire Creamery to a private agency or to the Government of Bombay after the expiry of the present lease.

29. *Loans to States for Grow More Food Schemes.*—As desired by the previous Committee, the Ministry of Food and Agriculture furnished statements showing the total amount of loans given to the State Governments on account of Grow More Food Schemes, the amount recovered and the balances outstanding (*Appendix XIII*). The Committee find that a sum of about Rs. 23.78 crores was outstanding for recovery on the 31st March, 1952 from the various Parts 'A', 'B' and 'C' States. The Committee would like to know the principles governing the grant of loans for 'Grow More Food Schemes' to the States and the repayment thereof. They would also urge that the Government of India, while granting further loans to the States, should make a correct appraisal of the situation in the light of the recommendations made in the Report of the Planning Commission towards the attainment of self-sufficiency in food.

30. *Forest Department, Andamans—Maintenance of un-used Marine Crafts.*—The Committee note that the total expenditure on the maintenance of two un-used crafts upto the 31st March, 1950 was Rs. 1,67,142 against their book value of Rs. 1,10,531 as on the 1st April, 1949. After being kept at Calcutta for repairs for about 3 years,

they were sold for Rs. 1,61,000 which has not covered even the expenses on their maintenance, let alone their book value. The Committee are unable to understand why a considerable infructuous expenditure to the tune of Rs. 1.67 lakhs was incurred on maintenance when the crafts had already been condemned as not worth repairing (*vide* para. 217 of Commercial Appendix for 1948-49). The Committee are of the view that it would have been decidedly economical to have sold the crafts as scrap immediately they were condemned.

CENTRAL TRACTOR ORGANISATION

31. *Para. 207—Commercial Appendix—Stores Account.*—The Committee wanted to know why the loss of stores and writes-off had not been shown separately in the Stores Account and also the reasons for the non-disposal of non-tractor parts. In this connection the Ministry submitted a note (*Appendix XIV*). The Committee recommend that Government should fix some target date by which such of the non-tractor parts as are not required for use in the Central Tractor Organisation should be disposed of as any delay in this direction is likely to result not only in the deterioration of the stores but also their forced sale at a much depreciated value.

32. *Para. 208—Commercial Appendix—Purchase of surplus equipment.*—The Committee were informed that in order to rehabilitate 250 tractors purchased from the Disposals, it was planned that for each of them, a matched set of implements should be ordered and, thereafter, they should be sold to the State Governments. With this end in view, the Ministry negotiated with Messrs. Pashabhai Patel & Co., Bombay for the manufacture of certain types of implements. But later, it was found that the price of these implements which was originally estimated at Rs. 20 lakhs was enhanced to Rs. 42.85 lakhs without obtaining prior approval of the Ministry of Finance. Moreover, a large portion of these implements valued at about Rs. 34 lakhs was not at all brought into use, being surplus to requirements.

The Committee were informed in their October, 1952 session that the deal with Messrs. Pashabhai Patel & Co., Bombay was the subject of an enquiry by Shri C. V. Divatia, retired Chief Justice of the Saurashtra High Court and his report was under examination by Government (*Appendix XIV*). The Committee then desired to be furnished with such extracts from the Divatia Enquiry Report as dealt with the individual responsibility of the Officers for the purchase of agricultural implements from the above firm. But instead of that, the Ministry submitted an extract containing a summary of findings/conclusions given in the above Report, which did not give a correct picture of the merits of the whole transaction.

The Committee find that the Ministry had described all the conclusions/findings of Shri Divatia as *provisional*. On the matter being pursued by the Committee, the Ministry have now furnished copies of the Report in question. The Committee have asked for further information from the Ministry and after it has been made available and the representatives of the Ministry examined, the final recommendations of the Committee will be made.

In the meantime, the Committee suggest that no Officer should, as a rule, make any purchases without first obtaining the approval of the competent authority. Further, no purchase should be made in excess of the actual requirements. The Committee further observe that the enquiry in this case has taken a long time and urge that Government should take early decision in the matter.

33. *Para. 213—Commercial Appendix—Cost of Operations—Reducing of idle time of the tractors.*—The Committee endorse the suggestion made by Audit that Government should consider the desirability of examining reduction in idle time in the units by proper planning for the working of the land reclamation schemes by means of mechanical ploughing, eliminating thereby considerable waste of expenditure.

34. *Para. 214—Commercial Appendix—Large increase in closing balances of stores.*—The Accounts under review show that the value of closing balance of stores in the custody of the Central Tractor Organisation has increased by about Rs. 10 lakhs as compared with that on the 31st March, 1949. The Committee enquired from the Ministry whether the maximum monetary stock limit had been fixed. They, however, find that the reply of the Ministry (*Appendix XIV*) does not categorically answer the point raised by them. They would suggest that an overall maximum limit of all categories of stores *i.e.*, general stores, petrol, oil and lubricants etc. (not spare parts only) to be held by the Central Tractor Organisation at any one time should be fixed as required under the rules.

MINISTRY OF LABOUR

35. *Adult Civilians Training Scheme.*—With the termination of the Ex-Servicemen training scheme in July, 1950, the Scheme for training of Adult Civilians in technical and vocational trades was started. The period of training under this scheme in technical trades being 2 years, no trainee passed out during 1951. Only 1,767 vocational trainees are stated to have passed out during 1951.

The Committee suggested to the Ministry to consider whether it would not be more economical to subsidise the State Technical

Institutions than to run an independent organisation for imparting vocational training. They are informed that the Government of India have already appointed a Training and Employment Service Organisation Committee under the chairmanship of Shri B. Shiva Rao, M.P. to examine the future of the Directorate-General of Resettlement and Employment and also to consider whether there should be further expansion of the training programmes (*Appendix XV*).

The Committee shall be glad to know, in due course, the findings of the above Committee as also the action taken thereon by the Ministry of Labour.

MINISTRY OF HOME AFFAIRS

36. *Para. 109 of the Commercial Appendix—Supply Department, Andamans.*—The Public Accounts Committee of 1951-52 were informed that the Government of India had deputed an expert on dairies and cattle breeding to investigate into the losses in the working of the Government Dairy Farm, Andamans (*vide* Para. 91 of their Report). The Committee are informed that on the recommendations of the Expert, the Dairy has been put under the charge of a Live-stock Officer with effect from the 27th August, 1952 (*Appendix XVI*). The Committee will watch the results of the appointment of the Live-stock Officer in future Commercial Appendices.

37. *Classification, Control and Appeal Rules.*—The Committee discussed at some length the constitutional, administrative and other implications underlying the Memorandum submitted to them by the Ministry of Home Affairs pursuant to action taken on the recommendations made in Para. 48 of their First Report, 1951-52 (*Appendix XVII*). The Ministry have stated therein the conclusion reached by them that it is neither possible nor desirable to simplify the existing procedure or to make it more summary.

The Committee understand that a Committee of Senior Officials including the Comptroller and Auditor-General was not formed as promised by the representative of the Ministry before the Public Accounts Committee. The Committee are not aware of the constitution of the informal committee of officials which went into the question of disciplinary proceedings. While recognising the utmost importance of securing to the Civil Servants conditions in which they can function with independence of judgment and without fear or favour, the Committee consider it no less important that the procedural rules and regulations should not be such as to make it extremely difficult to bring to book any official who is found guilty

of neglecting public interests or of dereliction of duty. The Committee would go so far as to recommend, if necessary, for purposes of achieving the objective mentioned above, an amendment to the provisions of Article 311 of the Constitution with a view to securing a fair balance between the interests of the State and the individual public servant. They would further recommend that a careful study may be made of the procedure and practice followed in this respect in other democratic countries.

38. *Government Hospitality Organisation.*—While examining the Accounts for 1948-49 relating to the Cabinet Secretariat, the Committee wanted to know the reasons for making provisions in this behalf under the Head 'Cabinet—Demand No. 55' during the year 1952-53 instead of under the Appropriation relating to the President's Secretariat as also the functions of this Organisation and the agency responsible for exercising control over expenditure relating to it. From a perusal of the note furnished by the Ministry of Home Affairs in this connection, the Committee observe that it does not give a complete picture (*Appendix XVIII*). They should like to know the number of 'Entertainment Funds' maintained by the Government of India.

The Committee urge that the scope of the various funds should be precisely defined so that there may not be any ambiguity or overlapping in the expenditure incurred by the Government of India *vis-a-vis* the Sumptuary Allowance paid to the individual Cabinet Ministers.

The Committee further observe that the statement made in para. 3 of the above note that 'the budget of the Organisation is scrutinised by the Prime Minister's Secretariat under whose nominal administrative control the Organisation functions' presents an ambiguous position. They desire to know from the Prime Minister's Secretariat and the Secretariat of the **Military Secretary to the President** the extent of budgetary control exercised by each of them over the affairs of this Organisation.

39. *Central Statistical Organisation.*—The Committee considered the note stating the composition, functions and working of the Central Statistical Organisation furnished to them by the Ministry of Home Affairs (*Appendix XIX*).

The Committee would like to know the expenditure that is being incurred on account of employment of foreign experts on the statistical work. They desire that the Central Statistical Organisation should submit to them a resumé of the work done during the last year as also a copy each of the reports so far published by them.

• MINISTRY OF COMMUNICATIONS

40. *Indian Telephone Industries Ltd., Bangalore.*—The Committee desire to be furnished with copies of the Balance Sheet and Trading Accounts of this concern for the period ending 31st March, 1952. They recommend that since the Articles of Association of this Company do not provide for inspection and audit of Accounts by the Comptroller and Auditor-General of India, the desirability of making provision similar to that existing in the Industrial Finance Corporation (Amendment) Act, 1952 should be considered in this case.

MINISTRY OF EDUCATION

41. *Payment of block grants vis-a-vis annual grants to the Universities.*—Universities are receiving grants either from State Governments or from Central Government and in some cases from both. These grants are annual grants and in some cases they are treated as block grants so that a definite income from this source is guaranteed to the University.

Explaining the circumstances that led to the saving of Rs. 2,54,792 under Grant No. 50—sub-Head A-2 in the Accounts for 1949-50, the representative of the Ministry of Education informed the Committee that it was due to the fact that grants were paid to the Aligarh University, but, the University authorities were not able to draw them in time and they informed the Ministry on the 3rd April, 1950 that the amount had not been drawn during the financial year ending 31st March, 1950. Stating the steps taken by the Ministry of Education to obviate such lapses in future, the representative said that they had now made it a definite practice that all payments should be cleared by the 15th March of each financial year at the latest.

The Committee discussed the question of payment of block grants to the Universities. They were informed that the University Education Commission also recommended the payment of block grants so that Universities should take stock of the situation and plan ahead with some sort of certainty.

The Committee hope that the University Grants Commission which has been recently set up by the Government of India will look into this aspect and advise on the basis for allocation of grants-in-aid to the Central and other Universities.

MINISTRY OF HEALTH

42. *Para. 29 of the Audit Report, 1951—Payment of Rs. 3 lakhs to Tata Memorial Cancer Hospital, Bombay.*—A Capital grant of Rs. 3 lakhs for the construction of the Cancer Research Institute was sanctioned on the 10th March, 1950 to the Board of Trustees of this institute subject to the specific condition that no payment should be made by the trustees out of the grant until the special conditions were settled and intimated to them by the Government of India with permission to incur expenditure. The conditions laid down were that the plans and estimates should be subject to the approval of the Government of India. The Committee were informed that construction was delayed as there was some delay in the Ministry and also in the C.P.W.D. in the checking up of the plans and estimates. But as the money had been placed at the disposal of the Ministry and they had been told that the plans and estimates were ready and the Trustees would be in a position to proceed with the construction early in the next financial year, the money was paid before the expiry of the financial year 1949-50. The Committee observe that in this case the Ministry were obviously actuated to make the payment with a view to avoid lapse of the grant. The Committee regard it as a mistake on the part of both the administrative Ministry and the Ministry of Finance to have made the payment of such a big sum as Rs. 3 lakhs about 15 months before it was actually required despite the fact that the Accountant-General, Central Revenues had objected to this.

The representatives of both the Ministries admitted that this was a mistake on their part. The Committee would however, draw attention of all the Ministries to the provisions of Rule 207(2) of the General Financial Rules, Vol. I which lays down that 'only so much of the grant should be paid during any financial year as is likely to be expended during that year', and trust that the rule shall be strictly followed and such lapses avoided in future.

MINISTRY OF EXTERNAL AFFAIRS

43. *Recovery of Pakistan's share of combined contribution to the United Nations International Organisations.*—In Para. 52 of their First Report, 1951-52 the Public Accounts Committee recommended that steps should be taken to effect from the Pakistan Government the recovery of the amounts due from them on account of their share of the contribution to the U.N.O., International Civil Aviation Organisation and Food and Agricultural Organisation paid by the Government of India in the post-partition period. From a note submitted by the Ministry of External Affairs (*Appendix XX*), the Com-

mittee note that the question of refund of Pakistan's share of the contribution to the U.N.O. has been taken up with that Government and a further report will be made in due course. The Committee note that the Ministry of Communications have taken up the matter with the Secretary General, I.C.A.O. for the refund of the excess amount paid by the Government of India on behalf of Pakistan as contribution for the period from 15th August, 1947 to 30th June, 1948 (*Appendix XXI*). They may be apprised of the final decision arrived at in the matter. From a note submitted by the Ministry of Food and Agriculture, the Committee note that recovery on account of contribution to the F.A.O. has since been made in full from the Government of Pakistan (*Appendix XXII*).

MINISTRY OF INFORMATION AND BROADCASTING

44. *Losses on the publication of A.I.R. Journals.*—In Para. 49 of their First Report of 1951-52, the Public Accounts Committee suggested that Government might consider whether by making a nominal increase in the Radio Licence Fee, and in lieu thereof, supplying a copy of the Journal (published in one of the Regional languages) *gratis* to the licensee, a portion of the losses at present sustained in the publication of the Radio Journals could be met. The Committee considered the note submitted by the Ministry in this connection stating *inter alia* that the cost of production of 8 lakhs or more copies of the A.I.R. Journals would be far too high to enable the loss to be made up by a token rise in the licence fee (*Appendix XXIII*).

Explaining the practical difficulties in implementing the suggestion, the representative of the Ministry stated that these were due to the inability of the Government Presses to undertake printing of the Journals on such a large scale and, secondly, in view of the publication of the programmes in the daily newspapers, the radio listener would not have any inducement to subscribe to the 'Indian Listener' or other programme journals. The Committee suggest that Government should explore the avenues for charging the newspapers a certain amount of royalty, nominal or otherwise, for the publication of daily radio programmes. They also desire that this aspect of the matter may be considered by the Press Commission.

45. *Commercialisation of the Accounts of All India Radio.*—On several occasions in recent years, the Public Accounts Committee have drawn attention to the continued deficit in the working of the All India Radio as exhibited in its Accounts and suggested the commercialisation of its Accounts. The Committee were informed of the various measures devised by the Ministry to reduce the expenditure in this Organisation.

In regard to the expenditure on the publication of language journals, the Committee were informed that Government were considering the desirability of entrusting the publication and sale thereof through private publishers.

The Committee also considered a note furnished by the Ministry on the question whether the News Services and External Services Divisions of the A.I.R. should be treated as Service Departments or Commercial Departments (*Appendix XXIV*). They observe that the note does not set forth any positive measures taken by the Ministry for effecting economy in the A.I.R. The Committee should like to know the gap that has yet to be covered to reach the target figure of one million licences.

46. *Payment to P.T.I. and Reuters.*—From the comparative Income and Expenditure Account of the A.I.R. for the years ended the 31st March, 1950 and 31st March, 1949 shown at page 176 of the Commercial Appendix to the Appropriation Accounts (Civil), 1949-50, the Committee find that the payments to the news agencies are rapidly going up. The Committee were informed that payments in question were made on the basis of the number of radio licences and not on the wordage supplied or used. The Committee feel that it would be more equitable and business-like if the payments are made on the basis of wordage. They desire that the Ministry should examine this point at the time of the next revision of the agreement with the news agencies concerned.

MINISTRY OF WORKS, HOUSING AND SUPPLY

47. *Para. 24(b) of the Audit Report—Prices fixed at the Disposals Retail Shop.*—According to orders of the Directorate-General, Disposals, the prices at which stores were to be sold to the public at the Disposals Retail Shops, were required to be fixed by the Director-General in consultation with his Financial Adviser before they could be communicated to the Officer-in-Charge of the retail shop for entry in the price register. The Committee noticed that in the case of a certain Retail Shop (Disposals), the prices of certain stores were recorded in the price register by the Officer-in-Charge of the shop under verbal orders of the Director-General, Disposals and they wanted to know why this was done. The Committee were informed that in this case, the Director-General along with an Officer of the Finance Department inspected the goods on the spot and gave certain directions with regard to price fixation which were taken down by the Officer-in-Charge of the shop, but the latter failed to obtain the written concurrence of the former.

Since the position as to whether the Finance Officer concerned did or did not accompany the Director-General was not clear, the representative of the Ministry undertook to make further enquiries in the matter and furnish a note to the Committee. Subsequently, the Committee were informed that this Officer was out of India and the enquiry would be made from him on his return to India (*Appendix XXV*). The Committee regret that there should have been so much delay in making such a simple enquiry. They desire that the promised enquiry should be completed, as early as possible, even by means of correspondence, if the Officer is still out of India.

48. *Purchase of Bicycles for Delhi Administration—Note 8—Grant No. 85.*—The Delhi Administration had purchased 100 bicycles through the Supply Department at Rs. 117-12-0 each, for distribution to the local offices. The first consignment of 50 was distributed. As complaints regarding the quality of the cycles had been received, the second consignment of 50 new cycles was disposed of by public auction for Rs. 1,908 only, excluding the commission charges of the auctioneer. This resulted in a loss of Rs. 3,980 to Government.

From the note submitted to them (*Appendix XXVI*), the Committee observe that the Directorate-General, Supplies and Disposals should have taken steps to return the defective bicycles to the firm concerned for replacing them or for making good the defect, and, if they had refused to replace them, action ought to have been taken to black-list the firm. This was, however, not done, and instead the defects in the bicycles were pointed out to the Inspectorate with a view to ensuring that the same were eliminated in future supplies. The Committee note that the Disposals Directorate, of their own accord, had stated that it would not be fair to ask the firm to replace the defective bicycles. They desire that the Ministry should make an enquiry from the Directorate-General whether they had actually asked the firm for replacement at all, but, unfortunately this enquiry is not possible as it has been stated that the relevant records have been destroyed.

49. *Stationery and Printing—Grant No. 73 (sub-head C. 1 and C. 2).*—Although the decision about the payment of Sales Tax to the Paper Mills amounting to Rs. 5,15,000 was taken during the year 1948-49 and the Ministry of Works, Housing and Supply were aware of the high rates of paper fixed by the Director-General, Industry and Supply [*vide* explanations under Col. 4 at page 334 of the Appropriation Accounts (Civil) for 1948-49], yet the Ministry failed to take timely action to obtain funds during the year 1949-50 to cover the excess expenditure on these accounts. The Committee

express their disapprobation over the failure on the part of the Ministry not to have made provision for the liability.

50. *Paras. 315-16 (Commercial Appendix)—Excessive stock of Stationery and Typewriters.*—The Committee note that the Ministry have not answered the specific question asked by them regarding the justification for holding excessive stocks of stationery stores and typewriters to the tune of about Rs. 98 lakhs (*Appendix XXVII*). They observe that the increase in stock which is stated as due to unexpected arrivals of imported stores does not constitute an adequate justification for the holding of excessive stocks. The Committee understand that in spite of audit comments in the two successive Reports, stocks are being maintained in excess of four months' requirements. They recommend that the Ministry should appoint a small committee to enquire into the reasons for keeping such excessive stocks. They also observe that if there are delays in the arrivals of stores ordered from abroad and local purchases have to be resorted to in cases of emergency, then to that extent, the quantity on orders in the next quarters of the year should be reduced. They also find that no disciplinary action has been taken against the Officers responsible for such extravagant purchases resulting in overstocking and locking of public funds.

MINISTRY OF TRANSPORT

51. *Maintenance of National Highways.*—In the course of examination of the Accounts relating to the Ministry of Transport, the Committee noticed an under-budgeting in Grant No. 69—Sub-head E. 1 to the extent of Rs. 13.41 lakhs for the maintenance of National Highways and enquired from the Ministry whether it was proper to recover from the State Governments the expenditure incurred in excess of the allotments made to them by the Centre in this behalf. After considering the note furnished by the Ministry in this connection (*Appendix XXVIII*), the Committee observe that the agreement reached between the Central and State Governments in respect of development of national highways in 1945 should be revised in the context of the present constitutional requirements. They desire that the Ministry should ascertain the views of the State Governments and take early action towards the enactment of legislation as envisaged in item 23 of the Seventh Schedule—List I of the Constitution. The Committee would like to know the action taken in the matter.

Further, with reference to para. 5 of the note under consideration, the Committee desire that the Ministry should submit to them a note outlining the cases of those States which had exceeded the allotments placed at their disposal by the Centre for the maintenance

of National Highways. The Committee are given to understand that a new clause had been inserted in the original agreement whereby the allotments for future years were to be based on the actuals of the first year and the State Governments were thus encouraged to spend as much money as they could so that they might get larger allotments in subsequent years. The Committee take a serious view of this situation and suggest that such instances should be discouraged in future.

52. *Delhi Transport Service.*—The Committee note with dissatisfaction the deteriorating state of financial affairs of the Delhi Transport Service as disclosed in the Accounts under review. In addition to maintaining a high standard of the efficient working of the Delhi Transport Service the Committee are anxious that its finances should be put on a stable footing.

The Committee regret to point out that even up to the time when they examined the Accounts relating to the Ministry of Transport early in November 1952 the Audit Report on the Accounts of the D.T.S. for 1950-51, which had already been considerably delayed, had not been presented to Parliament as required by sub-section (3) of Section 38 of the Delhi Road Transport Authority Act, 1950. The Report was presented to Parliament in December, 1952. They desire that the timely submission to Parliament of such Audit Reports should be impressed upon the D.R.T.A. A report stating the action taken in the matter should be submitted to the Committee.

53. **Report of the Committee appointed to evaluate assets of the G.N.I.T. at the time of taking over by the D.T.S. and the amount paid to the firm as a result thereof.*—The Committee feel that there was an over-valuation of the assets and subsequently they had to be written down (*Appendix XXIX*). They would like to know whether any element of depreciation had been taken into account at the time of assessment of the values of different assets and the amount overpaid.

The Committee wish to examine the Members of the Board of Valuers in this connection. In the meantime, they refrain from making any final observations in the matter.

54. *Annual expenditure incurred by the D.T.S. on repairs and the daily average income yielded by the running of different types of buses by the D.T.S.*—The Committee have examined the statements showing (i) the average yearly expenditure incurred in the form of payment to private firms on account of the work done for the D.T.S. and (ii) the daily average income yielded by the running of different

* Not printed as it is available in the Parliament Library [*Cf. Classification No. IV N. 6(38)*].

types of buses by the D.T.S. (*Appendices XXX and XXXI*). They feel that the figures shown therein need detailed scrutiny. They would stress the necessity for exercising strict financial and accounts control over the different items of expenditure. They would like to examine the General Manager and the Chief Accounts Officer, Delhi Transport Service on the various points arising out of these statements at the time when they next take up the Accounts relating to the Ministry of Transport. They express the hope that by that time, the affairs of the Delhi Transport Service will show better results.

MINISTRY OF IRRIGATION AND POWER

55. *Financial arrangements regarding the incidence of expenditure on investigation projects.*—The Committee were informed that the Madhya Pradesh Government had repudiated its liability to accept 50 per cent. of the total expenditure incurred by the Central Water and Power Commission on the investigation of Narbada and Tapti Projects. They asked the Ministry to furnish a copy of the agreement entered into with the various States especially with Madhya Pradesh for the apportionment of expenditure on investigations incurred by the Central Government and also wanted to know the total amount spent on the investigations on behalf of that Government and whether the estimates of the probable cost involved in the investigations were forwarded to them and their administrative approval obtained. The Ministry have not so far furnished the requisite information. In the absence of this, the Committee are unable to formulate any recommendation. They would, however, suggest that in future when the Central Water and Power Commission undertakes any investigation of river valley projects on behalf of the State Governments, they should, as a matter of rule, prepare a preliminary estimate and have it administratively approved by the State Government before proceeding with the operations as required under the rules. This would obviate any possibility of misunderstanding at a subsequent date as to what constituted the scope of the investigation and how much ought to have been spent and what share should be allocated to the State Government concerned. The Committee are unable to understand why the Madhya Pradesh Government should have refused to accept their share of expenditure. They urge that the matter should be pursued with that Government at a ministerial level and they should be asked to honour their liability.

56. *Apportionment of expenditure on Bhakra-Nangal Project between the three participating Governments.*—The Committee are informed that the revised estimated cost of the Bhakra-Nangal

Project (1952), viz., Rs. 156 crores will have to be met by the Central Government by giving loans to the three participating States of Punjab, PEPSU and Rajasthan for financing their part of the expenditure incurred in the execution of the project (*Appendix XXXII*). They have also been given an assurance by the representative of the Ministry of Finance that there is no indefiniteness about the obligations of the three participating States towards the Centre in regard to the repayment of the loans granted to them. The Committee desire that an early decision in regard to the apportionment of the amount of the loans already advanced to the Government of Punjab between the three participating States should be arrived at in consultation with the Bhakra Control Board which is in overall charge of the project. Thereafter, the Government of India should take necessary action to adjust the proportionate amount of loan against the State Governments concerned in order to obviate any difficulty that might arise in future at the time of final allocation of the costs to them. The Committee may be informed in due course of the action taken in the matter.

PARTITION SECRETARIAT

57. The Committee learn that the amount of debt payable by the Pakistan Government to the Government of India has been provisionally worked out to Rs. 300 crores. The first instalment of repayment of the debt amounting to Rs. 9 crores fell due on the 15th August, 1952, but it did not materialise. The Committee note that in the budget for 1953-54, credit has been taken for the recovery from Pakistan of two instalments of its partition debt to India, one instalment representing a carry over from the previous year. The Committee urge that the Pakistan Government should be persuaded to pay these two instalments of debt during the current year.

CHAPTER VI

STATE TRADING SCHEMES

58. In Para. 7 of their Report on the Appropriation Accounts, 1947-48 (post-partition), the Public Accounts Committee suggested that the Ministry of Finance should review the existing State Trading Schemes under the overall control of the Government of India with a view to seeing that an adequate return commensurate with the capital invested by them in these trading operations was forthcoming. The Reviews in respect of the various State Trading Schemes furnished by the Ministry of Finance are printed as *Appendix IV*.

59. The Committee were informed that these schemes, which were started during the war, were primarily intended to facilitate production of war supplies; control over internal production; import and distribution of essential commodities for maintaining the national economy etc. and were called as 'State Trading Schemes' only in the technical sense of the word, i.e., to differentiate them from purchases made by the State for sale to the Public and their buying for their own consumption. Further, there were at present a few schemes which were technically open but in respect of which there had been no new transactions at all for a long time and practically most of them had been closed at one stage or the other.

60. The Committee considered the Reviews referred to in para. 1 above as also the audit comments on some of the schemes contained in the Appropriation Accounts (Civil), 1949-50 and as a result of the evidence tendered before them by the representatives of the different Ministries handling these schemes, they record their observations on the financial working of the under-mentioned important schemes:

I. MINISTRY OF TRANSPORT

*Bulk Ordering of Road Rollers**

61. In 1946, the late Directorate-General of Industries and Supplies was authorised to take procurement action for road rollers required by the various State Governments and other Administrations in connection with road development schemes during the next few years. The contracts for the purchase of 1425 Road Rollers were placed against firm indents from Provinces and Indian States for 615 Road Rollers and from the Ministry of Transport for 810 Road Rollers.

62. Two contracts were negotiated by Director-General, Industry and Supply with two well-known suppliers of Road Rollers in the

Cf. Annexure XII of Appendix IV.

U.K. for the manufacture in India of 1425 Nos. Road Rollers in association with two Indian concerns and the Ordnance factories. Certain components which could not be manufactured in India were to be supplied from U.K. by the British firms. Two acceptances of tenders were placed in the year 1946 with the two firms, in both of which the indenting Officer was shown as the Consulting Engineer, Roads, War Transport Department for the entire quantity, he being the authority responsible for co-ordination. The head of account to which the payments were to be debited was to be intimated later on to the Accounts Officer who was subsequently informed by the Director-General, Industry and Supply, that debits for payments were to be raised against the Accountant-General, Central Revenues, for adjustment under the head "Grant No. 88—Capital Outlay". Accordingly, debits for the payments, which started in October, 1946 were passed on by the late Controller of Supply Accounts and Deputy Accountant-General, Industry and Supply from time to time to the Accountant-General, Central Revenues. The Ministry of Transport declined to accept any debits on this account and accordingly, in February, 1949, the Accountant-General, Central Revenues started rejecting all the debits raised against him including those of the previous years, commencing from 1946 and the amounts, had, therefore, to be placed under Suspense. The Accountant-General, Food, Rehabilitation and Supply subsequently continued to point out that the debit to Suspense amounted to Rs. 3 crores thus keeping a very large sum of expenditure outside the purview of the Legislature.

63. The Committee are informed that the steam rollers are being manufactured in India by Messrs. Tata Locomotive Engineering Co., Ltd., Tatanagar, in association with Messrs. Marshall Sons & Co., Ltd., England (who supply components which cannot be manufactured in India) and the Ordnance Factories. The diesel rollers are being manufactured by Messrs. Jessop & Co., Ltd., Calcutta, in association with Messrs. Aveling Barford, England (who supply the diesel engines and other components which cannot be manufactured in India) and the Ordnance Factories.

64. The contracts for the manufacture of 950 steam and 475 diesel rollers are on cost-plus basis. The expenditure incurred by the contractors is reimbursed monthly by Government on submission of bills duly certified by the firm's Auditors. According to the terms of the contracts, the cost was to be examined by the Government Costs Accounts Officer and price was to be negotiated and fixed after production had been established.

65. When the Committee first examined the financial working of this scheme in their session held in September, 1952, they were alarmed to learn that the Ministry of Works, Housing and Supply

had spent more than 3 crores of rupees on account of progress payments to the manufacturers during the course of several years and that the amount had illegally been kept under Suspense thus avoiding a vote of Parliament. This was contrary to the provision of Art. 114(3) of the Constitution.

The Committee also note that the Directorate-General, Supplies and Disposals, failed to get a definite acceptance of the indentors that they would agree to accept debits in regard to all progress payments as well.

The Committee requested the Comptroller and Auditor-General to examine the Accounts of this scheme thoroughly and submit to them a report in that behalf at their next session.

66. In their October-November, 1952 session, the Committee considered the report on this scheme submitted by three senior Officers of the Audit Department appointed by the Comptroller and Auditor-General (*Appendix XXXIII*). (The facts on which this report has been based have been taken as accepted by the Ministries of Works, Housing and Supply, Transport and Finance).

The Committee learn from the above report that as a result of the special arrangements made by the Ministry of Industry and Supply whereby all the indentors were asked to accept debits *pro rata* on the basis of a provisional price of Rs. 37,500 in the case of Road Rollers already delivered and in respect of Road Rollers not delivered, progress payments were to be debited proportionately on the basis of outstanding number of Road Rollers indented, most of the amount lying under Suspense had been cleared by the end of 1951-52 leaving a balance of Rs. 10 lakhs.

67. The Committee note that the following irregularities have taken place in this case:

- (i) illegal placing of large amounts under Suspense thus avoiding a vote of Parliament as required under Article 114(3) of the Constitution; and
- (ii) the virtual conversion of the contract which stipulated that "as soon as possible price will be negotiated and fixed after production has been established" into a 'cost plus contract'.

The Committee consider that it was preferable to enter into firm price contracts when Government did not have the necessary technical personnel to exercise constant check over extravagances and other activities on the part of the firms concerned. They regret to observe that the objective of the scheme had not been realised to

any extent whatsoever. They would also like to know what the reactions of the State Governments were to the whole scheme and also as to who was responsible for not accepting the debits.

68. The Committee further agree with the views of the Comptroller and Auditor-General that in case a scheme of manufacture has to be undertaken on behalf of several indentors, the proper course would be for the Ministry concerned to evolve a suitable scheme for financing such a scheme including provision for recovery of advances from the parties concerned.

II. MINISTRY OF NATURAL RESOURCES AND SCIENTIFIC RESEARCH

Purchase of Machinery for Mica Miners

69. The Committee asked the Ministry to furnish them an up-to-date review showing the financial working of this scheme which was stated to have resulted in a net profit of over Rs. 1,40,000. They note from this review (*Appendix XXXIV*), that though this scheme has been wound up, its Accounts could not be closed yet owing to some financial adjustments which were still to be carried out. The Committee are informed by the Accountant-General, Food, Rehabilitation and Supply that there had been actually a loss of Rs. 40,000 on this scheme instead of profit. They desire that the Ministry should submit a revised note after reconciling the figures of net profit as shown in the review under consideration with those of the Accounts Office.

III. MINISTRY OF PRODUCTION

Schemes for the reserve stock of Coal (Group Head A)

70. A review on this scheme appeared at page 426 of the Appropriation Accounts (Civil), 1947-48 (post-partition) as inserted by correction slip No. 7 and at page 610 of the Appropriation Accounts (Civil), 1949-50.

The Committee note that a sum of about Rs. 6 lakhs has been recovered from the different collieries and consumers and the balance of Rs. 3 lakhs only remains to be recovered.

71. When the Accounts of this scheme were first examined by the Public Accounts Committee in 1950-51, they were informed that out of 60,000 tons of coal, acknowledgements for 54,000 tons had been received. Contrary to this, in the review at page 610 of the Appropriation Accounts (Civil) 1949-50, it is reported that the acknowledgments for 54,000 tons had not been received from the various consignees viz., Defence C.P.W.D., Railways, etc. The representative of the Ministry stated that it had been agreed in consultation with the Ministry of Finance to treat the Railway Receipts

as sufficient acknowledgments after the comments contained in the Audit Report were made known.

The Committee deprecate the tendency on the part of the Ministries to furnish them wrong information and urge that whatever statement is made before them, that should be based on facts and figures.

72. The Committee observe that there is something wrong in the matter of inter-departmental adjustments. In the present case the supplies are made from the Government collieries to the Government Departments and the Committee feel that it is rather surprising that it should take so many years to make adjustments between the two Departments. The Committee suggest that the Ministry should examine this matter in consultation with the Coal Commissioner and the Controller of Coal Accounts with a view to not only speeding up the adjustments but also simplifying the method of recovery.

Scheme for the Production and Supply of Coal (Group Head 0)—

73. A review on this scheme appeared at page 426 of the Appropriation Accounts (Civil) for 1947-48 (post-partition) as inserted by correction slip No. 7 and at page 615 of the Appropriation Accounts, 1949-50.

The Committee noticed that the deficit in this venture was expected to go up to Rs. 227 lakhs from Rs. 210 lakhs estimated in the above review. The representative of the Ministry informed the Committee that this loss of Rs. 227 lakhs represented the subsidy paid to Sir Lindsay Parkinson & Co., Ltd. As regards the recovery of the amount from the Lloyds Bank which stood as surety for this firm, it was stated that the Bank stood surety only to the extent that on a particular date if the firm had to produce a certain amount of money, it guaranteed it. In other words, it guaranteed the solvency of the concern, but, it did not undertake to share in the profit or loss.

The Committee understand that the above firm has since been wound up as there was an allotted quantum of work which they had to do. They should like to know the exact amount that was remitted by this firm abroad before they went into liquidation.

IV. MINISTRY OF FOOD AND AGRICULTURE

**Purchase and distribution of Chemical Fertilizers—*

74. This scheme was initiated in 1943-44.

India being in short supply in regard to chemical fertilisers, such as sulphate of ammonia etc., and in order to enrich the Indian soil

* Cf. Annexure VIII of Appendix IV.

by the use of these fertilizers with a view to getting better yield of food crops, it was decided to import large quantities of fertilizers until the Sindri Factory went into full production.

75. The Committee found from the figures showing profit accrued from year to year in the working of this scheme in item 6 of the Review furnished by the Ministry of Finance (*Annexure VIII of Appendix IV*), that while calculating these figures, the element of interest on the capital outlay and overhead charges had not been taken into account.

As stated elsewhere, the entire transactions relating to the purchases, handling, forwarding, distribution and payments for fertilizers imported from abroad had been the subject of an inquiry by Shri Justice Rajadhyaksha, Judge, Bombay High Court, and as a result thereof, Government have now launched prosecutions against certain Officers found guilty for their *mala fide* dealings. In the circumstances, the Committee refrain from expressing any final opinion on this matter.

76. The Committee, therefore, confined their deliberations only to the financial aspects of the working of this scheme. They were informed that the whole question whether the Ministry should continue to run the fertiliser pool (consisting of indigenous production and the imported fertilisers) or whether they should leave the whole business to trade was likely to be reviewed by the Ministry. The Committee should like to know the decision arrived at by Government in this behalf.

77. The Committee also asked for certain information from the Ministry in regard to (i) quantities of fertilisers distributed to the various States from year to year; (ii) acreage of land benefited from the use of these fertilisers; (iii) the increased food production attributable solely to the use of fertilisers and (iv) the assessment of the utility of the fertilisers. The Committee find that the statistics showing the additional production of foodgrains achieved from the distribution of chemical fertilisers under the 'Grow More Food Campaign' as furnished by the Ministry of Food and Agriculture (*Annexure V of Appendix XXXV*) do not appear to be accurate. They would like to know the actual increase in production due to the use of fertilisers *vis-a-vis* the normal production per acre.

**Land Reclamation Scheme*

78. The purpose of this Scheme, which was started in 1946, is the reclamation of land infested with kans grass by mechanical ploughing.

The Central Tractor Organisation claim to have reclaimed from the start of operations in 1947-48 till the end of the 1951-52 season, a total of 7,00,824 acres (2,00,221 acres by old tractors taken over from the Army Disposals and 5,00,603 acres by the new tractors purchased out of a loan from the International Bank).

79. At the instance of the Committee, the Ministry furnished them a note explaining the financial implications of the utilisation of the old tractors (*Appendix XXXVI*). This note does not show any comparison between the price at which the tractors in question were purchased and the cost of new tractors. To enable the Committee to examine the matter further, they would desire to be furnished information on the following points:

- (i) the number of hours the tractors worked;
- (ii) the number of hours, the tractors remained idle during the year 1951-52, State-wise;
- (iii) the amount recovered from each of the State Governments in respect of heavy tractors; and
- (iv) to what use the tractors that remained idle were put.

GENERAL OBSERVATIONS

80. As has been pointed out above, the Committee came across certain instances where the Ministry of Finance had not taken into account the element of interest on capital outlay and other overhead charges involved in the running of a particular scheme while calculating the amount of profit or loss accruing therefrom. This method is opposed to the normal commercial practice and is susceptible of giving only an illusory picture of the real state of affairs. So long as there is a small plus, it is very easy to say that a scheme is being run at a profit. The Committee should, therefore, like to impress upon the Ministry of Finance and other Ministries sponsoring State Trading Schemes that no departure should be made from the commercial trading principles in the case of all trading operations undertaken by the State. They consider that from the point of view of the economic working of any State enterprise, financial and accounts control and presentation and preparation of accounts from

* Cf. Annexure IX of Appendix IV.

a commercial point of view is *sine qua non* to its efficient and successful management.

81. Another point to which the Committee would like to draw the attention of the Ministry of Finance in this connection is that the notes on 'Important Schemes' financed by Government and in respect of which expenditure has been provided for during the year 1953-54, as set forth in Section III of the Explanatory Memorandum on the Budget for that year, do not indicate the return yielded or expected to yield in the course of time from the investment made by Government in respect of a particular scheme. To enable the Members of Parliament to properly appraise the financial working of any State enterprise and to judge the productivity of expenditure involved in it, the Committee suggest that the details of the provision of funds made in the Budget in this respect should invariably be accompanied by a statement of the financial results of the working of that enterprise for the previous year.

CHAPTER VII

ADMINISTRATIVE AUDIT, AUDIT REPORTS AND DISPOSAL OF INSPECTION REPORTS ETC.

82. The Committee now proceed to consider some of the important aspects relating to the institution of the Administrative Audit System in the various Ministries of the Government of India, expeditious disposal of Audit Notes, presentation to Parliament of the Audit Reports on the Accounts of the Central Universities and other autonomous bodies financed by the Central Government that came to their notice during the examination of the Accounts for the years under review.

83. *Administrative Audit System.*—In para. 23 of their First Report, 1951-52, the Public Accounts Committee urged the early introduction of the system of Administrative Audit especially in the large spending Departments of the Government of India even though it involved an extra expenditure in the setting up of the requisite machinery. The Committee are glad to note that the Ministry of Works, Housing and Supply have accepted their recommendation and decided to introduce this system in the Central Public Works Department with effect from the current financial year.

The Committee suggest that the Ministry of Irrigation and Power should also consider the desirability of the early introduction of this internal audit system in the various multi-purpose river valley projects which are at present being executed under their control. The Committee hope that this system would surely lead to an economic execution of the Project.

The Public Accounts Committees in recent years have found occasion to comment on the financial administration of the Indian High Commissions, Embassies and Missions abroad. From evidence given by the representatives of the Ministry of External Affairs this year, the Committee are glad to learn that as a result of the recommendations made by them, they have decided to set up a Foreign Service Inspectorate with a view to conduct an internal audit of the Accounts of these Missions etc. The Committee desire that in order to make this internal check effective, the Ministry should appoint, as the Head of this Organisation, an Officer of the Foreign Service who may be fully conversant with the technique of administration and also have a financial outlook.

The Committee desire to stress again their previous recommendation that other Ministries who are charged with the huge spending of public monies should consider the early introduction of this system.

The Committee would like to know, in due course, of the action taken by Government in this behalf.

84. *Expeditious clearance of audit objections.*—In para. 38 of their First Report, 1951-52, the Public Accounts Committee reiterated the recommendations made by the previous Committees that the Ministry of Finance should impress upon all the Ministries that they should attach the utmost importance to the expeditious disposal of audit notes and audit objections. But the Committee regret to note that the Accounts under review do not disclose any appreciable improvement in this direction. They find that a large number of audit objections is still outstanding and the position is somewhat alarming in the case of Ministries of Home Affairs, Works, Housing and Supply, External Affairs and Rehabilitation.

The Committee observe that audit is the indispensable basis of financial control, the adequacy of which is, in turn, vital to the efficient administration of the public services.

The Committee note that though the Ministry of Finance have accepted the idea contained in Para. 38 *ibid*, they are considering how best the detailed procedure mentioned therein could be introduced.

The Committee may be apprised in due course of the action taken in the matter.

85. *Audit of Grants-in-aid paid by the Government of India to the Central Universities.*—The Public Accounts Committee of 1951-52 (Para. 36) wished that adequate Parliamentary control should be secured over the large expenditure of public money incurred by the four Central Universities *viz.*, Banaras, Aligarh, Delhi and Visva-Bharati. The matter was pursued by the Committee in the course of examination of the Accounts relating to the Ministry of Education. From the Memorandum furnished by the Ministry of Education (*Appendix XXXVII*), the Committee note that it does not contain any definite statement in regard to the audit of the Accounts of Central Universities. The Committee also note that the provisions of Section 36(2) of the Visva-Bharati Act No. XXIX of 1951 lay down that the Accounts of the University are to be audited 'according to the directions of the Central Government'. The Committee should like to know the reasons for placing the Visva-Bharati University on a different footing.

It may be *inter alia* stated that the Committee do not in any way want to impair the independence of the Universities. All that they are concerned with is that Parliament should be informed more precisely how the grants-in-aid paid to the Universities are spent and that they are wisely used.

86. Audit of Accounts of the Council of Scientific and Industrial Research.—The Council is an autonomous body. The actual administration of the affairs as well as the funds of the Council are entrusted to a Governing Body of the Council, which is a Registered Society under the Registration of Societies Act. The Council has set up its own Advisory Bodies to examine proposals of scientific and industrial research.

In pursuance of a Resolution passed by the Legislative Assembly on the 14th November, 1941 and accepted by the Government of India, it was decided to give a statutory grant to the Council which was non-lapsable upto the extent of Rs. 10 lakhs. Owing to the gradual expansion of the activities of the Council, the grant of Rs. 10 lakhs initially fixed by the Assembly has been increased from time to time (Appendix XXXVIII).

During the year under review (*viz.* 1948-49), the grant-in-aid paid to the Council amounted to about Rs. 44 lakhs.

Under the Rules and Regulations of the Council, the accounts of the Society are subject to the audit of the Comptroller and Auditor-General of India on a consent basis.

The Committee were informed that the Accounts of the Council were post-audited by the Accountant-General, Central Revenues and the pre-audit was done by one of the officers of the Council.

The Committee, however, note that under the present arrangements, the audit of Accounts of the Council is being conducted on a 'consent basis' only. In order to place the whole matter on a statutory basis, the Committee recommend that its Accounts should be audited by the Comptroller and Auditor-General of India. They also suggest that audited Accounts of the Council along with the Audit Report should be placed on the Table of the House along with the Annual Accounts of the Government of India.

NEW DELHI.

The 14th May, 1953.

B. DAS.

Chairman,

PUBLIC ACCOUNTS COMMITTEE.

CHAPTER VIII

Proceedings of the First Meeting of the Public Accounts Committee held on Monday, the 28th July, 1952.

The Committee met from 3-30 P.M. to 6 P.M.

PRESENT

Shri B. Das—*Chairman.*

Shri M. L. Dwivedi

Shri Shree Narayan Das

Shri Tribhuan Narayan Singh

Shri Balwant Nagesh Datar

Shri Ranbir Singh Chaudhuri

Acharya Shriman Narayan Agarwal

Pandit Krishna Chandra Sharma

Shri Uma Charan Patnaik

Shri V. P. Nayar

Shri K. M. Vallatharas.

} *Members.*

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

SECRETARIAT

Shri S. L. Shakdher—*Officer on Special Duty.*

WITNESSES

Present during the examination of the Accounts relating to the Union Public Service Commission:—

Shri H. V. R. Iengar, I.C.S., Secretary, Ministry of Home Affairs.

Shri S. B. Bapat, I.C.S., Joint Secretary, Ministry of Home Affairs.

Shri D. C. Das, I.C.S., Secretary, Union Public Service Commission.

Shri J. Dayal, Joint Secretary, Ministry of Finance.

Present during the examination of the Accounts relating to the Cabinet Secretariat:—

Shri H. V. R. Iengar, I.C.S., Secretary, Ministry of Home Affairs.

Shri S. B. Bapat, I.C.S., Joint Secretary, Ministry of Home Affairs.

Shri J. Dayal, Joint Secretary, Ministry of Finance.

Present during the examination of the Accounts relating to the Prime Minister's Secretariat:—

Shri B. N. Kaul, Principal Private Secretary to the Prime Minister.

Shri H. Dayal, Joint Secretary, Ministry of External Affairs.

Shri J. Dayal, Joint Secretary, Ministry of Finance.

87. The Committee took up consideration of the unfinished Appropriation Accounts (Civil) for 1947-48 (post-partion) and 1948-49 and Audit Reports thereon relating to the Union Public Service Commission, Cabinet Secretariat and the Prime Minister's Secretariat.

UNION PUBLIC SERVICE COMMISSION

88. At the outset, the Committee wanted to know whether the U.P.S.C. was working within the strength recommended by the Economy Committee and also whether the Ministry of Home Affairs was exercising any corrective influence on the Commission by way of reducing their expenditure. In reply, the representative of the Commission stated that they had now settled down and were working within the strength recommended by the Economy Committee although they were at present short of one Member and were keeping some posts vacant in the lower cadre of the Secretariat staff. All the expenditure proposals, he said, were being scrutinised by the Ministries of Home Affairs and Finance.

The Committee then drew the attention of the Secretary, Ministry of Home Affairs to the abnormal delays in the disposal of the 'disciplinary cases' referred to the Commission for advice. He informed the Committee that a substantial improvement had been effected but there was still room for speeding up the process. He expressed the hope that the informal talks which the Ministry of Home Affairs were having with the Commission would lead to improvements in due course.

89. *Appropriation Accounts (Civil) 1948-49—Major Head 25—General Administration—Sub-head 'D'*—The Committee considered at some length the reasons that led to the excess shown under column 4 of the Accounts owing to certain unforeseen encashment of cheques. The position in this regard was explained to the Committee by the representative of the Commission and the Comptroller and Auditor-General.

90. The Committee desired to be furnished with a note showing the rates of fees etc. prescribed for the setting, marking and scrutiny of papers relating to the various examinations conducted by the U.P.S.C.

CABINET SECRETARIAT

91. In reply to a question whether the cadre of the Cabinet Secretariat as fixed by the Economy Committee in 1949-50 was being maintained, it was stated that there had been no recent increase in the strength of that Secretariat.

92. The Committee then desired to know the scope of functions of the Cabinet Secretariat. It was stated that the primary function of that Secretariat was to function as the Secretariat of the Cabinet and of its various Standing Committees such as the Defence Committee, Foreign Affairs Committee, Economic Committee etc. Besides this, the Secretariat performed two other functions: (i) it collected information on certain subjects affecting various Ministries which the Cabinet might require and (ii) it co-ordinated the activities of different Ministries more particularly, if they were slightly at divergence with each other. In reply to another question, it was stated that it was one of primary responsibilities of the Cabinet Secretary to see that the decisions of the Cabinet were implemented by the Ministries concerned.

The Committee then wanted to know (i) *the composition, functions and working of the Statistical Organisation attached to the Cabinet Secretariat indicating particularly, if its work was overlapping similar work done in other Ministries; and (ii) whether the appointment of Statistical Advisers and Statisticians working in the Cabinet Secretariat had at one time been made before receiving the sanction of the Ministry of Finance or approval of the proposal by the Standing Finance Committee. The Home Secretary promised to furnish a note on the subject.

93. Referring to the earlier recommendations made by the Committee that the chartering of planes and the payment of T.A. to Ministers should be regulated by means of legislation and not by the issue of executive orders, the Home Secretary invited the attention of the Committee to clause 11 of the 'Salaries and Allowances of Ministers Bill, 1952' introduced in the House during the current session of Parliament which provided that all rules made under that Act would be laid before both Houses of Parliament as soon as may be after they were made.

94. Referring to the 'Medical expenses' of the Ministers provided for under 'Grant No. 10—Cabinet—sub-head A. 2' [page 78 of the Accounts (Civil) for 1948-49] the Committee were informed that executive instructions had been issued that the Ministers of the

Cabinet would be entitled to the same medical facilities as Class I Officers of the Government of India.

95. *Appropriation Accounts (Civil), 1947-48 (post-partition)—Grant No. 10—Cabinet—sub-head A.2 (page 58).*—The Committee wanted to know the reasons why no provision had been made in the Budget in respect of 'Sumptuary Allowance'.

96. *Government Hospitality Organisation.*—The Committee wanted to know the reasons for making provision in this behalf under the head 'Cabinet—Demand No. 55' during the year *viz.*, 1952-53 instead of under the Appropriation relating to the President's Secretariat; functions of this organisation; the scope of check exercised by the Ministry of Home Affairs over its budget estimates and the agency responsible for exercising control over expenditure relating to it. The Home Secretary promised to submit a note to the Committee in this connection.

PRIME MINISTER'S SECRETARIAT

97. The Committee were informed that the Prime Minister's Secretariat remained a small nucleus under the Ministry of External Affairs during 1947-48 but it became a separate Organisation from the 1st April, 1948. The Principal Private Secretary to the Prime Minister stated that the function of the Secretariat was to assist the Prime Minister. It examined various files submitted by the various Ministries to see whether they were complete in all respects before they were put up to the Prime Minister. In case the papers were not complete in any respect or if some more information had to be collected, the files were referred back to the Ministry concerned for getting the information. The Secretariat also acted as a channel through which the orders passed by the Prime Minister were communicated to the Ministries concerned. As regards the strength of the Secretariat, it was stated that it consisted of 5 Gazetted Officers (excluding the P.P.S. and P. As. to the Prime Minister). It was further stated that no Technical Officer was at present attached to the Secretariat.

Referring to the recruitment of staff to the Secretariat, it was stated that the Personal staff was selected by the Prime Minister himself, but the majority of the staff was drawn from the regular establishment of Government.

98. The Committee then adjourned to meet again on the 4th August, 1952.**

*Cf. Appendix XVIII.

**Cf. This meeting was subsequently cancelled.

***Proceedings of the Fourth Meeting of the Public Accounts Committee held on Thursday the 4th September, 1952.**

The Committee met from 10 A.M. to 1-15 P.M. and from 4 P.M. to 6-15 P.M.

PRESENT

Shri B. Das—*Chairman.*

Shri M. L. Dwivedi	}	Members
Pandit Munishwar Datt Upadhyay		
Shri Shree Narayan Das		
Shri Tribhuan Narayan Singh		
Shri Ranbir Singh Chaudhuri		
Acharya Shriman Narayan Agarwal		
Dr. Mono Mohon Das		
Pandit Krishna Chandra Sharma		
Shri Uma Charan Patnaik		
Shri Y. P. Nayar		
Shri B. Ramachandra Reddi		
Shri K. M. Vallatharas		

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri V. D. Dantiyagi, Addl. Deputy Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

SECRETARIAT

Shri N. C. Nandi—*Deputy Secretary.*

WITNESSES

Shri A. V. Pai, I.C.S., Secretary, Ministry of Communications.

Shri K. V. Venkatachalam, Deputy Secretary, Ministry of Communications.

Shri R. Narayanswami, Joint Secretary, Ministry of Finance.

Shri V. V. Sohoni, Director-General of Observatories.

Shri D. Chakravarty, Deputy Director-General, Civil Aviation.

*Second and Third meetings relate to the examination of the Appropriation Accounts (Railways), 1949-50 and Audit Report thereon.

MINISTRY OF COMMUNICATIONS

The Committee took up examination of the Accounts of 1949-50 and Audit Report, 1951.

99. Page 281, Sub-head E. 3, Column 4 of the *Appropriation Accounts (Civil) 1949-50*.—The Committee wanted to know that when the original appropriation of Rs. 2,81,200 under the head *Establishment and Tools and Plant Charges* credited to other Governments, Departments etc. exceeded the actual expenditure (*viz.*, Rs. 35,445) by nearly eight times, what was the justification for an increase in the revised estimates which amounted to Rs. 5,24,300.

Explaining the case, the representative of the Ministry of Communications stated that when the Civil Aviation Wing was started, the decision was that the actual expenditure incurred by that Wing should only be paid. Later on it was decided by Government that it should not be the actual charge but only the same departmental charge which the C.P.W.D. was charging from other departments.

The Committee, however, desired to have an explanation as to why lakhs of rupees were lying unsurrendered during the year. The Secretary, Ministry of Communications promised to furnish an *explanation after consulting the Accountant-General, Central Revenues.

100. Page 531 of the *Appropriation Accounts (Civil) 1949-50—Group-head K. Column 4*.—The Committee wanted to know why the large savings amounting to Rs. 13,48,364 which were mainly due to the conversion of the Telephone Factory into a Limited Company from the 1st February, 1950, could not be foreseen and surrendered.

The representative of the Ministry of Finance while explaining the position stated that this matter had to be referred to the Standing Finance Committee and by the time the Standing Finance Committee took a decision it was late to surrender the amount. The Committee thereupon pointed out that the decision to convert the Factory into a Limited Company was taken on the 1st February 1950 and that the surrender should have been made by the end of March 1950.

The Committee then examined in detail the general working of the Indian Telephone Industries, Ltd.,† Bangalore. While examining the Balance Sheet of the Indian Telephone Industries, it was noticed that huge amounts of money were being locked up unnecessarily.

101. Para. 277, page 186 of the *Commercial Appendix (Civil) 1949-50—Overseas Communications Service, Bombay*.—It had been stated

* *Of. Appendix XXXIX.*

† *See Appendix LVIII—Further information furnished by the Ministry on the working of I. T. I. Ltd., Bangalore.*

in the Audit Comments that the amount provided for depreciation (Rs. 4,65,571) was *provisional* as the distribution of the purchase price over the various assets taken over from the Indian Radio and Cable Communications Company Limited, had not yet been finalised. The Committee desired to know what steps had been taken for the early finalisation of the value of assets. The Secretary, Ministry of Communications informed the Committee that the valuation of assets had not yet been finalised and that a Committee had been appointed to go into the matter.

The Committee then pointed out that there had been a distinct fall in traffic as compared to the year 1948-49 and desired to be apprised of the latest position in this regard. The representative of the Ministry revealed that the estimated revenue for 1951-52 was Rs. 1.14.00.000 and Rs. 1.05.00.000 in 1952-53. This showed that the revenue had gone up from 1949-50.

102. *Page 185 of the Commercial Appendix.*—The Committee made an enquiry as to whether the amount due from the National Chinese Government had since been realised. The Secretary, Ministry of Communications informed the Committee that the Ministry of External Affairs were still trying to recover the amount from the National Chinese Government but no material progress had been made in this regard.

103. *Page 535—Note 4 of the Appropriation Accounts (Civil) 1949-50 and Audit Report, 1951.*—In regard to the payment of Rs. 671 to a contractor in respect of the cancellation of the order for the purchase of stores, the Committee wanted to know the full facts of the case and desired to be apprised of the action taken against the officials responsible for placing the orders unnecessarily. The representative of the Ministry of Finance stated that this charge was accepted by Government as a matter of economy. The departments were asked to curtail their demands even on payment of compensation in order to reduce Capital Expenditure and this was done in pursuance of that scheme.

As full details of this case were not readily available, the Ministry promised to furnish a *statement in due course.*

* Cf. Appendix XI.

**Proceedings of the Fifth Meeting of the Public Accounts Committee
held on Friday, the 5th September, 1952.**

The Committee met from 10 A.M. to 1 P.M.

PRESENT

Shri B. Das—*Chairman.*

Pandit Munishwar Dutt Upadhyay.

Shri M. L. Dwivedi.

Shri Shree Narayan Das.

Shri Tribhuan Narayan Singh.

Shri Ranbir Singh Chaudhuri.

Acharya Shriman Narayan Agarwal.

Dr. Mono Mohon Das.

Shri Uma Charan Patnaik.

Shri V. P. Nayar.

Shri B. Ramachandra Reddi.

Shri K. M. Vallatharas.

} *Members.*

Shri V. Narahari Rao, Comptroller and Auditor-General of
India.

Shri P. C. Patil, Accountant-General, Central Revenues.

Shri S. Gupta, Accountant-General, Food, Rehabilitation and
Supply.

SECRETARIAT

Shri N. C. Nandi, *Deputy Secretary.*

WITNESSES

Shri C. C. Desai, Secretary, Ministry of Works, Housing and
Supply.

Shri S. Boothalingam, I.C.S., Secretary, Ministry of Commerce
and Industry.

Shri N. M. Buch, I.C.S., Director-General, Supplies and
Disposals.

Shri K. R. P. Ayyangar, Joint Secretary, Ministry of Finance
(I. & C. Division).

Shri M. S. Mathur, I.S.E., Chief Engineer, C.P.W.D.

MINISTRY OF WORKS, HOUSING & SUPPLY

104. The Committee took up consideration of the outstanding items contained in the 'Statement showing action taken on the recommendations of the Committee'.

Item 41.—In regard to the disposal of 717 tons approximately of brass rods, bars, etc. declared surplus at eight different depots, the Committee desired to know why the contract executed a year previously was reinstated on the same rates, despite the view of the Director of Metals that the prices of non-ferrous metals in January, 1948 were higher than those in January, 1947.

The Deputy Director, Co-ordination (Disposals) stated that the sale was made in December, 1946 and the purchaser could not remove the stores immediately as after partition there was transport difficulty. The purchaser was accordingly given an extension of time. The contract was reinstated in consultation with the Development Officer who was conversant with the prices of metals taking into consideration the difficulties felt by the purchaser in removing the stores from the depots which were situated in Calcutta and other areas. He further informed the Committee that the advice tendered by the Director of Metals was in respect of standard metals and not the miscellaneous lot that was covered by this contract.

Item 39.—The Committee was informed by the Ministry that the matter was being looked into and a report would be submitted shortly.*

Item 43.—The Committee desired to know what action had been taken on the recommendations made by them in para. 59 of the Report for 1951-52. The representative of the Ministry revealed that in pursuance of the recommendations of the Estimates Committee and the Public Accounts Committee, the Government had appointed a Committee with Shri Kasturbhai Lalbhai as Chairman and with three Chief Engineers and the A.G.C.R. as members. The Committee submitted its report about a month back and its recommendations were being examined by Government.

The Committee then took up consideration of the Appropriation Accounts (Civil) 1949-50 and Audit Report, 1951.

105. *Para. 24(a) of the Audit Report.*—The Committee wanted to know the justification for the Chief Engineer ordering payment of a sum of Rs. 51,323, to a contractor without prior sanction of the Government of India. The Chief Engineer, Central Public Works Department stated that this matter had been referred to Government and

* Cf. Appendix XLII.

they had decided that it was within the competence of the Chief Engineer to make the payment. The Ministry of Finance also concurred in this view. The Committee, however, desired the Ministry to furnish them with a note along with the sanction of the Ministry of Finance.

106. *Para. 24(b) of the Audit Report.*—The Committee pointed out that the prices at which stores were to be sold to the public at the Disposal Retail Shops had not been fixed by the Directorate-General in consultation with Ministry of Finance which was an essential requirement in a Disposal Organisation. On the contrary, the prices of certain stores were recorded in the price register by the Officer-in-Charge of the shop under verbal orders of the Director-General, Disposals. The Committee desired to know why the prices were fixed verbally without the approval of the Ministry of Finance.

The Director-General, Supplies and Disposals, stated that these retail shops were set up in a great hurry in various towns for quick disposal of goods. In the normal courses price fixation would have taken some time. The Director-General accordingly decided to visit the shops along with an Officer of the Finance Department. They inspected on the spot the goods and gave certain directions which were taken down by the Officer-in-Charge of the shop, but he failed to obtain the written concurrence of the Director-General.

Since the position as to whether the Finance Officer did or did not accompany the Director-General was not clear, the representative of the Ministry promised to make further enquiries in the matter and furnish a note* for the information of the Committee.

107. *Para. 24(f) of the Audit Report.*—The Committee wanted to know why the salvaged motor vehicles and trucks were disposed of below the guidance prices resulting in a loss of Rs. 37,375 to Government without the sanction of the competent authority and why no disciplinary action was taken against the Officers concerned. The Director-General, Supplies and Disposals, stated that the Deputy Regional Commissioner, Kanpur, who had accepted and approved the bids of the auction opted for Pakistan and had left India since partition. It had thus not been possible to take any action against him.

In regard to the delay in obtaining the sanction of the competent authority, the Director-General explained that there was certain amount of difficulty about the interpretation of certain orders issued by the Ministry of Industries and Supplies which was then controlling the organisation. The final decision in this case was arrived at in May, 1949.

The Ministry, however, promised to send a memorandum about this case.*

108. *Para. 165 of the P.A.C. Report (1951-52)—Page 97.*—The Committee desired to know what action had been taken in the matter. Since the representative of the Ministry of Works, Housing and Supply did not have full facts of the case, he promised to send a note to the Committee.†

109. *Para. 40 of the Audit Report, 1951.*—The Committee desired to be apprised of the position with regard to the recovery of the balances of Rs. 23,000 and Rs. 29,705 outstanding in respect of the over-payments made to contractors. Explaining the position, the Chief Engineer, C.P.W.D., stated that in regard to the balance of Rs. 23,000 a suit would be filed in the High Court, Calcutta. The dispute regarding the full amount of Rs. 50,653 had been referred to an arbitrator. As to the recovery of Rs. 29,705, it would be adjusted against the contractor's deposit of Rs. 50,000 with the Government.

The Committee wanted to know further details about the suit proposed to be filed by Government and the Ministry promised to furnish the information through a note.‡

110. *Paras. 48 & 49 of the Audit Report, 1951.*—The Committee pointed out that there were 155 Inspection Reports pertaining to the Ministry of Works, Housing and Supply which had not been disposed of in spite of the directions from the Finance Ministry. It was further pointed out that there were numerous Audit objections involving Rs. 7½ crores which had been pending for long. The Committee desired to know what steps were being taken for the speedy disposal of the inspection reports and audit objections.

The Chief Engineer informed the Committee that the outstanding inspection reports had all been cleared since the Audit Report was made.

In regard to audit objections, the Chief Engineer accepted the advice tendered by the Comptroller and Auditor-General for proper co-ordination between the Central Office and the outstation offices with a view to ensuring expeditious disposal of such objections.

111. *Para. 24(g) of the Audit Report, 1951.*—In regard to the loss of about Rs. 18 lakhs incurred by Government due to non-enforcement of the terms of the contract for disposal of 1,70,000 tyres and 1,20,000 tubes of different sizes lying at Calcutta and Assam, it was noticed that in addition to some procedural irregularities the sale transaction was not handled with sufficient firmness and in a business-like manner.

* Cf. Appendix XI.

† Cf. Appendix XLII.

‡ Cf. Appendix XLIII.

The Committee, therefore, desired to know what disciplinary action had been taken against the Officers concerned.

The Director-General explained that the irregularities were the outcome of unforeseen circumstances like fire, closure of Railway booking and water transport etc., and this case had been considered at all levels and the Government had come to the conclusion that no disciplinary action against any officer was called for.

The Committee were not satisfied with this explanation and desired the Ministry to furnish detailed information through a self-contained note.*

112. The Committee then desired to know what exactly was implied by the term 'Housing' used in the nomenclature of the Ministry viz., Works, Housing and Supply. The representative of the Ministry stated that the Housing Department of the Ministry was mainly concerned with the industrial housing, slum clearance etc. In reply to an enquiry whether the Employees' State Insurance Scheme would be a self-supporting one, the representative of the Ministry stated that it could not be self-supporting as the economic rent proposed to be charged from the workers would be higher than what they could pay. This might result in a net return of about 1 per cent. to Government.

113. The Committee then examined in general the procedure of effecting purchases abroad through the D.G., I.S.D., London and the India Supply Mission, Washington.

114. The Committee desired that the information in respect of such of the items in the Appropriation Accounts, 1949-50 which they could not cover for want of time should be obtained from the Ministry.

* This matter was later referred to the Sub-Committee of the Public Accounts Committee for detailed investigation.

**Proceedings of the Sixth Meeting of the Public Accounts Committee
held on Saturday, the 6th September, 1952.**

The Committee met from 10 A.M. to 1-30 P.M.

PRESENT

Shri B. Das—*Chairman.*

Pandit Munishwar Dutt Upadhyay.

Shri M. L. Dwivedi.

Shri Shree Narayan Das.

Shri Tribhuan Narayan Singh.

Shri Ranbir Singh Chaudhuri.

Shri Acharya Shriman Narayan Agarwal.

Pandit Krishna Chandra Sharma.

Shri Uma Charan Patnaik.

Shri V. P. Nayar.

Shri B. Ramachandra Reddi.

Shri K. M. Vallatharas.

} *Members.*

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

Shri S. Gupta, Accountant-General, Food, Rehabilitation and Supply.

SECRETARIAT

Shri N. C. Nandi—*Deputy Secretary.*

Present during the examination of the Accounts relating to State Trading Schemes under the control of the Ministry of Works, Housing and Supply:—

Shri C. C. Desa., I.C.S., Secretary, Ministry of Works, Housing and Supply.

Shri N. M. Buch, I.C.S., Director-General of Supplies and Disposals, Ministry of Works, Housing and Supply.

Shri K. P. Mathrani, I.C.S., Deputy Secretary, Ministry of Works, Housing and Supply.

Shri K. R. P. Aiyangar, Joint Secretary, Ministry of Finance (I. & C. Division).

Shri A. Baksi, Deputy Secretary, Ministry of Finance (I. & C. Division).

Present during the examination of the Accounts relating to State Trading Schemes under the control of the Ministry of Commerce and Industry:—

Shri S. Bhoothalingam, I.C.S., Secretary, Ministry of Commerce and Industry.

Shri K. R. P. Aiyangar, Joint Secretary, Ministry of Finance.

Shri A. Baksi, Deputy Secretary, Ministry of Finance.

STATE TRADING SCHEMES

MINISTRY OF COMMERCE AND INDUSTRY

115. The Committee first considered the Accounts relating to the various State Trading Schemes under the control of the Ministry of Commerce and Industry.

At the outset, the Secretary, Commerce and Industry broadly explained the genesis of the evolution of the State Trading Schemes during the war-time. According to him, they were called State Trading Schemes only in the technical sense of the word, i.e., to differentiate them from purchases made by Government for specific purposes. When purchases were made for a specific purpose against the indent of some particular person, it became an ordinary Government purchase and when it was found later on that all the stores purchased were not required, the excess became surplus stores for disposal. Apart from those purchases, the Government had also to buy certain quantities of commodities not against specific demands but as raw materials to feed certain industries which in turn would supply manufactured articles. In that way, the Government launched upon a certain number of State Trading Schemes during the war. All these schemes, he added, were closed down as soon as practicable after the War, because the sudden end of the hostilities left the Government with lots of these stocks and it necessarily took some time to clear off the stocks. He further mentioned another type of state trading schemes which were initiated during the War for the purpose of the common man. There were scarce commodities like cotton cloth and woollen cloth and in the later years of the War also newsprint, paper, certain kinds of drugs etc. The market being tight, goods were bought by the Government on their own account and sold to

the public. To sum up, he stated that there were at present a few schemes which were technically open but in respect of which there had been no new transactions at all for a long time. The only scheme which in a technical sense might be called alive, he said, was the 'Import of Steel' where again they had cut out the liabilities of Government and there was no necessity for Government to invest first and then take the risk.

Elucidating the matter further, the Comptroller and Auditor-General pointed out that these schemes could scarcely be called State Trading Schemes in the sense that the Government bought and sold. He felt that these schemes were not being run on strictly commercial lines as Government did not charge any interest on the capital invested. Replying to this criticism, the representative of the Ministry of Finance informed the Committee that for the last two years, they had opened a separate head under capital investment in regard to Government undertakings and provision had been made for charging interest. He assured the Committee that an element of interest would be specifically taken into account in all future transactions relating to schemes which were in existence.

APPROPRIATION ACCOUNTS (CIVIL), 1949-50 AND AUDIT REPORT THEREON

116. *Scheme for the Purchase and Distribution of Cloth*—P. 611.—The Committee desired to know the action which had been taken on item 33 of the Statement showing action taken, or proposed to be taken on the recommendations of the Public Accounts Committee. The Secretary, Ministry of Commerce and Industry informed the Committee that the recommendations in question had been acted upon by the Government and they had determined the basis on which the States should get money from the Centre out of the profits. Before that payment was made, deductions for overheads etc. would be made from the sums due to the States. The Committee desired that the figures for the overall adjustment with the various States should be finalised in consultation with Audit and the accounts settled without any further delay and a report submitted to them.

117. *Import and Sale of Japanese Cloth*—P. 611.—The Committee wanted to know what steps had been taken to recover the sum of Rs. 15 lakhs from the private firm. The representative of the Ministry stated in reply that the firm concerned viz., Messrs. Banwarilal & Co. was not, at the moment, in a position to pay. That firm, he said, was a private limited concern and they were trying to get as much money as possible. The whole difficulty was that the Company's capital was Rs. 50,000 only. When asked whether any security was taken by the Government, he promised to furnish a statement to the Committee subsequently. The Committee then drew the attention of the

representative of the Ministry to the recommendations contained in item 34 of the Statement referred to above and desired to know what action had been taken by them in the matter. He requested the Committee to defer further consideration of this subject as he was not in possession of full facts of this case and promised to answer this as well as other questions put by the Committee about the loss sustained by Government in respect of this transaction on the 10th September, 1952 when the Committee were to continue examination of the remaining State Trading Schemes put down on that date.

118. *Import of Steel—Pages 622—24.*—The Committee wanted to know the present position of the outstanding dues of Rs. 1 crore as they stood on 31st March, 1951. The Committee were informed that a sum of Rs. 62 lakhs was outstanding on the 30th June, 1952 after having adjusted Rs. 38 lakhs against the Equalisation Fund consequent on the closing down of the Transit Depots. It also emerged out of the discussion in this case that Government did not insure the goods in transit when there was a Government transaction. Explaining the reasons for not covering the risk, the representative of the Ministry stated that the question had been very carefully considered by them immediately after the last War broke out when the danger of the ships going down was really great. Even then the calculations made showed that the payments which Government would have to make on account of premia for all the imports would be out of proportion to the sinkings. Keeping in view the quantum of Government imports, they felt that payment of the total premia would mean a sum enormously larger than any possible loss that might occur. As regards the recoveries on account of the outstanding dues made during the last six months, the representative of the Ministry promised to furnish to the Committee an accurate statement on the subject.

119. The Committee then took up consideration of the Review* relating to this Scheme furnished by the Ministry of Finance and desired to know whether there still existed Controlled Stockists of steel who were exempted from pre-payment. The representative of the Ministry of Finance replied to this in the negative. Referring to item 9 of the above Review wherein it had been stated that copies of the debit statements for steel purchased by the India Supply Organisations abroad against the indents placed by the Iron and Steel Controller were not being sent to him, the Committee were informed that this was only a defect in the procedure and it had been put in order in consultation with the Comptroller and Auditor-General and Accountant-General, Food, Rehabilitation and Supply.

* Cf. Annexure VII of Appendix IV.

On being asked by the Committee to throw some light on the Government's existing policy of continuing control over steel, the representative of the Ministry gave a factual account of the position. He also mentioned that the prices of steel had been recently increased by Government with a view to converting the Steel Equalisation Fund in due course into something like a Development Fund which would ultimately enable them to use the extra funds for the development of Industries.

120. *Purchase of Paper (Group-Head R)*—Page 617.—The Committee considered the *note regarding 'Imported paper' furnished by the Ministry pursuant to action taken on item 35 of the Statement referred to above and desired to be furnished with information on the following points:

- (i) †whether the recovery of Rs. 25,940 had since been made from the Deputy Controller of Stationery, Calcutta and whether the differences between the book and ground balances had since been reconciled and what were the results; and
- (ii) †the quantity of paper that was not acceptable to the Controller of Printing and Stationery and whether the balance could be disposed of by public auction and the establishment wound up?

MINISTRY OF WORKS, HOUSING AND SUPPLY

121. The Committee then proceeded to take up consideration of the Account relating to the various State Trading Schemes under the control of the Ministry of Works, Housing and Supply.

122. *Purchase of Machine Tools*—Page 610.—It was stated by the representative of the Ministry of Works, Housing and Supply that this scheme related to the Ministry of Production.

123. *Bulk ordering of Road Rollers*.—The Committee then considered the review‡ relating to this scheme furnished by the Ministry of Finance and desired to know whether the payments made to the suppliers were in advance or 'on account'; what price had been fixed for the Rollers; how did it compare with the prices ruling elsewhere; what was the price originally agreed upon and what was the price subsequently worked out and whether the actual cost-accounting operation had been completed. The representative of the Ministry of Works, Housing and Supply in reply stated that they had entered into an agreement to make payment on the basis of actual expenses plus about 10 per cent. profit. The condition was that the payments

* Cf. Appendix XLIV.

† Cf. Appendix XLV.

‡ Annexure XII of Appendix IV.

would be made at the end of each month on the basis of actual expenses as certified by the manufacturer's Auditors. All payments were made 'on account' and these did not appear in Government Account, but were initially kept under 'Suspense' and thereafter, the amounts were debited to the indentors. The Committee were alarmed to learn that the Ministry had spent crores of rupees without having obtained any specific appropriation in this behalf from the Legislature by debiting the amount to the Suspense Head. The representative of the Ministry of Finance agreed that there had been some confusion in this respect in the initial stages and informed the Committee that out of the total amount lying under Suspense, about 90 per cent. had since been adjusted against the Accounts of the respective State Governments. The Comptroller and Auditor-General promised to look into this matter and furnish the Committee with a full report* at their next session after having examined the whole case thoroughly. He requested the Committee to direct the Ministry to place at his disposal the services of a high Technical Officer so that they could come to an agreed version of facts.

124. The Committee then decided to take up examination of the remaining State Trading Schemes on the 10th September, 1952.

**Cf.* Appendix XXXIII.

Proceedings of the Seventh Meeting of the Public Accounts Committee held on Monday, the 8th September, 1952.

The Committee met from 10 A.M. to 1-15 P.M.

PRESENT

Shri B. Das—*Chairman*.

Pandit Munishwar Dutt Upadhyay.

Shri M. L. Dwivedi.

Shri Shree Narayan Das.

Shri Tribhuan Narayan Singh.

Shri Ranbir Singh Chaudhuri.

Acharya Shriman Narayan Agarwal.

Dr. Mono Mohon Das.

Pandit Krishna Chandra Sharma.

Shri Uma Charan Patnaik.

Shri V. P. Nayar.

Shri B. Ramachandra Reddi.

} *Members.*

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

Shri A. L. Saksena, Additional Accountant-General, Central Revenues.

SECRETARIAT

Shri N. C. Nandi—*Deputy Secretary*.

Present during the examination of the Accounts relating to the Ministry of Irrigation and Power:—

Shri A. N. Khosla, I.S.E., Additional Secretary, Ministry of Irrigation and Power.

Shri A. R. Khanna, Deputy Secretary, Ministry of Irrigation and Power.

Shri S. A. Gadkary, Member, Central Water and Power Commission.

Sardar Man Singh, I.S.E., Member, Central Water and Power Commission.

Dr. K. P. P. Menon, Member, Central Water and Power Commission.

Shri S. Venkataraman, Under Secretary, Ministry of Irrigation and Power.

Shri S. Ratnam, Joint Secretary, Ministry of Finance.

Present during the examination of the Accounts relating to the Bhakra-Nangal Project:—

Shri A. N. Khosla, I.S.E., Additional Secretary, Ministry of Irrigation and Power.

Shri S. Ratnam, Joint Secretary, Ministry of Finance.

Shri S. D. Khungar, I.S.E., Chief Engineer, and Secretary to the Government of Punjab, P.W.D. Irrigation Branch.

Shri G. R. Handa, Under Secretary, Government of Punjab, P.W.D.

Shri R. S. Gill, Under Secretary, Government of Punjab.

MINISTRY OF IRRIGATION AND POWER

125. The Committee took up consideration of the Appropriation Accounts (Civil), 1949-50 and the Audit Report thereon relating to the Ministry of Irrigation and Power.

At the outset, the Additional Secretary, Ministry of Irrigation and Power informed the Committee that Shri Mazumdar, Chairman of the Damodar Valley Corporation was unable to attend the meeting on account of his indisposition for which he apologised. Shri Kunwar Sain, Chief Engineer, Hirakud was detained owing to heavy flood at Hirakud where he had to watch the safety of the works in progress and he was expected on the following day.

The Committee desired to know why Shri Sivasankar, Joint Secretary, Ministry of Irrigation and Power had not come to appear before them. The Additional Secretary informed the Committee that Shri Sivasankar had gone to Hirakud at the express desire of the Minister to carry out certain enquiries on the spot. Moreover, he had not taken over charge as Joint Secretary of the Ministry.

126. The Committee then wanted to know what machinery existed in the Ministry to watch the progress of expenditure incurred over the various projects and to control over the funds sanctioned by Parliament. They desired to be furnished with a note in this respect on the following day.

127. Grant No. 105—Capital Outlay on Development—Sub-head A—Page 628.—The Committee desired to know why the saving amounting to Rs. 47,26,019 explained as due to transfer of expenditure to

State Governments was not surrendered as the decision must have been known in advance. Explaining this, the representative of the Ministry stated that the investigations were undertaken by the C.W. & P.C. on behalf of the State Governments. The cost of these investigations, according to the original financial arrangement, was chargeable to the development grants and the State revenues on a fifty-fifty basis. But certain State Governments did not agree to meet any expenditure from their State revenues owing to their limited financial resources. This entailed a good deal of correspondence in many cases. The Central Government had to make the necessary provision in the Budget not knowing at the time whether a particular State Government would agree to accept the debits. This uncertainty in certain cases led to surrender when ultimately the expenditure was charged to the State Governments. He further stated that the Madhya Pradesh Government refused point blank to accept the debit. The Committee desired to be furnished with a chronological note showing whether the then Secretary, Ministry of Works, Mines and Power was fully aware of the progress of expenditure incurred on the investigation projects from time to time and whether he informed the Ministry of Finance at any stage about the refusal of the State Government to pay their share.*

128. The Committee then wanted to know the reasons on account of which the Madhya Pradesh Government refused to pay their share of expenditure. The representative of the Ministry of Irrigation and Power stated that first of all the State Government was quite agreeable to pay. Then there was financial trouble in their own State and they said they could not pay. The question was whether the Commission should continue with the works or stop them. They stopped quite a lot of work; some of the work was continued. Intervening, the representative of the Ministry of Finance informed the Committee about the current practice in regard to the apportionment of expenditure on investigation schemes. He said that the Ministry of Finance insisted that the Central Water and Power Commission should prepare a preliminary estimate for investigations and have it administratively approved by the State Government concerned before the investigation could proceed. So, the occasion for misunderstanding as to what constituted the scope of the investigation and how much ought to be spent and what share the State Government was going to meet would now be obviated. Referring to the Madhya Pradesh Government, he said that the difficulty in their case arose on account of the fact that there was no firm understanding preliminary to starting on the work of investigation. He further added that the general agreement that the State Governments would

* A note containing the requisite information was made over by the Additional Secretary, Ministry of Irrigation and Power to the Chairman, Public Accounts Committee on the 9th September, 1952 (Cf. Appendix XLVI).

share fifty per cent. of the expenditure till the project materialised and thereafter, the whole amount would be transferred to the project would subsist.

129. The Committee desired to be furnished with (1) a copy of the agreement entered into with the various States especially with Madhya Pradesh for the apportionment of expenditure on investigations incurred by the Central Government and (2) a note outlining the steps taken from time to time towards effecting recovery of the State portion of the expenditure incurred on the investigation from the Madhya Pradesh Government, the total amount spent on that account and also whether the estimates of the probable cost involved in the investigations were forwarded to them and their administrative approval obtained.

CENTRAL WATER AND POWER COMMISSION

130. The Committee then drew attention to the change from the 'Capital Head' to the 'Revenue Head' of the budget made for the next year in respect of the provision under the head 'Irrigation' as shown at page 57 of the Explanatory Memorandum on the Budget of the Central Government for 1952-53. According to this, the entire provision for preliminary expenses on multi-purpose river valley projects had been made in the revenue budget and that for the Research Station at Poona had been made under 'Capital Outlay on Multi-purpose River Schemes'. Explaining the reasons for this change in the incidence of the provision under investigational expenditure under the C.W. & P.C., the representative of the Ministry of Finance informed the Committee that this would not in any way affect the arrangement for recovery of part of the expenditure from the State Governments. He further stated that the Ministry of Finance had recognised that a stage had been reached in the developmental aspect of the country when the Government of India must maintain an expert agency, if they were not going to be dependent on imported foreign experts for every bit of odd work that had to be done. He added that it was felt that following the Planning Commission's Report, a certain high powered organisation like the United States Bureau of Reclamation, for instance, which should, to a certain degree, be quite independent of the actual volume of investigational work which it handled during the financial year, was necessary. Moreover, the main reason why the investigational expenditure was transferred from the 'Capital Head' to the 'Revenue Head' was that the expenditure in question could be charged off as a part of the ordinary day-to-day working expenses. With regard to the point raised by the Committee about the adjustment of the overhead expenditure against the State Governments in case the project

materialised, he stated that they had an arrangement for apportioning the overhead between the expenditure debitable to the Commission and the investigational estimates.

131. *Functions of the C.W. & P.C.*—The Committee then desired to know precisely the functions of the Central Water and Power Commission. The Additional Secretary to the Ministry stated that the main object of the Commission when it was set up was to make an appraisal of the resources of the country and to see how best they could develop them for the benefit of the nation. It dealt with the river valley projects also. He further stated that it entailed various stages before proceeding with any project. The first was the planning and, the second was the investigation; sometimes investigations might come first and then planning. It went on to the formulation of the project which included design features, the economics of the scheme, construction features and other matters. On being asked by the Committee, the representative of the Ministry briefly explained the reasons how planning would come after or before the investigation. According to him, planning and investigation were two things which were sometimes interlinked; sometimes one came first and sometimes the other. But basically, planning and investigation went together and that was a matter for which the C.W.P.C. wanted considerable staff, not only to do the field work, but also to think out the details at Headquarters. So far as the organisation of the C.W.P.C. was concerned, the bulk of it was meant for planning, investigation and designs, i.e., it had a permanent staff with a very small nucleus which had been sanctioned for construction. If and when the Commission undertook any major construction, then temporary staff was appointed for that purpose. Most of the States also, he said, came to the Commission for technical advice.

132. The Committee then wanted to know the number of foreign experts employed by the Commission. The Additional Secretary, Irrigation and Power Ministry stated that just then in the Commission they had six men under Point Four Programme—one was a specialist in designs of dams, another in mechanical engineering, another in concrete construction, one in Power-houses, and there were two others. They had also got two Mechanical Engineers under the Colombo Plan at Hirakud and one under Point Four Programme. Beyond that they had none else.

133. As regards the training of Engineers employed in the different Departments in the 'Irrigation Works', the Additional Secretary informed the Committee that the question of associating the Army, Railway and Naval Engineers with the Civil Engineering works in the country had been considered by an Expert Committee recently set up by the Government of India. But the outcome of their deliberations had not been made known.

ADMINISTRATIVE AUDIT SYSTEM

134. The Committee then desired to know what action had been taken by the Ministry of Irrigation and Power in consultation with the Ministry of Finance to introduce the 'Administrative Audit System' in respect of the various projects under their control as recommended by the Committee in para. 23 of their First Report (1951-52). The representative of the Ministry of Finance stated that it had been proposed that there should be an Administrative Cost Control Officer who would work under the Chief Engineer in-charge of the Project. This Officer would be independent of the Construction Engineers and would get all the data from them and prepare muster rolls and make payments of the contractors' bills. This proposed system, he further stated, was in the process of implementation so far as Bhakra-Nangal project was concerned. But the question whether it should be extended to other projects was something which they would consider. The representative of the Ministry undertook to go deeply into this question and submit a report to the Committee in due course. He also promised to furnish to the Committee a note stating action taken by them on the recommendations contained in the Kasturbhai Lalbhai Committee Report on the Central Water and Power Commission.

BHAKRA-NANGAL PROJECT

135. The Committee then proceeded to examine the representatives of the Punjab Government who were responsible for the execution of this project.

At the outset, the Committee desired to know to what extent the extension in the scope of this Project, in so far as it related to the provision of irrigational facilities to the adjoining States, had affected the estimates as originally framed and also whether the Government of India had agreed to it. The representative of the Ministry of Finance stated that a conference at Governmental level between representatives of PEPSU, Rajasthan, Punjab, and the Centre was convened in the second half of 1950 to finalise the agreement (i) on the sharing of water which was to be stored at the Bhakra dam; (ii) on the sharing of electricity which would be produced by the Bhakra-Nangal Project and (iii) the respective share of the total capital outlay which would be debitable to each of the participating States viz., Punjab, Rajasthan and PEPSU. The Ministry of Finance, he said, was also represented at this Conference. The revised project estimate which led to a higher figure than originally reported owing to the rise in the total costs would be referred to the respective State Governments as soon as it had been technically approved by the Bhakra Control Board. Intervening, the representative of the

Ministry of Irrigation and Power stated that there had been no expansion in the scope of the project. The project, he said, included, PEPSU, and Rajasthan from the very beginning. As regards the financing of the individual States, the representative of the Ministry of Finance stated that it would be done through the medium of a Central loan to the States and this policy had been adopted with respect to that project. In regard to the repayment of the loans by these Governments, he assured the Committee that there was no indefiniteness about the obligations of the three participating States towards the Centre.

The Committee again drew the attention of the representative of the Punjab Government to the rise in the estimated cost of the project which had now been worked out to Rs. 156 crores and wanted to know the reasons for the increase. They were informed that the estimate framed in 1949-50 did not envisage the supply of water for the PEPSU area in Jullundur. Similarly, in Rajasthan water was given for another 30,000 acres. The 1949-50 estimates, the representative said, were prepared on a certain basis. He then explained other reasons which led to the excess in the estimates viz., the construction of gates and gearing on Nangal Dam, increase in the capacity of the channels, provision of bridges on the Nangal Hydro-electric Canal and the increase in the linings of this Canal etc. The Additional Secretary, Ministry of I. & P. further informed the Committee that the original estimate was found to be on the low side; secondly, the rise in the cost of steel and the workmanship and Devaluation were the other contributory factors. The devaluation alone, it was pointed out by the representative of the Punjab Government, had been responsible for a rise of about 40 per cent. in the costs.

Replying to another point why the project could not be completed according to the target date viz., the end of 1955-56, the representative of the Punjab Government stated that that was mainly due to the inadequacy of the funds placed at their disposal by the Government of India during the past years. Elucidating this, the representative of the Ministry of Finance pointed out that so far as that Ministry were aware, there was no evidence on hand to prove that if bigger sums had been placed at the disposal of the Punjab Government for the Bhakra-Nangal Project, these would be utilised in the same year, in view of the fact that the Construction Organisation was not there on the field and the position had just improved with the arrival of the Construction Superintendent and his staff on the spot. He, however, agreed with the viewpoint of the representative of the Punjab Government that so far as canals were concerned, more work could

The representative of the Ministry of Irrigation and Power incidentally informed the Committee that this project was actually started in 1945 and only a small part of it was put through. After the partition, the project was permitted to go ahead. It was a Provincial Scheme with which the Centre' had nothing to do. The Centre came into the picture at a later stage when the question of finance and of water rights as between Punjab, PEPSU, and Rajasthan arose. So from that stage, the Central Government had been associated in the preparation of the project and had made suggestions in design and execution etc.

136. *Bhakra Control Board and Bhakra Advisory Board.*—The Committee wanted to have an idea as to how the Bhakra Control Board, the Advisory Board, the Central Water and Power Commission as well as the Ministry of Irrigation and Power functioned in regard to the allocation and control of expenditure over the execution of the Project. The representative of the Ministry stated that the Control Board got the proposition from the Chief Engineer concerned. It was then examined to find out whether for the execution of the work the proposal that was put forward was sound, economical and feasible. The main project had to be approved by the three participating Governments and the Government of India. In the present case, the project had been revised and was already before the Government. The question of allocation of funds started from the Ministry of Irrigation and Power and went to the Ministry of Finance. The latter Ministry had to see how much money it had got and to what extent it could be given to Bhakra, D.V.C. and Hirakud and other projects going on in the country. The Planning Commission also came in at that stage and when a decision was taken by the Ministry of Finance, that was communicated by the Ministry of Irrigation and Power to the authorities concerned saying that so much money had been allotted to them. Then the Ministry got figures of expenditure almost every month from the Projects concerned. The Ministry also kept a watch over the budget. Replying to another question as to how the check over the estimated expenditure was being exercised, the representative of the Ministry of Irrigation and Power informed the Committee that such matters were brought out at the meetings of the Control Board and the information was communicated to the Governments concerned.

The Committee then adjourned to take up further examination of the representatives of the Punjab Government on the next day.

**Proceedings of the Eighth Meeting of the Public Accounts Committee
held on Tuesday, the 9th September, 1952.**

The Committee met from 10 A.M. to 1-35 P.M. and from 4 P.M. to 7 P.M.

PRESENT

Shri B. Das—*Chairman.*

Pandit Munishwar Dutt Upadhyay

Shri M. L. Dwivedi

Shri Shree Narayan Das

Shri Tribhuan Narayan Singh

Shri Ranbir Singh Chaudhuri

Dr. Monó Mohon Das

Pandit Krishna Chandra Sharma

Shri Uma Charan Patnaik

Shri V. P. Nayar

Shri B. Ramachandra Reddi.

} *Members.*

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

Shri A. L. Saksena, Additional Accountant-General, Central Revenues.

SECRETARIAT

Shri N. C. Nandi—*Deputy Secretary.*

*Present during the examination of the Accounts relating to the
Bhakra-Nangal Project:—*

Shri A. N. Khosla, I.S.E., Additional Secretary, Ministry of Irrigation and Power.

Shri S. D. Khungar, I.S.E., Chief Engineer and Secretary to the Government of Punjab, P.W.D., Irrigation Branch.

Shri G. R. Handa, Under Secretary, Punjab Government.

Shri R. S. Gill, Under Secretary, Punjab Government.

Shri A. R. Khanna, Deputy Secretary, Ministry of Irrigation and Power.

Shri S. Venkataraman, Under Secretary, Ministry of Irrigation and Power.

Sardar Man Singh, Member, Central Water and Power Commission.

Shri S. Ratnam, Joint Secretary, Ministry of Finance.

Present during the examination of the Accounts, relating to the Damodar Valley Corporation:—

- Dr. B. C. Guha, Member, Damodar Valley Corporation.
- Dr. Sudhir Sen, Secretary, Damodar Valley Corporation.
- Shri Andrew Komora, Chief Engineer, Damodar Valley Corporation.
- Shri N. R. Chakravarti, Financial Adviser, Damodar Valley Corporation.
- Shri A. N. Khosla, Additional Secretary and Chairman, Central Water and Power Commission.
- Sardar Man Singh, I.S.E., Member, Central Water and Power Commission.
- Shri S. Ratnam, Joint Secretary, Ministry of Finance.

Present during the examination of the Accounts relating to the Hirakud Dam Project:—

- Shri A. N. Khosla Additional Secretary, Ministry of Irrigation and Power.
- Shri Kanwar Sain, I.S.E., Member (Designs), C.W. & P.C. and Chief Engineer, Hirakud Dam Project.
- Sardar Man Singh, I.S.E., Member, Central Water and Power Commission.
- Shri S. Ratnam, Joint Secretary, Ministry of Finance.

BHAKRA-NANGAL PROJECT—contd.

137. The Committee resumed further examination of the representatives of the Punjab Government and the Ministry of Irrigation and Power in so far as it related to the execution of the above Project.

The Committee wanted to know the necessity for the employment of American specialists for the purposes of designing and construction of this project as also the extent to which the presence in India of these Specialists was being utilised towards the training of Indian Engineers. The Additional Secretary, Ministry of Irrigation and Power informed the Committee that they had the designs partly prepared in India and partly in America through the agency of U.S. Bureau of Reclamation who acted as their consultants. They had an agreement with the Bureau that whatever designs were sent to them, they would examine them and send their recommendations which were carried out to the extent found necessary.

138. The Committee then desired to know whether it was possible to complete the Bhakra Canal system earlier than Kharif 1954 if finances were provided. The representative of the Punjab Government stated in reply that it was not possible to complete it earlier than 1954 as a lot of work had to be done.

139. The representative of the Punjab Government further informed the Committee that all contracts were given on tenders. They never negotiated a contract. They had got a schedule of rates.

140. Referring to the terms of the contract executed by the Government of India with Mr. M. R. Slocum, an American Expert on Dam Construction, the Committee desired to know whether similar provision as regards the employment for a specific number of years and the payment of 50,000 dollars to his wife as compensation in the case of his death either in India or in America also existed in the agreements entered into with other foreign specialists.

141. The Committee then discussed certain aspects of the import of machinery from America. The representative of the Punjab Government stated that the second-hand machinery worth about 400,000 dollars, i.e., Rs. 20 lakhs had been purchased through the India Supply Mission, Washington. Intervening, the representative of the Ministry of Finance pointed out that new equipment would cost at least three times as much, and in any case, would not be available for another 36 months.

The Committee further wanted to know what were the precautions which had been taken in regard to the purchase of the second-hand machinery. The representative of the Ministry stated in reply that the Punjab Liaison Engineer in America inspected it. He further said that the machinery was purchased from Messrs. Ozark Ltd. They built the Bull Shoals Dam.

142. Before concluding their deliberations, the Committee desired to be furnished by the Ministry of Irrigation and Power with a note* stating the extent of the financial burden undertaken by the Government of India for the grant of more funds for meeting the additional liabilities involved in the change of the specification and scope of the Bhakra-Nangal Project after getting it vetted by the Ministry of Finance.

143. The Committee also requested the Ministry of Finance to furnish them with a note setting forth the salient features of the accounting procedure followed in the Bhakra-Nangal Project after getting it vetted by Audit.

* Cf. Appendices XXXII and XLVII.

DAMODAR VALLEY CORPORATION

144. The Committee then proceeded to deal with the Audit Report on the Accounts of the Damodar Valley Corporation for the year ending 31st March, 1950 (Cf., pages 56 to 66 of the 'Annual Report of Damodar Valley Corporation, 1949-50').

145. Page 61, Paras 6(a) and (b)—Konar Dam.—The Committee desired to know further facts from the representatives of the D.V.C. regarding the sum of Rs. 4,00,000 paid to Messrs. Societe de Construction de Batignolles and the actual amount set off against Gruner Bros. The Committee were informed that an agreement was signed with the French firm for the preparation of the main designs for the Konar Dam and for that work the terms included a lump sum payment of Rs. 4,00,000. Later on, the Corporation felt that the detailed designs could best be entrusted to a firm of Consulting Engineers who had nothing to do with construction and that was why the detailed designs were entrusted to Messrs. Gruner Brothers who accepted the main designs of the French Firm of Batignolles and proceeded on the basis thereof. Ultimately the designs were changed in some important respects, but the expenditure of Rs. 4,00,000 was not completely infructuous. The representative of the D.V.C. further stated that they also drew the attention of the Auditor to the fact that the expenditure involved in that case was not 'completely infructuous'. In reply to a question, whether the D.V.C. challenged the statement made in the Audit Report that the expenditure in question did not serve any useful purpose, the Member of the D.V.C. stated in the affirmative. The Committee desired to know the actual amount that was set off against Messrs. Gruner Bros. The representative of the D.V.C. promised to furnish this information in due course.

146. Page 62, Para 6(i)—Jungle Clearance.—The Committee drew attention of the witnesses to the comments contained in the Audit Report according to which the preliminary work of clearing the sites of the dam and borrow pits was clearly the responsibility of the contractors as described in the specifications of the contract and wanted to know why the extra claims put forward by the contractors for jungle clearing had been entertained. It was stated that the specifications on the basis of which tenders had been invited did not include jungle clearance, because they did not cover all the items of work. In reply to a question, whether that point was explained to the Auditor, the Financial Adviser, D.V.C. stated that that was done, but the Auditor was not convinced. All the correspondence on the subject was placed before him.

The Committee then wanted to know the basis of payment for jungle clearance. It was stated that the Corporation compared the

rates which the contractors were asking for with the rates fixed by the Bombay Municipality who were also doing similar work and their departmental rates and those offered by the contractors were considered reasonable. Konar jungles, it was added, were very difficult to negotiate. It was a very wooded area. The Comptroller and Auditor-General informed the Committee that he would have further investigation made into the matter.

In the meantime, the Committee desired to be furnished with (i) a copy of the contract entered into by the D.V.C. and (ii) a note stating the factual position regarding the jungle clearance case.

147. Page 60, para 5(c).—The Committee wanted to know why no penalty clause had been provided in the agreement with the Kuljian Corporation. The Comptroller and Auditor-General suggested that consideration of this item might be postponed till the Audit Report for the next year was available.

148. Page 63, Para 8(e)—*Loss of Cement*.—The Committee wanted to know the total amount of loss of cement due to deterioration and also the circumstances under which the D.V.C. stored 4,500 tons of cement without first estimating how much quantity would be required to be used and how much would be surplus to the estimated requirements. The representative of the Corporation stated that cement had to be procured several months in advance because that was a controlled commodity in those days. The procurement took three to four months. The godowns were set up at Maithon where cement was stored. Later on, the works programme had to be slowed down because there were financial difficulties. The Maithon and Panchet Hill construction had to be postponed and there was a surplus stock on hand. They did their best to use up the cement for manufacturing hollow concrete blocks for camp construction—particularly at Panchet Hill. The total loss involved was Rs. 42,963 which had to be written off. The Committee wanted to know what concrete steps had been taken by the D.V.C. to avoid the wastage of the sum of Rs. 42,962 incurred in the storage of cement. The representative of the D.V.C. stated that they had ordered the cement in anticipation of Government's sanction of funds. The Corporation was set up in July, 1948 and they were asked to go full steam ahead. So, the cement was purchased in 1948 as they wanted to go ahead with the camp construction in different places. As regards the second point, why so much cement was spoiled or lost, he explained that perhaps in their new-found enthusiasm, as the first phase of the project was accepted, they thought they must push on with the work. That was why they began to collect the cement in anticipation of Government's financial sanction which they thought would be available. To sum up, the representatives stated that all reasonable

precautions for the storage of cement were taken, i.e. it was stored as in all other places under a shed and in a way that too much moisture did not get in. But since the cement had to be stored for a long time, it deteriorated partly by the time it could be used. The cement was not procured in relation to the dams themselves but in relation to the camp construction.

(The Committee then adjourned for lunch till 4 P.M.)

(The Committee reassembled after lunch at 4 P.M.)

149. The Committee resumed further examination of the Audit Report on the accounts of the Damodar Valley Corporation.

The Committee wanted to know from the Chief Engineer, D.V.C. the reasons for the frequent revisions of the estimates of the project as originally framed as also of the target dates for completing the different works on each of the projects viz., Tilaiya, Maithon, Barrage and Irrigation Project and the Panchet Hill dam.

The Chief Engineer stated that when he arrived early in 1951, they started making revised estimates on the basis of the actual designs. The estimates exceeded the previous estimates which had been prepared earlier. The previous estimates were based on the designs then prepared.

He then gave a brief summary of the present construction programme of the Corporation viz., the execution of the Tilaiya, Konar, Maithon and Panchet Hill Dams and Bokaro Thermal Stations.

150. The Committee then drew the attention of the Chief Engineer, D.V.C. to the recommendations made by the Estimates Committee in their Fifth Report that the work of flood control and irrigation should have preceded the construction of the thermal power project and wanted to know his views in the matter. In reply, he stated that in regard to the point why the decision was taken to start Bokaro first, he did not know. The flood control feature and barrage and irrigation, he said, were now so synchronized that they would be completed simultaneously. In reply to another question, he stated that the economics of the Bokaro thermal station had been worked out in its relationship to the entire D.V.C. scheme. Continuing further, he said that the original plan contemplated that the dams at Tilaiya, Konar, Panchet Hill and Maithon would all be utilised for flood control. Later on, Dr. Morgan and Mr. Harza proposed that the two principal dams—since Tilaiya and Konar were rather small and their drainage area was also small—at Maithon and Panchet Hill be used primarily for flood control and having done that

they now know that they could control the past known floods to a reasonable extent.

151. The Committee then discussed the scope of functions etc. of the Financial Adviser, D.V.C. The representative of the Ministry of Finance stated that the convention under which the differences between the Financial Adviser and the Damodar Valley Corporation could be referred to the Government of India in major instances was agreed upon at a meeting of the D.V.C. and the three participating Governments held in May, 1951. The convention did not exist before.

152. Before the Committee concluded their examination of the witnesses, a point was raised by the Secretary, D.V.C. that the rules framed under the D.V.C. Act laid down that the Audit Report and the Annual Report of the D.V.C. should be published simultaneously. The representative of the Ministry of Finance, however, mentioned it for the information of the Committee that the Corporation had been permitted by the Government of India to print their own Administration Report and the Audit Report in two separate volumes. The representative of the D.V.C. stated that they had not received any letter to that effect.

153. The Committee desired that the D.V.C. may be asked to furnish written information in regard to the points arising out of the following paragraphs in The Audit Report which they could not cover for want of time:

- (i) Paras 7(a) and (b); (ii) Paras 8(g) and (h); (iii) Para 11; and (iv) Paras 12 and 13.

HIRAKUD DAM PROJECT

154. The Committee then proceeded to take up examination of the representatives of the Ministry of Irrigation and Power and the Central Water and Power Commission—the agency responsible for the execution of this project.

At the outset, the Committee desired to know why the Report of the Departmental Committee set up some time ago to enquire into the affairs of the Hirakud Dam Project asked for by them could not be made available to them. The Committee was informed that it was an interim report and had not yet received final consideration of the Government of India in the Ministries of Irrigation and Power and Finance. But it could be supplied in its present form, if desired.

* The Committee postponed consideration of the notes furnished by the D.V.C. in this connection.

The Chairman then informed the witnesses that the Committee's examination was confined to the overall position and the control exercised by the Government of India through the Central Water and Power Commission and the Ministry of Irrigation and Power over the Hirakud Dam Project.

155. The Committee wanted to know the amount spent on the construction of the coffer dam and the loss thus sustained by its being washed away by the first floods. The Chief Engineer, Hirakud Dam, stated that the coffer dam was constructed in October last only for one season, that is, for the working season and it was not designed to stand any flood higher than 20,000 or 30,000 cusecs beyond the working season that ended on the 10th June, 1952. The coffer dam was only what was called a 'diversion bund' for the season from October to June. He further said that about Rs. 1,20,000 had been spent over this dam.

156. The Committee were also informed that monthly progress reports were submitted to the Ministry. The Chief Engineer was getting weekly reports direct from the Executive Engineers in-charge of the different items of work.

157. The Committee then wanted to know what were the special circumstances necessitating the grant of Construction Allowance @ 20 per cent. to the Officers and staff employed on the Hirakud Dam. In reply, it was stated that the staff employed on Construction were generally expected to perform an arduous nature of work.

158. The Committee then drew the attention of the witnesses to certain irregularities that had been brought to light in connection with the purchase of Railway sleepers and bullocks etc. The Additional Secretary, Ministry of Irrigation and Power informed the Committee that these cases were under investigation and the Joint Secretary in that Ministry had already been sent to make enquiries on the spot and give his findings.

It was decided that the Committee should appoint a Sub-Committee to go into the Report of the Departmental Committee referred to above and also the various financial and accounting irregularities etc. that had come to light so far in the execution of the Hirakud Dam Project. The following personnel of the Sub-Committee was announced:—

- (1) Shri T. N. Singh—Chairman.
- (2) Shri Shree Narayan Das—Member.
- (3) Shri Uma Charan Patnaik—Member.

The Sub-Committee was authorised to examine the representatives of the Ministries of Finance and Irrigation and Power in regard to the various points arising out of the above Report and other material that might be placed before them.

159. The Chief Engineer, Hirakud, then gave to the Committee a brief account of the overall position relating to the progress made in the execution of the project; the extent of financial control exercised over the expenditure; the steps taken to improve the defects in the accounting procedure and to bring up-to-date the Stores Accounts etc. He confessed that the accounts were in arrears. The biggest factor, he said, was the inadequacy of the staff experienced in accounts. With the help of the Accountant-General, Orissa, he was trying to bring the accounts up-to-date and he hoped that within the next three or four months, he would be in a position to report to the Committee and to the Government that all arrears had been cleared and they were going to start on a clean slate.

As regards Stores Accounts, he informed the Committee that the ground balances of the stores lying in their custody had since been brought on the books and some tallying work remained because there were some differences between the Invoices as they came from the Disposals Directorate and what they had. They had got to fake all the issues in the last three years since the various articles came. That process was likely to take some time.

160. As regards the preparation and sanction of the detailed estimates before the work was actually started, he stated that they had formulated a procedure whereby when the detailed estimates were submitted by the Executive Engineers, then for a small amount, say a fraction of the expenditure, he gave expenditure sanction. That expenditure sanction was given by him personally with the concurrence of the Ministry of Finance and was confined to the powers delegated to him in that behalf. So far as the execution of works without sanctioned estimates was concerned, he added that all the estimates would be sanctioned within the next one month because some of them had to go to the Control Board and the Board might take some time. They would be put up to the Control Board in the next meeting. He expressed the hope that with the co-operation of the Financial Adviser and the Chief Accounts Officer, the position next year would be more satisfactory than it had been in the past.

He then dealt with the question of bringing of the Works Accounts of the past three years up-to-date and assured the Committee that they would be able to clear off the arrears within the next four or five months.

On the works side, he requested the Committee to pay a visit to Hirakud and see what they had done last year.

**Proceedings of the Ninth Meeting of the Public Accounts Committee
held on Wednesday, the 10th September, 1953.**

The Committee met from 10 A.M. to 1 P.M.

PRESENT

Shri B. Das—*Chairman.*

Pandit Munishwar Dutt Upadhyay

Shri M. L. Dwivedi

Shri Shree Narayan Das

Shri Tribhuan Narayan Singh

Shri Ranbir Singh Chaudhuri

Dr. Mono Mohon Das

Pandit Krishna Chandra Sharma

Shri Uma Charan Patnaik

Shri V. P. Nayar

Shri B. Ramachandra Reddi

} *Members.*

Shri V. Narahari Rao, Comptroller and Auditor-General of
India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

Shri S. Gupta, Accountant-General, Food, Rehabilitation and
Supply

SECRETARIAT

Shri N. C. Nandi—*Deputy Secretary.*

*Present during the examination of the Accounts relating to the
State Trading Schemes under the control of the Ministry of Food
and Agriculture —*

Shri Vishnu Sahay, I.C.S., Secretary, Ministry of Food and
Agriculture

Shri P. A. Gopalakrishnan, Joint Secretary, Ministry of Food
and Agriculture.

Shri C. V. Narasimhan, Joint Secretary, Ministry of Food and
Agriculture.

Shri S. T. Raja, Deputy Secretary, Ministry of Food and
Agriculture.

Shri J. Dayal, Joint Secretary, Ministry of Finance.

Present during the examination of the Accounts relating to the State Trading Schemes under the control of the Ministry of Home Affairs:—

Shri E. C. Gaynor, Deputy Secretary, Ministry of Home Affairs.

Present during the examination of the Accounts relating to the State Trading Schemes under the control of the Ministries of Production and Works, Housing and Supply:—

Shri M. P. Pai, Joint Secretary, Ministry of Production.

Shri S. Ranganathan, Joint Secretary, Ministry of Works, Housing and Supply.

Shri N. C. Deb, Director of Finance (Budget), Railway Board, Ministry of Railways.

Shri K. P. Mathrani, I.C.S., Deputy Secretary, Ministry of Works, Housing and Supply.

Shri A. Baksi, Deputy Secretary, Ministry of Finance.

Shri P. M. Naik, Deputy Secretary, Ministry of Production.

Present during the examination of the Accounts relating to the State Trading Schemes under the control of the Ministry of Commerce and Industry:—

Shri S. Bhoothalingam, I.C.S., Secretary, Ministry of Commerce and Industry.

Shri C. R. B. Menon, Deputy Secretary, Ministry of Commerce and Industry.

Present during the examination of the Accounts relating to the State Trading Schemes under the control of the Ministry of Irrigation and Power:—

Shri A. N. Khosla, I.S.E., Additional Secretary, Ministry of Irrigation and Power.

Shri A. R. Khanna, Deputy Secretary, Ministry of Irrigation and Power.

STATE TRADING SCHEMES

The Committee resumed further consideration of the Accounts relating to the State Trading Schemes under the various Ministries of the Government of India.

MINISTRY OF FOOD AND AGRICULTURE

161. The Committee first took up consideration of the Reviews relating to the under-mentioned schemes under the control of the Ministry of Food and Agriculture furnished by the Ministry of Finance:

***Purchase and distribution of Chemical Fertilisers.**—The Committee wanted to know the decision arrived at by the Government on the Report of the Rajadhyaksha Committee which was appointed to enquire into the matter. The Secretary, Ministry of Food and Agriculture informed the Committee that the Report in question had been received a few months ago and Government had taken certain decision on it, but they were not able to place a copy of the Report on the Table of the House as the action decided on by the Government involved further investigation with a view to prosecution and it was not possible at that stage to reveal the evidence which had been collected. He added that two Officers were involved in this case—one of whom was in service and had been suspended. The other Officer who was the Director of Fertilisers had already been dismissed from service. The Committee postponed further consideration of this matter till their next session.

The Committee then discussed the financial aspects of the working of this scheme as set forth in the Review. They were informed that the whole question whether the Ministry should continue to run the fertiliser pool (consisting of indigenous production and the imported fertilisers) or whether they should leave the whole business to trade was likely to be reviewed by them during the course of the current month and it was not possible to anticipate the decision because it was dependent on the views of the State Governments. The Committee then wanted to know whether the profits shown in item 6 of the above Review merely represented the difference between the amount spent by the Government and the actual receipts or they had also taken into account interest and overhead charges. The representative of the Ministry stated that they had not charged any interest on capital. The Committee further desired to be furnished with information on the following points arising from the working of this scheme:

- (i) What quantities of the fertilisers were distributed in the various States from year to year?
- (ii) How many acres of land had benefited from the use of these fertilisers?
- (iii) What had been the results in the shape of increased production of food solely attributable to this factor?
- (iv) Had the utility of the chemical fertilizers been assessed? If so, how and with what result?

* Cf. Annexure VIII of Appendix IV.

† Cf. Appendix XXXV.

162. *Land Reclamation Scheme.*—The Committee then proceeded to consider the Review on the above Scheme furnished by the Ministry of Finance*. The Chairman, Central Tractor Organisation informed the Committee that they had prepared two schemes for the reclamation of 3 million acres of land with the help of about 375 new machines. The first was land reclamation with the old tractors taken from the Disposals. These were mainly what were called Caterpillar D-7 Tractors with a horse-power of 80 purchased in one block. That scheme was wound up for all practical purposes. The machines were with the C.T.O. and they spent some money on them for annual repairs. There was no large demand for tractors of that horse-power and size and value in this country and they were able to dispose of them at the rate of six to eight per month over a period of about a year or 1½ years. He added that the other scheme for which Rs. 284 lakhs had been mentioned as the value of assets arrived at on a commercial basis in item 7 of the Review had been financed out of the loan obtained from the International Bank. The Committee wanted to know the reasons for difference between the value of the tractors purchased upto 31st March, 1952 which came to about Rs. 4 crores and that of assets as worked out to Rs. 284 lakhs. The Chairman, C.T.O. promised to furnish to the Committee a **note explaining the financial implications of the utilisation of the old tractors.

The Committee further desired to know what were the reasons for the 'under estimates' resulting in a loss of Rs. 8,61,611 as revealed in item 6 of the Review. The Chairman, C.T.O. stated that the under-estimation was due to over-optimism at the initial stage. He explained that it was mainly due to two reasons, firstly, there had been an increase in the cost per hour rate, but the cost per acre had not increased. The State Government in its turn recovered from the cultivators on the basis of the acreage ploughed and not on the number of hours of work done which was the basis adopted by the C.T.O. for debiting the expenditure against them. Secondly, the accounts for the old and new tractors were kept completely separately. He expressed the hope that the audited Accounts for the year 1951-52 would show a better picture in this respect.

Explaining the accounting arrangements for the recovery of the reclamation charges in lump sum from the State Governments, the Chairman, C.T.O. said that on a representation from those Governments, the Government of India had agreed that the collection from them should be correlated to the equated instalments that they collected from the farmers. The State Governments had agreed to

* Cf. Annexure IX of Appendix IV.

** Cf. Appendix XXXVI.

pay the loss of interest that was involved in such belated payments. He further said that in order to simplify the accounting arrangements, they were treating the amount recoverable from the State Governments as an advance given to them in order to enable them to pay back those charges which they could recover in instalments from the cultivators.

MINISTRY OF HOME AFFAIRS

163. *Supply of Consumers' and other stores in Andamans.*—The Committee then proceeded to consider the Review* relating to the above scheme prepared by the Ministry of Finance. They desired to know the prices at which the consumers' and other stores were being supplied in Andamans. The representative of the Ministry of Home Affairs stated that all prices were fixed and there was really one procurement price and selling price. The supplies, he said, were arranged through the Ministry of Food. As regards the reconciliation of figures given in items 4 and 5 of the Review under reference with those booked by the A.G.C.R., the Committee were informed that this was being done and an Officer had come to Delhi from Andamans for this purpose. Replying to the question whether the scheme was run on commercial lines, the representative of the Ministry stated that as a matter of fact from 1st April, 1952 they were trying to run the scheme on a no-profit no-loss basis. As regards the sale of stores to the consumers, he told the Committee that these were sold by the local Supply Officers to the retail shopkeepers who further sold them at fixed prices.

164. *Appropriation Accounts (Civil), 1949-50 and the Audit Report thereon—page 622—A.R.P. Equipment purchased centrally (Group Head Y).*—The Committee wanted to know the present position about the working of this scheme. In reply, it was stated by the representative of the Ministry that all these stores had actually been sold and recoveries were being made. The Committee desired to know whether any expenditure was being incurred on the establishment employed on the work connected with the outstanding recoveries of the cost of centrally supplied A.R.P. equipment. The representative of the Ministry promised to send a **note to this effect to the Committee. The Comptroller and Auditor-General informed the Committee that according to the report made available to him, the sum of Rs. 1½ lakhs recoverable on this account from the various bodies had been reduced to Rs. 83,000 on the 31st March, 1952.

MINISTRY OF PRODUCTION

165. *Appropriation Accounts (Civil) 1949-50 and Audit Report 1951.*—The Committee then took up consideration of the Reviews

* Cf. Annexure IV of Appendix IV.

** Cf. Appendix XLVIII.

on the State Trading Schemes relating to the Ministry of Production contained in the Appropriation Accounts (Civil), 1949-50.

166. *Scheme for the Reserve Stock of Coal (Group Head A)*—page 610.—The Committee wanted to know why the stock of 1598 tons of coal was kept in stock at the pit heads so long that it was reduced to dust which meant physical loss. The representative of the Ministry stated that this loss could not be helped as it was a normal process that when the huge stock of coal dumped in one place was removed to another, it was bound to produce such a result. As regards the recovery of about Rs. 9 lakhs from the different collieries and consumers, it was stated that about Rs. 6 lakhs had been recovered and the balance remained to be recovered. The Committee drew attention to para. 81 at page 34 of the Report of the Public Accounts Committee, 1950-51 and pointed out that a wrong statement was made before them in the first instance by the representative of the Ministry of Industry and Supply that acknowledgements for 54,000 tons of coal had been received, whereas it was now reported that the acknowledgements for this quantity had still not been received from the various consignees. The representative of the Ministry said that he was not aware what statement was made in that behalf. He, however, informed the Committee that it had been agreed in consultation with the Ministry of Finance to treat the Railway Receipts as sufficient acknowledgement after the comments contained in the Audit Report were made although the fact remained that these acknowledgements had not been received.

As regards the capitalisation and transfer of the ownership of the Railway Collieries under the control of the Ministry of Production, the Committee were informed that the whole question was under examination at the highest level.

167. *Scheme for the production and supply of Coal*—page 615.—The Committee wanted to know the reasons for the increase in the deficit in this venture which was expected to go up to Rs. 227 lakhs from Rs. 210 lakhs estimated in the last review. The representative of the Ministry stated that there was likely to be a loss of Rs. 2.27 crores. It was stated that this amount represented the subsidy paid to Sir Lindsay Parkinson & Co., Ltd., As regards the recovery of the amount from the Lloyds Bank which stood as surety for this firm, it was pointed out by the representative of the Ministry of Works, Housing and Supply that the Bank stood surety only to the extent that on a particular date if the firm had to produce a certain amount of money, it guaranteed it. In other words, it guaranteed the

solvency of the concern, but it did not undertake to share in the profit or loss. The representative of the Ministry further stated that Government purchased a lot of second-hand machinery from America through a firm that helped them and for that they possibly overpaid. Sir Lindsay Parkinson came on the scene later. But from 1946 to 1948 this firm worked as Government contractors and did earth removal work. From 1st April 1948, a Company was formed in which Government and Sir Lindsay Parkinson & Co. held shares. During the period of two years when they worked as contractors, the Government got Rs. 14-15 lakhs a year as hire charges for the machinery. He further stated that actually the Company had been wound up and there was nothing left except the assets which had reverted to Government as per the terms of the original contract. The Committee wanted to know the exact amount sent abroad by this firm. The representative of the Ministry could not furnish this information. He concluded by saying that the Government themselves forced the winding up of this Company as there was an allotted quantum of work which they had to do.

MINISTRY OF WORKS, HOUSING AND SUPPLY

168. *Appropriation Accounts (Civil), 1949-50 and Audit Report, 1951.*—The Committee then proceeded to deal with the consideration of the review on the schemes relating to the Ministry of Works, Housing and Supply. But they felt that as the time left for the adjournment of the meeting was very short, they might not be able to cover the whole ground. They, therefore, decided that the Secretariat should ask the Ministry to furnish written replies to the points arising from the working of the following schemes:

- * (i) *Purchase of Machine Tools.*—Whether the machines lying at Karachi had since been received? What steps had been taken to expedite the arrival in India of the four remaining machines?
- ** (ii) *Sisal Hemp.*—Had the Government claims for compensation on account of damaged sisal since been settled and with what results?
- † (iii) *Acquisition of Frustrated Cargoes.*—Whether the recoveries have since been effected in all cases and also whether the outstanding cases of compensation since settled?
- (iv) *Purchase of Woollen Goods.*—Whether the outstanding recoveries of Rs. 80,000 have since been finalised?

* Cf. Appendix XLIX.

** Cf. Appendix L.

† Cf. Appendix LI.

169. *Saw Mill Machinery and Tools.*—In reply to a question asked by the Committee about the steps taken to dispose of the remaining stock to obviate any possibility of loss on stock and to ensure the early closing of the Depots, the representative of the Ministry of Works, Housing and Supply stated that stocks worth about Rs. 15,000 were disposed of last year and the amount still to be adjusted was about Rs. 89,000. The stock had been declared as surplus and the Director-General, Disposals was disposing of them. As regards the proportionate reduction in the staff employed in the Disposals Directorate, it was stated that the position was reviewed every three months and the staff retrenched, if necessary.

MINISTRY OF COMMERCE AND INDUSTRY

170. *Appropriation Accounts (Civil), 1949-50 and Audit Report, 1951—page 611—Import and Sale of Japanese Cloth.*—The Committee resumed further examination of the Secretary, Ministry of Commerce and Industry in regard to the working of this scheme.

The representative of the Ministry briefly described the circumstances under which the Japanese Cloth was ordered. He said that cloth production had been falling steadily from 1943. In 1946, it had fallen to 4,300 million yards inclusive of the mills now in Pakistan. In 1947 also that tendency continued and the production was only 3,338 million yards. There was great scarcity of cloth. There were controlled prices, but the demand was not met to any extent by the supply of cloth available at controlled prices and it was no secret that at that time there was a big black market. When the offer about the availability of a certain amount of cloth and yarn in Japan was received through the Indian Embassy in America, the Government decided that we should take advantage of this, mainly for the purpose of relieving scarcity in the country. Before buying it, the prices were ascertained and the opinion of the Chairman, Textile Board was also ascertained. His opinion was that they could accept certain categories of cloth because there was scarcity of demand and he also pointed out that the prices were high. They ranged from 25 and in some varieties to 100 per cent. more than internal controlled prices. The cloth was ordered in March, 1947. The representative further stated that at that time yarn was also offered. But its prices were even higher than for cloth as compared with the controlled prices. The decision was taken that no yarn should be imported. The payment for this cloth which came from Japan had to be made in Dollars. But subsequently the exchange position became very difficult in the middle of 1947. The decision was taken in August, 1947 that they should not bring all the cloth into India for sale. But as it had become the property of the Government of India, it was decided to bring only some portion of that cloth into

India and to re-export the rest from Japan direct. The Standing Finance Committee was apprised of this. The actual arrivals in India began in October, 1947 and the sales started. Of the whole lot, about 45 million yards were sold at a good margin of profit, i.e., cost plus 10 per cent. But later on, the market conditions changed, cloth was decontrolled and for disposals in that period there was a loss. To sum up, he stated that 56.43 million yards were sold abroad without coming into the country and 24 million yards were disposed of in India. The Committee desired the Secretary, Ministry of Commerce and Industry to furnish them with further information* on the following points:—

- (i) the total quantity and value of cloth disposed of in India and abroad; the names of the countries to whom the stock was sold;
- (ii) whether the sales were made through the agencies of the Indian firms;
- (iii) the extent of loss sustained by Government in this transaction, and
- (iv) whether any security was obtained from Messrs. Banwarilal & Co. before entering into the deal with them and, if so, in what form etc.

The Committee decided that as this transaction had resulted in a huge loss to the Government to the tune of Rs. 55 lakhs, the whole matter should be enquired into by a sub-Committee with the help of the Comptroller and Auditor-General of India.

MINISTRY OF IRRIGATION AND POWER

171. *Appropriation Accounts (Civil), 1949-50 and Audit Report, 1951—page 610—Purchase of Electrical Generating Plant.*—The Committee wanted to know whether this scheme had been finally wound up and final results worked out. The representative of the Ministry stated that the only outstanding they had after March, 1951 were about seven sets with the Delhi Electric Supply Co., one set with Orissa and one set to be despatched to Pakistan. The sets were expected to be returned by the end of 1953 or in early 1954. The Accounts could not thus be finalised. He further added that the special staff employed for this purpose had been disbanded and no extra expenditure was being incurred in the working of this scheme.

* The information furnished by the Ministry of Commerce and Industry was considered by the sub-Committee on the Import and Sale of Japanese cloth.

***Proceedings of the Eleventh Meeting of the Public Accounts Committee held on Thursday, the 23rd October, 1952.**

The Committee met from 10 A.M. to 1-15 P.M.

PRESENT

Shri B. Das—*Chairman.*

Pandit Munishwar Dutt Upadhyay
 Shri M. L. Dwivedi
 Shri Shree Narayan Das
 Shri Tribhuan Narayan Singh
 Shri Ranbir Singh Chaudhuri
 Acharya Shriman Narayan Agarwal
 Dr. Mono Mohon Das
 Pandit Krishna Chandra Sharma
 Shri Uma Charan Patnaik
 Shri V. P. Nayar
 Shri B. Ramachandra Reddi
 Shri G. D. Somani
 Shri K. M. Vallatharas.

} *Members.*

Shri V. Narahari Rao, Comptroller and Auditor-General of India.
 Shri P. C. Padhi, Accountant-General, Central Revenues.
 Shri S. Gupta, Accountant-General, Food, Rehabilitation and Supply.

SECRETARIAT

Shri M. N. Kaul—*Secretary.*

Shri S. L. Shakhder—*Officer on Special Duty.*

WITNESSES

Shri Vishnu Sahay, I.C.S., Secretary, Ministry of Food and Agriculture.

Shri C. V. Narasimhan, I.C.S., Chairman, Central Tractor Organisation, Ministry of Food and Agriculture.

Shri S. T. Raja, Deputy Secretary, Ministry of Food and Agriculture.

*Tenth Meeting relates to the consideration of Railway Audit Report, 1951.

Shri N. K. Bhojwani, Deputy Secretary, Ministry of Food and Agriculture.

Shri M. L. Sinha, Director of Accounts, Ministry of Food and Agriculture.

Shri J. Banerji, I.F.S., Deputy Inspector-General of Forests, Ministry of Food and Agriculture.

Shri S. Jaya Shanker, Joint Secretary, Ministry of Finance (Food and Agriculture Division).

Shri H. S. Negi, Deputy Secretary, Ministry of Finance.

MINISTRY OF FOOD AND AGRICULTURE

172. The Committee first took up consideration of the outstanding items containing the recommendations of the Public Accounts Committee and action taken by the Ministry of Food and Agriculture thereon.

Item 67—Loss incurred on account of import of fertilisers in paper bags.—In reply to an enquiry made by the Committee whether the order for the purchase of fertilizers was placed by the High Commissioner for India in the U.K. himself or through the D.G., I.S.D., it was stated that at that time supplies were not obtainable in the ordinary way and as the Government of India wanted 4 hundred thousand tons of the commodity immediately, the indent was cross-mandated and the High Commissioner was asked to negotiate. Moreover, the Government wanted to make the purchase from soft currency areas. The Committee desired that a copy of the cable sent by the late Ministry of Industry and Supply to the High Commissioner for India authorising negotiations with M/s. Kenbank, Ltd. for the supply of ammonium sulphate should be furnished.

In reply to another question as to how exactly M/s. Kenbank, Ltd., came to be the suppliers and whether any enquiry about their financial standing was made at the time of placing the order, it was stated that according to the facts conveyed to the Ministry, it seemed that the firm approached the High Commissioner with an offer for the supply of fertilisers from the U.K. and other European countries at a certain price which was considered very attractive. As regards the financial standing, the High Commissioner had satisfied himself from the Board of Trade in London through informal consultation. The Committee desired that a self-contained note embodying the relevant extracts from the Report of the Rajadhyaksha Committee relating to this transaction which would not be prejudicial to the launching of prosecutions should be furnished to them.

The Committee then discussed at some length the implications of the note furnished by the Ministry (*Appendix VII*) viz., the use of paper bags, inspection of packing material, weight etc. by the Cargo Superintendents, recovery of losses from the firm and the fixing of responsibility for the loss etc. They postponed further consideration of the subject till the following day when it was decided to examine the representative of the Ministry of W. H. & S. also in this connection.

173. The Committee then proceeded to take up consideration of the Appropriation Accounts (Civil) 1949-50 and the Audit Report thereon.

Para. 25.—The Committee desired to know whether the accounts of the agency concerned had since been compiled and, if so, whether any serious discrepancies leading to suspicion of losses had been revealed. And also whether any disciplinary action had been taken against the Officers responsible for the same. Tracing the background of the setting up of the Central Ground Water Organisation, the representative of the Ministry stated that as the Government were not satisfied with the work of the organisation, it was wound up and thus all the staff except a few having the knowledge of the working of the organisation were retrenched. The bulk of the equipment was disposed of to the various State Governments. He admitted that the numerical accounts were not kept at all. So far as final accounting of the stores and fixing of the responsibility for non-maintenance of accounts were concerned, he added that that could be done only after the stock accounts which were under preparation, were completed. It was further added that some of the staff were not traceable though a very determined attempt had been made.

174. *Page 306 of the Appropriation Accounts—Government Research Creamery at Anand.*—In reply to a question whether the terms of lease of the creamery to the Bombay Government had been finalised and all payments received, the representative of the Ministry stated in the affirmative. He said that the lease had been further extended for a period of 3 years. The Committee desired to be furnished with a copy of the agreement* entered into with the Bombay Government for renting out the assets of the creamery.

175. *Page 491—Grant No. 88—sub-head B.1(6) (1)—Forest—Suspense.*—The Committee wanted to know why it was not possible to cover the excess of Rs. 5,19,912 under this head. The representative of the Ministry of Food and Agriculture stated that it so happened that the debits of stores indented for Andamans Forest Department

* Cf. Appendix XII.

during the previous year in respect of which provision could not be made in the budget had to be adjusted during the year under review.

176. Page 524—Grant No. 90—Capital Outlay on Forests—Note I.—The Committee desired to know why the entire savings of Rs. 14,19,581 could not be surrendered. The representative of the Ministry admitted that they made a mistake in this case.

177. Page 594—Grant No. 104—sub-head E. 3—Column 4.—The Committee wanted to know why no provision was made to cover the excess of Rs. 5,44,47,851 specially when the adjustment was made in November, 1949. The representative of the Ministry stated that the excess was mainly due to the receipt of the Accounts from the I.S.M., Washington earlier than usual. He added that the year 1949-50 was a particularly heavy year in respect of imports. The A.G.C.R. pointed out that the excess was due to adjustment of Rs. 671 lakhs which was in the knowledge of the Ministry in November, 1949.

178. The Committee then proceeded to take up consideration of the Commercial Appendix (Civil), 1949-50 and the Audit Report thereon.

The representative of the Ministry of Food and Agriculture promised to furnish written information on the points arising out of the following paras. in the Commercial Appendix:

*Indian Veterinary Research Institute**

(i) Para. 157.

(ii) Para. 158.

Forest Department, Andamans

(iii) Para. 180—maintenance of unused Marine Crafts.

179. Page 138—Para. 207—Central Tractor Organisation.—The Committee desired to know why the losses on account of stores and writes-off had not been shown separately in the Stores Accounts and also why the non-tractor parts had not been disposed of. The representative of the Ministry promised to submit a note on these points.

Page 138—Para. 208—Purchase of surplus equipment.—The representative of the Ministry stated that a large number of tractors was taken over from the Disposals Department. For about 250 tractors which were intended to be sold to the State Governments for assisting them in their G.M.F. Campaign, there were no implements. In

* Cf. Appendix LII.

order to make these tractors serviceable, it was planned that for each of them, a matched set of implements should be ordered and they should be sold to the State Governments and thus orders were placed for their supply with a Bombay firm named M/s. Pashabhai Patel & Co. But later, when expenditure sanction for Rs. 20 lakhs was obtained, it was found that the specifications which were finally agreed upon by the D.G. S. & D. were different from those originally agreed upon. All these changes had the effect of increasing the cost. The deal with this firm was stated to be the subject of an enquiry by Shri C. V. Divatia. The Committee desired to be furnished with a note setting forth the salient features of the Report submitted by the Divatia Committee.

180. Before adjourning, the Committee asked the Secretary, Ministry of Food and Agriculture to furnish to them a note setting forth the various considerations that are taken into account at the time of import of foodgrains from abroad.*

* Cf. Appendix LIII.

**Proceedings of the Twelfth Meeting of the Public Accounts
Committee held on Friday, the 24th October 1952.**

The Committee met from 10 A.M. to 1-20 P.M.

PRESENT

Shri B. Das—*Chairman*.

Pandit Munishwar Dutt Upadhyay
Shri M. L. Dwivedi
Shri Shree Narayan Das
Shri Tribhuan Narayan Singh
Shri Ranbir Singh Chaudhuri
Dr. Mono Mohon Das
Pandit Krishna Chandra Sharma
Shri Uma Charan Patnaik
Shri V. P. Nayar
Shri B. Ramachandra Reddi
Shri G. D. Somani
Shri K. M. Vallatharas.

} *Members.*

Shri V. Narahari Rao, Comptroller and Auditor-General of India

Shri P. C. Padhi, Accountant-General, Central Revenues.

Shri S. Gupta, Accountant-General, Food, Rehabilitation and
Supply.

SECRETARIAT

Shri M. N. Kaul—*Secretary*.

Shri S. L. Shakhder—*Officer on Special Duty*.

WITNESSES

*Present during the examination of the Appropriation Accounts
relating to the Ministry of Food and Agriculture:*

Shri Vishnu Sahay, I.C.S., Secretary, Ministry of Food and
Agriculture.

Shri C. V. Narasimhan, I.C.S., Chairman, Central Tractor Organi-
sation. Ministry of Food and Agriculture.

Shri S. T. Raja, Deputy Secretary, Ministry of Food and
Agriculture.

Shri R. L. Mehta, Deputy Secretary, Ministry of Food and
Agriculture.

Shri N. K. Bhojwani, Deputy Secretary, Ministry of Food and Agriculture.

Shri M. L. Sinha, Director of Accounts, Ministry of Food and Agriculture.

Shri J. Banerji, I.F.S., Deputy Inspector-General of Forests, Ministry of Food and Agriculture.

Shri S. Ranganathan, I.C.S., Joint Secretary, Ministry of Works, Housing and Supply.

Shri K. P. Mathrani, I.C.S., lately Deputy Secretary, Ministry of Works, Housing and Supply.

Shri S. Jaya Shankar, Joint Secretary, Ministry of Finance.

Present during the examination of the Appropriation Accounts relating to the Ministry of Labour:

Shri V. K. R. Menon, I.C.S., Secretary, Ministry of Labour.

Shri L. C. Jain, I.C.S., Director-General of Resettlement and Employment, Ministry of Labour.

Shri K. R. P. Aiyangar, Joint Secretary, Ministry of Finance.

MINISTRY OF FOOD AND AGRICULTURE—*contd.*

181. The Committee resumed further consideration of the note on the transaction relating to the import of fertilisers in paper bags furnished by the Ministry of Food and Agriculture (*Appendix VII*).

Referring to the deal with Messrs. Kenbank & Co., Ltd., the representative of the Ministry of W. H. & S. stated that in view of the shortage in the supply of ammonium sulphate that existed at that time, the High Commissioner for India in the U.K. was justified in not having called for the tenders and following the normal procedure for the purchase of stores. As regards the suitability and financial standing of the firm, he informed the Committee that according to the impression that he had gathered, the High Commissioner tried to ascertain informally from the Board of Trade about the position of that firm and he found that he could accept them as suitable. He then read out to the Committee extracts from the letter received by the Ministry from the High Commissioner stating the financial position and other particulars about the antecedents of the above firm.

The Committee deferred further examination of the case till the relevant extracts from the Fertilisers Inquiry Committee Report were made available to them. In the meantime, they asked the representative of the Ministry of W. H. & S. to furnish a self-contained

note on the case under consideration with special reference to the following points:

- (i) whether six ply bags were used in the first consignment;
- (ii) the extent of responsibility that devolved on the Ministry *vis-a-vis* the High Commissioner for India in the U.K. in entering into this transaction; and
- (iii) whether there was any difference of opinion in the matter of the selection of the firm.

182. The Committee then asked the representative of the Ministry of Food and Agriculture to furnish them with written information on the following points arising out of the Commercial Appendix to the Appropriation Accounts (Civil), 1949-50 and the Audit Report thereon:

- (i) Page 138, para. 208†.

What action has been taken to implement the suggestion made by Audit for investigating the reasons for the purchase of surplus equipment at higher rates without prior sanction of the competent authority and in excess of requirements?

- (ii) Page 139, para. 213†.

What steps have the Department taken to reduce idle time and cut down costs?

- (iii) Page 139, para. 214†.

Has a maximum monetary stock limit been fixed?

183. Page 138, para. 207 of the Commercial Appendix—*Central Tractor Organisation*.—The Committee reopened discussion on the audit comments contained in this para. that the Store Accounts did not show separately the losses of stores and writes-off and that the non-tractor parts had not been disposed of. Replying to the first point, the representative of the Ministry admitted that that was a mistake and steps had been taken to improve the state of affairs. As regards the second point, he stated that the whole lot of the spare parts which they had to take from the Disposals had been sorted out. The tractor-parts were used on the tractor side and the vehicle-parts in the Vehicles and those which were of no use, were classified as 'surplus category' and every attempt was made to sell them. They had taken credit for the amount which they hoped to realise on account of the sale of surplus spare parts. He added that all the parts had been stored separately.

* Notes since furnished but not considered by the Committee as they were received too late. See Para. 17—*ante*.

† Cf. Appendix XIV.

184. The Committee then asked the Secretary, Ministry of Food and Agriculture to state the broad features of the present food policy of the Government of India with particular reference to two aspects viz., the import and distribution of foodgrains and the steps taken to increase the production.

He gave a brief review of the overall position regarding the working of the rationing as well as procurement system in the various States with special reference to the opening of 'fair-price shops' in Madras, U.P. and a few other States. The 'fair-price shops', he said, constituted a legal market from which a consumer could supplement his weekly ration. He also mentioned about the removal of ban on movement of foodgrains within a State. To sum up, he stated that the new food policy of complete or partial decontrol of rice and wheat was under consideration of the Government of India and an announcement in that respect was likely to be made shortly.

The Committee desired to be furnished with a note setting forth the salient features of the system of procurement of paddy prevalent in the Orissa State*.

MINISTRY OF LABOUR

185. *Appropriation Accounts (Civil). 1949-50 and Audit Report, 1951—Page 311—Grant No. 66—sub-head L—Transfer to the Coal Mines Labour Welfare Fund.*—The Committee pointed out that the excess of Rs. 14,95,819 indicated careless budgeting and negligence in watching the progress of expenditure. The representative of the Ministry of Finance explained that the Coal Mines Welfare Cess was levied on the quantity despatched from the collieries. The actual despatches in this case appeared to have been very much higher than were anticipated.

186. *Page 314, Grant No. 66—sub-heads 0 (Transfer to the Mica Mines Labour Welfare Fund) and P. 1 (Expenditure incurred on the Mica Mines Labour Welfare Measures).*—The Committee wanted to know why the saving under these sub-heads could not be surrendered. The representative of the Ministry of Labour stated that the main item in this particular case was the construction of a hospital. There was unavoidable delay in selecting the site and going through certain formalities.

187. *Pages 420-422, Grant No. 82—Group-heads C. 6 (Technical Training of Demobilised Services Personnel) and C. 7 (Vocational Training of Demobilised Services Personnel).*—The Committee wanted to know the number of trainees who had been settled in their vocation

* Cf. Appendix LIV.

after completion of training under these two schemes. The representative of the Ministry of Labour stated that out of the ex-services personnel, the number of trainees was about 42,000. Their estimate was that everyone had been provided with employment because they did not seem to come back and seek employment through the Employment Exchanges in any substantial numbers. When asked about the number of trainees in respect of which they had received definite information that they had been provided with jobs, he stated that they had such information only for less than 10 per cent. cases. The Secretary, Ministry of Labour assured the Committee that they had taken up the question of a follow-up procedure to make sure to what extent the trainees were provided with employment. The Committee wanted to know the total amount spent so far on the training of the demobilised services personnel (to be shown year-wise). The representative of the Ministry undertook to furnish this information*.

188. The Committee then asked the representative to submit to them a *note stating whether it would be more economical to subsidise the State Technical Institutions than to run an independent organisation for the vocational training of the ex-services personnel and other adult civilians. They further desired that this note should give a review of the progress made during the last three to four years and also whether the system should continue in its present form or it required any modification etc.

189. On a point being raised as to how the training of adult civilians, which was primarily the responsibility of the State Government was brought within the purview of the scheme for the training of demobilised persons, which was meant for the rehabilitation or resettlement of ex-services personnel, it was stated by the representative of the Ministry that the Budget heading in this respect had been changed with effect from the year 1950-51 and it was now called "Adult Civilian Training Scheme". The representative of the Ministry of Finance, however, stated that the main question was under examination.

190. The Committee then wanted to know from the representative of the Ministry of Labour whether there was going to be any overlapping between the training centres organised by them and the Ministry of Rehabilitation. The representative of the Ministry of Finance stated that it was only a question of allotting priorities as to who should be the trainees.

* Cf. Appendix XV.

191. The Committee then proceeded to deal with the Review on the State Trading Scheme named 'Purchase of Stores and reserve stock of equipment for the training of demobilised services personnel (now Adult Civilians)' furnished by the Ministry of Finance* and wanted to know whether the figures of sales and recoveries mentioned in item 5 thereof had been verified. The representative of the Ministry replied in the affirmative. Referring to the remarks contained in item 8 thereof, it was stated that that was strictly not a commercial transaction. The whole purchase was made with a view to have a centralised buying of special products for use of the Technical Training Institutions. In some cases, those stores had to be given as an 'assistance'. To sum up, he said that this scheme did not partake of the nature of State trading because they had no idea of making profits. Whatever expenditure was incurred by issues to the institutions concerned, it was adjusted in the accounts.

192. The Committee was informed that a Committee consisting of one M.P., the representatives of the Central Government and one representing the State Governments had been set up to enquire into the various aspects of the working of the Employment Exchanges.

* Cf. Annexure V to Appendix IV.

**Proceedings of the Thirteenth Meeting of the Public Accounts
Committee held on Saturday, the 25th October, 1952.**

The Committee met from 10 A.M. to 1-15 P.M.

PRESENT

Shri B. Das—*Chairman.*

Pandit Munishwar Dutt Upadhyay

Shri M. L. Dwivedi

Shri Shree Narayan Das

Shri Tribhuan Narayan Singh

Shri Ranbir Singh Chaudhuri

Dr. Mono Mohon Das

Pandit Krishna Chandra Sharma

Shri Uma Charan Patnaik

Shri V. P. Nayar

Shri B. Ramachandra Reddi

Shri G. D. Somani

Shri K. M. Vallatharas.

} *Members.*

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

SECRETARIAT

Shri M. N. Kaul—*Secretary.*

Shri S. L. Shakhder—*Officer on Special Duty.*

WITNESSES

Present during the examination of the Appropriation Accounts relating to the Ministry of Home Affairs:

Shri H. V. R. Iengar, I.C.S., Secretary, Ministry of Home Affairs.

Shri B. D. Tewari, Deputy Secretary, Ministry of Home Affairs.

Shri R. G. Mundkur, Deputy Secretary, Ministry of Finance.

Shri M. L. Chopra, Under Secretary (Finance), Delhi State (representing the Delhi State Government).

Shri Raj Kumar, Under Secretary, Ministry of Finance, Government of India. New Delhi.

Present during the examination of the Appropriation Accounts relating to the Partition Secretariat:

Shri H. M. Patel, I.C.S., Secretary, Partition Secretariat.

Shri R. G. Mundkur, Deputy Secretary, Ministry of Finance.

APPROPRIATION ACCOUNTS (CIVIL), 1949-50 AND THE AUDIT REPORT, 1951.

MINISTRY OF HOME AFFAIRS

193. Pages 12-13, Para. 22(c)—*Purchase of two tank wagons by the Chief Fire Officer, Delhi.*—The Committee pointed out that considering the gravity of the offence, mere censure of the Officer concerned was an inadequate punishment. The Secretary, Ministry of Home Affairs stated that the Chief Commissioner, Delhi had held that what that Officer did was motivated not by any personal advantage, nor for gaining any profit, but merely by an excessive anxiety to see that the money that was provided for in the budget did not lapse. He agreed what the Officer had done was wrong, and he ought not to have done it, but as his record was extremely good and in view of the fact that there was no question of personal gain the Chief Commissioner decided that the punishment that he had awarded was adequate. After a brief discussion of the various aspects of the case, the Committee asked the Secretary, Ministry of Home Affairs to furnish them a self-contained note* with special reference to the following points:

- (i) why did the Chief Fire Officer take the vehicle to Agra;
- (ii) was the money kept by the Officer in his own custody before the payment to the firm was made or was it drawn from the Bank, in the latter case, when was it drawn and paid to the firm;
- (iii) why was no action taken against the Officer concerned for falsification of the Accounts and prosecution launched against him;
- (iv) who were the persons accompanying the Officer in the trip to Agra; and
- (v) when was the vehicle taken delivery of from the firm and how many miles had it already run?

The Committee also desired that the Ministry of Home Affairs should reconsider the case in the light of the views expressed by them. The Secretary, Ministry of Home Affairs undertook to apprise the Committee of the action taken in the matter.

194. Para. 12—*Paras. 22(a) and (b).*—The Committee were informed that Government had already accorded sanction to write off the losses in the cases referred to in these paras.

195. Page 21, Para. 34—*Salaries and allowances of Ministers.*—The Comptroller and Auditor-General informed the Committee that most of the points referred to in this para. had been covered by the

*Cf. Appendix VIII.

Salaries and Allowances of Ministers Act, 1952. As regards the scale of furniture to be provided to the Ministers, he said that he would take up the matter with the Ministry of Home Affairs.

196. *Page 33, Paras. 48 and 49—Clearance of audit objections.*—The Committee wanted to know why audit objections pertaining to the year 1942-43 and from 1944-45 onwards had not yet been cleared and also what action had been taken for the speedy settlement of the items lying under objection. The Secretary, Ministry of Home Affairs informed the Committee that these objections related to the Accounts not merely of the Ministry of Home Affairs proper and the Offices directly under the Government of India in Delhi but also to certain Part 'C' States, namely, Delhi, Ajmer and Coorg. He assured the Committee that all possible steps would be taken by him in consultation with the Ministry of Finance to clear the objections.

197. *Page 89—Grant No. 13—Sub-head B. 7—Charges payable to other Government Departments.*—The Committee wanted to know why such a large payment of Rs. 1,31,089 could not be foreseen and covered by funds. Explaining the reasons, the Secretary, Ministry of Home Affairs stated that a certain service approved by the Government of India and the old Standing Finance Committee was run by the Ministry of Defence and the expenditure incurred thereon was to be apportioned between the two Ministries. The actual decision as to how it should be shared and what amount should be debited to the Ministry of Defence was taken only in 1951. He added that it was merely an inter-departmental adjustment between the Civil and Defence Services Accounts.

198. *Pages 447-448, Grant No. 85—Notes 3-6.*—Referring to the cases of irregular reappropriations and unnecessary supplementary Grants, the Committee pointed out that the estimates should be framed more correctly.

199. *Page 448, Grant No. 85—Note 8.*—The Committee desired to know why the cycles were auctioned at a nominal price and why no Officer was present at the time of auction and what action had been taken by Government in this connection. The representative of the Delhi State stated that the supply of bad quality of cycles was forced on them although they had complained of it to the Director General, Supplies. The Director General it was further stated, asked the State Government to dispose of those cycles locally by means of auction. The cycles were stated to have been received in a rusty condition and all the tubes and tyres had got spoiled. The Committee directed that the Director General, Supplies should be asked

to submit a detailed *note stating the full facts of the case and also whether the matter was taken up by him with the suppliers and, if so, with what result.

200. The Committee then took up consideration of the outstanding items containing the recommendations of the Public Accounts Committee and action taken by the Ministry of Home Affairs thereon.

Item 77.—Secret Service Expenditure.—The Committee accepted the views expressed by the Ministry of Home Affairs.

Item 78.—Revision of the existing Classification, Control and Appeal Rules.—The Committee discussed at some length the constitutional, administrative and other implications arising out of the Memorandum submitted to them on the subject by the Ministry of Home Affairs (*Appendix XVII*) wherein they had stated the conclusion reached by them that it was neither possible nor desirable to simplify the existing procedure or to make it more summary. A reference having also been made to the legal interpretation of the phraseology 'reasonable opportunity' occurring in Article 311 of the Constitution, the Secretary Ministry of Home Affairs stated that the procedure that they were now following in the disposal of the disciplinary cases was in conformity with the principles of 'natural justice' as embodied in the Constitution.

During the course of discussion, it was made clear that in the case of temporary Government servants, it was open to Government to terminate their services on one month's notice in case it was not desired to continue them in service.

The Committee drew attention to the abnormal delays that generally occurred in the disposal of disciplinary cases. In view of the importance of the subject, the Committee desired to discuss it further with the Ministry of Home Affairs at a subsequent date.

201. Before concluding, the Committee desired that the Ministry of Home Affairs should furnish written information on the following points arising out of the Appropriation Accounts which they could not cover for want of time:

(i) *Page 503†—sub-heads B 4(3) and B 4(4)*—Non-surrender of saving of Rs. 3,68,534 and non-regularisation of excess of Rs. 4,16,002.

(ii) *Commercial Appendix (Civil), 1949-50—*

(a) ‡*Para. 86(ii)*—steps taken to safeguard against losses in the Shipping Department, Andamans.

(b) ***Para. 109*—Supply Department, Andamans—working of.

**Cf. Appendix XXVI.*

† *Cf. Appendix LV.*

‡ *Cf. Appendix LVI.*

** *Cf. Appendix XVI.*

PARTITION SECRETARIAT

202. The Committee then proceeded to consider the Note dealing with the activities of the Partition Secretariat since its inception and the question of debt settlement between the Governments of India and Pakistan and the partition settlements between the two Punjabs, the two Bengals and Assam and East Bengal furnished by that Secretariat (*Appendix LVII*). The Committee were informed that decision had been reached by the Partition Council, which was now no longer in existence, as to how the outstanding matters had to be adjusted as between East Bengal and West Bengal, as between East Punjab and West Punjab, and as between the Government of Pakistan and the Government of India. The difficulty now was that the Pakistan Government were not able to agree on the detailed implementation of those broad decisions and consequently a number of matters still remained outstanding. It was added that several Conferences had been held between the two Governments, but no satisfactory agreement had been arrived at.

203. The Committee then took up consideration of the Appropriation Accounts (Civil), 1948-49 and 1949-50 and the Audit Reports thereon.

204. (i) *Page 529—Grant No. 103-A (1948-49 Accounts)*, (ii) *Page 639—Grant No. 106 (1949-50 Accounts)—Payment to Government of Pakistan for Unique Institution.*—The Committee desired to know the position of payments to the Pakistan Government under this Grant during the years subsequent to the year 1949-50. It was stated that nothing had been paid to the Pakistan Government on this account since 1948-49. In reply to a question about the particulars of the 'unique institutions' in respect of which payment had been agreed to be made, the Committee were told that these institutions were the Ordnance Factories which at the time of partition existed only in India. Pakistan, it was added, had to get its share of these institutions in terms of money. Ordinarily, that would have been a matter of debt settlement, but in order to assist Pakistan in establishing similar institutions, an agreement was reached under which the Government of India had agreed to give a certain amount of money in cash.

The Committee were informed that the amount of debt payable by Pakistan to India had been provisionally worked out to Rs. 300 crores.

**Proceedings of the Fourteenth Meeting of the Public Accounts
Committee held on Monday, the 27th October, 1952.**

The Committee met from 10 A.M. to 1 P.M.

PRESENT

Shri B. Das—*Chairman*.

Shri M. L. Dwivedi	}	Members.
Shri Shree Narayan Das		
Shri Tribhuan Narayan Singh		
Shri Ranbir Singh Chaudhuri		
Dr. Mono Mohon Das		
Pandit Krishna Chandra Sharma		
Shri Uma Charan Patnaik		
Shri V. P. Nayar		
Shri B. Ramachandra Reddi		
Shri K. M. Vallatharas.		

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri S. Gupta, Accountant-General, Food, Rehabilitation and Supply.

Shri P. C. Padhi, Accountant-General, Central Revenues.

SECRETARIAT

Shri M. N. Kaul—*Secretary*.

Shri S. L. Shakhder—*Officer on Special Duty*

WITNESSES

Shri C. N. Chandra, I.C.S., Secretary, Ministry of Rehabilitation.

Shri Mehr Chand Khanna, Adviser to the Government of India,
Ministry of Rehabilitation.

Shri Onkar Dayal, Assistant Secretary, Ministry of Rehabilitation.

Shri S. Ratnam, Joint Secretary, Ministry of Finance.

Shri H. S. Negi, Deputy Secretary, Ministry of Finance.

APPROPRIATION ACCOUNTS (CIVIL), 1949-50 AND THE AUDIT REPORT, 1951

MINISTRY OF REHABILITATION

205. *Page 20, Para. 30(a)—Free issue of ration in the camps of displaced persons.*—The Committee pointed out that the non-compliance of Government orders by the camp authorities had resulted in an estimated loss of over Rs. 11 lakhs and wanted to know why no disciplinary action had been taken against all the officials responsible for the loss. They also enquired whether enumeration had now been introduced in all the camps existing at present. The representative of the Ministry of Rehabilitation stated that the conditions prevailing in the post-partition period when lakhs of people who had been rendered homeless had to be provided with shelter, food and clothing in the various camps were such that with the best of intentions, the accounts could not be maintained in a proper manner. He added that in those days the Ministry was incurring an expenditure of Rs. 8 to 9 lakhs daily on that account and that went on for nearly two years. On the 7th April, 1948, the Ministry issued instructions saying that the Camp Commandants should check up and ensure that block registers were properly maintained and that every fortnight a complete enumeration of the population of the entire camp was made by the Camp Commandant, Accountant and Concurrent Auditor jointly. After a brief discussion of the various aspects of the case as put before by the representatives of the Ministry, the Committee desired that a note reviewing the conduct of the various Commandant Officers who had been put in-charge of the different Refugee Camps since August, 1947 in so far as the misappropriation of Government funds, stores, etc. was concerned with special reference to the strength of the camp inhabitants that they had to look after and the other responsibilities entrusted to them in that respect should be furnished to them.

• 206. The Comptroller and Auditor-General suggested that the Ministry should make a review of the more important audit objections which revealed misappropriation of Government money and gross mismanagement on the part of the administrators of the various camps in consultation with the Accountant-General, F.R. & S. and see whether they could pin down the responsibility to particular individuals and determine the action to be taken against them.

207. *Page 20, Para. 30(b)—Non-maintenance of Accounts of wool for knitting garments for displaced persons.*—The Committee were informed that Shri Wadhvani, the Officer who was responsible for not keeping proper accounts in this case was discharged from service as soon as things came to the knowledge of the Ministry.

The Committee asked the representative of the Ministry to submit to them a note giving the list of Officers employed in the various camps against whom disciplinary action had been taken for frauds, embezzlements and misuse of their powers. The Committee desired that the following information should also be included therein:

- (i) How many of them had been removed from service?
- (ii) Were prosecutions launched against any of the delinquent Officers?
- (iii) What steps had been taken to ensure that they did not secure any similar employment under any other State Government?

208. Pages 32-33, Para. 48—*Clearance of Audit objections.*—The Committee were informed by the Accountant-General, Food Rehabilitation and Supply that about 445 Inspection Reports were still outstanding. They desired to know what action had been taken by the Ministry to expedite their disposal and to ensure the speedy clearance of the amounts placed under objection. The representative of the Ministry stated that he was fully alive to the situation and was personally seeing that these objections were disposed of as quickly as possible. The Comptroller and Auditor-General urged for the early disposal of the Audit objections.

209. Page 413, Grant No. 75—*Expenditure on Refugees.*—The Committee wanted to know why the excess of Rs. 4.24 crores mainly under 'Relief' could not be anticipated at the time of asking for the supplementary grant for additional funds in March, 1950. The representative of the Ministry explained that the excess consisted of three items viz., (i) expenditure incurred on the evacuation of displaced persons by rail, (ii) relief and (iii) Rehabilitation Grants and it was mainly due to the unanticipated adjustments having been made after the close of the financial year.

The representative of the Ministry of Finance assured the Committee that so far as they could say the internal appropriation control of the Budget Grants relating to the Ministry of Rehabilitation was better done at present.

210. Referring to the recent influx of the refugees from East Bengal, the Committee desired to know the extent of the responsibility undertaken by the Central Government *vis-a-vis* the State Governments towards their rehabilitation. The representative of the Ministry stated that the work relating to relief and rehabilitation was looked after by the State Governments except in the District of Cachar in the Assam State. The decisions on matters of policy were taken by the Central Government and communicated to the

State Governments. But in order to expedite the rehabilitation work from day to day, the Ministry had opened a Branch Secretariat in Calcutta. It was further stated that so far as the Central Government was concerned, the expenditure was divided under two distinct heads viz., rehabilitation and relief. The entire expenditure on 'relief' was borne by the Government of India. It was reimbursed to the State Governments in the shape of grants. So far as loans were concerned, they were given to the State Governments keeping in view the number of displaced persons that were being rehabilitated in a particular State.

211. The representative of the Ministry also informed the Committee about the various measures adopted by them for rehabilitation of the people coming from East Bengal. He also explained the criterion that was kept in view in the rehabilitation of people of urban and rural origins.

212. The Committee then drew attention to the various training Centres set up by the Ministry of Labour for the training of adult civilians etc. A suggestion was also made that the Ministry of Rehabilitation should go into the question whether it would be economical to utilise the agency of the State Governments for the running of such Centres. The representative of the Ministry stated that a Committee had already been set up to enquire into the working of these Centres and also to suggest how the quality of training imparted there could be improved upon. He further stated that that Committee was also going to examine the possibility whether the Centres that were being run by the Ministry of Labour could cater to the future needs of the Ministry of Rehabilitation *in toto* or in part and if the latter case the extent to which it could be done.

Proceedings of the Fifteenth Meeting of the Public Accounts Committee held on Tuesday, the 28th October, 1952.

The Committee met from 10 A.M. to 1-5 P.M.

PRESENT

Shri B. Das—*Chairman.*

Shri M. L. Dwivedi	}	<i>Members.</i>
Shri Shree Narayan Das		
Shri Tribhuan Narayan Singh		
Shri Ranbir Singh Chaudhuri		
Dr. Mono Mohon Das		
Pandit Krishna Chandra Sharma		
Shri Uma Charan Patnaik		
Shri V. P. Nayar		
Shri B. Ramachandra Reddi	}	
Shri K. M. Vallatharas.		

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

SECRETARIAT

Shri M. N. Kaul—*Secretary.*

Shri S. L. Shakhder—*Officer on Special Duty.*

WITNESSES

Shri R. K. Nehru, I.C.S., Foreign Secretary.

Shri H. Dayal, I.C.S., Joint Secretary, Ministry of External Affairs.

Shri Devi Dayal, Deputy Secretary, Ministry of External Affairs.

Shri S. Jaya Shankar, Joint Secretary, Ministry of Finance.

Shri H. S. Negi, Deputy Secretary, Ministry of Finance.

Shri R. G. Mundkur, Deputy Secretary, Ministry of Finance.

APPROPRIATION ACCOUNTS (CIVIL), 1949-50 AND THE AUDIT
REPORT, 1951.

MINISTRY OF EXTERNAL AFFAIRS

213. The Committee first took up consideration of the outstanding items containing the recommendations of the Public Accounts Committee and action taken thereon by the Ministry of External Affairs.

Item 56.—The Committee drew attention of the representative of the Ministry of External Affairs to the Office Memorandum, dated the 7th October, 1952 addressed to that Ministry by the Ministry of Food and Agriculture wherein they had stated that in the absence of any undertaking having been given by that Ministry to inform the Public Accounts Committee of the progress made in effecting the recoveries of Pakistan's share of contribution to the Food and Agriculture Organisation, it did not appear to be necessary to submit to the Committee a note on the subject. The representative undertook to ascertain the facts from the Ministry of Food and Agriculture and to apprise the Committee in due course, of the action taken in the matter*.

Item 54.—The Committee were informed that the question of revision of the existing financial powers of the High Commissioner for India in the U. K. had already been taken up by the Ministry of External Affairs and they aimed to place his financial powers on more or less the same level as that of other Heads of Missions. The representative of the Ministry admitted that in the past there had been some deviation in the enforcement of the principles of financial propriety. He promised to furnish to the Committee a note† stating the revised financial powers contemplated to be delegated to the High Commissioner as also the measures which the Ministry were introducing to tighten up the internal financial control in his Organisation.

Item 9.—The Committee were informed that since 1950, the Budget Estimates framed by the High Commissioner for India in the U.K. were submitted to the Ministry of External Affairs where these were scrutinised and modified before transmission to the Ministry of Finance. The Committee desired to be furnished with a note‡ stating action taken by the Ministry pursuant to the recommendations contained in this item.

Item 55.—The representative of the Ministry informed the Committee that the matter was still under reference to the Director-General, Posts and Telegraphs who had been reminded last on the

* Cf. Appendix XXII.

† Cf. Appendix VI.

‡ Cf. Appendix V.

12th September, 1952. The Committee directed that the Director-General, Posts and Telegraphs should be asked to intimate immediately to the Ministry of External Affairs the results of the investigations made by him.

Item 10.—The representative of the Ministry stated that they had already accepted the recommendations made by the Public Accounts Committee relating to the introduction of the 'Administrative Audit System' and they were providing for a 'Foreign Service Inspectorate'. The limiting factor, he added, was want of trained and senior personnel.

214. The Committee then proceeded to deal with the Appropriation Accounts (Civil), 1949-50 and the Audit Report thereon.

Para. 39 of the Audit Report—Inspection of Accounts of the Indian Missions abroad.—The Committee were informed that necessary instructions had been issued to the Heads of Missions that they should maintain proper Accounts.

215. *Para. 43—Inventory of the Indian High Commissioner's Office in the U.K.*—The Committee desired to know the action that had been taken to place the matter on a satisfactory footing. The representative of the Ministry stated that they had since received the inventory in respect of every house occupied by the Office of the High Commissioner with the exception of the Stores Department which was under the administrative control of the Ministry of W. H. & S. The inventory, he added, had been scrutinised by them and they had given instructions to the High Commissioner in consultation with the Ministry of Finance indicating to him the manner in which it should be prepared and submitted in future.

216. *Para. 48 of the Audit Report—Clearance of Audit Objections.*—It was pointed out by the Accountant-General, Central Revenues that the total number of outstanding Audit Notes was 1972 and it involved an amount of Rs. 41,21,000. The Committee desired to know the reasons for the delay in the settlement of the Audit Objections and also what steps had been taken by the Ministry to ensure their speedy clearance. The representative of the Ministry stated that the Audit Notes had been sent to the Missions abroad for comments. He promised to discuss the matter with the A.G.C.R. and devise measures for the expeditious disposal of all the outstanding items.

217. *Grant No. 39—Group Head A. 1—Payment to Assam Rifles.*—The Committee desired to know why the excess of Rs. 56,919 could not be foreseen and covered by funds. Explaining the reasons, the representative of the Ministry stated that there were seven battalions and a large number of platoons of Assam Rifles and conditions varied

from unit to unit and it was thus not possible for the Controlling Officer to ascertain all possible savings and excesses in time for inclusion in the supplementary estimates. The excess in this case, he added, occurred over many small items. He assured the Committee that they would try that such a case would not occur again.

218. *Grant No. 40—Page 175—Totals (Final Excess) and item (i) of Annexure III at Page 652—Utilization of unanticipated credits.*—The Committee desired to know why the unanticipated recoveries to the extent of Rs. 5,97,467 were utilised to meet partially an uncovered excess without obtaining a token grant from Parliament as required by the late Finance Department O.M. No. F-1 (55)-B/47, dated the 13th May, 1947. The representative of the Ministry informed the Committee that they had already issued instructions to prevent the recurrence of such instances and to enforce better control over expenditure.

219. *Page 413—Grant No. 75—Group Head F.*—The Committee wanted to know why no provision could be made for the expenditure of Rs. 3,23,487 incurred on the recovery of abducted women. The representative of the Ministry admitted that there was an omission on their part in this case.

The Committee heard an account of the working of the Department for the recovery of abducted women and children. They were told that the Accounts of that Department were being maintained and checked by the Accounts Organisation of the Ministry of External Affairs.

In reply to a question about the continuance of the Department, the Committee were informed that that question would have to be examined now.

220. Before concluding, the Committee reverted to the consideration of the action taken by the Ministry of External Affairs on the outstanding items containing the recommendations of the Public Accounts Committee:—

Item 88.—The Committee wanted to know what progress had been made in the recovery of Rs. 1,15,080 from the Chinese Government. The representative of the Ministry expressed his regret that they had been very slow in progressing this case. He said that he had already given instruction to pursue it very actively.

Item 118.—The Committee were informed that the question of appointing a Stores Purchase Committee was being examined by the Ministry of Works, Housing and Supply.

**Proceedings of the Sixteenth Meeting of the Public Accounts
Committee held on Wednesday, the 29th October, 1952.**

The Committee met from 10 A.M. to 1-5 P.M.

PRESENT

Shri B. Das—*Chairman.*

Pandit Munishwar Dutt Upadhyay	}	} <i>Members.</i>
Shri M. L. Dwivedi		
Shri Shree Narayan Das	}	
Shri Tribhuan Narayan Singh		
Shri Ranbir Singh Chaudhuri	}	
Dr. Mono Mohon Das		
Pandit Krishna Chandra Sharma	}	
Shri Uma Charan Patnaik		
Shri V. P. Nayar	}	
Shri B. Ramachandra Reddi		
Shri K. M. Vallatharas.	}	

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

Shri S. Gupta, Accountant-General, Food, Rehabilitation and Supply.

SECRETARIAT

Shri M. N. Kaul—*Secretary.*

Shri S. L. Shakhder—*Officer on Special Duty.*

WITNESSES

Present during the examination of the Appropriation Accounts relating to the Ministry of Education:—

Dr. S. S. Bhatnagar, Secretary, Ministry of Education.

Shri Humayun Kabir, Additional Secretary, Ministry of Education.

Shri S. Jaya Shankar, Joint Secretary, Ministry of Finance.

• Shri H. S. Negi, Deputy Secretary, Ministry of Finance.

Present during the examination of the Appropriation Accounts relating to the Ministry of Natural Resources and Scientific Research:—

Dr. S. S. Bhatnagar, Secretary, Ministry of Natural Resources and Scientific Research.

Shri T. Gonsalves, Deputy Secretary, Ministry of Natural Resources and Scientific Research.

Brigadier Gambhir Singh, Surveyor-General of India.

Shri S. Jaya Shankar, Joint Secretary, Ministry of Finance.

Shri H. S. Negi, Deputy Secretary, Ministry of Finance.

MINISTRY OF EDUCATION

221. Page 206—Grant No. 50—sub-head A-2—Column 4—Grant to Universities.—The Committee wanted to know why the saving of Rs. 2,54,792 was not surrendered to avoid lapse of funds. The representative of the Ministry stated that the saving was due to the fact that the grants were paid to the Aligarh University but the University authorities were not able to draw them in time and they informed the Ministry on the 2nd or 3rd April, 1950 that the amounts had not been drawn during the financial year ending on the 31st March, 1950. He added that that was 'an almost enforced saving'. Stating the steps taken by the Ministry to obviate such cases in future, he informed the Committee that they had now made it a definite practice that all payments should be cleared by the 15th March of each financial year at the latest.

Referring to the point that had been raised by the Ministry of Education about the audit of the Accounts of the Universities of Banaras, Aligarh and Visva-Bharati, the Comptroller and Auditor-General suggested that his Audit Reports should be presented to the President who should then forward it to Parliament and may send a copy thereof to the University concerned. The draft, he added, could, of course, be shown to the University authorities and they could take necessary action in advance.

The Committee drew the attention of the representative of the Ministry to the recommendations contained in Para. 36 of the First Report of the Public Accounts Committee, 1951-52 and reaffirmed their viewpoint that in conformity with the provisions of Article 151(1) of the Constitution, the Reports of the Comptroller and Auditor-General should be submitted to the President who shall cause them to be laid before Parliament. The representative of the Ministry promised to review the whole matter in consultation with the Ministries of Law and Finance and submit to the Committee a

*Memorandum setting forth the measures proposed to be taken by the Government of India for the audit of Accounts of the four Central Universities viz., Delhi, Banaras, Aligarh and Visva-Bharati and the presentation of the Audit Reports thereon to Parliament.

222. The Committee then discussed at some length the question of payment of block grants *vis-a-vis* annual grants to the Universities. The representative of the Ministry stated that the Universities Commission had considered that question. They had also recommended that there should be block grants so that universities could plan ahead as in that case there would be some kind of certainty about their finances. That recommendation, he added, had been accepted by the Central Government and had also been conveyed to the States and they had generally accepted it. So far as the States were concerned, the Ministry could not do anything more but he felt that they had taken the right step. Replying to a question, he made it clear that so far as block grants were concerned, the Ministry would see that the major portion was paid well in advance and only a small margin was kept for the reason that even though there were block grants, they tried to see what developments were taking place in the Universities which were autonomous institutions. He, however, agreed with the viewpoint expressed by the Committee that there should be clear-cut definition of what was a block grant and what was not a block grant. To sum up, he informed the Committee that the University Grants Committee was being appointed with an independent Chairman to go into the whole question of payment of grants to the Universities.

223. Page 424—Grant No. 82—sub-head D.4.—The Committee wanted to know why the saving of Rs. 13,52,562 was not surrendered in time to avoid lapse of funds. The representative of the Ministry stated that that was generally due to non-receipt of certain equipment which had been ordered from abroad for the Indian Institute of Science, Bangalore and the Indian Institute of Technology, Kharagpur. The Committee desired that a note stating the explanations for the non-surrender of the above amount should be furnished to them after getting it vetted by the Accountant-General, Central Revenues.

APPROPRIATION ACCOUNTS (CIVIL), 1948-49 AND THE AUDIT REPORT, 1950

MINISTRY OF NATURAL RESOURCES AND SCIENTIFIC RESEARCH

224. Page 172—Grant No. 45—Note 2—Acquisition of property at Mica Mines.—The Committee wanted to know how the property at the Mica Mine had been disposed of. The representative of the

* Cf. Appendix XXXVII

Ministry stated that after taking over the mine, the matter went into arbitration and the arbitrator awarded over Rs. 8 lakhs. After negotiating with the legal representative of the person concerned and in consultation with the Ministries of Finance and Law, they had brought down the cost of the award to about Rs. 7.5 lakhs and the person had agreed to withdraw his case from the Court. Now, the Government would have to pay a compensation of about Rs. 7.5 lakhs for that mica mine and the person concerned would be paying them a royalty, which would come to much more than what the interest would accrue on that amount. To sum up, he stated that the return from the mica mine would yield a good yearly income. The Committee desired that a *statement giving a full account of the operations of this scheme, the capital invested, the results achieved, the loss or the gain that had resulted and the amount spent from year to year on the maintenance of care-taking staff should be furnished to them after getting the figures reconciled by the Audit.

225. *Review on the State Trading Scheme 'Purchase of machinery for Mica Miners'*.—The Committee then took up consideration of the review on the working of the State trading scheme named 'Purchase of machinery for Mica miners' submitted by the Ministry of Natural Resources and Scientific Research pursuant to action taken on para. 74 of the Report of the Public Accounts Committee, 1950-51† (Cf. item 36 of the Statement containing the outstanding recommendations). They were informed that the total profit upto 1951-52 was Rs. 1,29,663 and it was expected that when all the outstanding adjustments were made, the scheme would result in a final net profit of Rs. 1,40,000. The Committee desired that the review in question should be brought up-to-date‡ and it should show the net profit that had accrued from the working of the scheme.

226. *Page 224—Grant No. 55—Note 4—Appropriation Accounts (Civil), 1948-49*.—The Committee wanted to know full details about the grant-in-aid amounting to Rs. 43,98,000 made to the Council of Scientific and Industrial Research during the year under review. The Secretary of the Ministry stated that the Government of India decided to give a statutory grant which was non-lapsable upto the extent of Rs. 10 lakhs. Thus, Rs. 10 lakhs was a block grant and the rest was a grant which varied from year to year.

In reply to a question whether the Accounts were submitted to Parliament, it was stated that they were post-audited by the Accountant General, Central Revenues and the pre-audit was done by one of the Officers of the Council.

*Cf. Appendix LIX.

†Cf. Appendix LX.

‡Cf. Appendix XXXIV.

227. In reference to a suggestion made by the Comptroller and Auditor-General that a convention should be established that the audited accounts of the Council along with the Audit Report should be placed on the Table of the House along with the Annual Accounts of the Government of India, the Secretary of the Ministry stated that he would place that before the Governing Body of the Council.

228. The Committee also desired to know what arrangements had been made by the Council for exercising adequate internal financial and accounts control over the enormous sums of money spent by it. The representative of the Ministry stated that the whole question was being examined by the Ministry of Finance. He added that they had themselves suggested that an Officer of the rank of an Accountant General with a small Accounts staff attached to him should be appointed to examine the Accounts in a proper manner because it was impossible for any one individual to do it without having a small Accounts Organisation to assist him.

229. The Committee then asked the Secretary, Ministry of Natural Resources and Scientific Research to give a brief account of the salient activities of the Council in the sphere of scientific and industrial research. The Council of Scientific and Industrial Research, he said, acted as an overall body to supervise scientific research in all the institutions in India. Their main achievements were the setting up of 11 National Laboratories which were more or less ready now. They had also got a factory for the manufacture of rare earths and uranium and thorium salts. Besides that, they had done very interesting work on the survey of rare earths and uranium bearing rocks and also discovered iron pyrites ores containing sulphur and beryllium and were examining plans to set up factories for making metals and other materials from beryl ore. He further stated that a lot of fundamental research work was done in the Universities and in the Tata Institute of Fundamental Research.

Proceedings of the Seventeenth Meeting of the Public Accounts Committee held on Thursday, the 30th October, 1952.

The Committee met from 10 A.M. to 1-30 P.M.

PRESENT

Shri B. Das—Chairman.

Pandit Munishwar Dutt Upadhyay	}	<i>Members.</i>
Shri Shree Narayan Das		
Shri Tribhuan Narayan Singh		
Shri Ranbir Singh Chaudhuri		
Pandit Krishna Chandra Sharma		
Shri Uma Charan Patnaik		
Shri V. P. Nayar		
Shri B. Ramachandra Reddi		
Shri K. M. Vallatharas.		

Shri V. Narahari Rao. Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

SECRETARIAT

Shri M. N. Kaul—*Secretary.*

Shri S. L. Shakhder—*Officer on Special Duty.*

WITNESSES

Present during the examination of the Appropriation Accounts relating to the Ministry of Information and Broadcasting:—

Shri C. B. Rao, Joint Secretary, Ministry of Information and Broadcasting.

Shri M. Lal, Director-General, All India Radio.

Shri A. N. Bery, Deputy Secretary, Ministry of Information and Broadcasting.

Shri R. Narayanaswami, Joint Secretary, Ministry of Finance.

Shri H. S. Negi, Deputy Secretary, Ministry of Finance.

Present during the examination of the Appropriation Accounts relating to the Ministry of Health:—

Shri P. M. Menon, I.C.S., Joint Secretary, Ministry of Health.

Dr. A. S. Sen, Assistant Director-General, Health Services, Ministry of Health.

Shri S. Devanath, Under Secretary, Ministry of Health.

Shri S. Ratnam, Joint Secretary, Ministry of Finance.

Shri H. S. Negi, Deputy Secretary, Ministry of Finance.

APPROPRIATION ACCOUNTS (CIVIL), 1949-50 AND AUDIT REPORT, 1951

MINISTRY OF INFORMATION AND BROADCASTING

230. The Committee first took up consideration of the outstanding items containing the recommendations of the P.A.C. and action taken thereon by the Ministry of Information and Broadcasting:—

Item 81.—The Committee considered the note submitted by the Ministry (*Appendix XXIII*) pursuant to action taken in respect of this item wherein it had been *inter alia* stated that the cost of production of 8 lakhs or more copies of the A.I.R. Journals would be far too high to enable the loss to be made up by a token rise in the license fee and wanted to know whether the cost had been worked out and, if so, what did it come to. The representative of the Ministry stated that the cost had not been worked out.

As regards the rise in license fee, they felt that any further rise would be unpopular. He added that they were trying to reduce the cost itself rather than hope to make up for the losses by raising the license fee. Explaining the practical difficulties in implementing the suggestion made in Para. 49 of the First Report of the Public Accounts Committee, 1951-52, he stated that the Ministry of Works, Housing and Supply and the Controller of Printing and Stationery had strongly and repeatedly expressed their inability to print the Journals. The other point was that the Radio listener was not keen to subscribe to the 'Indian Listener' because he was getting the programmes in the daily newspapers. He also stated that the matter was being examined further in consultation with other Broadcasting Organisations like B.B.C. to find out whether they were charging the papers any royalty, nominal or otherwise or, whether there was some other sort of understanding with the papers for publication of daily radio programmes.

The Committee were also informed that the present circulation of the 'Indian Listener' was in the neighbourhood of 12,000 copies.

231. Item 82—Commercialisation of the Accounts of A.I.R.—As regards the publication of Radio Journals, it was stated that the Ministry were considering whether it would be possible or profitable to break up the 'Indian Listener' into two or three or four regional journals and also, whether the publication and sale of some of the language journals should be made through private publishers. Under this arrangement, Government would not have to incur any expenditure or recurring losses.

The representative of the Ministry then referred to other measures that had been taken by them to cut down the expenditure viz. the grant of amnesty to radio listeners for not taking out licenses in time but who applied for them by a fixed date; the setting up of the Committee consisting of the representatives of the trade, industry and A.I.R. with a view to manufacturing cheap radio sets; the publicity and drive to improve and popularise the programmes; the reduction of the cost of transmission; abolition of certain posts of Directors of Public Relations, Programme Executives and Programme Assistants etc.

He also stated that the high cost of radio sets and the inability of the average purchaser to buy them was one of the handicaps in the way of development of Broadcasting in India.

Referring to the remarks offered by the Ministry against the above item that if the proposal to treat 'News Services Division' and 'External Services Division' as 'Service Departments' was adopted, the loss in the working of the A.I.R. Organisation would be reduced by Rs. 20—30 lakhs, the Committee asked the representative of the Ministry to apprise them of the final decision arrived at in the matter.*

232. The Committee then proceeded to take up consideration of the Commercial Appendix (Civil), 1949-50 and the Audit Report thereon:

*Page 176—Commercial Appendix—1949-50—Comparative Income and Expenditure Account of the A.I.R. for the years ended the 31st March, 1950 and 31st March, 1949—Payment to Reuters, etc.—*The Committee asked the representative of the Ministry to explain the reason why payments to the news agencies had been going up. He stated that for many years the basis of the agreement with P.T.I.-Reuters had been that the payments should be made according to the number of licences and not on the wordage supplied or used. He further stated that they would, however, examine it at the time of the next revision of the agreement.

233. Page 167—Para 249.—In reply to a question, the Committee were informed that the Ministry of Information and Broadcasting once took up the question of reduction in the customs duty on the Import of radio sets at the instance of the All India Radio Merchants Association, but the Ministry of Finance did not agree to it.

234. Before concluding, the Committee asked the representative of the Ministry to furnish to them a note* stating the number of Pakistan nationals engaged in the Film Industry in India and the approximate amount earned by them and remitted to Pakistan and similar information in respect of Indian nationals, if any, engaged in the film industry in Pakistan.

MINISTRY OF HEALTH

235. Page 19, Para 29 of the Audit Report—Payment to Tata Memorial Cancer Hospital.—The Committee wanted to know why the grant of Rs. 3 lakhs was paid to the Hospital authorities in 1949-50 when no expenditure seemed to have been incurred against this grant. The representative of the Ministry of Health stated that it was a capital grant given by the Government of India for the construction of the Cancer Research Centre. The conditions mentioned in the agreement were that the plans and estimates should be subject to Government's scrutiny. But the construction was delayed as there was some delay in the Ministry and also in the C.P.W.D. in the checking up of the plans and estimates. It was added that the conditions had been satisfied and the building was practically nearing completion.

236. Page 435 of the Appropriation Accounts (Civil)—Grant No. 82—Subsidiary Accounts—Audit comments on the Value Accounts of the Lake Medical College Hospital for the year 1949-50.—The representative of the Ministry stated that the matter was still under investigation and he promised to submit to the Committee a report as early as possible.

237. Page 597—Grant No. 104—Capital Outlay on Schemes of State Trading—Group-head K.1(5).—The Committee wanted to know why the saving of Rs. 26,78,838 under this group-head was not surrendered. The representative of the Ministry explained that it was mainly due to the time-lag that took place in this case in the raising of debits by the Accountant-General concerned for the supplies received through the Supply Department. He assured the Committee that hereafter, it was not likely to happen because the Accounts had been decentralised since last year and all adjustments on account of medical stores would be made by the local Accountants-General.

*cf. Appendix XXIV.

APPROPRIATION ACCOUNTS (CIVIL), 1949-50

STATE TRADING SCHEMES

238. Page 614—*Purchase of Quinine and Quinine Substitutes—(Group head N) and the Review submitted by the Ministry of Finance—Annexure II of Appendix IV.*—The Committee were told that the wrong debit of Rs. 1,02,09,138 had now been adjusted. The Committee pointed out that the value of stock in hand being over Rs. 65 lakhs and the issues ranging between Rs. 2 to 4 lakhs only, it would take about 15 years to clear off the stock. They wanted to know the action that was being taken by the Ministry in that respect to avoid losses to Government. The representative of the Ministry stated that the stock represented the reserve built by the Central Government and the commodity did not deteriorate. The central stock, he added, was gradually being sold out.

239. Page 612—*Cinchona Cultivation (Group-head G).*—The Committee were informed that the Bengal crops did not fare well, so the harvesting was done and the plantation was closed down. In Madras, the plants were still on the ground and the harvest would start in the course of the year. It was added that it would take about four years to wind up the scheme in Madras.

240. The Committee then dealt with the Commercial Appendix (Civil), 1949-50 and the Audit Report, 1951.

Page 94—Para 136(iii)—*Medical Stores Depot, Bombay—Public Health Reserve.*—The Committee wanted to know why the sale rate was not revised in time and what disciplinary action had been taken against the persons responsible for the loss. The representative of the Ministry stated that the loss occurred with regard to a particular consignment of D.D.T. which was imported at a high price of Rs. 4 per lb. The subsequent consignment came at cheaper rates. The net result was that there had been a gain of about Rs. 4 lakhs on that transaction.

In reply to a question about distribution of D.D.T., it was stated that the Central Government purchased it and the States bought from them and issued free to the Public Health authorities under them for being used in connection with anti-malaria operations. The Committee desired that a note stating the amount spent by the various State Governments on the purchase of D.D.T. from the Central Government should be furnished to them.*

241. Page 94—Para 138—*Medical Stores Depot, Karnal.*—The Committee desired to know why the correct principles of accounting were not followed in preparing the accounts and also what steps had been taken to ensure the preparation of the correct accounts in future.

*Cf. Appendix LXI.

The representative of the Ministry stated that supplies from the depots were made to the various hospitals. This was done on credit note basis. There were sometimes delays in the Offices of the Hospitals, but there was no departure from correct accounting. The amounts were accounted for in the next year's Accounts.

242. The Committee then discussed the working of the various Medical Stores Depots with special reference to the maintenance of Stores Accounts and verification of stock balances. They desired that a statement showing the amounts written off in respect of each depot under the control of the Ministry of Health from 15th August 1947 to 31st March 1952 and brief reasons therefor should be furnished to them.

243. The Committee were informed that the construction of the Penicillin Factory was expected to be completed within two years. The Committee desired that a *note stating the probable price of penicillin manufactured in India and how far it would compare with the imported stuff should be furnished to them.

*Cf. Appendix LXII.

**Proceedings of the Eighteenth Meeting of the Public Accounts
Committee held on Monday, the 3rd November, 1952.**

The Committee met from 10 A.M. to 1-30 P.M.

PRESENT

Shri B. Das—*Chairman*.

Pandit Munishwar Dutt Upadhyay

Shri Shree Narayan Das

Shri Tribhuan Narayan Singh

Shri Ranbir Singh Chaudhuri

Dr. Mono Mohon Das

Pandit Krishna Chandra Sharma

Shri V. P. Nayar

Shri B. Ramachandra Reddi

} *Members.*

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

Shri S. Gupta, Accountant-General, Food, Rehabilitation and Supply.

Shri H. S. Negi, Deputy Secretary, Ministry of Finance.

SECRETARIAT

Shri M. N. Kaul—*Secretary*.

Shri S. L. Shakdher—*Officer on Special Duty*.

WITNESSES

Shri S. Chakravarti, I.C.S., Joint Secretary, Ministry of Transport.

Shri G. M. McKelvie, I.S.E., Road Development Adviser and *Ex-officio* Joint Secretary, Ministry of Transport.

Shri T. S. Parsuraman, Deputy Secretary, Ministry of Transport.

Shri H. P. Mathrani, Consulting Engineer to the Government of India (Roads), Ministry of Transport.

Shri R. Narayanaswami, Joint Secretary, Ministry of Finance.

Shri H. S. Negi, Deputy Secretary, Ministry of Finance.

APPROPRIATION ACCOUNTS (CIVIL), 1949-50 AND AUDIT
REPORT, 1951

MINISTRY OF TRANSPORT

244. Page 338, Grant No. 69—sub-head E.1—Maintenance of National Highways.—The Committee desired to know why the Ministry could not make adequate provision for Rs. 13,41,430 to meet the expenditure incurred on essential repairs. The representative of the Ministry stated that there were floods during the year 1949-50 and they originally asked for a supplementary grant of Rs. 25 lakhs but subsequently reduced it to Rs. 15 lakhs only at the instance of the Ministry of Finance who had advised that the general financial position was extremely bad and tight. In the meantime, the Darjeeling Road that had been washed away had to be repaired. Further, the national highways had been neglected during the War and there were demands from all States for their normal maintenance. Explaining the working of the National Highways system, he further stated that the State Governments acted as the agents of the Central Government for constructing and maintaining them. They asked for amounts depending upon their needs but as the Budget Grant sanctioned by Parliament was small, the Ministry naturally had to give the States much less than what they had demanded.

The Committee suggested that the Ministry should furnish a detailed note* stating the reasons for not making adequate provision under this head.

245. The Committee then discussed the working of the agreement* entered into with the State Governments in 1945 for the apportionment of the cost of maintenance of national highways incurred by the Central Government and asked for a copy thereof being furnished to them.

They also desired that a note stating the difficulties in the enactment of legislation under item 23 of the Seventh Schedule, List I of the Constitution and the steps taken by the Ministry of Transport to expedite the matter should be submitted to them.†

246. Page 528—Grant No. 94—sub-head G.3—Delhi Transport Service.—The Committee wanted to know why the saving of Rs. 2,23,327 was not surrendered when the bills for the supply of vehicles were not being received. Explaining the reasons, the representative of the Ministry stated that the saving was due to non-payment of bills before the close of the year under review as the debits were raised by the Deputy Accountant-General, Industry and Supply during the following financial year viz., 1950-51 on the basis of the

*Cf. Appendix XXVIII.

† Cf. Appendix LXIII.

accepted inspection notes. The representative of the Ministry stated that the amount could not be surrendered because until the very last moment, they did not know whether the debit would be adjusted in that year or would have to be deferred to the ensuing year. He assured the Committee that such cases would not occur in future.

STATE TRADING SCHEMES

247. *Page 624—Purchase and construction of lighters (Group-Head EE).*—In regard to the recovery of the cost (Rs. 73,912) of two barges from the C.-in-C., Royal Naval Headquarters, Ceylon, the Committee were informed that correspondence was going on between the Accountant-General, Bombay and the C.-in-C., Ceylon.

AUDIT REPORT (CIVIL), 1951

248. *Para. 26 of the Audit Report.*—The Committee were informed that the services of the Officer responsible for verification of the daily remittances to the Bank had been terminated. As regards the claim for the recovery of Rs. 10,000 from the Insurance Company which had executed a fidelity bond on behalf of the Cashier, it was stated that the Company had accepted the claim for the loss incurred on the first day only, which was about Rs. 4,000 and, they had repudiated the remainder of the claim on the ground that the discovery should have been effected at least on the next day. It was added that the negotiations were still going on.

249. The Committee then took up consideration of the outstanding items containing the recommendations of the Public Accounts Committee and action taken thereon by the Ministry of Transport.

Item 64: The Committee drew attention to the note submitted to them with reference to the case mentioned in Para. 27 of the Audit Report (Civil), 1950 wherein it had been stated that the Departmental Committee which was appointed to investigate into the irregularities came across certain fresh instances of irregularities which had not been discovered 'by Audit'. The Joint Secretary of the Ministry stated that he was not aware of the position stated in the note.

The Committee directed that instructions should be issued to all the Ministries that the Notes/Memoranda submitted to them should invariably be signed by the Secretary or the Joint Secretary of the Ministry concerned, as the case might be.

In the case under consideration, the representative of the Ministry promised to submit a fresh note in consultation with the Accountant-General, Central Revenues.

A decision¹ was also taken by the Committee to appoint a sub-committee to consider the notes etc. furnished by the Ministries on the points arising out of the various Appropriation Accounts and Audit Reports thereon.

Item 65: Referring to the recovery of Rs. 2.56 lakhs still outstanding from the U.K. Government, the representative of the Ministry informed the Committee that a sum of Rs. 594.57 lakhs had since been paid^{*} by that Government in full and final settlement of the claim.

250. The Committee then proceeded to deal with the Commercial Appendix (Civil), 1949-50 and the Audit Report thereon.

Page 150, Para. 225—Delhi Transport Service.—The Committee discussed at some length the financial and other aspects of the working of the Delhi Transport Service. The representative of the Ministry explained the various difficulties experienced by them since the service was taken over from the G.N.I.T. and placed under a corporation with statutory powers called the Delhi Road Transport Authority. He stated that an Enquiry Committee had been appointed to look into the affairs of the D.T.S. and promised to furnish the Report submitted by them.* The Committee also desired that a copy of the Report of the Committee† appointed to evaluate the assets of the G.N.I.T. at the time of taking over by the D.T.S. and the amount paid to the firm as a result thereof should be furnished to them.

The Committee were further informed that the existing fleet of the buses had to be considerably augmented to cope with the increasing demands. The Committee desired that two‡ statements showing (i) the average yearly expenditure incurred in the form of payment to private firms on account of the work done for the D.T.S. and (ii) average daily income yielded by the running of different types of new buses *viz.*, Albion, Ford, Chevrolet etc. should also be furnished to them.

251. The Committee pointed out that the Audit Report on the Accounts of the Delhi Transport Service for 1950-51 had not been presented to Parliament as required by sub-section (3) of Section 38 of the D.R.T.A. Act, 1950.

252. *Bulk ordering of road rollers.*—The representative of the Ministry of Transport stated that they were not concerned with the scheme for the purchase of road rollers. The Ministry had only accepted contingent liability for 770 rollers which were not indented by any party. The scheme, he stated, was handled by the late Ministry of Industry and Supply (now W.H. & S.) and payments

* Not printed as it is a printed report, and is available in the Parliament Library [*Cf.* classification No. IV.N.6(32)].

† *Cf.* Appendix XXIX.

‡ *Cf.* Appendix XXX.

were made by them directly to the manufacturers. They had merely acted as underwriters for the unindented rollers. The Committee desired that a joint note* in regard to the working of this Scheme should be prepared in consultation with the Ministries of Works, Housing and Supply and Finance and submitted to them.

* Cf. Appendix XXXIII.

**Proceedings of the Nineteenth Meeting of the Public Accounts
Committee held on Friday, the 24th April, 1953**

The Committee met from 3-30 to 6-30 P.M.

PRESENT

Shri B. Das—*Chairman.*

Pandit Munishwar Dutt Upadhyay	}	<i>Members.</i>
Shri M. L. Dwivedi		
Shri S. N. Das		
Shri T. N. Singh		
Shri Ranbir Singh Chaudhuri		
Dr. Mono Mohon Das		
Pandit Krishna Chandra Sharma		
Shri Uma Charan Patnaik		
Shri B. Ramachandra Reddi		
Shri G. D. Somani		
Shri K. M. Vallatharas.	}	

Shri C. S. Rau, Officer on Special Duty, Office of the Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

Shri S. Gupta, Accountant-General, Food, Rehabilitation and Supply.

SECRETARIAT

Shri S. L. Shakhder—*Deputy Secretary.*

WITNESSES

Shri Vishnu Sahay, I.C.S., Secretary, Ministry of Food and Agriculture.

Shri C. V. Narasimhan, I.C.S., Chairman, Central Tractor Organisation and Joint Secretary, Ministry of Food and Agriculture.

Shri M. K. Vellodi, I.C.S., Secretary, Ministry of Works, Housing and Supply.

Shri S. Ranganathan, I.C.S., Joint Secretary, Ministry of Works, Housing and Supply.

Shri Shiv Charan Singh, Director, Co-ordination, Directorate-General, Supplies & Disposals, Ministry of Works, Housing and Supply.

Shri K. R. K. Menon, Secretary, Ministry of Finance (R. & E. Department).

Shri M. S. Bhatnagar, Joint Secretary, Ministry of Finance (Food Division).

253. The Committee took up consideration of the Report of the Enquiry into the Purchase and Utilization of Agricultural Implements from Messrs. Pashabhai Patel & Co. by Shri H. V. Divatia.

At the outset, the Committee desired to know whether the Ministry of Food and Agriculture had examined the above Report with a view to taking action thereon. The representative of the Ministry of Food and Agriculture stated that after the Report had been received by them and was being examined by other Ministries, Mr. Pashabhai Patel came with a further representation based on newspaper reports that had already appeared on the alleged contents of the Divatia Enquiry Report. He further added that one of the points made in the representation was that actually the original estimate was not for Rs. 20 lakhs, but it was for Rs. 38 lakhs, in which case the excess involved did not appear to be so serious as it would have been if it had risen from Rs. 20 lakhs to Rs. 43 lakhs.

254. The Committee wanted to know the present position of the case. The representative of the Ministry of Food and Agriculture stated that they had prepared a note for the Cabinet which dealt with two aspects of the transaction with Messrs. Pashabhai Patel & Co., viz., the fixation of responsibility for various acts of omission and commission, and, the other, the rehabilitation and re-use of the agricultural implements as recommended by Shri Divatia. As regards the latter point, the Committee was informed that the Ministry had obtained the services of an expert from the F.A.O. with a view to examining these implements, one by one, and finding out what defects there were in the original manufacture and designs and then to set them right.

Intervening, the representative of the Ministry of Finance informed the Committee that the draft summary of the case prepared by the Ministry of Food and Agriculture had been sent to the Ministry of Finance also, but, that Ministry had made certain observations which were at variance with the findings of the Ministry of Food and Agriculture. He added that he did not know at the moment whether the Ministry of Food and Agriculture had accepted their views.

255. The Committee then desired to know how Mr. Pashabhai Patel came to know of the contents of the Divatia Enquiry Report which led him to make a representation to the Government of India. The Secretary, Ministry of Food and Agriculture stated that Mr. Patel came to see him on the 26th July, 1952 and represented that as some

of the findings of Mr. Divatia as gleaned by the latter in the Press Reports were contrary to facts, he should be given a chance of explaining his position. The Ministry thought that the only way in which Mr. Patel could do so was to put in his representation and leave it to Mr. Divatia himself to look into it.

256. The representative of the Ministry of Finance then read out to the Committee an extract from the notes recorded in that Ministry on some of the important points arising out of the summary for Cabinet submitted by the Ministry of Food and Agriculture viz., (i) failure to invite tenders before placing orders for the manufacture of implements with Messrs. Pashabhai Patel & Co., (ii) failure to embody the assurance given by the firm regarding blue-prints, technical assistance from their principals, M/s. Allis Chalmers, etc. in the terms of the agreement and (iii) lack of coordination between the Finance Officers attached to the Supply Department and the Ministry of Agriculture.

In reply to a question as to why the representation from Messrs. Pashabhai Patel & Co. was referred to Shri Divatia, the representative of the Ministry of Food and Agriculture stated that it would not have been proper for the Ministry of Food and Agriculture itself to examine points made in the representation without giving an opportunity to Mr. Justice Divatia to make a further report thereon.

257. Referring to the prices payable to the firm for the different implements in terms of the contract, the representative of the Ministry of Food and Agriculture stated that the original stipulation was that the price would be the landed cost of similar implements as manufactured in the U.S.A. plus 10 per cent. Copies of the acceptance of tenders definitely showed that the total cost came to about Rs. 36 or 37 lakhs but Mr. Divatia had said that it was only Rs. 20 lakhs. So the point under contention was whether Rs. 20 lakhs was rough estimate or whether it was a firm figure. Thus the Ministry of Food and Agriculture considered it necessary to refer the firm's representation to Mr. Divatia.

Elucidating the point, the representative of the Ministry of Finance stated that no definite price was fixed for each of the implements at the time of entering into the contracts. but a formula had been agreed upon according to which the price was to be fixed at a subsequent date on the basis of the landed cost of similar imported implements plus 10 per cent. On this basis, an advance order was issued to the firm on the 8th July, 1946 and the original estimate for 1250 implements at the time of placing the indent was Rs. 20 lakhs. But when the payment was actually made, the total came to about Rs. 42 lakhs.

258. The Committee then dwelt upon the point whether the entire difference was due to changed specifications or that the original estimate was a gross under-estimate. The representative of the Ministry of Food and Agriculture explained that the increase in the price was due to change in the specifications.

259. The Committee asked the representatives of the Ministries of Food and Agriculture and Works, Housing and Supply to furnish them papers and notes on the following points that emerged out of their deliberations:—

- (i) A copy of letter dated the 3rd October, 1952 from the Ministry of Food and Agriculture to Shri Divatia.
- (ii) A copy of the supplementary report submitted by Shri Divatia with reference to the representation made by Messrs. Pashabhai Patel & Co.
- (iii) Government's decision on the recommendations made by Shri Divatia in his original and supplementary reports.
- (iv) A note stating the circumstances that led the Ministry of Agriculture to place orders for such heavy equipments with the above firm and also the level in the Ministry at which a decision was taken in this behalf.
- (v) A copy of the contract entered into with the firm.
- (vi) A note stating whether the above contract was on a 'cost plus basis' without a ceiling price having been agreed upon therein.
- (vii) Whether Messrs. Pashabhai Patel & Co. had entered into any such contract for the supply of heavy implements in the past?
- (viii) Constitution of the firm.
- (ix) Was the sub-contract given to Messrs. Kamani Engineering Co. with the concurrence of the Ministry of Agriculture or the Directorate-General, Supply and Disposals.

260. The Committee then adjourned to meet again on the next day for further consideration of the Divatia Enquiry Report.

**Proceedings of the Twentieth Meeting of the Public Accounts
Committee on Saturday, the 25th April, 1953**

The Committee met from 3-30 P.M. to 5 P.M.

PRESENT

Shri B. Das—*Chairman.*

Pandit Munishwar Dutt Upadhyay

Shri M. L. Dwivedi

Shri S. N. Das

Shri T. N. Singh

Dr. Mono Mohon Das

Shri Uma Charan Patnaik

Shri V. P. Nayar

Shri B. Ramachandra Reddi

Shri G. D. Somani

Shri K. M. Vallatharas.

} *Members.*

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

Shri S. Gupta, Accountant-General, Food, Rehabilitation and Supply.

SECRETARIAT

Shri M. N. Kaul—*Secretary.*

Shri S. L. Shakdher—*Deputy Secretary.*

WITNESSES

Shri Vishnu Sahay, I.C.S., Secretary, Ministry of Food and Agriculture.

Shri C. V. Narasimhan, I.C.S., Chairman, Central Tractor Organisation and Joint Secretary, Ministry of Food and Agriculture.

Shri M. K. Vellodi, I.C.S., Secretary, Ministry of Works, Housing and Supply.

Shri S. Ranganathan, I.C.S., Joint Secretary, Ministry of Works, Housing and Supply.

Shri Shiv Charan Singh, Director, Co-ordination, D.G., Supplies and Disposals.

Shri K. R. K. Menon, Secretary, Ministry of Finance (R. & E. Department).

Shri M. S. Bhatnagar, Joint Secretary, Ministry of Finance (Food Division).

261. The Committee resumed further consideration of the Report of the Enquiry into the Purchase and utilisation of agricultural implements from Messrs. Pashabhai Patel & Co. by Shri H. V. Divatia.

In reply to a question about the constitution of the above firm, the representative of the Ministry of Works, Housing and Supply informed the Committee that according to the information available with them, it was a private Company which was registered on 2nd September 1946 with an issued capital of Rs. 4,30,000 which was fully paid up. Mr. Pashabhai Patel was the Managing Director of the Company.

262. The representative of the Ministry of Food and Agriculture stated that the implements manufactured by Messrs. Pashabhai Patel & Co. were medium or light ones and a mistake had been committed in hitching them behind heavy tractors such as Caterpillar D-7. Mistakes had also been made in assembling, alignment, fabrication and designs and he assured the Committee that all these defects were being set right, as far as possible, with the help of a foreign Expert who had been loaned by the F.A.O. since December, 1952. This expert was of the opinion that these implements could be set right with a very large number of modifications but not requiring any large scale replacements of new parts. In regard to the Pan Breaker the Expert's suggestion was that it might be employed as a modified Tractor drawn *Bakher* or blade harrow which would enable it to be used more widely in Central India. The only consideration that stood in the way of carrying out the modifications in the existing implements was that of the cost and also whether it would be economical to do so. He added that they were fully satisfied that the Pashabhai implements could work satisfactorily after rehabilitation.

263. The Committee desired to know the estimated expenditure involved in the rehabilitation of these implements so as to put them in working order. The representative of the Ministry stated that they had decided to draw up a proforma in respect of each implement with a view to seeing whether the amount of expenditure incurred on carrying out the changes would favourably compare with the landed cost as also the performance of similar implements, and it was only after the Ministry were satisfied that the expenditure was justifiable, that they would take up mass scale rehabilitation.

At present, he added, they were only doing the pilot work with a very small special staff and within their own set-up.

264. The representative of the Ministry of Food and Agriculture admitted that Messrs. Pashabhai Patel & Co. did not have the technical staff who could assemble the implements properly and spot out what mistakes were made and how they were badly assembled until the foreign Expert came and experimented on them. The representative of the Ministry of Finance expressed the view that even if a little money was spent on making these instruments serviceable, it would be well worth the experiment.

265. Referring to the various changes made in the designs of the implements, the representative of the Ministry of Food and Agriculture stated that the contract did stipulate that before bulk manufacture was started, two prototypes of the implements should be supplied, one to the Inspection Wing of the D.G., Supplies and Disposals, and the other to the C.T.O., and any defects found in the working of those prototypes should be set right by Messrs. Pashabhai Patel & Co. at their own cost, and any improvements considered necessary should be embodied before the bulk manufacture was completed. But these conditions were violated by the firm in respect of some of the implements. The representative of the Ministry of Works, Housing and Supply admitted that the Inspection Wing did not function with that efficiency with which it ought to have.

266. The Committee then asked the representative of the Ministry of Works, Housing and Supply to furnish them written information on the following points arising out of their deliberations:

- (i) Was there anything on record to show whether Mr. Pashabhai Patel interviewed Mr. Venkataraman (then D.G., S. & D.) or late Mr. Mathur (Supply Department) after the issue of Mr. Khareghat's (then Secretary, Agriculture Ministry) letter dated 8th June, 1952?
- (ii) Were any definite instructions given to Mr. Mathur of the Supply Department *re*: the purchase of implements from the above firm either through Mr. Venkataraman or Mr. Khareghat's letters?
- (iii) Why were not prototypes of the implements made available by the firm and examined as stipulated in the contract? Why Inspecting Officers of the Supply Department failed in their duty? What action was taken against the persons concerned? Were any of them still in service?

267. The Committee decided to take up further examination of this subject at a future date by which time they hoped that Government would be able to arrive at definite decisions on the findings given in the Report of Enquiry by Mr. Divatia.

They also decided to take up consideration of that portion of the Report of the Fertilizer Inquiry Committee by Shri Justice Rajadhyaksha which related to the contract entered into by the High Commissioner for India in the U.K. with M/s. Kenbenks & Co., London in their next session.

**Proceedings of the Twenty-first Meeting of the Public Accounts
Committee held on Wednesday, the 13th May, 1953.****

The Committee met from 3 to 4 P.M.

PRESENT

Shri M. L. Dwivedi	} Members.
Shri S. N. Das	
Shri T. N. Singh	
Shri H. V. Pataskar	
Shri Ranbir Singh Chaudhuri	
Pandit Krishna Chandra Sharma	
Shri Uma Charan Patnaik	
Shri V. P. Nayar	
Shri B. Ramachandra Reddi	
Shri K. M. Vallatharas.	

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant-General, Central Revenues.

Shri S. Gupta, Accountant-General, Food, Rehabilitation and Supply.

(In the absence of Shri B. Das, Chairman of the Public Accounts Committee, Shri T. N. Singh took the Chair).

The Committee considered the Draft of the Seventh Report on the Appropriation Accounts (Civil), 1949-50 and unfinished Accounts (Civil), 1948-49 and Audit Reports thereon and approved it subject to a few minor additions and alterations here and there.

2. The Committee authorised the Chairman (Shri B. Das) to sign the report on their behalf and also authorised Shri T. N. Singh to present the Report to the House on the 15th May, 1953.

3. The Committee adjourned *sine die*.

**Proceedings of the earlier and subsequent meetings at which the Committee did not consider any particular Accounts have also been embodied as Appendices LXXXVII to XC.

II

Proceedings of the meetings of the sub-Committee to consider notes/memoranda etc. furnished by the various Ministries of the Government of India on the points arising out of the Appropriation Accounts (Civil), 1949-50 and Audit Report, 1951 held in February, 1953.

***Proceedings of the Fourth Meeting of the sub-Committee to consider the notes/memoranda etc. furnished by the various Ministries of the Government of India held on the 2nd February, 1953.**

The sub-Committee met from 11 A.M. to 1 P.M. and from 3 P.M. to 4-45 P.M.

PRESENT

Shri B. Das—*Chairman.*

Shri M. L. Dwivedi

Shri K. M. Vallatharas

Shri H. V. Pataskar

Shri V. P. Nayar**

} *Members.*

Shri P. C. Padhi, Accountant-General, Central Revenues.

Shri S. Gupta, Accountant-General, Food, Rehabilitation and Supply.

Shri G. S. Rau, Officer on Special Duty, Office of the Comptroller and Auditor-General of India.

SECRETARIAT

Shri S. L. Shakhder—*Deputy Secretary.*

1. At the outset, the Chairman announced that Shri H. V. Pataskar was co-opted as a member of the sub-Committee.

MINISTRY OF FOOD AND AGRICULTURE

2. The sub-Committee considered the notes/memoranda etc. furnished by the Ministry of Food and Agriculture on the points arising out of the Appropriation Accounts (Civil), 1949-50 and Audit Report thereon relating to that Ministry which the Public Accounts Committee could not cover during their sessions held in September, and October, 1952 for want of time (as detailed in †Annexure I).

3. *Item 1 of the Appendix—Financial implications of the utilisation of old tractors.*—The sub-Committee wanted to know at what price the tractors in question were purchased and what would be the cost of new tractors. They also desired to know (i) the number of hours the tractors worked, (ii) the number of hours they remained idle during the year 1951-52. State-wise; (iii) the amount

*First, Second and Third Meetings relate to the consideration of notes etc. furnished by the Ministry of Railways and Director-General, Posts and Telegraphs.

**Attended the after non session only.

†References to the various notes/memoranda mentioned in the Annexures to the proceedings of the Meetings of the sub-Committee have been quoted at appropriate places in the body of the Report and proceedings of the meetings of the P.A.C.

recovered from each of the State Governments in respect of heavy tractors and (iv) to what use the tractors that remained idle were put. The sub-Committee desired that the Ministry should submit a note to them on this matter duly vetted by Audit.

4. *Item 2—Supply of Chemical Fertilisers.*—The sub-Committee felt that the statistics showing the additional production of food-grains achieved from the distribution of chemical fertilisers under the G.M.F. campaign furnished by the Ministry *vide* Annexure V to the note under consideration were not accurate. They wanted to know the actual increase in production due to the use of fertilisers *vis-a-vis* the normal production per acre. Before arriving at any conclusion, the sub-Committee desired that the whole Committee should examine the Joint Secretary, Ministry of Food and Agriculture dealing with this subject in regard to the various points arising out of the note under consideration.

5. *Item 3—Loans to States for G. M. F. Schemes.*—The sub-Committee desired to know the principles governing the grant of loans to the States for G.M.F. Schemes. They asked for a copy of the agreement between the Centre and the States in this behalf.

The sub-Committee felt that the Central Government should exercise more strict scrutiny in the matter of grant of loans to the States.

The sub-Committee desired that a detailed note setting forth the background of the grant of such loans to the States in the light of the recommendation made by the Public Accounts Committee from time to time as also those contained in the Report of the Planning Commission should be prepared and submitted to the whole Committee and thereafter, the question whether any change in the existing policy of the Central Government in this matter was considered necessary should be examined by the Committee.

6. *Item 4—Planning of Imports*—Noted.

7. *Item 5—Paras 157—159 of the C.A.*—Noted.

8. *Item 6—Government Research Creamery, Anand.*—The sub-Committee wanted to know how the amount of rent on account of the buildings and machinery leased to the Government of Bombay compared with that charged for similar buildings etc. from the Commercial Departments of the Government of India and why no provision to recover depreciation charges on these accounts had been made in the agreement. The sub-Committee observed that since the Anand Creamery had now become a small concern, they did not consider that it would eventually prove to be a profitable proposition for the Central Government to run it. They suggested that the

recommendations made by the previous Committee in this behalf may be reiterated and the Government of India asked to consider the desirability of either handing over the Creamery to a private agency or to the Government of Bombay after the expiry of the present lease.

9. *Item 7—Divatia Enquiry Report regarding the deal with Messrs. Pashabhai Patel & Co., Bombay.*—The sub-Committee pointed out that the Public Accounts Committee desired to be furnished with such portions of the Divatia Enquiry Report as dealt with the individual responsibility of the Officers for the purchase of implements from this firm. But instead of that the Ministry had submitted extract containing a summary of findings/conclusions given in Shri Divatia's Report which, they observed, did not give a correct picture of the merits of the whole deal. They further observed that the Ministry had described all the conclusions/findings of Shri Divatia as *provisional* and till such time as the Ministry placed before them the final report, it was not possible for the Committee to arrive at any conclusion. The sub-Committee felt that a general recommendation should in the meantime be made that no Officer should make any purchases without first obtaining the orders of the competent authority. Further, no purchase should be made in excess of the actual requirements. The sub-Committee also observed that the enquiry in this case had taken a long time and urged that the Government should come to decision in the matter early. They also did not see any justification in referring to Shri Divatia for further examination the points raised by the firm. This procedure, the sub-Committee felt, was tantamount to delaying the disciplinary action being taken against the delinquent Officers etc.

The sub-Committee decided that the Ministry should be asked to furnish to the whole Committee a full report of Shri Divatia together with the findings of the Government and on receipt of that, the Secretary, Ministry of Food and Agriculture should be examined further.

• 10. *Item 8—Central Ground Water Organisation.*—The Accountant General, Central Revenues informed the sub-Committee that he had given some comments on the note furnished by the Ministry and asked them to revise it. The sub-Committee postponed further consideration of the case till the revised note was made available to them.

11. *Item 9—System of procurement of paddy in Orissa.*—Noted.

12. *Item 10—Para 207 of the C.A.—C.T.O.*—The sub-Committee emphasised the desirability of fixing some date by which the bulk of

the non-tractor parts not required for use in the C.T.O. should be disposed of as their value was likely to deteriorate if kept in the stores for an indefinite period.

13. *Item 10—Para 214 of the C.A.—Fixing of monetary stock-limit.*—The sub-Committee observed that the reply of the Ministry did not categorically answer the point raised by the Committee that the maximum monetary stock-limit should be fixed.

They also wanted to know why an overall maximum limit of all stores i.e., general stores, petrol, oil and lubricants, etc. (not spare parts only) to be held in the C.T.O. at any time, should not be fixed as required under the rules.

MINISTRY OF WORKS, HOUSING AND SUPPLY

14. The sub-Committee then took up consideration of the notes/memoranda furnished by the Ministry of Works, Housing and Supply (as detailed in Annexure II).

15. *Item 1—Para 24(c) of the Audit Report.*—The sub-Committee observed that a technical flaw in the agreements, namely, that these were executed in the name of the Director-General and not in the name of the Governor-General-in-Council as required under Section 175(3) of the Government of India Act, 1935, should have resulted in causing financial losses to the Government of India. They desired that an enquiry should be made from the Ministry of Works, Housing and Supply whether the Director-General, Supplies and Disposals was now following the proper procedure for the execution of the contracts in consultation with the legal Advisers.

16. *Item 2—Para 24(d) of the Audit Report.*—The sub-Committee left it for the whole Committee to consider whether or not the punishment awarded to the Officer concerned in the form of stopping his increments for two years was adequate.

17. *Item 3—Para 24(e) of the Audit Report.*—Noted.

18. *Item 4—Grant No. 55—Industries and Supplies.*—The sub-Committee took note of the explanations given by the Ministry that the actual surrender of funds was not made due to a misapprehension. They desired that the budgetary control over expenditure exercised by the Ministry in future may be watched.

19. *Item 5—Grant No. 69—Civil Works—Note 3.*—The sub-Committee wanted to know why no reconciliation of the departmental figures with those of the Accounts Office was done within the financial year as prescribed under the rules and why wrong adjustments, if any, were not pointed out to the Audit before the close of the Accounts. The sub-Committee took note of the new procedure

of calling monthly statements of progressive expenditure from the Divisional Officers devised by the Chief Engineer and suggested that the results of the implementation thereof might be watched.

20. *Item 6.—Grant No. 69—Subsidiary Accounts—Stock Accounts.*—The sub-Committee took note of the report made by the Chief Engineer that the stock accounts of all Divisions had since been brought up-to-date and that the respective Divisional Officers had already taken up the matter with the Accountant-General, Central Revenues to clear the 'minus' balances. They desired to A.G.C.R. to furnish the information in the next Audit Report.

21. *Item 7—Grant No. 73.—Stationery and Printing.*—The sub-Committee desired to know the procedure followed by the Ministry in regard to the provision of funds to cover debits in respect of supplies received during the previous years. On being pointed out by the Accountant-General, Central Revenues, that the decision about the payment of Sales Tax to the Paper Mills was taken during the year 1948-49 and that the Ministry were aware of the high rates of paper fixed by the Director-General, Industry and Supply (*vide* explanations under Col. 4 at page 334 of the Appropriation Accounts for 1948-49) the sub-Committee wanted to know why timely action was not taken by the Ministry to obtain funds to cover the excess expenditure on Sales Tax paid to Paper Mills as well as increase in the rates of paper supplied in 1948-49. After some discussion, the sub-Committee suggested to recommend to the Public Accounts Committee that the departmental representatives should be examined.

22. *Item 8—Paras 315-316 (Commercial Appendix)—Excessive stocks of Stationery and Typewriters.*—The sub-Committee noted with regret that the Ministry had failed to answer the specific question asked by the Public Accounts Committee regarding the justification for holding such excessive stocks of the articles in question. They observed that the increase in stock which was stated as due to unexpected arrivals of imported stores did not constitute an adequate justification for the holding of excessive stocks. The Accountant-General, Central Revenues pointed out that in spite of audit comments in the two successive Reports, stocks were being maintained in excess of four months' requirements. The sub-Committee recommended that the Ministry should appoint a small Committee to enquire into the reasons for keeping such excessive stocks in the past and also to find out whether it was still considered necessary under the present-day conditions to maintain them. They also observed that if there were delays in arrivals of stores ordered from abroad and local purchases had to be resorted to in cases of emergency, then to that extent, the orders in the next quarters of the year should be decreased. The sub-Committee also pointed out that no disciplinary

action had been taken against the Officers responsible for such extravagant purchases resulting in over-stocking. The sub-Committee decided to recommend to the Committee to examine the Controller of Printing and Stationery and the Accountant-General, West Bengal in the matter.

23. *Item 9—Para 40 of the Civil Audit Report—Recovery of amount paid in excess to contractors.*—The sub-Committee observed that no suit had yet been filed for the recovery of Rs. 21,669 from Shri A. K. Barik despite the advice given by the Government Solicitor. The sub-Committee expressed the view that such of the contractors who fail to refund the amounts paid to them in excess should be black-listed and that the list bearing the mark 'Secret' should be circulated amongst all the Ministries of the Government of India.

24. *Item 10—Para. 24(f) of the Civil Audit Report, 1951—Disposal of Motor Vehicles and trucks.*—The sub-Committee considered O.M. No. D.1(480) dated the 13th December, 1952 from the Ministry of Works, Housing and Supply and adversely commented upon the observations made therein "that it was quite futile to try for a reciprocal arrangement with the Pakistan Government under which the Government of India should bring to their notice the irregularities committed by the Officers who were now serving with them or residing in Pakistan to enable that Government to take disciplinary action against them." The sub-Committee felt that no Government would tolerate the presence of dishonest Officers in its Services and urged that even if only unilateral action was to be taken by the Government of India, that was desirable in the interests of the efficiency of the Services. The sub-Committee did not accept the plea put forth by the Ministry in not taking up the matter with the Pakistan Government and reiterated the earlier recommendation made by the Public Accounts Committee that the Government of India should enter into a reciprocal arrangement with the Pakistan Government under which all cases of frauds, irregularities committed by the Officers who were serving under the undivided Government of India should be referred to the respective Government under whom they were employed at present. It was inconceivable that the Pakistan Government would be interested in hushing up the irregularities committed by its officers.

The sub-Committee also pointed out that the Office Memorandum under consideration had not been signed by the Secretary or Joint Secretary of the Ministry as directed by the Public Accounts Committee.

25. *Item 11—Para 24(e) of the Civil Audit Report, 1950—Loss of stores in a C.P.W.D. Division.*—It was pointed out by the Accountant-General, Central Revenues that an anonymous letter about the pilferages was passed on by the Ministry to the Superintending Engineer concerned on the 24th July, 1947, while the actual disturbances started only in September, 1947. The sub-Committee desired to know what safeguards were provided to prevent pilferages during the interim period. They also observed that it was rather surprising that even though more than 5 years had elapsed since the loss of stores was detected, yet no disciplinary action had been taken against the persons concerned. It was also pointed out that the Memorandum under consideration should have been furnished through the Accountant-General, Central Revenues and his comments obtained in so far as it related to the physical verification of the stock. The sub-Committee agreed to await a further report from the Ministry.

26. *Item 12—Para 24(b) of the Audit Report, 1951—Prices fixed at the Disposals Retail Shop.*—The sub-Committee regretted that there should have been so much delay in making an enquiry from the Financial Adviser concerned. They desired that the promised enquiry should be completed, as early as possible, even by means of correspondence if the Officer was still out of India.

27. *Item 13—Page 652 of the Appropriation Accounts (Civil)—Statement of unanticipated credits.*—Noted.

28. *Item 14—Note 8, Grant No. 85—Delhi—Purchase of Bicycles for Delhi Administration.*—The sub-Committee observed that the Directorate-General, Supplies and Disposals should have taken steps to return the cycles to the firm concerned for replacing them or for making good the defect, and if they had refused to replace them, steps should have been taken to black-list that firm. This, however, was not done; and instead the Inspectorate were asked to be more careful before they passed defective cycles in future. The sub-Committee noted that the Disposals Directorate, of their own accord, had stated that it would not be fair to ask the firm to replace the defective bicycles. The sub-Committee desired that an enquiry should be made from that Directorate whether they did really ask the firm for replacement at all. The sub-Committee regretted that proper action had not been taken by the Disposals Directorate in this case.

STATE TRADING SCHEMES

29. *Item 15—Purchase of machine tools.*—The sub-Committee desired that a further report in the matter might be submitted to them in due course.

30. *Item 16—Sisal Hemp.*—The sub-Committee agreed to await a note stating further developments in the matter.

31. *Item 17—Acquisition of frustrated cargoes.*—The sub-Committee desired that the Ministry of Works, Housing and Supply should submit a further note in the matter.

ANNEXURE I

Memoranda/Notes furnished by the Ministry of Food and Agriculture in regard to the points arising out of the Appropriation Accounts (Civil), 1949-50 and the Audit Report thereon.

Serial No.	Reference to Accounts and Audit Report	Subject
1	2	3
1	State Trading Scheme	Note explaining the financial implications of the Utilisation of old tractors.
2	Ditto	Supply of Chemical Fertilisers.
3	Item No. 69 (ii) of the outstanding Recommendations of the P.A.C.	Loans to States for G.M.F. Schemes. Statement showing G.M.F. loans drawn and repaid by the State Governments.
4	.....	Note on the planning of imports.
5	Paras. 157 and 158 of the Commercial Appendix.	I.V.R.I., Izatnagar.
6	Grant No. 65, Page 306 of the Accounts (Civil).	Lease of Government Research Creamery at Anand.
7	Para. 208, Commercial Appendix, Civil (A/S).	*Salient features of the Divatia Enquiry Report.
8	Para. 25 of the Audit Report	Amount of Approximate Expenditure incurred on the purchase of tools and plants etc. in the late Central Ground Water Organisation.
	.....	System of procurement of paddy in Orissa.
10	Paras. 207, 213-14 of the Commercial Appendix, Civil Accounts.	Central Tractor Organisation.

* Not printed.

ANNEXURE II

Memoranda/Notes furnished by the Ministry of Works, Housing and Supply in regard to the points arising out of the Appropriation, Accounts (Civil), 1949-50 and Audit Report thereon.

Serial No.	Reference to Account and Audit Report	Subject
1	2	3
1	Para. 24 (c) of the Audit Report .	Disposal of Capes Cotton Porus Antigas.
2	Para. 24 (d) of the Audit Report. .	Disposal of cloth collar white.
3	Para. 24 (e) of the Audit Report. .	Disposal of Surplus sand-bags.
4	Grant No. 55*, Industries and Supplies	Explanations for the non-surrender of the savings.
5	†Grant No. 69—Civil Works—Note-3, Page 344.	Cases of uncovered excesses and un-surrendered savings.
6	‡Grant No. 69—Subsidiary Accounts —Stock Accounts—page 347.	Keeping the stock accounts up-to-date.
7	††Grant No. 73—Stationery and Printing—sub-head C-1 and C-2, pages 383-84.	Non-provision of heavy excesses in the final grant.
8	Paras. 315-316 (Commercial Appendix)	Holding of excessive stocks of stationery stores and type-writers.
9	Para. 40 of the Civil Audit Report, 1951	Recovery of amount paid in excess to some contractors.
10	Para. 24 (f) of the Audit Report 1951—Pt. I.	Disposal of motor vehicles and trucks.
11	§Para. 24 (e) of the Audit Report (Civil), 1950.	Loss of stores in a C.P.W.D. Division.
12	Para. 24 (b) of the Audit Report 1951—Part I.	Prices fixed at the Disposals Retail Shop.
13	**Page 652 of the Appropriation Accounts (Civil), 1949-50.	Statement of unanticipated credits.
14	Note 8, Grant No. 85—Delhi : .	Purchase of Bicycles.
15	Page 610—State Trading Scheme .	Purchase of machine tools.
16	Page 614—State Trading Scheme .	Sisal Hemp.
17	Pages 517-18—State Trading Scheme	Acquisition of Frustrated Cargoes (Group-head U).

* Cf. Appendix LXIV.

† Cf. Appendix LXV.

‡ Cf. Appendix LXVI.

†† Cf. Appendix LXVII.

§ Cf. Appendix LXVIII.

** Cf. Appendix LXIX.

NOTE.—Other notes memoranda have been referred to at appropriate places in the body of the Report.

Proceedings of the Fifth Meeting of the sub-Committee to consider the Notes/Memoranda etc. furnished by the various Ministries of the Government of India held on the 3rd February, 1953.

The sub-Committee met from 11 A.M. to 1 P.M.

PRESENT

Shri B. Das—*Chairman.*

Shri M. L. Dwivedi	} <i>Members.</i>
Shri K. M. Vallatharas	
Shri H. V. Pataskar	
Shri V. P. Nayar	

Shri P. C. Padhi, Accountant-General, Central Revenues.

Shri S. Gupta, Accountant-General, Food, Rehabilitation and Supply.

Shri G. S. Rau, Officer on Special Duty, Office of the Comptroller and Auditor-General of India.

SECRETARIAT

Shri S. L. Shakhder—*Deputy Secretary.*

32. The sub-Committee took up consideration of the Notes*/Memoranda furnished by the Ministry of Transport on the points arising out of the Appropriation Accounts (Civil), 1949-50 and Audit Report thereon relating to that Ministry (as detailed in Annexure I).

33. *Item 1.—Scheme of bulk procurement of Road Rollers*—The sub-Committee noted with dissatisfaction the following irregularities which had taken place in this case:—

- (i) Illegal placing of large amounts under Suspense thus avoiding a vote of Parliament as required under Article 114(3) of the Constitution; and
- (ii) the virtual conversion of the contract which stipulated that "as soon as possible price will be negotiated and fixed after production has been established" into a 'cost plus contract'.

The sub-Committee considered that it was preferable to enter into firm price contract when Government did not have the necessary technical personnel to exercise constant check over extravagances and other activities on the part of the firms. It was pointed out that the objectives of the scheme had not been realised to any extent whatsoever. The sub-Committee desired to know what the reactions of the State Governments were to the whole scheme and also as to who was responsible for not accepting the debits.

* References to the notes referred to in these Proceedings have been quoted at appropriate places in the body of the Report.

After some discussion of the various implications involved in the note under consideration, the Sub-Committee suggested that the matter should be left over for examination of the departmental witnesses by the whole Committee.

34. *Item 2—Maintenance of National Highways*—The sub-Committee suggested that the agreement reached between the Central and State Governments in respect of development and maintenance of National Highways in 1945 should be revised in accordance with the present constitutional requirements. The sub-Committee desired that the Ministry should ascertain the views of the State Governments also and apprise the Public Accounts Committee of their reaction.

With reference to para. 5 of the note under consideration, the sub-Committee desired that the Ministry should further submit a note outlining the cases of those States which had exceeded the allotments placed at their disposal by the Centre for the maintenance of the National Highways. It was pointed out to the sub-Committee that a new clause had been inserted in the original agreement whereby the allotments for future years were to be based on the actuals of the first year and the State Governments were thus encouraged to spend as much money as they could so that they might get larger allotments in subsequent years. The sub-Committee took a serious view of this situation and suggested that the Public Accounts Committee might examine further the departmental witnesses on the subject.

35. *Item 3—Enactment of the National Highways Bill*—The sub-Committee desired that the views of the State Governments in the matter should be placed before them.

36. *Item 4—Report of the Committee appointed by the Delhi Road Transport Authority to enquire into the working of the Delhi Transport Service, 1952.*—The sub-Committee wanted to know what action had been taken by the Government on the recommendations made in this Report. They also suggested that the Public Accounts Committee might examine the former and present General Managers of the Delhi Transport Service on the various points arising out of the Report in question.

37. *Item 5—Report of the Committee appointed to evaluate assets of the G.N.I.T. at the time of taking over by the D.T.S. and the amount paid to the firm as a result thereof.*—The sub-Committee felt that there was an over-valuation of the assets and subsequently they had to be written down. They wanted to know whether any element of depreciation had been taken into account at the time of assessment of the values of different assets and the amount overpaid.

The Sub-Committee decided to recommend to the Public Accounts Committee to examine the Members of the Board of Valuers.

38. *Items 6 & 7.—Annual expenditure incurred by the D.T.S. on repairs and the daily average income yielded by the running of different types of Buses by the D.T.S.—*After some discussion, the sub-Committee felt that the figures shown in statements furnished by the Ministry needed detailed scrutiny. They also stressed the necessity for the exercising of strict control over the different items of expenditure. The sub-Committee decided to recommend to the whole Committee to examine the General Manager and the Chief Accounts Officer of the D.T.S. on the various points arising out of these statements.

ANNEXURE

Memoranda/Notes furnished by the Ministry of Transport in regard to the points arising out of the Appropriation Accounts (Civil), 1949-50 and the Audit Report thereon.

Serial No.	Reference to Account and Audit Report	Subject
1	State Trading Scheme	Report on the scheme of bulk procurement of Road Rollers.
2	Grant No. 69—Page 338 of the Accounts (Civil).	Maintenance of National Highways.
3	Ditto	A note stating the difficulties that have held up the enactment of legislation under item 23 of the Seventh Schedule List I of the Constitution and what steps the Ministry of Transport propose to take to expedite the matters.
4	Para. 225, Commercial Appendix (Civil)	Report of the Committee appointed by the Delhi Road Transport Authority to enquire into the working of the Delhi Transport Service 1952.
5	Ditto	Report of the Committee appointed to evaluate the assets of the G.N.I.T. Co. at the time of taking over by the D.T.S. and the amount paid to the firm as a result thereof.
6	Ditto	Statement showing the average yearly expenditure incurred in the form of payment to private firms on account of the work done for the Delhi Transport Service.
7	Ditto	Statement showing the daily average income yielded by the running of different types of buses by the D.T.S.

Proceedings of the Sixth Meeting of the sub-Committee to consider the notes/memoranda etc. furnished by the various Ministries of the Government of India held on the 4th February, 1953.

The sub-Committee met from 11 A.M. to 1 P.M. and from 3 P.M. to 4 P.M.

PRESENT

Shri B. Das—*Chairman*.

Shri M. L. Dwivedi	} <i>Members.</i>
Shri K. M. Vallatharas	
Shri H. V. Pataskar	

Shri P. C. Padhi, Accountant-General, Central Revenues.

Shri S. Gupta, Accountant-General, Food, Rehabilitation and Supply.

Shri G. S. Rau, Officer on Special Duty, Office of the Comptroller and Auditor-General of India.

SECRETARIAT

Shri S. L. Shakhder—*Deputy Secretary*.

39. The sub-Committee resumed further consideration of the notes/memoranda* furnished by the under-mentioned Ministries of the Government of India the Accounts relating to which were examined by them in their September and October, 1952 sessions (*Annexure I*).

MINISTRY OF NATURAL RESOURCES AND SCIENTIFIC RESEARCH

40. *Item 1—Grant No. 45—Item B.—Utilisation Branch—Government Mica Mines, Maheshri/Pages 171-172 of the Appropriation Accounts (Civil) for 1948-49—Noted.*

41. *Item 2—Review on the Capital Outlay on schemes of State Trading—Purchase of machinery for Mica Miners.—As the accounts of this scheme had not been verified by the Accountant-General concerned; the sub-Committee desired that the Ministry should submit a revised note after reconciling the figures of net profit as shown in the note with those of the Accounts Office. The Accountant-General, Food, Rehabilitation and Supply informed the sub-Committee that there had actually been a loss of Rs. 40,000 on this transaction instead of profit.*

*References to the various notes/memoranda mentioned in these proceedings have been quoted at appropriate places in the body of the Report.

MINISTRY OF PRODUCTION

42. *Item 3—Setting up of Penicillin Factory in India.*—The sub-Committee desired that a note stating the latest position in regard to the price of indigenous Penicillin as compared with the imported Penicillin should be submitted to them by the Ministry at the time they took up consideration of the Appropriation Accounts for 1951-52.

MINISTRY OF COMMERCE AND INDUSTRY

STATE TRADING SCHEMES

43. *Item 4—Import of steel.*—The sub-Committee desired that the Ministry should be asked to submit a revised note after getting the figures of the recoveries and outstanding amounts verified by the Accountant-General concerned.

44. *Item 5—Imported* paper stocked by the late Ministry of Industry and Supply.*—The sub-Committee desired that a copy of the note under consideration should be forwarded to the Ministry of W. H. & S. who were now dealing with this subject and they should be asked to submit a revised note on the subject in consultation with the Accountant-General, Food, Rehabilitation and Supply.

MINISTRY OF EDUCATION

45. *Item 6—Audit arrangements for the Central Universities.*—The sub-Committee noted that para. 3 of the Memorandum submitted by the Ministry did not contain any definite statement in regard to the audit of the Accounts of the Central Universities. The sub-Committee further noted that the provisions of Section 36(2) of the Visva-Bharati Act, No. XXIX of 1951 laid down that the Accounts of the University were to be audited 'according to the directions of the Central Government'. They wanted to know the reasons for placing the Visva-Bharati university on a different footing. They suggested that the matter should be pursued further by the P.A.C. by examining the departmental representatives on the various implications involved in the Memorandum under consideration.

MINISTRY OF INFORMATION AND BROADCASTING

Item 7—

46. (i) *Commercialisation of the News Services and External Services Divisions of All India Radio.*—The Committee observed that the note submitted by the Ministry did not make any mention about the positive measures taken by them for affecting economy in the

*Cf. Appendix XLV

A.I.R. They also wanted to know the gap that had yet to be covered to reach the target figure of one million licences.

47. (ii) *Number* of Pakistan Nationals engaged in the Indian Film Industry.*—The sub-Committee observed that the Ministry did not appear to have made any serious attempt to collect the statistics in this case*. They desired that the Ministry should be asked to furnish the information called for by the P.A.C.

48. (iii) *Imposition of ban on the import of Pakistani films in India.*—The sub-Committee did not approve the manner in which the Ministry had replied to a point raised by the P.A.C. They, however, decided not to proceed further in the matter.

MINISTRY OF COMMUNICATIONS

49. *Item 8—Grants No. 95—Capital Outlay on Civil Aviation and 60—Aviation for the year 1949—50.*—Noted.

50. *Item 9—Indian Telephone Industries Ltd.—Bangalore.*—The sub-Committee suggested that the whole Committee should examine the General Manager of the Factory at the time of consideration of the Appropriation Accounts (Civil), 1950-51 about the financial and other affairs of this concern. In the meantime, they desired that the Ministry should be asked to furnish copies of the Balance Sheet and the Trading Accounts of this concern for the period ending 31st March, 1952. The sub-Committee also recommended that since the Articles of Association of this Company did not provide for inspection and audit of Accounts by the Comptroller and Auditor-General of India, the desirability of making provision similar to that existing in the Industrial Finance Corporation (Amendment) Act, 1952 should be considered.

51. *Item 10—Grant No. 60—Aviation.*—Noted. The sub-Committee was given to understand that the A.G.C.R. was taking necessary action in the matter.

MINISTRY OF LABOUR

52. *Adult Civilians Training Scheme.*—The sub-Committee decided that the matter should be examined after the Shiva Rao Committee which had been constituted to 'examine the future of the organisation of the Directorate-General of Resettlement and Employment' had submitted its report.

MINISTRY OF HOME AFFAIRS

53. *Item 12—Government Hospitality Organisation.*—The sub-Committee observed that the note on the Government Hospitality Organisation submitted by the Ministry gave an account of the present position only. The sub-Committee desired that an enquiry

*Cf. Appendix XXIV.

should be made from the Ministry about the number of 'Entertainment Funds' maintained by the Government of India. They urged that the definite spheres of the various funds should be precisely defined so that there might be no ambiguity or overlapping in the expenditure incurred by the Government of India *vis-a-vis* the Sumptuary Allowance paid to the individual Ministers.

The sub-Committee further observed that the statement made in para. 3 of the note under consideration that the budget of the Organisation is scrutinised by the Prime Minister's Secretariat under whose nominal administrative control the organisation functions presents an ambiguous position. They desired that further information in regard to the budgetary control over the Hospitality Organisation should be called for from the Prime Minister's Secretariat and Military Secretary to the President to whom a copy of the note should be forwarded.

54. *Item 13—Central Statistical Organisation.*—The sub-Committee wanted to know the expenditure that was incurred on account of employment of foreign experts on the statistical work.

The sub-Committee desired that the Central Statistical Organisation should be asked to submit to the Public Accounts Committee a resumé of the work done by it during the current year as also a copy each of the reports published by them.

55. *Item 14—Surrender of savings.*—Noted.

56. *Item 15—Shipping Department, Andamans.*—Noted.

57. *Item 16—Supply Department, Andamans—Appointment of a Dairy Expert.*—The sub-Committee noted that it was too early yet to expect any results from the appointment of the Live-stock Officer.

58. *Item 17—Para 22(c) of the Audit Report, 1951.*—Noted.

MINISTRY OF EXTERNAL AFFAIRS

59. *Item 18—Proposed delegation of Financial Powers to the High Commissioner for India in U.K.*—The sub-Committee were not satisfied with the delegated powers of the High Commissioner which were considered as unlimited and unreasonable.

The sub-Committee also considered that the powers of the Financial Adviser should be more clearly defined. They did not feel satisfied with the present status of the Financial Adviser. In order to make his control effective over the financial transactions of the High Commissioner, the sub-Committee suggested that the status of the Financial Adviser should be raised to that of a Joint Secretary in the Ministry of Finance.

60. *Item 19—Budgetary and effective financial control over the Indian Embassies and Missions abroad.*—The sub-Committee were not satisfied with the existing budgetary and financial control exercised over the Indian Embassies and Missions abroad. They suggested that the Government of India should appoint a Departmental Committee with a view to probe into the matter and ensure economies in expenditure incurred by the various Missions abroad.

MINISTRY OF IRRIGATION AND POWER

61. *Damodar Valley Corporation.*—The sub-Committee postponed consideration of the notes furnished by the D.V.C. till such time as the P.A.C. examined the Accounts of the Corporation relating to 1950-51.

ANNEXURE I

Memoranda/Notes furnished by the various Ministries of the Government of India in regard to the points arising out of the Appropriation Accounts (Civil), 1948-49 and 1949-50 and the Audit Reports thereon.

Serial No.	Reference to Account and Audit Report	Subject
1	2	3
MINISTRY OF NATURAL RESOURCES AND SCIENTIFIC RESEARCH		
1	Grant No. 45, Item B—Utilisation Branch—B-a-Government Mica Mines, Maheshri [p. 171-172 of the Appropriation Accounts (Civil) for 1948-49.]	Export of Mica to the U.K. and U.S.A.
2	State Trading Scheme—Item 36 of the statement of outstanding recommendations.	Review on the Capital Outlay on schemes of State Trading and Purchase of machinery for Mica Mines.
MINISTRY OF PRODUCTION		
3	.....	Setting up of a Penicillin Factory in India.
MINISTRY OF COMMERCE AND INDUSTRY		
4	State Trading Scheme	Import of steel.
5	Ditto	Imported paper stocked by the late Ministry of Industry and Supply.
MINISTRY OF EDUCATION		
6	.....	Audit arrangements for the Central Universities.
MINISTRY OF INFORMATION AND BROADCASTING		
7	Item 82 of the statement of outstanding recommendations.	(i) Commercialisation of the News Services and External Services Divisions of the A.I.R. (ii) Number of Pakistan Nationals engaged in the Film industry in India and Indian Nationals, if any, engaged in the Film industry in Pakistan. (iii) Imposition of ban on the import of Pakistani films in India.
MINISTRY OF COMMUNICATIONS		
8	Page 535—Note 4. Appropriation Accounts (Civil).	Full facts of the case in regard to the purchase of machines and the action taken against the officials responsible for placing the orders unnecessarily.
9	.. .. .	Ex-Factory prices of a telephone apparatus in the U.K. <i>vis-a-vis</i> India and other allied information.

Serial No.	Reference to Account and Audit Report	Subject
1	2	3
10	Page 281—Sub-head E. 3. Col. 4. Appropriation Accounts (Civil).	When the original appropriation itself exceeded the actual expenditure by nearly 8 times what was the justification for increasing it by another 5½ lakhs.

MINISTRY OF LABOUR

11	Pages 420-22 of the Accounts (Civil) 1949-50—Group-heads c. 6 and c.7.	Note prepared by the Directorate-General of Resettlement and Employment in regard to the Demobilised Services Personnel Training Scheme.
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MINISTRY OF HOME AFFAIRS

12	Government Hospitality Organisation.
13	Central Secretariat Organisation.
14	Page 503—Sub-head B. 4 (3) and B. 4 (4)—Appropriation Accounts (Civil).	Surrender of savings and regularisation of excess.
15	Page 60, para. 86 (ii)—Shipping Department, Andamans—Appropriation Accounts (Civil)—C.A.	Precaution against losses in future.
16	Page 78, para. 109—Supply Department, Andamans. Appropriation Accounts (Civil)—C.A.	Results of the suggestions made by a Dairy Expert.
17	Para. 22 (c) of the Audit Report	Drawal of Rs. 12,000 by the Chief Fire Officer, Delhi.

MINISTRY OF EXTERNAL AFFAIRS

18	.....	Note showing the financial power contemplated to be delegated to the High Commissioner for India in the United Kingdom.
19		(i) Note stating the extent of co-ordination existing between the Ministry of External Affairs and other concerned Ministries at the time of framing of the Budget Estimates relating to the office of the High Commissioner for India in the U.K. (ii) the steps contemplated to be taken by the Ministry of External Affairs for conducting detailed scrutiny of such estimates ; and (iii) the measures proposed to be adopted towards the strengthening of the budgetary and effective financial control over the <i>Indian Embassies and Missions abroad.</i>

APPENDICES

APPENDIX I

Statement showing action taken or proposed to be taken on the recommendations of the Public Accounts Committee

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6
1	1948-49 (I)* 1947-48 (post-partition.)	14 4-R	Finance	The Ministry of Finance should take suitable action in cases in which it is established that the responsibility of framing budget estimates or controlling the expenditure has not been properly discharged.	A joint note in respect of items 1, 3, 4 and 5 has been submitted to the Committee.
2	1948-49 (I)	15	Finance <hr/> All other Ministries.	(i) In order to obviate cases of large lapses of funds resulting from the non-adjustment of debits for supplies and services rendered during a financial year, a suitable procedure should be devised whereby action is taken sufficiently in advance by the indenting authorities to ascertain from the suppliers whether the supply of goods was likely to materialize. If the payment was not likely to be made in time, the funds provided for the purpose should be surrendered.	A Memorandum has been submitted by the Ministry of Finance. The Ministry of Railways have submitted a Memorandum. The Ministry of Communications have stated as below : "The suggestion contained in the concluding sentence is being followed at the close of each financial year. The position of stores indented is periodically reviewed. The suppliers are asked to indicate whether they will supply the articles ordered and raise debits in time. The Ministry of Works, Housing and Supply have stated as below :— "Instructions contained in the Ministry of Finance O. M. No. F. 10 (1)-B/51, dated the 14th June 1951 have already been brought to the notice of the Central Public

Works Department authorities and the Controller of Printing and Stationery and they have been instructed to follow them invariably."

The D.G. P. & T. has stated that the matter has been taken up with the Ministries of Finance and Works, Housing and Supply.

All other Ministries have noted the recommendations and conveyed them to their attached and subordinate Offices.

(ii) The Ministry of Finance in exercising its 'banking' control should take into account wider considerations and bring it to bear upon the Ministry accountable for the proper spending of the funds entrusted to it that it should exercise strict financial control in all such cases where funds are spent through the agency of the State Government. The Ministry of Finance should issue strict instructions that explanations for variations between the Grants and the expenditure should be furnished expeditiously by the Ministries in order to obviate delay in the compilation of the Appropriation Accounts.

The Ministry of Finance have submitted a Memorandum.

Other Ministries have noted the recommendations and issued necessary instructions to their attached and subordinate Offices.

109

3 1948-49(I)

16

Do.

Most of the administrative authorities are ignorant of proper budgetary procedure and lack of knowledge and experience of financial control over expenditure. The Ministry of Finance should not only devise measures for tightening financial

The Ministry of Railways have stated as below :

"Comprehensive instructions on the subject already exist. There is one complete chapter on 'Control of Expenditure' in the State

*1948-49 (I) denotes First Report of the Public Accounts Committee on the Accounts of 1948-49 and unfinished Accounts (Civil) of 1947-48 post-partition).

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6

control but their representatives should *inter alia* also watch and advise the administrative authorities in their control over the progress of expenditure.

Railway General Code for the benefit of Railway Officers." A note has been submitted by the Ministry of Finance. Other Ministries have noted the recommendations and issued necessary instructions to their attached and subordinate Offices.

4 1948-49 (I)

• 17 •

Finance
All other Ministries

(i) Planning and preparation of estimates proceed on a very unsatisfactory basis and money asked for one purpose is often spent on a different activity or a major activity is allowed to be postponed and a minor scheme or activity proceeded with. There is also no real co-ordination between the activities which a Ministry propose to undertake during the year and the financial side of such activities. The present system of preparation and scrutiny of estimates should be overhauled thoroughly and a methodical and systematic procedure devised whereby the budget is prepared on a more accurate data which is duly 'vetted' by both the administrative and financial authorities.

The Ministry of Finance have submitted a Note.

The Ministry of Railways have stated as below :

"The procedure for the preparation and submission of estimates is elaborately set out in Chapters IV and V of the State Railway General Code, and the estimates are prepared by the Administrations in consultation with their Financial Adviser and Chief Accounts Officers".

The Ministry of Communications have stated as below :

"Under the existing system every possible care is taken to see that the budget estimates are prepared correctly and amounts are utilised for the activities for which they are budgeted".

The D. G. P. & T. has noted the recommendation.

The Ministry of Works, Housing and Supply have submitted a Memorandum.

"The procedure indicated in Appendix 6 of the Central P. W. A. Code is followed in so far as the Central Civil Works are concerned. If any change in the procedure is considered necessary, the Ministry of Finance will take necessary action and inform this Ministry".

(ii) The Ministry of Finance should associate itself with the administrative Ministry concerned from the very inception of the preparation of the budget estimates and assist them in coming to proper decisions rather than sit on judgement over their proposals.

Other Ministries have noted the recommendations and circulated them to their attached and subordinate offices.

The Ministry of Finance have submitted a note.

5 1948-49 (I) . 18 . . . Do.

In order to check the tendency of the spending authorities to incur expenditure in excess of the sanctioned grants or appropriations, it is essential that the Ministries in general, and the Ministry of Finance in particular, should devise measures urgently whereby expenditure under each grant and sub-head under that grant is booked immediately after it is incurred. The progress of expenditure should be watched by the authority administering the grant so that before incurring further expenditure, it should ensure that the fresh expenditure is within the limit of sanctioned allotment. This is, of course, without prejudice to the legitimate use of the Contingency Fund.

The Ministry of Finance have submitted a note.

The Ministry of Railways have submitted a Memorandum.

The Ministry of Communications have stated as below :

"Necessary instructions have already been received from the Ministry of Finance and they are complied with".

The D.G.P. & T. has stated as below :-

"The recommendations of the Committee are already laid down in the departmental rules. Necessary instructions reiterating the provisions of the rules and for tightening up the procedure have been issued".

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6

The Ministry of W.H. & S. have stated as below :

“In order to watch the actuals for works properly and to facilitate reconciliation of figures booked in Divisional Offices of the C. P. W. D. with those in the Accounts Office concerned, the C. E., C. P. W. D. has since introduced the system of calling monthly statements showing the figures of expenditure booked in the previous month under each sub-head of the Grants with which he is concerned. He has also been asked to obtain quarterly certificate from the Divisional Officers to the effect that the figures for the quarter have been reconciled.”

Other Ministries have noted the recommendations and issued necessary instructions to their attached and subordinate Offices.

6 1948-49 (I) . . . 19 . . .

Finance . . .

An other Ministries

The reconciliation of the figures of expenditure booked by the spending Departments concerned with those booked by the respective Accounts Officers is one of the 'potent methods' by which the flow of expenditure can be regulated and the tendency to over-spend curbed. To achieve this end, the spending depart-

The Ministry of Finance have submitted a memorandum.

The Ministry of Railways have stated as below :

“This does not apply to the Railway Ministry as the Financial Advisors to the Railway Administrations are also the Accounts

ments should maintain their accounts properly. The Financial Advisers attached to the Ministries etc. should guide the Administrative authorities in regard to the maintenance of accounts and for watching the progress of expenditure. They should also look into the accounts of Ministries/Departments periodically in order to see that these are being maintained properly. In the U.K. the responsibility for keeping the entire accounts rests with the Ministries/Departments concerned. Steps should be taken to introduce changes in this respect gradually but effectively.

Officers and are responsible for the maintenance of accounts under the administrative control of the General Managers”.

The Ministry of Communications have stated as below :

“So far as this Ministry including its attached and subordinate offices are concerned, the accounts are properly maintained and the reconciliation is done regularly and promptly”.

The Ministry of W.H. & S. have stated as below :

The same remarks as offered against item 5 *ibid* also apply in the case of C. P. W. D.

“The Controller of Printing and Stationery as also offices subordinate to it have been directed to regularly reconcile their departmental figures of expenditure with the Accounts Office figures. The subordinate officers are also required by the Controller to attach a certificate to this effect with the monthly statement of expenditure submitted by them.”

“The expenditure debitable to the budget grant of the Secretariat is reconciled with the figures booked by the Accounts Officer”.

Other Ministries and the D.G., P. & T. have stated that necessary instructions have been issued.

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6
7	1948-49 (I)	20	Finance. All other Ministries.	The Ministries should ensure that action against the delinquent officials is taken promptly and the Ministry of Finance should see that the Ministries initiate necessary proceedings in each and every case in time. Remedial measures should also be devised against any defects that may have come to notice of that Ministry in the course of investigations.	The Ministry of Finance have noted. The Ministry of Railways have stated that necessary instructions have been issued to the Railway Administrations. Other Ministries and the D. G. P. & T. have noted the recommendations and issued necessary instructions.
8	1948-49 (I)	21	Do.	In regard to proper utilization of the grants made to the State Governments etc. for various Development Schemes launched by them, the Central Government should conduct broad checks to see that the objectives with which such allocations are made are achieved as intended and within the targets laid down.	The Ministry of Finance have submitted a memorandum.
9	1948-49 (I)	22 and 106	Finance External Affairs Other Ministries.	A note outlining (i) the extent of co-ordination existing between the Ministry of External Affairs and other concerned Ministries at the time of framing of the budget estimates relating to the office of the High Commissioner for India in U. K., (ii) the steps contemplated to be taken by the Ministry of External Affairs for conducting detailed scrutiny of such estimates, and (iii) the measures proposed to be adopted towards the strengthening of the budgetary and effective financial control over the Indian Embassies and Missions abroad should be furnished to the Committee.	The Ministry of Finance have submitted a Memorandum.

10 1948-49 (I) . 23 .
1947-48 . 10-R
(Post-partition) . 95-P

} Finance
} All other Ministries.

The introduction of the 'Administrative Audit System' by the Ministries should not be delayed merely on the ground of want of funds. For better organisation and to secure efficiency, it is worthwhile spending a little extra on overhauling the present defective system, which, if continued indefinitely, might eventually result in a huge waste of public funds.

The Ministry of Railways have stated as below :

"Apparently the term 'Administrative Audit system' refers to the internal check of accounts under the control of the Administration. This is already in vogue on the Railways as the organisation of the Financial Adviser and Chief Accounts Officer forms part of the Railway Administration under the General Manager".

The Ministry of W. H. & S. have submitted a Memorandum.

The Ministry of Defence have stated that this system is already in vogue in the M. E. S.

The Ministries of Communications, I. & B., Commerce and Industry, Home Affairs, Health etc. and the D. G. P. & T. have stated that general instructions from the Ministry of Finance are awaited.

(The Ministry of Finance have not offered any remarks.)

11 1948-49 . . 24 . .

Do. . .

If the State-sponsored Corporations such as the Indian Telephone Industries, Bangalore, Sindri Fertilizer and Chemicals, Ltd., etc. are allowed to run independent of the control of Government or Parliament, there is a danger that public money might be frittered away in frivolous investments. In order to ensure that such concerns do not transgress the recognized rules of financial propriety and that the public money is not wasted, they should

The Ministry of Finance have submitted a Memorandum.

The Ministry of Railways have stated as below :

"Not concerned as there are no State-sponsored corporations under the Railway Board".

The Ministry of Communications have stated as below :

"So far as the Indian Telephone Industries, Bangalore is concerned,

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6
				more appropriately be regulated by Parliamentary legislation in each case.	the matter is being examined in consultation with the Ministry of Finance". The Ministry of Works, Housing and Supply have offered <i>no</i> remarks.
12	1948-49 (I)	25	Finance All other Ministries	In all cases of misuse of public money, reckless disregard of financial rules, extravagances and losses resulting from negligence of officials, responsibility should be fixed on the individual officers and the Ministry concerned. The Administrative Ministry should not content itself merely with passing strictures against the officers concerned but should take some positive action against them for wastes of public funds caused through their wilful actions or contributory negligence. In order to tone up administrative integrity and efficiency, it is absolutely essential that officials found guilty of such acts are dealt with promptly and severely. Officers responsible for failing to take action or delaying action against the delinquent officials should also be suitably punished.	The Ministry of Finance have submitted a Memorandum. The Ministry of Railways have stated that necessary instructions have been issued to the Railway Administrations. Other Ministries have noted the recommendations and brought to the notice of their attached and subordinate offices.
13	1948-49 (I)	151	Finance	With reference to Para. 33 of the Audit Report, 1950, the progress made in the adjustment of the outstanding balances in respect of payments made to the U.K. Government on behalf of Pakistan should be reported to the Committee.	The Ministry of Finance have submitted a Memorandum.

14	1948-49(I)	153	Do.	<p>(i) the progress made in taking over the work relating to payment of military pensions from the U. K. Government should be reported to the Committee.</p> <p>(ii) A note setting forth the actual percentage of the ratio of expenditure incurred on agency fees to the pensions paid by the Commonwealth Relations Office should be furnished to the Committee.</p> <p>(iii) The Ministry of Finance should ascertain from the appropriate Ministry whether the Commonwealth Relations Office was in any way rendering any assistance towards the promotion of welfare of the Indians settled in the Colonies like Mauritius, New Guinea, etc. and, if so, whether they would continue to do so even after the Indian High Commissioner had taken over the work relating to military pensions.</p>	The Ministry of Finance have submitted a Memorandum.
15	1948-49(I)	154	Do.	Since the Insurance Organization is intended for the benefit of the Insurance Companies, etc., it should be considered whether the fees levies should not be adequate to cover the expenditure. A report in the matter should be submitted to the Committee.	The Ministry of Finance have submitted a Memorandum.
16	1948-49(I)	22 and 157	Do.	A note should be submitted to the Committee stating whether the Ministry of Finance had withdrawn any of the powers delegated to the old India Office and whether the H. C. for India in London exercised the same financial powers as were enjoyed by other Ambassadors and, if not, why not ?	A Memorandum has been submitted to the Committee.
17	1948-49(I)	162	Do.	A note stating the steps taken by Government to revise the charges for printing of stamps to meet the rising cost should be submitted to the Committee.	A Memorandum has been submitted to the Committee.

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6
18	1948-49 (I)	26 (i)	Finance All other Ministries.	(i) Whenever any case of an officer exceeding his financial powers is noticed, he should be made personally responsible for such excesses if these are not covered by the sanction of the appropriate authority.	The Ministry of Finance have noted for necessary action. The Ministry of Railways have stated that instructions from the Ministry of Finance are awaited. Other Ministries and the D.G., P.&T. have noted the recommendations and brought to the notice of their attached and subordinate offices.
				(ii) Whenever irregularities are mentioned in the Audit Report, action to rectify them should be taken in advance of their consideration by the Committee so that the Committee are informed of the final position and not merely told that the matter would be looked into.	The Ministries have noted the recommendations.
19	1948-49 (I)	28	Do.	In order that the effect of refusal of the <i>ex post facto</i> sanction is clearly felt, the Ministry of Finance should, in consultation with the administrative Ministry concerned, consider what disciplinary measures are required to be taken and what remedial action is called for. A full report should invariably be placed before the Public Accounts Committee in connection with the discussion of such items and that they should not be removed from the Objectionable Items Register maintained in the Accounts	The Ministry of Finance have noted for necessary action. The Ministry of Railways have stated that instructions from the Ministry of Finance are awaited. Other Ministries and the D.G., P. & T. have noted the recommendations.

Office until they have been disposed and commented upon by the Committee.

- 20 1948-49 (I) . . . 37 . . . Do. . . . Officials of the executive Departments should co-operate with the Audit Department in the timely verification of facts proposed to be incorporated in the Audit Report and subsequent attempts on the part of the representatives of the Ministries to contradict any statement contained in the Audit Reports at the time they appear before the Public Accounts Committee should be avoided. In order to prevent a subsequent waste of time of the Public Accounts Committee and Parliament owing to any disagreement on facts, the Ministries should invariably send their comments on facts within a time-limit prescribed by the Comptroller and Auditor-General.
- 21 1948-49 (I) . . . 38 and 157 . . . Do. . . . In order to expedite disposal of audit objections the Ministry of Finance should issue instructions requiring the Financial Advisers attached to the various Ministries to call for quarterly statements showing the progress made in the disposal of audit objections pending with the Ministries concerned and their Attached and Subordinate offices and see that they are replied to in time. The Executive Officers should also, while inspecting the subordinate offices, make it a point to enquire about the disposal of audit objections.
- 22 1948-49 (I) . . . 39 . . . Finance . . . The Accountants-General should be divested of the responsibility of looking after treasury work forthwith as such a step would mark the beginning of an important reform that the spending
- The Ministry of Railways have stated as below :
"Necessary instructions have been issued to the Railways. The time-limit of six weeks for the acceptance of the draft para. is being strictly enforced as far as practicable".
- The Ministries of Finance etc. and the D.G., P. & T. have noted the recommendations and issued necessary instructions to the subordinate Offices.
- The Ministry of Finance have submitted a Memorandum.
- The Ministry of Railways have stated as below :
"Necessary instructions impressing upon the Railway Administrations to expedite the disposal of Audit objections have since been issued".
- The other Ministries and the D. G., P. & T. have noted the recommendations and issued necessary instructions to their subordinate offices.
- The Ministry of Finance have submitted a Memorandum.

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6
				authority draws its own bills and makes arrangements for their payment. A Central Treasury in Delhi should be set up without further delay.	
23	1948-49 (I)	40	Finance	The Ministry of Finance should present to the Public Accounts Committee a skeleton of the form devised in consultation with the Comptroller and Auditor-General in which the Accounts embracing the receipt and debt sides will be prepared to enable the Committee to make an early start in the matter of scrutinising the Receipt and Borrowing sides of the Accounts.	A Memorandum has been submitted to the Committee.
24	1948-49 (I)	72	Do.	The Financial Advisers accredited to the Ministries should appear in person before the Committee and should not depute their subordinate officers.	The Ministry of Finance have stated as below :— "Noted. This is being followed".
25	1948-49 (I) 1947-48 (post-partition).	157 7-R 87-P	Do.	Special steps should be taken to review the existing State Trading and Manufacturing Schemes under the control of the Government of India with a view to seeing that they were not sustaining any loss and that an adequate return commensurate with the capital invested in the scheme was forthcoming. A complete review of the schemes, should be submitted by the Finance Ministry in respect of all the State Trading Schemes under the over-all control of the Government of India.	The Reviews have been submitted to the Committee.

26 Omitted.

- 27 1948-49 (I) . . . 26(i) . . . Commerce and Industry. The decision to waive the recovery of the amount from the officer concerned for having utilized the cars from a pool of cars for private purposes in the case referred to in para. 23 (c) of the Audit Report (Civil), 1950, was not correct. The officer should not have been treated leniently when there was a *prima facie* charge of malfeasance against him. A thorough investigation should be made by the Ministry in all the charges levelled against him and a report submitted to the Committee. A note has been submitted to the Committee.
- 28 1948-49 (I) . . . 26(i) } . . . Works, Housing & 165 } Supply. In the case referred to in para. 23 (a) of the Audit Report, 1950, further action taken in consultation with Audit to write off this item should be reported to the Committee. A note has been submitted to the Committee.
- 29 1948-49 (I) . . . 169 . . . Commerce and Industry. With reference to the case referred to in note 2 at page 105 of the Appropriation Accounts (Civil) of 1948-49, the action taken against the officer concerned should be reported to the Committee. A note has been submitted to the Committee.
- 30 1948-49 (I) . . . 171 . . . Do. . . . Action taken to prevent continued loss on account of fees for Deposits and Registrations of Trade Marks should be reported to the Committee. A note has been submitted to the Committee.
- 31 1948-49 (I) . . . 174 . . . Do. . . . The results of the investigation promised to be made by the Secretary to the Ministry in the case involving leakage of the Government decision regarding levy of increased export duty on oil seeds before the issue of Government Communique should be reported to the Committee. A note has been submitted to the Committee.

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
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32	1948-49 (I)	175	Commerce and Industry.	<p>Action taken to improve the state of affairs existing in the Library attached to the Office of the D.G., Commercial Intelligence and statistics, Calcutta, as also the measures proposed for pooling all available statistical data in one place should be reported.</p> <p>A note setting forth the steps taken to prevent such leakages which had serious repercussions not only on the trade but also resulted in loss of revenue should also be furnished.</p>	A note has been submitted to the Committee.
33	1947-48 (post-partition).	83-P	Do.	<p>It should also be stated whether the officer concerned has been granted further extension of service and, if so, for what period.</p> <p>With reference to the question of allocation of the profits accruing from the operation of the Standard Cloth Scheme, an agreement should be arrived at between the Ministries of Finance and Commerce and Industry and the Comptroller and Auditor-General about the quantum of the profits and the deductions to be made on account of interest, overhead and other ancillary expenses before distributing them to the States and the matter reported to the Committee in due course.</p>	Action has been initiated with a view to implementing the recommendations of the Committee. A report will be submitted as soon as the matter is finalised.

34	1947-48 (post-partition).	84-P	Do.	In connection with the Import of Japanese Cloth, the Committee should be apprised of the latest position regarding the claim preferred with the Customs Department for the refund of Rs. 10,96,624 which represented the excess sum already paid on the account.	A note has been submitted to the Committee.
35	1947-48 (post-partition).	88-P	Do.	A review of the working of the undermentioned State Trading Schemes showing their latest financial position should be prepared and placed before the Committee along with the accounts for the year 1949-50 after getting it verified by the Accounts :— (i) 'Consumer Goods imported on Government account'; (ii) 'Purchase of Paper'.	The reviews have been submitted to the Committee.
36	1947-48 (post-partition).	74-P	Natural Resources and Scientific Research.	A memorandum setting forth the latest details of the scheme relating to the purchase of machinery for Mica Miners, particularly with regard to its financial aspect, should be submitted to the Committee.	A Memorandum has been submitted.
17	1947-48 (post-partition).	74-P	Irrigation & Power.	The net financial results of the working of the scheme named All India Reserve Pool of Electrical Generating Plant, after its accounts had been finalised, should be furnished to the Committee.	Noted.
8	1947-48 (post-partition).	75-P	Comptroller and Auditor-General.	The Committee was promised to be furnished by the C. & A. G. in due course report of an examination conducted by one of his Officers on the accounts of such projects as Bhakra-Nangal, Hirakud, Sindri and D.V.C.	The inspection reports of the Officer have been forwarded to the departmental authorities concerned for their comments and explanations. Matters which deserve special mention in the Audit Reports will be included in the relevant reports after the consideration of the replies.

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6
39	1948-49 (I)	26 (iii)	Works, Housing and Supply.	The officers of the Central Public Works Department responsible for losses referred to in Paras. 24(d) and 24(e) of the Audit Report (Civil), 1950, have been dealt with leniently. The persons who have been responsible for the delay in dealing with this case, apart from those who are responsible for the loss, should be suitably dealt with under the disciplinary rules and a report submitted to the Committee.	A Memorandum has been submitted to the Committee.
40	1948-49 (I)	26 (vii)	Works, Housing and Supply. <hr/> All other Ministries.	While drawing up contracts, the officers responsible for this work should exercise due prudence to safeguard the interests of Government.	The Ministries etc. have noted the recommendations and brought these to the notice of their attached and subordinate offices.
41	1948-49 (I)	57	Works, Housing and Supply.	The whole transaction relating to the disposal of brass rods, bars etc., referred to in Para. 24 (i) of the Audit Report should be properly investigated and responsibility fixed in the matter as the deal did not appear to be free from suspicion. A report showing the action taken in the matter should be submitted to the Committee.	A note has been submitted to the Committee.
42	1948-49 (I)	58	Production	Government should consider the question of capitalising the amount of losses incurred due to the lack of covered accommodation for the storage of salt by providing necessary shelter for the purpose.	As far as Rajasthan and Kharaghoda Government Salt Factories are concerned the losses found on clearance, form a very small percentage of the total production of salt. The cost of construction and maintenance of storage accommodation will be con-

siderable compared to the loss incurred. The loss can be minimised by making the heaps compact and this is being done. It will appear to be uneconomic to provide any covered shelter at these places.

2. At the Mandi Salt Mines, where rain fall is heavy, salt is already being stored in covered Godowns. The existing accommodation is just sufficient for the present level of production. With increase in production the question of increasing the storage accommodation will be considered.

3. This question is already under the examination of a Departmental Committee and their findings are awaited before a final decision is taken.

43 1948-49(I) . 59 . . Works, Housing & Supply.

The state of affairs prevailing in the Central Public Works Department should be improved as it was considered to be most unsatisfactory.

The Re-organisation Committee is examining ways and means to re-organise the C. P. W. D. The Chief Engineer is being instructed to observe the codal requirements of periodical inspections and also to submit periodical reports to Government.

175

44 1948-49 (I) . 119 . . De. . .

With reference to the comments contained in Para. 24 (c) of the Audit Report, Civil, 1950 the Committee desired that pending completion of the investigation being made by the Police, the ground balance of the stores should be reconciled with the balance of the stores shown in the registers. In case there was a continued discrepancy between the stock accounts and the actual stocks, that should be

A memorandum explaining the position in detail has been submitted to the Committee.

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
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				gone into and put right without delay. A report stating the action taken in the matter should be submitted in due course.	
45	1948-49 (I)	120	Works, Housing and Supply.	With reference to Para. 24 (f) of the Audit Report, Civil, 1950, a comprehensive note giving a review of the latest position of the surplus stores, together with a comparative chart showing the strength of the Disposals Organisation on the 28th February, 1951 and that of the nucleus staff existing on the 29th February, 1952 should be submitted.	A note has been submitted to the Committee.
46	1948-49 (I)	123	Do.	With reference to Para. 24 (j) of the Audit Report, 1950, a copy of the rules regulating the scale of disposal stores that obtained during the year 1946 and as they stood now should be furnished. The decision given by the Union Public Service Commission in this case should also be reported to the Committee.	A note has been submitted to the Committee.
47	1948-49 (I)	127	Do.	With reference to Para. 24 (s) of the Audit Report, 1950, a report stating the disciplinary action taken against the officer concerned should be submitted.	The Officer involved in this case opted for Pakistan at the time of Partition. No disciplinary action could, therefore, be taken against him.
48	1946-47 1947-48 (post-partition). 1948-49 (I)	34-P 23-P 128	Do.	The question regarding the early submission of the Sale Accounts to the Audit Office, referred to in Para. 32 of the Audit Report 1950, should be dealt with at a high level between the A. G., F. R. & S.	A note has been submitted to the Committee.

and the Director-General, Disposals and a suitable procedure should be evolved in consultation with the Ministry of Finance.

49	1948-49 (I)	129	Production	The Ministry should consider the desirability of contributing the balances lying in the Coal Production Fund to the Coal Mines Stowing Board. The amount of balance in the Fund should also be reported to the Committee.	The Accounts of the Coal Production Fund have not yet been closed, but it is not anticipated that there will be any surplus which can be transferred to any other fund. On the other hand it is expected that there will be a huge loss when the accounts are finally closed.
50	1946-47	53-P	Works, Housing and Supply.	The Committee desired that a report should be submitted to them in regard to action taken in the case mentioned in Para. 16 of the Civil Audit Report, 1948.	A note has been submitted to the Committee.
51	1947-48 (pre-partition).	11A-P	Do.	The Committee desired that a report of the final action taken in the cases mentioned in Paras. 1 and 2 of the Civil Audit Report, 1949 should be submitted to them.	Disciplinary action has since been taken against the officer concerned. His increment for a period of two years has been stopped with cumulative effect.
52	1947-48 (post partition).	88-P	Production	A statement showing the amount of the net deficit after final settlement of the outstanding issues in regard to the recovery from Messrs. Sir Lindsay Parkin-son & Co., Ltd., in connection with the scheme for the production and supply of Coal, should be submitted to the Committee in due course.	A note has been submitted to the Committee.
53	1947-48 (post-partition).	93-P	Works, Housing and Supply.	With reference to the case mentioned in Para. 21 (i) (2) of the Audit Report, 1949, the Committee desired to know of the action taken against the defaulting officer.	Disciplinary action has since been taken against the Officer concerned. His increment for a period of two years has been stopped with cumulative effect.

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
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54	1943-49 (I)	26 (iv)	External Affairs	The High Commissioner for India should be instructed that advances to officials should be made in the manner prescribed under the rules and with the sanction of the competent authority. Instances of the nature mentioned in Para. 25 (a) of the Audit Report regarding the purchase of a motor car by the High Commissioner for India in the U.K. from a senior official returning from U.S.A. without having obtained prior sanction of the Government of India should be avoided.	Necessary instructions were issued to the High Commissioner for India in London who has noted the recommendations for future guidance.
55	1948-49 (I)	26 (v)	Do.	Early steps should be taken to prescribe a proper procedure whereby adequate administrative and financial control is ensured in the Office of the High Commissioner for India in the U.K. The case mentioned in Para. 25 (c) of the Audit Report relating to the loss of Gandhi Memorial stamps amounting to £ 106-8-5 bears an adequate testimony to the fact that there had been laxity in the administration of the High Commissioner's Office. A note stating the results of the investigation made by the D.G.P. & T. in the matter and action taken, if any against the officials concerned should be submitted to the Committee.	Steps were immediately taken by the High Commissioner to ensure adequate financial and administrative control. These are briefly stated below :— (a) Consignment of stamps received from India from time to time placed in the strong room in India House, and very small quantity kept outside the Strong room for immediate requirements. Even this small stock was further protected by fixing a new lock to the ante-room the keys being kept in the possession of senior officials. (b) The Stamps kept outside the strong room stored in a steel Cabinet, the key of the Cabinet being held by another senior official. (c) Various other checks have been provided to ensure against loss to Government.

56	1948-49 (I)	52	D	<p>Steps should be taken to effect from the Pakistan Government the recovery of the amounts due from her without waiting for the final debt settlement. It is illogical that the Pakistan Government should postpone payment of her share of combined contribution to the U.N. International Organizations viz., F.A.O. and I.C.A.O. paid by the Government of India during the years 1947-48 (post-partition) and 1948-49 on the pretext that a settlement of the financial question relating to the period before partition has not yet been reached.</p>	<p>The results of the investigation by the D.G.P. & T. in the present case are still awaited.</p>
57	1948-49 (I)	53	Do	<p>As the expenditure incurred on the running of the organisation for effecting recoveries of advances paid to the evacuees from Burma, Malaya etc. was proving infructuous in view of the remoteness of the chances of recovery, Government should consider the expediency of writing off the outstanding amount after ascertaining from the States and winding up the organisation dealing with this work. A report showing the action taken in the matter should be submitted.</p>	<p>A Memorandum has been submitted to the Committee.</p>
58	1948-49 (I)	32	Do.	<p>The matter relating to the purchase of whisky by the High Commissioner for India in the U.K. should be examined further by the Ministry of External Affairs in consultation with an officer nominated by the Comptroller and Auditor-General and the result of their findings reported to the Public Accounts Committee in due course.</p>	<p>The matter is under consideration with the Comptroller and Auditor-General of India.</p>

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
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59	1948-49 (I)	106	External Affairs	Attention of the High Commissioner for India in London should be drawn to the patent example of bad budgeting disclosed in Grant No. 41-Subhead M. 3. [Page 133 of the Appropriation Accounts for 1947-48 (Post-partition).]	Necessary Instructions have been issued to the High Commissioner, London.
	1948-49 (I)	22 & 26 (ii)	Do.	Audit objections should not be disregarded by the High Commissioner for India in the U.K. and instructions should be issued to him to deal with them expeditiously. A note stating the action proposed to be taken by the Ministry to ensure that the audit objections were promptly replied to by the High Commissioner and the defects noticed as a result of such objections removed forthwith should be furnished to the Committee.	Necessary instructions have been issued to the High Commissioner, London. A separate note will be submitted on receipt of a reply from him.
61	1948-49 (I)	182	External Affairs Rehabilitation	The possibility of transferring the work connected with the Scheme 'Contribution to Provinces, etc., in respect of expenditure on Orphans' to the Central Ministry of Rehabilitation should be considered instead of maintaining a separate establishment for this purpose in the Ministry of External Affairs.	The Ministry of External Affairs have submitted a note. The Ministry of Rehabilitation has stated as below :— "The matter was taken up with the Ministry of External Affairs who have intimated that the expenditure under consideration of the Committee was incurred on Orphans of Indian Evacuees from Burma. This subject is dealt with by the Ministry of External Affairs and not by the Ministry of Rehabilitation as the latter is concerned with displaced persons from Pakistan only."

62 1948-49 (I)

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Health
All other Ministries

Proper vigilance should be exercised by the supervising authorities in Government Factories and actual labour costs ascertained before billing for repairs. Instances of the nature where the Ministry of Health acted in a 'lackadaisical' manner in having made recoveries for repairs of instruments carried out by the Factory attached to the Medical Stores Depot at lower rates than the actual cost of labour resulting in a loss of Rs. 1.15 lakhs should be avoided.

It is therefore considered that the subject should continue to be dealt with in the Ministry of External Affairs".

The Ministry of Health has stated :—
"The D.G., Health Services, is being asked to issue proper instructions in the matter to the Medical Store Depots and Factories."

The Ministry of Railways have stated as below :—

"Relevant provision exists in the Engineering and Mechanical Codes of the State Railways for the levy of all elements of cost of work done for other departments and private bodies."

The Ministries of W.H. & S., Communications, etc. and the D.G., P. & T. have noted the recommendations and brought these to the notice of their attached and subordinate Offices.

63 1948-49 (I)

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Health

A note on the financial aspect of the working of the Medical Stores Depot, Karnal, should be submitted at the time of the examination of the Accounts for 1949-50.

A note has been submitted to the Committee.

64 1948-49 (I)

26 (vi)

Transport
All other Ministries

With reference to the case mentioned in Para. 27 of the Audit Report, it is considered unsatisfactory that an officer who is in-charge of cash and accounts in an office should plead as an excuse that he could not attend to this work properly as he had some other duties to perform. The Ministries should take a very serious view of such defalcations and irregularities and bring the offender to book with-

The Ministry of Transport have submitted a Note.

Other Ministries, etc. have noted.

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				out allowing him to take shelter under technicalities.	
65	1948-49 (I)	54	Transport	The Government of India should obtain early payment of the amount which the Government of the U.K. had already agreed to pay in respect of Indian registered ships requisitioned by them during the last War. This should be done without prejudicing the question of the final settlement which should be expedited. A report showing the action taken in the matter and embodying the various stages of the financial settlement should be furnished to the Committee at an early date.	Out of the Rs. 2.56 lakhs so outstanding from the U.K. Government, the U.K. Government has since paid a further sum of Rs. 75,000 (approximate). This sum has been received by the High Commissioner for India, London, and credited to the Reserve Bank of India. As regards the balance, the U.K. Government have pointed out certain discrepancies in the Government of India's calculations which are being looked into.
66	1948-49 (I)	114	Do.	(i) Government should consider the question of separating the Accounts under the head 'Ports and Pilotage' in such a manner that the commercial side is exhibited separately from the purely administrative side. It should also consider the desirability of so regulating the pilotage charges, shipping charges, etc., that the deficit under this head is wiped off and the 'Ports and Pilotage' Department made self-supporting. (ii) The Ministry should examine the question of reducing the charges under the head 'Ports and Pilotage' especially on the Hooghly. The Committee should be apprised of the result of the examination made by the Ministry on this point.	A note has been submitted to the Committee. A note has been submitted to the Committee.

Food and Agriculture
Works, Housing and
Supply.

(i) The Ministry of Food and Agriculture should immediately investigate in consultation with the Ministry of W., P. & S. the case relating to the loss incurred on account of the import of fertilizers in paper bags and after fixing responsibility take suitable action against the officers concerned.

A note has been submitted to the Committee.

(ii) Action should be taken by the Ministry concerned against the officers of the Office of the High Commissioner for India in the United Kingdom responsible for the long delay in replying to the communications from the home Government in the above case.

The Ministry of Food and Agriculture have submitted a note.

(iii) A note showing the date on which the Ministry of Food and Agriculture complained in the matter to the late Ministry of Industry and Supply (now Ministry of W., P. & S.), the date on which the latter Ministry addressed their Mission in London, and the period for which the matter had been pending for final disposal should be furnished to the Committee.

(iv) In order to avoid losses in future the Ministry concerned should give specific instructions to the Purchasing Agencies and in all cases losses resulting from the non-observance of specifications should be taken up immediately with the Ministry of W., P. & S.

(v) The Ministry of Food and Agriculture should investigate the matter further in consultation with the Ministry of W., P. and S. and find out if the fault rested entirely with the Purchasing Mission in London.

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
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			Food and Agriculture All other Ministries	(vi) If in any case, it becomes necessary to change specifications after orders have been placed, the financial effect of such changes should be taken into account before a decision is arrived at. (vii) The various Ministries should not function compartmentally and there should be a close coordination between the indenting and purchasing Ministries.	The Ministry of Railways have issued necessary instructions to the Railway Administrations- Other Ministries and the D.G. P.&T. have noted the recommendations and issued necessary instructions. The Ministry of Railways have stated as below :— “By taking over specialised store procurements under the Railway Board, the problem of effective co-ordination between the indenter and purchaser will be solved. As regards ‘common use stores’, the necessity of such co-ordination will be kept in view, when the new stores Organisation comes into being”.
68	1948-49 (I)	73	Food and Agriculture	An experienced Officer from the Ministry of Food and Agriculture and another Officer from the Accountant-General's Office should in consultation with each other settle the question of clearance of outstanding recoveries on account of imported foodgrains supplied to the States.	A note has been submitted to the Committee.
69	1948-49 (I)	74	Do.	(i) A note should be furnished showing the percentage of loss on imported foodgrains from the place of origin to the destination	A note has been submitted to the Committee.

and also showing whether Government had made any claims against the Railways concerned and the Insurance Companies for such losses and, if so, with what result.

(ii) A statement showing the total amount of loans given to the State Governments on account of G.M.F. Schemes, the amount recovered and the balance outstanding on 31-3-52 may be furnished to the Committee. A Memorandum has been submitted to the Committee.

70	1947-48 (Post-partition) 1948-49 (I)	79-P. 76	Do.	The decision arrived at in regard to the reclamation of Terai areas as a result of the meeting with the representatives of the State Government may be intimated.	A note has been submitted to the Committee.
71	1948-49 (I)	34	Do.	In the case of the purchase of milk-powder from the U.K. involving a loss of about Rs. 21 lakhs to the Exchequer, Government should have obtained a sample of the substitute variety and actually tried it before placing huge orders for a different variety the utility of which they were not sure of. As the supplies were ordered on behalf of the Government of Bombay their prior approval should have been obtained before agreeing to the supply of a variety other than the one originally asked for. With regard to similar transactions in future, care should be taken that the mistake is not repeated.	
72	1948-49 (I)	42	Do.	A small Committee of experts should be appointed to overhaul the existing procedure and to suggest improvements in regard to shipping, clearing and storage of imported foodgrains. A note outlining the action taken in the matter should be submitted.	A note has been submitted to the Committee.

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
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73	1948-49 (I)	43 and 74	Food and Agriculture Finance	The Central Government should not take direct responsibility in matters of agricultural development which had better be left to the charge of the State Governments concerned. This question should also be considered by the Finance Commission.	The Ministry of Food and Agriculture have noted the recommendation contained in the first sentence.
74	1948-49 (I)	44	Food and Agriculture C. and A. G.	A special audit of the Sugar (Temporary Excise) Fund should be conducted by the Accountant General who should also study the question of costing, calculation of profits and other cognate matters and his comments, if any, towards effecting improvements in the administration of the Fund included in the Audit Report.	The Food and Agriculture Ministry have noted. The C. and A. G. has noted.
75	1948-49 (I)	45	Home Affairs	It would constitutionally be a proper course if matters like the chartering of planes by Ministries and other officials of the Government of India, which Government are not competent to regulate under Executive Orders, are regulated by legislation. Government should introduce necessary legislation in the matter as early as possible.	The Salaries and Allowances Bill, 1952 has already been passed by the House of the People. The Bill makes provision <i>inter alia</i> for matters like travelling allowance and daily allowance to the Ministers.
76	1948-49 (I)	46	Do.	Payment of fees or honoraria to the Judges of the Supreme Court or High Court or any other Court or to other officers who are independent of the Executive Government, viz., Members of the Union Public Service Commission, Chief Election Commissioner etc., is likely to undermine	A Memorandum has been submitted to the Committee.

the independence of such authorities which is so essential for the proper discharge of the high duties entrusted to them under the Constitution. Any attempt to repeat the instance brought out in the Audit Report, 1950 should be deprecated.

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| 77 | 1948-49 (I) | • 47 • • | Do. | In order to tighten control over the Secret Service Expenditure, the Minister of Home Affairs should countersign the certificates certifying the expenditure incurred after satisfying himself that the check conducted by the Home Secretary has been properly and adequately carried out. | The Ministry of Home Affairs have considered the proposal of the Committee very carefully and it has been decided that the proposal cannot be accepted. |
| 78 | 1948-49 (I) | • 48 and 88 • | Do. | (i) The process of simplifying the existing procedure regulating disciplinary action against Government servants under the Classification, Control and Appeal Rules should be expedited so that such cases are dealt with expeditiously and a proper standard of efficiency, honesty, integrity of character and impartial outlook is maintained by the Services.

(ii) A Memorandum containing a resume of the evidence tendered before them by the Home Secretary on the 10th July, 1951 touching on the constitutional, administrative and other aspects of the proposed revision of the Classification, Control and Appeal Rules should be submitted.

(iii) As soon as the Report of the Special Committee appointed by the Ministry of Home Affairs to consider the simplifica- | (i) to (iii) A memorandum has been submitted. |
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Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned.	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6
				tion of the procedure relating to the disciplinary action being taken against Government servants is ready, a Memorandum suggesting measures for remedying the situation should be submitted.	
79	1948-49 (I)	96	Information and Broadcasting.	The desirability of debiting all expenditure incurred on the publication of books, pamphlets, journals, etc. for foreign publicity to the Ministry of External Affairs through book transfer should be considered.	The Ministry of External Affairs have since agreed to bear the expenditure. The necessary adjustments will, however, be made with effect from the next financial year as the budget for the current year has already been prepared.
80	1948-49 (I)	97	Do.]	The avenue for debiting the cost of external publicity through the medium of All India Radio to the estimates of the Ministry of External Affairs should be explored.	The net expenditure on the External Services Division of A.I.R. during 1950-51 was Rs. 12,77,928. The question whether in future the cost of this Division should be debited to the External Affairs Ministry is under consideration.
81	1948-49 (I)	49	Do.]	In order to make good the loss at present sustained in the publication of the All India Radio Journals, a nominal increase should be made in the Radio Licence Fee and in lieu thereof a copy of the Journal (published in one of the Regional Languages) supplied <i>gratis</i> to the licencees.	A note has been submitted to the Committee.
82	1948-49 (I)	50	Do.]	The accounts of the All India Radio should be commercialised. Further, with a view to minimise continued losses in the work-	A note has been submitted to the Committee.

ing of this organisation, a vigorous economy campaign should be launched so that all superfluous expenditure in any shape or form is eliminated.

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| 83 | 1948-49 (I) | . 51 . | . Law . . . | . The independence of the Election Commission should be safeguarded and no Ministry of the Government of India should normally act as a supervisory administrative authority over its affairs. | Noted. |
| 84 | 1948-49 (I) | . 82 . | . Labour . . . | (i) A copy each of the fortnightly and other reports published on the working of the Employment Exchange Organisations which <i>inter alia</i> showed the percentage of the unemployed who had obtained jobs in non-Governmental organisations through the Exchange should be furnished to the Committee.
(ii) A note showing the number of copies of the ' Employment News ' printed yearly along with the total cost involved should be submitted to the Committee. | A Memorandum has been submitted to the Committee. |
| 85 | 1947-48 (Pre-partition).
1945-46 | 32-P
42-P | } Do. . . . | he question of taking adequate disciplinary action against the officers concerned should be taken up again by the Ministry and the final decision arrived at in the matter should be communicated to the Committee. | A Memorandum has been submitted to the Committee. |
| 86 | 1948-49 (I) | . 36 . | . Education . . .
Finance . . . | Government should carefully consider the expediency of the audit of Grants-in aid paid by the Centre to the Central Universities being conducted through the agency of the Comptroller and Auditor-General of India and the suggestion for the presentation of such Audit Reports to Parliament. They should also clearly define the powers and responsibilities of | The Ministry of Education has stated as below :—
“ The audit of the accounts of the Central Universities has been entrusted to the Comptroller and Auditor-General of India. He will submit his report to the Visitor of the Universities (<i>viz.</i> , the President of India). Such Audit shall take |

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
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87	1948-49 (I)	177	Communications	<p>A Statement showing the actual number of occasions when each Ministry chartered planes during the past two years ending 31-3-52 as also the charges involved in each case should be submitted.</p>	<p>The required statement has been submitted to the Committee.</p>
88	1948-49 (I)	178	Communications External Affairs	<p>All possible resources to effect recovery of the sum of Rs. 1,15,080 due from the Nationalist Chinese (KMT) Government should be tapped.</p>	<p>The Ministry of Communications have stated as below :— “The Ministry of External Affairs have taken up the matter with the Chinese Embassy in New Delhi”.</p>
89	1948-49 (I)	179	Communications	<p>The appointment of an internal Accounts Officer who understood the business control methods should be considered in order to ensure better accounting arrangements of the Overseas Communications Service Organisation.</p>	<p>The matter is under consideration.</p>
90	1948-49 (I)	61	Do.	<p>(i) Government should examine whether it would be more advantageous for the Air</p>	<p>(i) It would be more advantageous for the Company to make its own</p>

the Comptroller and Auditor-General in so far as the audit of the finances of the Universities was concerned without impinging upon the autonomous character of the Universities as conferred upon them under the various statutes.

place once at least every year and at intervals of not more than 15 months”.

The Ministry of Finance have stated as below :—
“The matter is being pursued in consultation with the Ministry of Education”.

India International to make its own arrangements for booking.

arrangements for booking. But under the agreement dated 5th February, 1948 between Government and Air India and Tata Sons, Air India have been appointed the Chief Booking Agents in India of Air India International for a period of 10 years from the date of incorporation of the latter, *viz.*, 8th March 1948, it is therefore not possible for Air India International to make other arrangements for booking during this period.

(ii) Government should evolve some commercial principles for regulating the grant of subsidy to Air Line Companies.

(ii) A new scheme of subsidy has been introduced with effect from the 1st January, 1952 under which operators of scheduled services who incur losses in spite of efficient and economical operation of the services receive subsidy from Government. In addition, with a view to encourage the air lines to bring down their costs and become self-supporting, a special payment is made to those operators who succeed in bringing down their costs below the standard costs worked out by the Air Transport Inquiry Committee.

(A note setting forth the details of the new subsidy scheme has been separately submitted to the Committee.)

The Ministry of Communications etc. and the D. G. P. & T. have noted.

The Ministry of Railways have stated as below :-

" Necessary instructions have been issued to the Railways stressing the importance of keeping a watch on the proper and efficient maintenance of fire precaution arrangements."

91 1948-49 (I)

68

Communications

All other Ministries.

Government should issue instructions to all the Ministries and their attached subordinate Offices that every Inspecting Officer should keep a continuous watch that fire precautions are being observed properly and adequate action is taken in cases in which it is found that the inspection has not been properly carried out.

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6
92	1948-49 (I)	56	Comptroller and Auditor-General of India.	The Comptroller and Auditor-General should submit a report to the Committee in regard to the question of submission to Parliament the Audit Reports relating to the various Port Trusts in order to enable it to have an opportunity to appraise their financial position.	The question of taking up the matter with the Government is under the consideration of the Comptroller and Auditor-General.
93	1948-49 (I)	64	Posts and Telegraphs Department. <hr/> Ministry of Finance (Communications).	Greater importance should be attached to the correctness of budgeting in the Posts and Telegraphs Department which is a commercial Department. It is imperative that measures should be devised in consultation with the Ministry of Finance (Communications) whereby the Posts and Telegraphs Department is constantly in touch with the figures of progressive expenditure so that no expenditure in excess of the sum voted is incurred.	A Memorandum has been submitted to the Committee.
94	1947-48 (post-partition), 1948-49 ()	40-P 65-R	} Do. . . . }	The setting up of a Committee to determine the average life of the assets of the Posts and Telegraphs Department for evolving a scientific and rational basis for contribution to the Renewals Reserve Fund in accordance with the accepted commercial practice should be expedited.	A Committee with an Officer of the Telegraph Engineering Service as Chairman and an Officer of the I.A. & A. S. as Members has been set up with effect from December, 1951. Their Report is awaited. A Memorandum regarding the recommendations of this Committee together with the decisions of the Government reached thereon will be submitted to the Public Accounts Committee in due course.

95	1948-49 (I)	66	Posts and Telegraphs Department.	An early decision should be taken in regard to the introduction of the mechanisation of Stores Accounting in the Posts and Telegraphs Department and the Committee informed of it.	The Hollerith System of mechanised Accounting has already been introduced in the Office of the Chief Accounts Officer, Stores and Workshops, Calcutta. It has been working satisfactorily for over two years now, and the question of retaining the same on a permanent basis is under consideration.
96	Do.	67	Posts and Telegraphs Department. <hr/> Communications.	The principle of discrimination in the grant of concession for the free supply of meals and tea to a section of the staff of the Calcutta Telephone District is unjust and should be discontinued. The decision arrived at in the matter should be reported to the Committee.	The case is being examined in the light of the recommendations of the Committee and a Memorandum will be submitted to the Committee in due course.
97	Do.	68	Do.	A summary of the report of the Departmental Committee appointed by Government to investigate into the causes of the fire in the Calcutta Telephone Exchange together with a statement showing the action taken by Government against the officials found negligent in their duties should be submitted to the Committee.	A Memorandum has been submitted to the Committee.
98	Do.	69	Posts and Telegraphs Department.	The Postal Life Insurance Organisation should be run on commercial lines and not as a Government Department and that a balance sheet in respect thereof duly countersigned by the Audit Officer concerned appended to the Commercial Appendix to the Appropriation Accounts.	The question of running P. L. I. Organisation on commercial lines is under consideration. After the valuation of the Pakistan Policies is completed and the Fund is divided, the Balance Sheet will be appended to the Commercial Appendix and statements showing (i) the business of the Post Office Insurance Fund, (ii) the Policies issued, discharged, lapsed and surrendered and (iii) receipts and payments during each year will be incorporated in the Commercial Appendix commencing with the year 1951-52.

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6
99	1948-49 (I)	70	Posts and Telegraphs Department. <hr/> Communications <hr/> Works, Housing and Supply.	The grave shortage of postal forms in the Post Offices should be remedied immediately. The Posts and Telegraphs Department should either be provided with a separate Press which should solely cater to their needs, or the control over the existing Press which undertakes their printing work, should be vested entirely in that Department. As an alternative to this arrangement, the Posts and Telegraphs Department should be permitted to make necessary arrangements with private presses for the printing of their forms. Government should take early remedial measures to resolve the difficulties experienced by the Posts and Telegraphs Department and this matter put on a satisfactory basis in the immediate future and apprise the Committee of the action taken in the matter.	The matter is under discussion at the ministerial level and after a final decision is reached, the required Memorandum will be submitted to the Committee.
100	Do.	141	Posts and Telegraphs Department.	A note setting forth the final decision, reached in the case referred to in Para. 23 of the Audit Report (P. & T.), 1950 should be submitted.	A note has been submitted to the Committee.
	Do.	142	Do.	(i) The matter referred to in Para. 27 (b) of the Audit Report (P. & T.) 1950 should be investigated by the Department and the result reported to the Committee.	A memorandum has been submitted to the Committee.

(ii) With reference to the comments contained in Para. 27 (c) (iii) of the Audit Report, 1950, it is suggested that in order to enforce proper maintenance of the specimen signature books of Savings Bank depositors and Accounts of undelivered pass books, adequate disciplinary action should be taken against defaulters in this regard.

102 1945-46 • • 78-P • • Do • •

The whole question relating to the procedure for the purchase and issue of stores should be gone into by the Posts and Telegraphs Department in consultation with the Accountant General, Posts and Telegraphs and a detailed report submitted to the Committee dealing among other things with the remedial action taken by Government.

103 1948-49 (I) • • 72 • • All Ministries • •

The Secretaries to the Ministries or Heads of Departments should invariably appear before the Public Accounts Committee at the time of the examination of the Accounts relating to their Ministries. They should be fully conversant with and properly briefed on the various matters concerning their Departments.

104 Do. • • 29 • • Do. • •

To counteract the fraudulent use and misappropriation of public money by making spurious alterations in cash receipts for postage stamps purchased for being affixed on parcels and letters going to non-Commonwealth countries and cash receipts for payment of railway freight, the system of using the Postal Franking Machines and Railway Credit Notes should be introduced in all Offices forthwith.

The Ministry of Railways have stated as below :—

"The volume of correspondence with non-Commonwealth countries being very insignificant, the use of Franking Machines does not appear to be called for.

The system of paying railway freight through credit notes is already in vogue in respect of Government Departments".

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6
105	1948-49 (I)	31	All Ministries	In the working of the commercial undertakings such as the Central Tractor Organisation, all factors that tend to raise the working cost, e.g., increase in the pay and allowance of the staff, depreciation charges etc., should invariably be kept in view while enforcing recoveries from private bodies, State Governments etc., on account of work done or services rendered.	Other Ministries have noted the recommendations. The system of Railway Credit Notes is already in use. As regards the introduction of the Postal Franking Machines, most of them have not found it economical to purchase it in view of the small value of private stamps used by them for the letters going to non-Commonwealth countries. The Ministry of Railways have stated as below :— “ Relevant provision exists in the Engineering and Mechanical Codes of the State Railways for the levy of all elements of cost of work done for other departments and private bodies.”
106	Do.	27	Do.	Any tendency on the part of the Ministries to bring forward general pleas in dealing with defaulting officials that the Officers concerned have been overworked ; that there was no deliberate intention of misleading ; that there was no time to check ; that the rules did not provide for supervision and so on ; in justification of irregularities should be curbed. All irregularities on the part of defaulting officials should be dealt	Noted by other Ministries etc. Noted by the Ministries etc.

with promptly and on the spot as procrastination always helps the offender to escape punishment.

107	1948-49 (II)**	2	Finance (Defence)	<p>Spending Departments should avoid inflating their estimates. All anticipated savings should be surrendered as soon as they become known without waiting till the end of the year. Departments should appraise properly their commitments and liabilities when it becomes apparent that the actual expenditure is likely to fall short of the provisions already made in the estimates. The general recommendations made in Chapter III of the Committees' Report relating to the Civil Accounts should also be followed by the Ministry of Defence.</p>	<p>The estimates have been and are being framed based on the latest known or foreseeable factors ; despite this, variations do occur owing to circumstances beyond control. However, no effort is spared to effect improvements wherever possible.</p>
108	1948-49 (II)**	3	<p>Defence.</p> <hr/> <p>Finance (Defence)</p>	<p>While issuing instructions regarding allocation of Works Expenditure to ' Maintenance ' or ' Capital ' the Ministry of Defence should make it clear that these apply only to temporary accommodation and <i>not</i> to the other types. A copy of the instructions issued should be furnished to the Public Accounts Committee.</p>	<p>The Ministry of Defence have stated as below :— " Noted. A copy of the instructions will follow."</p>
109	1948-49 (II)**	4	Defence.	<p>(i) As recommended by the Committee last year, the initial stock-taking of all stores should be completed as soon as possible and, thereafter, it should be ensured that the accounts, accurately record the quantities of each category of stores in stock, which should be verified in the process of stock-taking at regular intervals.</p>	<p>A note has been submitted to the Committee.</p>

** 1948-49 (II) denotes the Second Report of the Public Accounts Committee on the Account of (Defence Services) and (Railways) of 1948-49.

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6

(ii) Under the existing system, it is easy to transfer a certain category of stores which may be in excess in one depot to another depot which is situated nearby at the time of the stock verification of that depot. A fool-proof method should be devised in consultation with the Ministry of Finance (Defence) to evolve an effective check to counteract against such indiscriminate inter-depot transfer of stores.

A note has been submitted to the Committee.

(iii) It should be impressed upon the subordinate authorities to devote their immediate attention to the proper linking of stores transactions.

Instructions to this effect already exist and in order to emphasise the matter, they are being repeated.

110 1948-49 (II) . 4 . . Defence . .

Adequate arrangements should be made for the proper storage of bulk of the Defence stores at present lying in the open exposed to the inclemencies of weather.

The Ministry of Defence have been most anxious to provide covered accommodation for storage of stores, but, unfortunately, inadequate financial provision, occasioned by financial stringency, has stood in the way. Despite it, however, substantial provision is being made for increasing covered accommodation and the position has improved considerably in many branches. Prefab. structures are also being provided for the protection of military stores. Everything possible is being done

Works, Housing and
Supply.

Defence.

All other Ministries.

Urgent steps should be taken by Government to draw up suitable standard forms of contract providing adequate safeguards to protect the interests of the Public Exchequer and these forms should invariably be used by the purchasing organisations.

to make good the deficiency of covered accommodation.

The Ministry of Railways have stated as below :—

“ Standard conditions of contract for carriage underframes and goods wagons have been prescribed. Standard conditions of contract for Civil Engineering Works are in the draft stage and are expected to be finalised shortly.”

The Ministry of W.H. & S. have stated as below :—

“So far as the D. G., S. & D. are concerned, standard forms of contracts and conditions governing the same already exist. The standard forms and conditions for all types of contracts on the supplies side are constantly under review and suitable changes are introduced in them as and when necessary in consultation with appropriate authorities. Adequate safeguards to protect the interests of the Public Exchequer are already provided in the existing standard forms of contracts, which have been drawn up in consultation with the Ministries of Finance and Law.

All contracts are placed by the I.S.M., Washington and I.S.D., London in standard forms and no deviations are made without the specific concurrence of the legal and Financial Adviser of the Purchase

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6
					<p>organisation. The conditions of contract forms used by the I.S.D. and I.S.M. have been recently examined and certain improvements have been suggested to I. S. D., London to bring their form in line with the form used by the I.S.M. Washington, with a view to safeguard the interest of the Government".</p> <p>The Ministry of Defence have stated :— " The existing form of contract is based on the War Department model and has been modified from time to time. The question of its revision is now under active consideration".</p> <p>Other Ministries have noted.</p>
112	1948-49 (II)	6 and 45	Defence.	A Rate-book of naval stores should be compiled urgently. A note showing the progress made in this direction should be furnished to the Committee.	A note has been submitted to the Committee.
113	1948-49 (II)	7	Do.	The recovery of overpayments mentioned in para 35 of the Audit Report (Defence Services), 1950 should, as far as practicable, be effected or these overpayments should at least be taken into account in the case of individuals who may receive further payments under subsequent claims of compensation. A suitable procedure	The Chief Commissioner, Manipur has already been asked to effect recovery of overpayments as far as that is practicable or to adjust against future payments. To obviate such losses in future, only 80% of the claims checked by the Asstt. Accounts Officer and passed

should be evolved in order to prevent the recurrence of such losses in future. An adequate organisation should be set up to vouchsafe the correct payment and accountal of compensation claims in such instances.

by the Chief Commissioner are being paid. The remaining 20% will be paid after audit of the claims. Regarding the setting up of an organisation for the purpose, one already exists in the shape of the Claims Office (consisting of certain Officers) directly under the control of the Chief Commissioner, Manipur.

114 1948-49(II) . 8 . . Do.

The existing machinery, both in the depots and the Accounts Offices, should be overhauled to see that arrears of recovery of hire charges of the type referred to in para. 36 of the Audit Report (Defence Services), 1950 are not allowed to accumulate as it becomes difficult to fix responsibility in such cases at a distant date.

A new procedure for recovery of hire charges in respect of loan issues has been prepared in consultation with the Ministry of Finance (Defence) and the Controller General of Defence Accounts and will be enforced in future.

115 1948-49(II) . 9 . . Do.

Delays in the setting up of courts of inquiry or for instituting proceedings involving losses on account of fraud, negligence, financial irregularities etc., should be avoided. The sanctity of observing the highest standards of financial propriety in the matters of public expenditure should be impressed upon all the spending authorities under the control of the Ministry of Defence.

Instructions exist for the convening of Courts of Enquiry with the least possible delay following losses.

116 1948-49(II) 10

Defence
Works, Housing &
Supply.

The Recommendations contained in para. 37 of the First Report of the Estimates Committee relating to the purchase of jeeps in the United Kingdom should be implemented without delay.

The Ministry of Works, Housing and Supply have stated as below :—

“The Estimates Committee had in their first report (para. 37) recommended that :

(i) An enquiry should be made as to how the contract for jeeps was placed, whether the terms of the contract had been carefully

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6

vetted before it was entered into with the firm, whether the credentials of the firm had been properly investigated to the satisfaction of the Defence Secretary, the Financial Adviser, Defence Services and why action has been pending so long and what action is proposed to be taken against the person concerned.

(ii) A model contract should be drawn up and whenever any variations are to be made, they must be made with the prior approval of the legal and other technical experts.

As regards (i) the jeep contracts, the matter has been dealt with by the Ministry of Defence and the position has been clarified by that Ministry in Parliament. The Ministry of Defence are being asked to let us know what final steps they propose to take and the question of taking action against the concerned persons will be intimated to the Public Accounts Committee in due course.

As regards the suggestion (ii) to draw up model contracts, it may be stated that all contracts are

placed in a standard form and no deviations are made from them without the specific concurrence of the legal and financial advisers of the Purchase Organisation. The conditions of contract form used by the I. S. D., London have been examined by the Assistant Solicitor recently and certain improvements have been suggested to the D. G., I. S. D., London to bring their form in line with the form used by the I. S. M., Washington with a view to safeguard the interests of Government."

The Ministry of Defence have stated as below :—

" As regards the contract with ANTIMISTANTS LTD., Government have inquired into all the points mentioned in para. 37 of the Report of the Estimates Committee, and have come to the conclusion that no useful purpose would be served by pursuing the subject further. There is very little that the Defence Ministry can add to what the Defence Ministry representatives said at the meetings of the Public Accounts Committee.

203

117 1942-49(II)

10

Defence

 Works, Housing &
 Supply

 External Affairs

 Other Ministries concerned.

The tendency on the part of the Ministries concerned to shift responsibility from one to the other should be avoided. Any confusion or fluidity in the sphere of responsibility between the various authorities responsible for the placing of indents or execution thereof should be

The Ministry of W. H. & S. stated as below in the first instance :

" The recommendation of the Committee is accepted and the Ministry of Defence is being addressed in the matter. The final decision

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4		6
				removed forthwith and the matter placed on a satisfactory footing. A detailed note showing the action proposed to be taken by Government in this connection should be furnished to the Committee.	taken will be intimated to the Committee in due course". The same Ministry stated later as below : " So far as D. G., S. & D. are concerned no confusion exists as to the sphere of responsibility between the indentors and Purchase Organisation. The D. G., S. & D. are responsible for placing contracts, progressing of supplies upto the point of delivery and arranging payment to the contractors through the Accountant-General. F. R. & S. to be recovered from the indentor. The fact that the D. G., S. & D. acts only as an agent of the indentor, is known to all concerned". The Ministries of Defence and External Affairs have noted the recommendations.
118	1948-49(II)	19	Works, Housing & Supply. <hr/> External Affairs.	Government should re-examine the methods and organisation of the D.G.I.S.D., London with a view to defining in clear terms his duties and powers and his relationship with the High Commissioner and the Ministry of Works, Production and Supply in order to ensure that he functions efficiently.	The Ministry of Works, Housing and Supply have stated as below :— " The question of appointing a Store Purchase Committee to review the purchase machinery and procedure (including the purchase organisations located abroad) and to suggest the changes that might be necessary is under consideration of this

Ministry. Meanwhile, the existing rules relating to the policy and procedure for purchase of stores and engagement of freight to India followed by the D. G., I. S. D., London, has been suitably revised and the High Commissioner has been asked to implement the revised rules early. The powers of purchase of the D. G., I. S. D., London and of the High Commissioner have been refixed and in cases where the High Commissioner exceeds his powers, he should make a reference to the Government of India for sanction. Provision has also been made for the I. S. D. to consult the Financial Adviser attached to the H. C., London, whenever necessary."

The Ministry of External Affairs have noted the recommendations.

119 1948-49(II) . 10 . Finance

The Financial Adviser attached to the High Commissioner for India in London should not be an officer subordinate to him. Government should consider this matter urgently in order that the Financial Adviser functions efficiently and without any fear.

The matter is under consideration.

120 1948-49(II) . 10 . Defence

Monthly report of the progress made in the supply of jeeps under the "New Contract" should be submitted to the Committee.

49 Jeeps have arrived in India, and one jeep is held in Belgium as a specimen to guide inspection. Due to the increase in the world price of jeeps, the supplier has asked for a price increase. It seems unlikely, therefore that further supplies will be received against the existing contract. The legal position

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6
121	1948-49(II)	25	Defence	<p>A self-contained note setting forth the decision arrived at by the Ministry of Defence as also the views expressed by the Ministry of Finance, in regard to the case reported in para. 4 (b) of the Audit Report (Defence Services) 1950, disclosing the circumventing of restrictions in rules for concluding a "Term Contract", should be furnished to the Committee.</p>	<p>is being examined in consultation with the Ministry of Law with a view to taking a final decision.</p> <p>A report is being prepared by the Engineer-in-Chief's Branch and a self-contained note will be sent as desired after it has been received and considered by the Defence Ministry.</p>
122	1948-49(II) 1947-48 (post-partition).	36	Do.	<p>With reference to the case referred to in para. 7 of the Audit Report, Defence Services, 1949 a note showing the reasons for the waiver of the amount of Rs. 1,26,433 referred to in para. 3 (b) (ii) of the Memorandum submitted to the Committee should be furnished. The Committee should also be informed of the steps taken to effect recoveries of the outstanding balances.</p>	<p>A note has been submitted to the Committee.</p>
123	1948-49(II)	14	Railways	<p>The importance of correct budgeting process should be impressed upon the various Railway Administrations. No money should be spent hastily or in an ill-conceived manner merely because it is available, not should any amount be spent in anticipation of the grant of funds. A sense of preservation of high</p>	<p>Necessary instructions have been issued to the Railway Administrations impressing on them the importance of correct budgeting.</p>

standards of budgetary control and financial propriety which are a prerequisite to the successful handling of the finances of a commercial concern should be infused in the Railway Administrations.

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|-----|-------------|--------|-----|---|--|
| 124 | 1948-49(II) | 15 | Do. | <p>Immediate steps should be taken to reduce to the minimum possible extent the existing high closing balances of Stock Adjustment Account under "Miscellaneous Items".</p> | <p>The Committee's observations have been brought to the notice of the Railways and the full effect thereof should be visible at the close of the accounts for 1951-52.</p> |
| 125 | 1948-49(II) | 16 | Do. | <p>Budgeting under the 'Suspense Heads' should be made with meticulous accuracy and they should not be treated as a 'cloak' to cover transactions which have not been properly budgeted for. Only current items should be placed in a Suspense Account.</p> | <p>As per Railway Board's instructions special staff have been deputed on Railways to examine the existing procedure of budgeting under 'Suspense' and necessary action will be taken to carry out improvements based on these investigations.</p> |
| 126 | 1948-49(II) | 17(i) | Do. | <p>It is suggested that decisions in the construction of Railway lines should be based either on the revenue consideration or on wider national considerations. Instances such as the abandonment of the construction of the Barwadih Sarnadih Railway line after incurring expenditure should be avoided.</p> | <p>Noted.</p> |
| 127 | 1948-49(II) | 17(ii) | Do. | <p>It should be emphasized on the Railway Administrations that no authority should, as a general rule, incur expenditure or undertake a scheme which may eventually involve expenditure from public funds until the detailed estimates in respect of the project have been sanctioned by the competent authority.</p> | <p>Necessary instructions have been issued to the Railway Administrations.</p> |

Serial No.	Year of Report	Paragraph of the Report	Ministry of Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6
128	1948-49(II)	17(iii)	Railways	In order to prevent the recurrence of over-payments of the nature mentioned in para. 20 of the Railway Audit Report, 1950, the Railway Board should formulate proper procedure in consultation with the Ministry of Works, Production and Supply whereby the revision in the rate of coal is communicated immediately by the Coal Commissioner to the Railway Administrations concerned before it is actually put into force.	A procedure is being formulated in consultation with the Ministry of Production.
129	1948-49(II)	17(iv)	Do.	(i) In order to prevent recurrence of losses of the nature referred to in para. 28 of the Railway Audit Report, the Railway Board should examine the procedure regarding the remission of demurrage charges and submit a report to the Committee. (ii) The Railway Board should consider the question of the revision of the existing powers delegated to various authorities on the Railways to sanction write-off of demurrage and wharfage charges, in order to ensure that they are not abused by those authorities	The questions raised are under consideration and a report will be submitted in due course.
130	1948-49(II)	17(v)	Do.	The Railway Board should evolve a proper procedure for the guidance of Railway Administrations so that instances of carelessness and remissness to utilise properly the leased buildings are eliminated.	Necessary instructions have been issued to the Railway Administrations.

131	1948-49(II)	18	Do.	The Railway Board should consider the proposition of associating internal auditors with the job of compilation and checking of the station returns at the stations.	A memorandum has been submitted to the Committee.
132	1948-49(II) 1946-47	19 22-R	Do.	(i) The Railway Administration should take vigorous steps to counteract cases of deliberate frauds and misappropriation of public funds as the award of minor punishments, such as stoppage of increments etc. would not be a sufficient check for the stoppage of such acts. (ii) A copy of the instructions issued in regard to the handling of money and fixing of responsibility for losses should be furnished to the Committee.	Necessary instructions have been issued to the Railway Administrations.
133	1948-49(II) 1947-48(post-partition.)	20 63-F	Do.	A memorandum on the costing of locomotives manufactured in the Chittaranjan workshops <i>vis-a-vis</i> those manufactured by the Telco should be furnished to the Committee.	Necessary instructions have been issued to the Railway Administrations and a copy of the Railway Board's letter is placed before the Committee. The matter is under consideration.
134	1948-49(II)	20 50(b)	Do.	The question of payment of fixed prices during the period 'C' which had already started, should be settled with the Telco, as it is apprehended that disputes might arise later. A note outlining the arrangements agreed upon with the Telco in this regard should be furnished to the Committee. The provisional payments made in respect of periods 'A' and 'B' should also be finalised urgently. It should also be stated specifically whether any payment by way of subsidy had been made to the Telco during the periods 'A' and 'B'.	Negotiations with Telco have not yet been concluded. However, a Memorandum detailing the present position is placed before the Committee.
135	1948-49(II)	21	Do.	In view of the difficulty of rectifying mistakes in the compilation of accounts, it is	Noted.

Serial No.	Year of Report	Paragraph of the Report	Ministry or Department concerned	Recommendations or suggestions	Action taken or proposed to be taken
1	2	3	4	5	6
				stressed that properly trained and right type of staff should be employed on the mechanisation work.	
136	1948-49(II)	22	Railways	A memorandum showing the results of the economy achieved in the working cost of the Railways consequent on the integration and regrouping of the entire Railway system into six zones should be furnished to the Committee.	It is too early to assess the results of the economy achieved in the working of the regrouped railways. Information is, however, being collected and will be furnished to the Committee as early as possible.
137	1947-48 (post-partition) 1948-49 (II)	20-R 70-P 50(a)	Do.	Further action taken towards the rationalisation of the distribution of stocks between different Railways in the light of the recommendations of the Shroff Committee should be reported to the Committee.	A memorandum has been submitted.
138	1947-48 (post partion).	19-R 69-P	Do.	There should be no over-capitalization in the Railway Collieries and commercial principles should be adopted for purposes of providing for depreciation.	The question of over-capitalization of the collieries is under consideration of the Ministry of Production in consultation with the Chief Mining Engineer and the Controller of Coal Accounts. The question of adopting commercial principles for the purpose of providing for depreciation is under consideration.
139	1947 48 (post-partition).	22-R 51-P	Do.	The progress made in the separation of Financial and Accounts functions on the Railways should be reported to the Committee.	A memorandum has been submitted to the Committee.

APPENDIX II

Statement Comparing Expenditure With Grants for 1949-50

Number and Name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure compared with Original Grant or Appropriation	Expenditure compared with Final Grant or Appropriation
	Rs.	Rs.	Rs.	Rs.
PART I—CIVIL				
1 Customs Voted .	1,46,74,000	4,30,27,000	4,27,58,541	+2,80,84,541 —2,68,459
2 Central Excise Duties Voted .	3,45,78,000	3,86,51,000	3,87,67,973	+41,89,973 +1,16,973
3 Taxes on Income including Corporation Tax Voted .	1,87,06,000	2,02,26,000	2,01,10,728	+14,04,728 —1,15,272
4 Opium Voted .	1,04,77,000	1,28,30,000	1,27,32,755	+22,55,755 —97,245
5 Provincial Excise Voted .	3,30,000	3,30,000	69,634	—2,60,366 —2,60,366
6 Stamps Charged .	2,88,000	4,28,000	4,20,548	+1,24,648 —7,452
Voted .	1,06,21,000	1,24,90,000	1,31,45,840	+25,24,840 +6,55,840
7 Forest Voted .	35,10,000	35,10,000	24,94,464	—10,15,536 —10,15,536
8 Irrigations (including Working Expenses, Navigation, Embankment and Drainage Works—Met from Revenue) Charged .	91,000	91,000	90,440	—561 —561
Voted .	12,15,000	12,15,000	7,05,908	—5,09,092 —5,09,092
10 Cabinet Charged .	7,87,000	7,87,000	7,64,037	—22,973 —22,973
Voted .	12,55,000	13,00,000	13,48,598	+93,598 +48,598
11 Constituent Assembly Voted .	8,00,000	1,40,88,000	1,40,40,388	+132,40,388 —47,612
12 Constituent of India (Legislative) Voted .	20,53,000	20,53,000	15,97,937	—4,55,063 —4,55,063
13 Ministry of Home Affairs Voted .	54,97,000	63,81,000	63,90,904	+8,93,904 +9,904
14 Ministry of Information and Broadcasting Voted .	98,67,000	98,67,000	80,26,085	—18,40,915 —18,40,915
15 Ministry of Law Voted .	8,24,000	8,39,000	8,36,236	+12,236 —2,764
15-A Department of Parliamentary Affairs Voted .	...	50,000	43,818	+43,818 —6,182
16 Ministry of Education Voted .	33,76,000	33,76,000	30,19,340	—3,56,660 —3,56,660

Number and Name of Grant or Appropriation	Original Grant or Appropriation,	Final Grant or Appropriation	Expenditure	Expenditure compared with Original Grant or Appropriation More + Less—	Expenditure compared with Final Grant or Appropriation More + Less—
	Rs.	Rs.	Rs.	Rs.	Rs.
17 Ministry of Agriculture. Voted .	24,91,000	24,91,000	26,78,197	+ 1,87,197	+ 1,87,197
18 Ministry of Health Voted .	7,82,000	7,82,000	6,41,747	—1,40,253	—1,40,253
19 Ministry of External Affairs and Commonwealth Relations. Voted .	51,17,000	53,65,000	54,00,760	+ 2,83,760	+ 35,760
20 Ministry of Finance. Voted .	94,50,000	94,50,000	89,72,956	—4,77,044	—4,77,044
21 Ministry of Commerce Voted .	60,72,000	62,02,000	61,12,486	+ 40,486	—89,514
22 Ministry of Labour Voted .	23,97,000	23,97,000	22,75,604	—1,21,396	—1,21,396
23 Ministry of Works, Mines and Power Voted .	12,05,000	12,89,000	12,14,286	+ 9,286	—74,714
24 Ministry of Communications Voted .	6,09,000	6,09,000	5,66,920	—42,080	—42,080
25 Ministry of Transport Voted .	36,91,000	36,91,000	33,08,827	—3,82,173	—3,82,173
26 Ministry of Food Voted .	46,29,000	46,29,000	43,56,810	—2,72,190	—2,72,190
27 Ministry of States Voted .	10,39,000	14,64,000	14,44,812	+ 40,05,812	—19,188
28 Ministry of Defence Voted .	35,82,000	36,55,000	36,50,716	+ 68,716	—4,284
29 Ministry of Industry and Supply Voted .	23,57,000	23,57,000	22,92,910	—64,090	—64,090
30 Ministry of Relief and Rehabilitation Voted	10,00,000	10,00,000	16,20,844	+ 6,20,844	+ 6,20,844
31 Payments to other Governments, Departments, etc., on account of the administration of Agency subjects and management of Treasuries Voted .	18,73,000	19,06,000	19,04,892	+ 31,892	—1,108
32 Audit Charged .	81,000	81,000	83,771	—17,829	—17,829
Voted .	2,33,95,000	2,63,71,000	2,50,44,112	+ 16,49,112	—13,26,888
33 Administration of Justice Charged .	6,88,000	6,88,000	6,62,667	—25,333	—25,333
Voted .	3,83,000	5,82,000	5,00,176	+ 1,17,176	—81,824
34 Jails and Convict Settlements Voted .	2,000	2,000	384	—1,616	—1,616

Number and Name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with Original Grant or Appropriation More + Less—	Expenditure compared with Final Grant or Appropriation More + Less—
	Rs.	Rs.	Rs.	Rs.	Rs.
35 Police Voted	30,64,000	47,94,000	43,12,063	+12,48,063	—4,81,937
36 Ports and Pilotage Voted	42,73,000	49,73,000	47,56,140	+4,83,140	—2,16,860
37 Lighthouses and Lightships Voted	9,32,000	11,82,000	12,88,333	+3,56,333	+1,06,333
38 Ecclesiastical Voted	18,000	25,000	4,85,765	+4,67,765	+4,60,765
39 Tribal Areas Voted	1,04,00,000	1,10,36,000	1,14,26,560	+10,26,560	+3,90,560
40 External Affairs Voted	2,59,40,000	3,05,48,000	3,06,17,866	+46,77,866	+69,866
41 Survey of India Voted	69,86,000	69,86,000	63,58,993	—6,27,007	—6,27,007
42 Botanical Survey Voted	1,63,000	1,63,000	1,10,613	—52,387	—52,387
43 Zoological Survey Voted	3,56,000	3,56,000	2,98,480	—57,520	—57,520
44 Geological Survey Voted	36,65,000	36,65,000	26,49,786	—10,15,214	—10,15,214
45 Mines Voted	15,38,000	15,38,000	13,03,066	—2,34,934	—2,34,934
46 Archaeology Voted	28,71,000	28,71,000	25,67,210	—3,03,790	—3,03,790
47 Meteorology Voted	84,97,000	84,97,000	71,62,256	—13,34,744	—13,34,744
48 Department of Scientific Research Voted	85,92,000	85,92,000	73,98,671	—11,93,329	—11,93,329
49 Other Scientific Departments Voted	1,81,40,000	1,81,40,000	1,04,49,987	—76,90,013	—76,90,013
50 Education Voted	93,41,000	93,41,000	79,78,517	—13,62,483	—13,62,483
51 Medical Services Voted	29,59,000	29,59,000	24,06,892	—5,52,868	—5,52,868
52 Public Health Voted	69,05,000	69,05,000	58,55,206	—10,49,794	—10,49,794
53 Agriculture Voted	88,83,000	99,49,000	1,04,33,165	+15,50,165	+4,84,165
54 Civil Veterinary Services Voted	26,66,000	26,66,000	26,62,314	—3,686	—3,686
55 Industries and Supplies Voted	3,91,95,000	3,91,96,000	2,57,88,011	—1,34,06,989	—1,34,07,989
56 Salt					
Charged	2,40,000	2,40,000	1,98,480	—41,520	—41,520
Voted	1,29,50,000	1,29,50,000	1,11,14,081	—18,35,919	—18,35,919

Number and Name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with Original Grant or Appropriation— More + Less—	Expenditure compared with Final Grant or Appropriation— More + Less—
	Rs.	Rs.	Rs.	Rs.	Rs.
57 Overseas Communications Service.					
Charged .	2,80,000	2,80,000	2,17,053	—32,047	—32,047
Voted .	76,42,000	76,42,000	69,73,120	—6,68,880	—6,68,880
58 Delhi Transport Service.					
Charged .	1,62,000	1,62,000	1,08,095	—43,305	—43,305
Voted .	63,68,000	63,68,000	56,95,930	—6,72,070	—6,72,070
59 Telephone Factory					
Charged .	1,91,000	1,91,000	1,36,394	—54,006	—54,006
Voted .	6,60,000	6,60,000	4,11,631	—2,48,369	—2,48,369
60 Aviation					
Voted .	2,53,00,000	2,53,00,000	2,15,95,899	—37,04,101	—37,04,101
61 Broadcasting					
Voted .	1,82,32,000	1,82,32,000	1,63,66,764	—18,65,236	—18,65,236
62 Commercial Intelligence and Statistics					
Voted .	59,65,000	59,65,000	46,78,810	—12,86,190	—12,86,190
63 Census					
Voted .	7,00,000	7,00,000	4,20,495	—2,79,505	—2,79,505
64 Joint Stock Companies					
Voted .	4,57,000	4,57,000	3,39,649	—1,17,351	—1,17,351
65 Indian Dairy Department					
Voted .	8,17,000	8,17,000	7,69,568	—47,432	—47,432
66 Miscellaneous Departments					
Voted .	1,69,37,000	1,75,16,000	1,80,53,662	+11,14,662	+5,35,662
67 Currency					
Charged .	2,20,000	2,20,000	2,04,976	—15,524	—15,524
Voted .	92,22,000	1,15,51,000	1,08,81,387	+16,59,387	+6,69,613
68 Mint					
Voted .	1,28,47,000	1,28,47,000	96,96,777	—31,50,223	—31,50,223
69 Civil Works					
Charged .	16,16,000	16,16,000	15,72,593	—42,407	—42,407
Voted .	4,95,30,000	5,51,90,000	4,57,22,406	—38,07,594	—94,67,594
70 Central Road Fund					
Voted .	2,20,00,000	2,20,00,000	2,20,00,000	...	...
71 Territorial and Political Pensions					
Voted .	22,72,000	22,72,000	21,41,182	—1,30,818	—1,30,818
72 Superannuation Allowances and Pensions					
Charged .	4,88,000	4,88,000	4,73,906	—14,034	—14,034
Voted .	2,40,46,000	2,40,46,000	2,38,53,604	—1,92,396	—1,92,396
73 Stationery and Printing					
Voted .	1,88,84,000	2,16,30,000	2,35,18,906	+46,34,906	+18,88,906
74 Miscellaneous					
Charged .	16,000	41,000	27,200	+12,200	—13,710
Voted .	35,71,23,000	35,71,25,000	29,94,94,666	—5,76,28,334	—5,76,30,334
75 Expenditure on Refugees					
Voted .	9,85,17,000	13,52,17,000	17,75,94,730	+7,90,77,730	+4,23,77,730

Number and Name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with Original Grant or Appropriation More + Less—	Expenditure compared with Final Grant or Appropriation More + Less—
	Rs.	Rs.	Rs.	Rs.	Rs.
80 Grants-in-aid to Provincial Governments					
Charged .	70,00,000	70,00,000	70,00,000	...	...
Voted .	2,25,00,000	2,25,00,000	2,25,00,000	...	...
81 Miscellaneous Adjustments between the Central and Provincial Governments					
Voted .	62,000	1,06,000	1,04,111	+42,111	-1,889
82 Resettlement and Development					
Voted .	3,55,95,000	3,55,96,000	2,70,65,173	-85,29,827	-85,30,827
83 Civil Defence					
Voted .	1,74,000	1,74,000	2,07,940	+33,940	+33,940
84 Pre-partition Payments					
Charged .	...	...	10,78,437	+10,78,437	+10,78,437
Voted .	10,00,00,000	10,00,00,000	9,81,76,988	-18,23,012	-18,23,012
85 Delhi					
Charged .	43,000	49,000	46,296	+2,296	-3,704
Voted .	1,85,73,000	2,48,70,000	2,46,38,199	+60,65,199	-2,31,801
86 Ajmer-Merwara					
Charged .	34,000	40,000	39,028	+5,028	-972
Voted .	65,71,000	89,61,000	87,33,432	+21,62,432	-2,27,568
87 Panth Piploda					
Voted .	30,000	42,050	27,800	-2,200	-14,200
88 Andaman Islands and Nicobar					
Charged .	40,000	53,000	43,005	+3,005	-9,995
Voted .	1,08,21,000	1,09,74,000	1,21,40,294	+13,19,294	+1,66,294
89 Relations with Indian States					
Voted .	51,29,000	67,55,000	64,28,057	+12,99,057	-3,26,943
Interest on Debts and Other Obligations and Reduction or Avoidance of Debts					
Charged .	39,29,34,000	39,29,34,000	38,00,07,642	-1,29,26,468	-1,29,26,468
Staff, Household and Allowances of the Governor General					
Charged .	17,86,000	17,85,000	16,26,313	-1,58,687	-1,58,687
Union Public Service Commission					
Charged .	15,91,000	16,97,000	16,20,778	+26,778	-76,222
90 Capital Outlay on Forests					
Voted .	34,95,000	34,95,000	20,75,419	-14,19,581	-14,19,581
91 Capital Outlay on the India Security Press					
Voted .	28,82,000	28,82,000	15,53,491	-13,28,509	-13,28,509

Number and Name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with Original Grant or Appropriation	Expenditure compared with Final Grant or Appropriation
	Rs.	Rs.	Rs.	More + Less—	More + Less—
94 Capital Outlay on Industrial Development					
Voted .	13,14,62,000	13,14,63,000	9,30,87,185	—3,83,74,815	—3,83,75,815
95 Capital Outlay on Civil Aviation					
Voted .	2,92,00,000	2,92,00,000	1,67,24,050	—1,24,75,950	—1,24,75,950
96 Capital Outlay on Broadcasting.					
Voted .	96,00,000	96,00,000	36,91,412	—59,08,588	—59,08,588
97 Capital Outlay on Currency					
Voted .	4,16,000	79,16,69,000	79,14,72,709	+79,10,56,709	—1,96,291
98 Capital Outlay on Mints					
Voted .	87,95,000	87,95,000	38,50,367	—49,44,633	—49,44,633
99 Delhi Capital Outlay					
Charged .	29,000	29,000	...	—29,000	—29,000
Voted .	1,50,50,000	1,91,63,000	1,72,62,452	+22,12,452	—19,00,548
100 Capital Outlay on Civil Works					
Voted .	4,06,18,000	4,06,18,000	2,64,36,007	—1,41,81,993	—1,41,81,993
101 Commuted Value of Pensions					
Voted .	23,000	1,15,51,000	1,35,39,876	+1,35,16,876	+19,88,876
102 Payments to Retrenched Personnel					
Voted .	1,000	1,20,000	—72,384	—73,384	—1,92,384
104 Capital Outlay on Schemes of State trading					
Voted .	7,89,60,000	7,89,64,000	—22,20,88,098	—30,10,48,098	—30,10,52,098
105 Capital Outlay on Development					
Voted .	33,41,56,000	33,41,56,000	21,20,60,617	—12,20,95,383	—12,20,95,383
106 Payments to Government of Pakistan for Unique Institutions					
Voted .	92,02,000	92,02,000	...	—92,02,000	—92,02,000
107 Interest free and Interest bearing Advances					
Charged .	58,25,00,000	58,25,00,000	54,75,07,761	—3,49,92,240	—3,49,92,240
Voted .	20,09,83,000	26,97,04,000	26,11,60,684	+6,01,77,684	—85,43,316
Total					
Charged .	99,10,64,000	99,13,80,000	94,38,98,358	—4,71,66,642	—4,74,61,642
Voted .	2,10,80,08,000	3,10,79,02,000	2,50,64,82,770*	+39,84,74,770	—60,14,19,230
Expenditure met from Revenue					
Charged .	40,83,35,000	40,88,31,000	39,63,90,607	—1,91,44,393	—1,94,40,393
Voted .	1,24,31,65,000	1,36,73,20,000	1,28,57,28,933	+4,25,63,983	—8,15,91,017
Expenditure Capital met from					
Charged .	29,000	29,000	...	—29,000	—29,000
Voted .	66,38,60,000	1,47,08,78,000	95,95,93,103	+29,57,33,103	—51,12,84,897
Disbursements of Loans and Advances					
Charged .	58,25,00,000	58,25,00,000	54,75,07,761	—3,49,92,240	—3,49,92,240
Voted .	20,09,83,000	26,97,04,000	26,11,60,684	+6,01,77,684	—85,43,316

* Excludes Rs. (—)7,41,79,053 in respect of "Capital Outlay on Sterling Pensions".

APPENDIX—III
GOVERNMENT OF INDIA
MINISTRY OF WORKS, HOUSING AND SUPPLY

No. Budget—2(2)/52, Dated New Delhi, the 17th December, 1952.

OFFICE ORDER

SUBJECT.—Budget-control of Expenditure—Audit paras.

In addition to the A. & G. Branch, which deals with the Budget and allied matters relating to the Central Public Works Department, and which has been in existence for a number of years, a separate section has been constituted recently to coordinate the budget work of the other branches in the Ministry. This Budget Branch has to ensure that all budget matters receive prompt and regular attention. It is, therefore, essential that action as indicated below should be taken by all branches in the Ministry.

2. Control over expenditure—Statements of progressive expenditure—

(i) A reference is invited to endorsement No. G-1/446, dated 22nd August, 1952 on the subject. It is necessary to watch the flow of expenditure against the sanctioned grant for which the Ministry is accountable to Parliament. To achieve this object, Heads of Departments have been directed to forward to the Ministry, monthly statements showing progress of expenditure in G. F. R. form 7 or 11 as the case may be—cf. rules 89 (4) vi and 90 of the Central Government, Compilation of the General Financial Rules. These statements should be obtained by the 15th of the month following the month to which they relate. Any slackness in the submission of the statements on the due date should be specially brought to notice of DS(H) so that action may be taken demi-official at a higher level. The departmental figures of expenditure contained in the statements received should be scrutinised, on receipt of the budget branch, and posted by the dealing assistants in the register of progressive expenditure kept for the purpose. This register should show at a glance in respect of each head of account the sanctioned grant for the year, the expenditure for each month and the progressive expenditure to end of each month. Explanation for variations, if any, furnished by the Heads of Departments in the statements should also be examined and briefly indicated in the remarks column of the register. If the departmental figures already reported to the Ministry require correction later, the Heads of Departments have been directed to indicate the same by plus or minus entries in the progressive totals of the month's statement under submission. These corrections should likewise be incorporated in the register with appropriate remarks in the remarks column. After the postings are thus completed, the month's expenditure and the progressive expenditure to the end of the month should be carefully reviewed by the Budget Branch with reference to the budget allotments, taking into account, where necessary, the proportionate allotment for the period. This review should be directed to ensure control over expenditure and to ascertain the flow of expenditure, so that action to reappropriate funds or obtain supplementary grant in time if necessity arises, may be clearly watched. Action should also be taken by the Budget Branch to obtain from the head of the department any further information required as a result of this monthly review.

(ii) At the end of each quarter, a statement showing the progress of expenditure as against budget grant should be furnished by the Budget Branch to the Ministry of Finance (I. & C. Division). These statements should show the expenditure for the quarter, and the progressive expenditure to the end of the quarter. Explanations for variations, if any, should be briefly indicated in the remarks column. These quarterly reports should be sent by the Budget Branch to the Finance Ministry not later than the last week of the month following the end of each quarter in respect of offices located in India. As regards offices located outside India, the statements should be sent in the first week of the 2nd month following the end of each

quarter *vide* U.O. No. A&B-2172, dated 6th June, 1952 from the Ministry of Finance (I & C Division).

(iii) After the six-monthly figures are received, the Finance Ministry should be kept informed of the monthly progress of expenditure so that their advice may be taken on revised estimates and adequacy of reappropriations etc.

3. Reconciliation of departmental figures of expenditure with the Accounts Office figures—

One of the important items of work in the scheme of control of expenditure is the reconciliation of departmental figures of expenditure with the figures as booked in the accounts office as laid down in rules 88 to 92 of the G.F.Rs. This reconciliation will set right misclassifications, if any, in the accounts compiled by accounts offices, and will help in the discovery of serious lapses. As the Appropriation Accounts are based on the accounts office figures, it is incumbent on the departmental officers to effect the reconciliation between their figures and those of the accounts office month by month soon after the accounts are completed in the accounts office. They should investigate discrepancies, if any, and take action either to correct their figures or get the accounts office figures corrected by pointing out the discrepancies to that office. In order to closely watch that this reconciliation work is carried out, the Heads of Departments are required to submit to the Ministry, in the Budget Branch monthly statements of reconciliation in the prescribed forms—*vide* Endorsement No. G-1/446, dated 22nd August, 1952—not later than the 15th of the 2nd month following that to which the accounts relate. In some cases, these statements have not been received as prescribed and on the due date. Each dealing assistant in the Budget Branch should carefully watch for and obtain the return from the concerned heads of departments on the prescribed dates, scrutinise them and see to it that adequate action is taken in this respect by the Heads of Departments.

4. Calendar of returns—

In order to watch the receipt of monthly statements of progressive expenditure and reconciliation reports effectively and to furnish the quarterly statements to the Ministry of Finance punctually the Budget Branch will maintain a suitable calendar of returns in which the due dates and actual dates of receipt or despatch, as the case may be, each month, will be entered. This return will show at a glance the departments from which the returns are due and the action taken by us. Incidentally this record can be utilised for watching completion of any other item of work that may arise.

5. Audit objections—

(i) Audit objections are raised by audit officers either in the form of audit Memo. or Inspection reports in the case of local audits. Normally these objections have to be met by drawing offices or Heads of Institutions the accounts of which are locally audited. It is generally the arrangement in audit offices to get the objections settled by the Heads of offices and, failing adequate response from them by Controlling Officers or Heads of Departments as the case may be. In the absence of satisfactory settlement by these officers, or on account of their serious nature, the objections are reported to the Ministry for suitable action. Such reports from audit should on receipt in the Ministry be sent to the Budget Branch, which will enter them in a register to be maintained for the purpose and thereafter deal with them. In cases where the administrative branches are concerned, they will be marked to those branches for appropriate action. Suitable columns will be provided in the register to keep track of the final disposal of these objections. There should be sufficient co-operation in this respect between the "policy" branches and the co-ordinating Budget Branch. The "policy" branches will, in cases where the objections are marked to them, take requisite action and keep the Budget Branch informed of the stage of disposal. Where considered necessary in view of the serious nature or importance of the objection or otherwise, the cases may be referred to the Budget Branch for their remarks with a view to their speedy and satisfactory settlement. In all cases where sanctions of the Government of India are required for the removal of the objections, such sanctions should be issued only by the branches administratively concerned.

(ii) In some cases unlike the special reports mentioned in para. 5(i) above, advance copies of objections and audit reports are forwarded to the Ministry, for information and necessary action, by audit. Some of the items mentioned in such reports may require action on the part of the Ministry, in the branches administratively concerned. Such reports will also be dealt with in the manner indicated in para. 5 (i) above, except that in the case of ordinary current objections which do not require the attention of the Ministry, it will be sufficient to direct Heads of Departments to take the requisite action under intimation to the Ministry.

6. Audit paras.—

(i) Cases which audit considers it necessary to be brought to the notice of the Public Accounts Committee either on account of the large amount or the principle involved are embodied with the audit comments in the Appropriation Accounts and Audit Report. These are published documents which are scrutinised by the Public Accounts Committee. It is the responsibility of the executive including this Ministry to defend the subjects mentioned in the audit paras. from the administrative point of view. Before the cases are actually included in the audit report, the Audit Officers refer the proposed draft paras. to the Ministry for acceptance both as regards the facts of the case and the audit comment thereon. These paras. should in the first place be sent to the Budget Branch which will enter them—in a register and then mark them to the branches administratively concerned. The Budget Branch will carefully watch through this register the efficient disposal of these paragraphs. The administrative branches will examine the audit paras. from their point of view, suggest amendments where necessary, considering the defence that we have to put up to the Public Accounts Committee eventually, and, after approval of the disposal, in draft stage, by the Branch Officer, send the case to the co-ordinating Budget Branch which will thoroughly and critically scrutinise the audit comment and the draft reply and submit the case to Joint Secretary or Secretary. It has been decided that, before the reply is finalised and sent to audit, the Budget Branch will send the case to the Ministry of Finance (I. & C. Division) for their remarks or advice. Thus the Ministry of Finance will be associated in the disposal of the audit paras. right from the beginning. This is a slight departure from the existing practice under which we bring in the Ministry of Finance only when we are unable to persuade the audit of our views on the subject. This departure enables the Ministry of Finance to come into the picture straightaway. Reply to audit regarding the draft para. should be issued only after the case has been seen in the Ministry of Finance and the draft reply is approved by the Budget Branch.

(ii) It should be remembered in the disposal of audit paras. that having regard to the facts of the case we should be able to justify our action before the Public Accounts Committee at a later date. It is, therefore, necessary that suitable action should be taken by us not only on the irregularity pointed out, if it is established, but also to prevent a recurrence thereof. It should be our endeavour to convince audit of the adequacy of action taken by us and suggest amendments to the para., where necessary to clearly bring out in the para. itself that we have taken the requisite action so that the work of the Public Accounts Committee may also be lightened when they scrutinise the audit para., eventually. This will naturally save a lot of time when the briefs for defence are prepared.

7. While the arrangement outlined in paragraphs 5 and 6 above apply to audit objections and audit paras., that may be received hereafter, necessary arrangements should be made for the efficient disposal of those that are at present pending in the Ministry in the several branches. In order to enable the Budget Branch to have them registered and to watch their disposal each branch should give to the Budget Branch—

- (i) a list of pending audit objections with brief particulars, and;
- (ii) a list of pending audit paras. with details of the case.

The Budget Branch will record them in the registers prescribed for the purpose and keep watch over their final disposal. Action should be taken in respect of these items as indicated, in paras. 5 and 6 above.

8. Processing of work relating to Public Accounts Committee—

The budget branch will also process the work relating to the Public Accounts Committee. In preparing the briefs, it should be seen that the latest information is made available to that body. It has been reported that Ministries submit Memoranda direct to the Public Accounts Committee without taking into consideration any comments which the audit department may have to make concerning them. It is, therefore, necessary to see while submitting Memoranda to the Public Accounts Committee that the comments of audit concerning them should also be taken into consideration. In cases where figures susceptible of verification in audit are mentioned in the Memoranda, it should be stated therein whether such figures have or have not been accepted in audit.

9. It has been brought to notice that proper care has not been taken to see that Grants-in-aid given by the Ministry were in fact utilised for the particular purposes for which they were made. The concerned branches should in this respect arrange to get periodic reports from State Governments and organisations who received the grants and complete the "administrative audit". Copies of orders conveying sanction to grants-in-aid should be endorsed to the Budget Branch to enable them to watch the completion of this "administrative audit".

10. These orders should be given immediate effect by all branches of the Ministry including the C. R. Branch.

(Sd.) N. P. Dube,
Deputy Secretary to the Government of India

To

All Branches in the Ministry.

Copies to all Deputy Secretaries and Branch Officers.

Copy forwarded to:—

P.S. to Secretary.

P.A. to Joint Secretary.

(Sd.) N. P. Dube,
Deputy Secretary to the Government of India.

GOVERNMENT OF INDIA
MINISTRY OF WORKS, HOUSING AND SUPPLY

No. Budget-2(2)/52.

Dated New Delhi, the 21st April, 1953.

From

Shri N. P. Dube, M.A. (Cantab).,
Deputy Secretary to the Government of India.

To

- (1) Director General of Supplies & Disposals, New Delhi.
- (2) Controller of Printing & Stationery, India, New Delhi.
- (3) Chief Inspector of Explosives in India, New Delhi.
- (4) Deputy Petroleum Officer, Petroleum Division, New Delhi.

SUBJECT:—Control of expenditure.

Sir,

I am directed to invite a reference to rules 12 and 89 (6) of the General Financial Rules, Volume I, indicating the scope of control of expenditure to be exercised by Heads of Departments and Controlling Officers and to say that, for the proper control of expenditure, the spending department and the Ministry should have an idea of the progressive liabilities and commitments for which the payments may have to be made (a) within the financial year and (b) in the following financial year. For this purpose, a monthly liability statement, which should be progressive and should give the position of outstanding liabilities upto the month to which the statement relates, should be furnished by you to this Ministry for each of the months beginning with September in each financial year. This liability statement should reach this Ministry by the 15th of the month following that to which the statement relates and is in addition to the prescribed monthly statement of expenditure actually incurred. The liability statement for the month of September should reach this Ministry on the 15th October along with the expenditure statement for September.

It has to be emphasised in the connection that the liability statement prescribed above should be accurate and should be submitted to this Ministry on the due date to serve the purpose for which it is intended.

Yours faithfully,

(Sd.) N. P. Dube,

Deputy Secretary to the Govt. of India.

Copy to A&G Branch for information and issue of similar instructions to Central Public Works Department and Estate Office.

Copy forwarded to:

- (1) Chief Accounting Officer, The High Commission of India, 55, Jermyn Street, London, S.W. 1.
- (2) Director, India Supply Mission, 635 F Street, N.W., Washington 4, D. C.

with the request that similar monthly liability statements, for each month beginning with September in each financial year, may be sent to this Ministry, in respect of overseas expenditure, by the last week of the month following that to which the statement relates, e.g., the liability statement for September should reach this Ministry on the 25th October, along with the expenditure statement for September.

(Sd.) N. P. Dube,

Deputy Secretary to the Govt. of India.

APPENDIX IV

Statement showing the various State Trading Schemes in respect of which Reviews have been prepared by the Ministry of Finance

ANNEXURE I

1. *Name of Scheme.*—Medical Store Depots and Factories.

2. *When started.*—The organisation has been in existence for more than fifty years. It was a part of the Army in India until 31st May 1943 and was transferred to the Department of Education, Health and Lands (now Health Ministry) on 1st June 1943.

3. *Purpose of the Scheme and justification for its continuance.*—The primary object was to ensure the supply of drugs, instruments, appliances, sundries etc. (human and veterinary) of uniform quality and pattern, at cheap rates, to medical institutions in India and to this end the Medical Store Depots are at present being maintained at Madras, Bombay, Calcutta, Delhi and Karnal. Attached to each of the two depots at Madras and Bombay, there is also a factory for the manufacture of drugs, tinctures, tablets, etc. Apart from its activities in supplying medical stores of approved quality to the indentors, the medical store organisation has played an important part in meeting the demands for medical stores in connection with relief measures necessitated by floods, famine, earthquakes and other calamities. The number of indentors at present is about 6,000. They are mostly hospitals and dispensaries.

4. *Capital invested from time to time:*—

(a) The total amount spent on the Scheme to the end of 1948-49 (audited) is.....Rs. 19,37,84,287.

(b) Up to the end of 1949-50 is.....Rs. 20,32,26,000 approximately.

(c) The annual expenditure for the 3 years ending 1949-50 is shown below:—

	Purchases of stores	Miscellaneous including staff, contingencies etc.	Total
	Rs.	Rs.	Rs.
1947-48(Post partition)	58,67,000	26,62,434	85,29,434
1948-49	61,34,000	23,93,585	85,27,585
1949-50	69,00,000	25,42,000	94,42,000

5. *Out-turn from year to year:—*

1945-46	.	.	.	Rs.	1,81,23,356
1946-47	.	.	.	Rs.	2,44,96,822
1947-48	.	.	.	Rs.	1,24,42,727
1948-49	.	.	.	Rs.	1,39,74,000
1949-50	.	.	.	Rs.	1,28,35,000

Sales are made at purchase cost plus 20 per cent. departmental charges.

6. *Profit or loss from year to year:—*

				Rs.	
1943-44	.	.	.		53,18,460
1944-45	.	.	.		46,66,790
1945-46	.	.	.	(—)	31,85,144
1946-47	.	.	.		48,95,936
1947-48	.	.	.	(—)	89,216
1948-49	.	.	.		24,42,754
1949-50	.	.	.	(—)	1,49,064

Total: (+) 1,39,00,516 Resultant profit in 7 years.

7. *Assets at the close of the period under review—whether valued according to normal commercial practice—reasonable?—*The value of stock on 31st March 1951 was Rs. 1,15,67,982. This valuation has been arrived at on the basis of normal commercial practice.

8. *Has the scheme succeeded or failed wholly or partly—if so in what respect.—*The scheme has proved a success, both as regards its utility as well as from a financial point of view. Conceived as an organisation for ensuring adequate and continuous supply of medical stores, no profits are normally expected from it, although, as the figures given above, a profit of Rs. 1.39 crores has been realised over a period of 7 years. During the last 3 or 4 years considerable difficulty has been experienced in the timely procurement of stores resulting mainly from a worldwide scarcity of the raw materials required for the manufacture of such stores. Owing to this, the sales in the depots have gone down and therefore the profits on these sale proceeds are not enough to cover the working expenses. Steps have been taken to improve the stock position and the depots will now be able to meet about 80 per cent. of the demands. It is hoped that this improvement will be maintained and no store depot will run at a loss. It is considered necessary that the organisation should continue. It would, in fact, be advisable to put it on a permanent basis like other manufacturing concerns e.g. the Opium Factory, Mint, Currency, Press etc. in which case, it would be unnecessary to continue it under Head 87 and necessary provision

might more appropriately be made under the revenue grants controlled by the Ministry of Health. This question will be further examined and the results reported to the P.A.C. in due course.

9. *Administrative and financial control—whether it is sound and if not what are the drawbacks and how is it proposed to check them.*—The audit is exercised by the Accountants-General of the States concerned and to make the audit more effective concurrent audit parties are posted for checking the day to day accounts. The O.A.D. examiners of the Accountants-General check the annual Profit and Loss Account and also submit their annual audit reports.

10. *Whether the normal commercial practices were observed and necessary checks applied in the operation of the scheme.*—The Medical Store Depots are being run on commercial basis. An annual review is made by the audit officers showing the financial results of the working of the scheme and included in the commercial Appendix to Appropriation accounts and audit report.

ANNEXURE II

1. *Name of the Scheme*: Purchase of Quinine and Quinine Substitutes.

2. *When started*: 1943.

3. *Purpose of the Scheme and justification for continuance*.— Before the last war, India was a large importer of quinine and quinine substitutes every year (about 1,40,000 lbs. per annum). With the fall of Java in 1943, imports from that source were denied to India. It then became necessary for the Government to control the distribution of quinine produced in the country and to supplement the limited stock available in India by the purchase of quinine or comparable synthetic drugs from other available sources. The stocks of quinine and quinine substitutes thus purchased under the scheme stood in good stead in meeting the internal demand during last war and when there was a world shortage of anti-malarial drugs. Considering the present international situation, the stocks can be effectively utilised as reserve stock for use in emergency. The goods are stocked at the medical store depots and distributed under instructions from the Health Ministry. Quinine substitutes are distributed to the Provincial and State Governments who are responsible for their distribution within their respective territories through official and non-official agencies and licensed dealers. Recoveries are made from Provincial Governments by book debit after the consignments are despatched to them.

4. *Capital invested from time to time*:—

	Rs.
1943—to 31-3-1948.	3,42,79,266
1948-49	2,91,158
1949-50	30,83,466
1950-51	24,447
Total	3,76,78,337

5. *Out-turn from year to year*.—Recoveries made upto 31st March 1951 are:—

	Rs.
1943— till 31-3-48	1,59,62,228
1948-49	11,36,468
1949-50	2,21,799
1950-51	4,39,192
	1,77,59,687

6. *Profit or loss from year to year.*—It is not yet possible to assess finally the financial results of the scheme as a whole, since the figures relating to the purchase of these articles through the military during the war have not been fully reconciled. *Pro forma* adjustments are being made in the accounts for 1950-51 and a complete report it is hoped will be furnished when the Commercial Appendix for 1950-51 has been received.

7. *Assets at the close of the period under review—whether valued in accordance with normal commercial practice—reasonable?*—The value of the stores on 31st March 1950 was worth Rs. 65,59,871. The valuation has been arrived at on the basis of normal commercial practice.

8. *Has the Scheme succeeded or failed wholly or partly, if so, in what respects.*—The scheme is useful and is serving adequately the objects for which it was started. For the reasons stated against item No. 6, it is not possible to show the financial results at this stage.

9. *Administrative and Financial control—whether it is sound—if not what are the drawbacks and how it is proposed to check them.*—Purchases under the scheme are sanctioned by the Health Ministry with the concurrence of the Ministry of Finance. Accounts relating to the scheme are checked by the State Accountants-General at Madras, West Bengal, Bombay and Punjab and finally by the Accountant-General, Central Revenues. The store accounts maintained by the Store Depots are also subject to check by the State Accountants-General.

10. *Whether the normal commercial practices were observed and necessary checks applied in the operation of the scheme.*—The scheme is run on a commercial basis.

ANNEXURE III

1. *Name of Scheme.*—Cinchona cultivation by short term Russian method.

2. *When started.*—1943-44.

3. *Purpose of the Scheme and justification for continuance.*—During the last war, when with the fall of Java it became difficult for India to obtain her full requirements of quinine and quinine substitutes, it became necessary to explore means of augmenting quinine supply in the country by stepping up indigenous production. With this end in view, the Government of India in collaboration with the Governments of West Bengal and Madras launched a scheme of cinchona cultivation by a special method which would make it possible to produce quinine within 3 to 6 years, whereas the time taken ordinarily is from 10 to 12 years. The Governments of Madras and West Bengal undertook to provide free the services of the permanent technical staff and such other facilities as did not involve any extra expenditure to them.

The scheme was started essentially as an insurance against grave anticipated shortages of the vital drug. The war however ended earlier than anticipated and the quinine situation eased with the end of the war. It was therefore decided to allow the plants to remain for a period of 8 years instead of 4 to 5 years as originally contemplated. It would financially be unsound at this stage to wind up the scheme which has to be continued until all the plants in Madras have been harvested, and processed for obtaining quinine salt.

4. *Capital invested from time to time:*—

	Rs.
Upto 31-3-1948	76,52,409
1948-49	7,21,290
1949-50	3,21,055
1950-51	4,41,900
	91,36,654

5. *Out-turn from year to year:*—

Recoveries upto 31-3-48	13,940
1948-49 to 1950-51	Nil
	13,940

Cinchona plants in Madras have not been harvested and quinine extract is yet to be extracted out of them. In West Bengal, the plants have been harvested but the products have not yet been disposed of. The small amount recovered represents the sale proceeds of a certain quantity of immature bark in West Bengal.

6. *Profit or loss from year to year.*—For the reasons stated against item 5, it is not possible at this stage to indicate the financial results of this undertaking. The harvesting is expected to be completed by 1955-56. Processing may take a year to two more. The financial results of the scheme, it is hoped, would be known by 1957-58.

7. *Assets at the close of the period under review—whether valued in accordance with normal commercial practice and reasonable.*—The bulk of the plantations are in Madras and the Chief assets are the plants belonging to the Central Government. The valuation will have to be based on the quinine content and the price at which the quinine is sold. Therefore the value of the assets in Madras cannot be stated at present. Harvesting in Bengal has already been completed and 4,61,330 lbs. of bark, 10,000 lbs. of stems, leaves etc. (which also contain a small percentage of quinine) have been obtained. In view of the low quinine content it has been considered advisable to sell the bark without processing at Rs. 51/- per bag of 50 lbs. The present stock of bark is 4,47,630 lbs.

8. *Has the Scheme succeeded or failed wholly or partly—if so, in what respects?*—The objects of the scheme have already been stated above. The question whether financially it has been a success can only be considered after plants have been harvested and quinine contents extracted and sold.

9. *Administrative and financial control—whether it is sound. If not, what are the drawbacks and how it is proposed to check them?*—The expenditure on the permanent technical staff and on items which were in existence at the time of the introduction of the scheme is borne by the governments of Madras and Bengal. The rest of the expenditure, which is in the nature of direct charges in connection with the cultivation of the plants, is borne in each State in the proportion of 75:25 between the Central and the State Governments. The State Accountants-General conduct audit and financial check. These Accountants-General also maintain the accounts which are passed on to the books of the A.G.C.R.

10. *Whether normal commercial practices were observed and necessary checks applied in the operation of the scheme.*—The scheme is being worked according to commercial practice.

ANNEXURE IV

1. *Name of the Scheme.*—Supply of Consumers and other stores in Andamans.

2. *Year in which started.*—1945.

3. *Purpose and justification for continuance.*—The Andaman Islands depend solely on imports for their food requirements. In order that such articles are made available at a reasonable price, the scheme was started. The items included in the scheme are controlled and therefore cannot be procured by private persons. The scheme should continue so long as items are not decontrolled.

4. *Capital invested from time to time:*—

1947-48 (post-partition)	Rs. 7,27,756
1948-49	Rs. 7,83,068
1949-50	Rs. 15,76,293
1950-51	Rs. 16,50,000
1951-52	Rs. 16,50,000

5. *Sales from year to year:*—

1947-48 (post-partition)	Rs. 11,08,341
1948-49	Rs. 17,88,591
1949-50	Rs. 17,01,127
1950-51	Rs. 17,00,000
1951-52	Rs. 17,00,000

The figures given against items 4 & 5 in respect of the years 1947-48 to 1949-50 are those booked by the Accountant-General, Central Revenues. These are however different from those in the books of the Chief Commissioner. An audit party from the Accountant-General, Central Revenues will shortly proceed to Andamans to reconcile the figures, after which correct figures will become available.

6. *Profit or loss.*—From the figures given against items 4 & 5 above, it might appear that the scheme is yielding a profit as the expenditure booked exceeds the recoveries, in fact this is not so. The Government have to bear the charges on account of the difference between the procurement prices (including incidental charges) and the selling price, and thus subsidise the scheme. The subsidy was previously estimated at Rs. 1 lakh but as the selling prices of food stuffs have slightly been increased, this amount is stated to have been reduced to Rs. 60,000 annually. As stated against items 4 & 5 the accounts of the scheme have to be reconciled and the exact position will be clear only after such reconciliation.

7. *Whether the Scheme has proved to be a success so far; if not what are the defects and how are they sought to be removed.—*From the utility aspect, the scheme is running satisfactorily.

8. *Assets at the close of the period under review. How the same have been valued? Has the valuation been arrived at on the basis of normal commercial practice?—*Value of the stores in stock on 31st March, 1948 Rs. 7,00,266 (actual landing cost was taken).

9. *Are any changes in the financial or administrative control necessary? If so, what? Are there any drawbacks in such control at present?—*An audit party is shortly visiting the islands to look into the accounts and to place them on a satisfactory basis.

10. *Proposals to introduce necessary commercial practice in working of the scheme—if not already in existence.—*The object of the scheme is to supply rationed food stuffs to the inhabitants of the Islands in the manner supplied in other rationed areas such as Delhi. The scheme can, therefore, hardly be worked on commercial basis

ANNEXURE V

1. *Name of Scheme.*—Purchase of stores and reserve stock of equipment for the training of Demobilised Services Personnel (now Adult Civilians).

2. *Year in which started.*—1-4-1949.

3. *Purpose of the scheme and justification for its continuance.*—The Ministry of Labour are running Technical and Vocational Training Schemes under which a number of Industrial Training Institutes/Centres have been opened all over the country. Arrangement for the supply of the equipment and stores required by these Training Institutes/Centres has been made through one Central Agency viz., the Deputy Director of Training (Supplies), Digha Ghat, Patna.

The Central Agency is necessary for the purpose to ensure that the articles supplied conform to the prescribed standard. Some of the items required, such as iron and steel, are controlled commodities and their purchase is facilitated by having the Central agency. The Central agency is also necessary because a number of Training Centres are situated in moffusil towns and are not in a position to secure their requirements of stores and equipment direct at economic prices. Further, such an agency is in a position to effect purchases economically by placing bulk demands. Purchases are made through the Stores Organisation of the Government of India except in cases where the quantities involved are small and direct purchase is permissible.

Supplies of equipment of Training Centres are in all cases free. In respect of consumable stores, supplies are made on payment by book adjustment or cash recovery as the case may be. The cost in all cases is finally debited to the appropriate Service head by *per contra* credit to the Capital head. The balance under the Capital head therefore represents the value of stock in hand at any time.

4. *Capital invested from time to time.*—When the Scheme started functioning with effect from 1st April, 1949, the estimated value of stock in hand was Rs. 11,00,000/- which represented stores and equipment purchased in previous years relating to war time and post war Training Schemes. During the years 1949-50 and 1950-51 the expenditure incurred amounted to Rs. 98,800/- and *Rs. 2,00,300/- respectively. The anticipated expenditure during the current financial year (1951-52) is Rs. 4,60,000/- out of which a sum of Rs. 37,000/- has been booked up to 31st July, 1951.

*These figures are provisional and are under verification.

5. *Sales/recoveries from year to year—*

	1949-50	1950-51
Sales (i) free supply	1,19,000	*2,95,300
Recoveries (ii) supply on payment	86,100	* 63,400
	<u>2,05,100</u>	<u>*3,58,700</u>

6. *Profit or loss from year to year.*—The accounts are not maintained on commercial basis. The equipment and stores are supplied to training centres either free or at cost price. The question of profit or loss does not, therefore, arise.

7. *Whether the Scheme has proved to be a success so far—if not what are the defects and how are they sought to be remedied.*—This scheme has been working satisfactorily.

8. *Assets at the close of the period under review—how the same have been valued? Has the valuation been arrived at on the basis of normal commercial practice.*—The value of stock in hand on 1st April, 1951 amounts to Rs. 8.85 lakhs approximately. The value has been determined on the basis of cost price.

9. *Are any changes in the financial or administrative control necessary. If so, what? Are there any drawbacks in such control at present?*—No.

10. *Proposals to introduce necessary commercial practice in the working of the scheme—if not already in existence.*—Not considered necessary.

11. *Any other point of interest.*—It will be seen from what is stated above that this is not a “trading scheme” in its true sense. It is only for proper accounting that provision has been made under the Capital head. The expenditure is actually incurred from the appropriate Service heads.

* These figures are provisional and are under verification.

ANNEXURE VI

1. *Name of Scheme.*—Export of Coal and Coke.

2. *When started.*—1949-50.

3. *Purpose of the Scheme and justification for its continuance.*—This scheme was introduced in September 1949 immediately after Pakistan had decided not to devalue her currency in line with India. All export of coal or coke through private agencies was prohibited and was monopolised by Government. The object was to enable Government to:—

- (i) charge a higher price from Pakistan to offset the loss caused by Pakistan's non-devaluation, and
- (ii) to leave India free to charge what the market could comfortably bear for other destinations.

The price for Pakistan was accordingly fixed at Rs. 12/- per ton above the pit-head controlled price. Since the other importing countries had devalued their currency following U.K., the export price for those countries remained unaltered.

The supplies to Pakistan were suspended in December 1949 but were resumed with effect from 26th February, 1951 under the Indo-Pakistan Trade Agreement of 1951.

4. *Capital invested from time to time:*—

(a).....The Pakistan Government open an irrevocable letter of credit with the Reserve Bank of India from which the prices paid to collieries and other expenses inclusive of the export surcharge are drawn. Export to other countries are made through commercial channel on issue of permits after the full amount of the export surcharge is paid to Government.

(b).....The gross expenditure incurred—inclusive of cost of coal paid to the collieries—is as follows:—

1949-50	...	...	...	...	Rs. 1,53,46,471
1950-51	...	...	...	...	Rs. 32,71,660
1951-52 (till July)	...	...	...	...	Rs. 48,12,930

5. *Out-turn from year to year*—Recoveries amount to:—

1949-50	...	...	...	...	Rs. 1,95,44,796
1950-51	...	...	...	...	Rs. 48,22,551
1951-52 (till July)	...	...	...	...	Rs. 69,11,834

6. *Profit or loss from year to year:*—

1949-50	Rs. 41,98,325	} Profit.
1950-51	...	...	...	...	Rs. 15,50,891
1951-52	...	...	...	...	Rs. 20,98,904

7. *Assets at the close of the period under review—whether valued according to normal commercial practice and reasonable.*—Nil.

No stocks are maintained by Government. Recoveries are made through irrevocable letters of credit or advanced deposit of export surcharge and the question of any outstanding recoveries does not arise.

8. *Has the Scheme succeeded or failed wholly or partly, and if so, in what respects?*—Succeeded.

9. *Administrative and financial control—whether it is sound and if not what the drawbacks are and how is it proposed to check them.*—Control is sound and there are no drawbacks.

10. *Whether the normal commercial practices were observed and necessary checks applied in the operation of the Scheme.*—The scheme is running on sound lines.

ANNEXURE VII

1. *Name of Scheme.*—Import of Steel.2. *Year in which started.*—1949-50.

3. *Purpose of the scheme and justification of its continuance.*—As India is not self-sufficient in steel, it was necessary* to import steel which was pooled together with indigenous steel for distribution to essential consumers according to quarterly quota. As private import was difficult at the time, it was decided to import steel on Government account and to utilise it as above. The position has, however, changed, as private imports are now easier and the policy now is to utilise commercial channels for purposes of these imports, the price and distribution of which are controlled on arrival into this country. (Please see also item 8 below).

4. *Capital invested from time to time:*—

(a) The Capital invested in the scheme is in connection with the payment to overseas exporters of steel against indents placed under the scheme by debit to the above Head, plus such incidental charges as freight, customs duty, clearance charges in India, etc. The capital invested so far and booked in the Accounts Office up to July 1951 is as follows:—

1949-50	...	...	...	Rs. 10,53,55,000
1950-51	...	...	...	Rs. 3,70,68,000
1951-52 (up to July '51)	...	...	...	Rs. 12,86,000
TOTAL				Rs. 14,37,09,000

There is no information of what further amounts have been spent by the Indian Supply Organisations abroad on the scheme, as no further debits have been received in the Accounts Office up to the Accounts for July 1951.

(b) Recurring expenditure in running Iron & Steel Controller's Transit Depots up to 30th November, 1950 was Rs. 2,33,000/-. As Transit Depots have been closed from 30th November, 1950, no other recurring expenditure is being incurred.

5. *Sales/recoveries from year to year.*—Recoveries from year to year are as below:—

1949-50	...	...	...	Rs. 3,43,64,000
1950-51	...	...	...	Rs. 8,14,24,000
1951-52 (up to July '51)	...	...	...	Rs. 27,03,000

TOTAL **Rs. 11,84,91,000**

6. *Profit or loss from year to year.*—Generally speaking, there is no question of any profit or loss in the scheme. The materials are sold at the Indian Controlled rates which are nearly always much lower than the landed cost; the difference between the landed cost and the controlled rates at which recoveries are made from the consignees are credited to the scheme from the Iron and Steel Controller's Equalisation Fund. Except, therefore, for such items as losses or damages in transit or unsuccessful shortlanding claims against the steamer Agents or small differences between the Price Extra realised and the actual Railway Freight incurred, there is no question of loss incidental to the scheme. The quantum of loss on the above minor items cannot, however, be assessed until the accounts of the scheme are finalised. The difference between items 4 and 6 above should not be regarded as loss, as final adjustments in the accounts have not yet been made.

7. *Whether the scheme has proved to be a success so far—if not, what are the defects and how are they sought to be remedied?*—The scheme has met the purpose for which it was introduced. From 22nd November, 1950, the scope of the scheme has been restricted to only such imports as are required to be made by the Iron and Steel Controller for distribution against quota imports by Government Departments, imports outside their quota being debited direct to those Departments and not entering the scheme. Even steel imports for distribution within the quota are mainly now made through commercial channels, with the result that Government do not finance these imports.

8. *Assets at the close of the period under review—how the same have been valued. Has the valuation been arrived at on the basis of normal commercial practice?*—The assets represent outstanding recoveries either from Controlled Stockists of Steel, who are exempted from prepayment, or from Government Departments to whom imported steel was supplied. This figure amounts to Rs. 2,17,65,000.

9. *Are any changes in the financial or administrative control necessary; if so, what? Are there any drawbacks in such control at present?*—Against indents for steel placed on Supply Organisations abroad, the Iron & Steel Controller receives invoices, bills of lading, packing accounts, etc. from Purchase Officers direct. These documents show the prices, specifications, etc. of the steel shipped. These shipments are linked with the indents in the office of the Iron & Steel Controller. The Iron & Steel Controller had, however, not been receiving direct, the debit statements for imported steel, from the Purchasing Organisations abroad or the statements showing the expenses incurred on the imports at the ports from the local

Accounts Offices. These statements are received by the D.A.G., I. & S., Calcutta, who furnishes to the Iron & Steel Controller monthly statements of figures booked under "87-Capital Outlay—Import of Steel". For the future, in order to enable the Iron & Steel Controller himself to reconcile the figures of expenditure from 1952-53 onwards, the India Supply Organisations abroad have been asked to forward copies of the debit statements to the Iron & Steel Controller also. The Port Shipping Officers also have been asked to furnish the Iron & Steel Controller and the D.A.G., I & S., Calcutta, with a statement of expenditure incurred on account of incidental charges at the Indian Ports.

10. *Proposal to introduce necessary commercial practice in the working of the Scheme—if not already in existence.*—No remarks.

11. *Any other point of interest.*—No remarks.

ANNEXURE VIII

1. *Name of the Scheme.*—Purchase and distribution of Chemical Fertilizers.

2. *Year in which started.*—The scheme was initiated in 1943-44.

3. *Purpose of the Scheme and justification for its continuance.*—India is in short supply in regard to chemical fertilizers while the growing importance of the food production campaign points to the need to enrich Indian soil by the use of chemical fertilizers with a view to getting better yield of food crops. Thus large quantities of fertilizers are required and until the Sindri Factory goes into full production it is necessary that Government continues the scheme.

4. *Capital invested from time to time:*—

Year	Rs.
1944-45	2,06,91,242
1945-46	2,24,14,883
1946-47	3,64,77,382
1947-48 (Pre-partition)	1,52,61,091
1947-48 (post-partition)	3,11,07,773
1948-49	4,89,39,998
1949-50	7,59,81,189

5. *Sales from year to year:*—

Year	Sale of fertilizers	Other recoveries
	Rs.	Rs.
1944-45	1,99,36,348	3,12,968
1945-46	2,21,11,635	12,30,064
1946-47	3,56,19,874	1,26,558
1947-48 (pre-partition)	1,62,40,842	1,70,097
1947-48 (post-partition)	2,60,64,352	5,46,318
1948-49	5,23,03,322	8,98,002
1949-50	7,58,25,189	17,84,559

6. *Profit or loss from year to year:*—

Year	Profit	Loss
	Rs.	Rs.
1944-45	6,92,376	..
1945-46	26,10,036	..
1946-47	..	3,35,711
1947-48 (pre-partition)	10,78,614	..
1947-48 (post-partition)	4,72,034	..
1948-49	2,65,280	..
1949-50	20,56,734	..

7. *Whether the Scheme has been a success etc.*—The scheme has been a success both from the utility and the financial point of view.

8. (i) *Assets at the close of the period under review.*—Value of stock held on 31st March 1950 is Rs. 93,07,067.

(ii) *How the same have been valued. Has the valuation been arrived at on the basis of normal commercial practice?*—The value includes all the expenditure incurred by the Government namely,—

- (a) Invoice price.
- (b) Ocean freight.
- (c) Landing charges.
- (d) Stevedoring.
- (e) Incidental charges and
- (f) Interest on Capital.

9. *Are any changes in the financial or administrative control necessary, if so what? Are there any drawbacks in such control at present?*—The administrative and financial control are satisfactory. The orders are placed by the Ministry of Food and Agriculture with the concurrence of their Financial Advisers and the purchases are made by the Director-General, Supplies and Disposals in consultation with their Financial Advisers. A procedure is under consideration to ensure greater co-ordination between all these authorities to ensure that purchases are effected quickly and according to the estimates of quantity and cost agreed upon.

10. *Proposals to introduce necessary commercial practice in the working of the scheme if not already in existence.*—It has been decided to run the scheme as a commercial undertaking from the year 1950-51. The draft procedure and forms required for the purpose have been concurred in by the Accountant-General, Central Revenues and are awaiting the approval of the Comptroller and Auditor-General.

11. *Any other point of interest.*—Nil.

ANNEXURE LX

1. *Name of Scheme.*—Land Reclamation Scheme.

2. *Year in which started.*—1946.

3. *Purpose of the Scheme—justification for its continuance.*—A scheme designated “Tractor Utilisation Scheme” was started in 1946 with the object of acquiring tractors from American Disposals, putting them into working order and supplying them to Provincial Governments. The expectation was that the State Governments (late Provincial Governments) would be able to utilise the tractors for anti-famine work.

Shortly after the scheme was started two technical factors emerged. Firstly, we did not have a sufficiently large number of trained technicians capable of undertaking tractor management successfully. Secondly, for economical maintenance and ensuring full utilisation, tractors have to be kept in large lots of 15 machines or more per unit. These two factors meant that the original idea of distributing individual tractors to State Governments would not bring forth the results expected and that if tractors were to be used for increasing agricultural production, it will have to be done by the Central Government. At that time certain experiments conducted on mechanical control of ‘kans’ had produced results indicating that such control was possible. It was therefore decided to use the tractors for this work and this is how they have been utilised.

The purpose of the scheme is, therefore, “Reclamation of land infested with kans grass”.

The availability of higher technical personnel (Indian and Foreign) and the Workshop in the Central Tractor Organisation has been taken advantage of to have small scale experiments conducted in jungle reclamation by tractors. Thirty machines are employed on this.

Continuance of the scheme is justified by the following considerations:—

(a) It has been demonstrated that kans can be controlled effectively by mechanical ploughing. Animal power is incapable of doing this. On every acre of land ploughed by a tractor an increase in yield of approximately 10 maunds per acre is evident. This means that reclamation of kans land by tractors is a sure way of increasing our total food production.

(b) The scheme has to be continued for a technical reason. The heavy outlay on the Capital equipment involved can only be written off by utilisation of the equipment over a

long period. For tractors, a life of 10,000 working hours is expected. This can be achieved only in 5 to 7 years.

- (c) In the years 1947-48, 1948-49 and 1949-50 an area of 1,23,706 acres was reclaimed using the old tractors obtained from Disposals. From 1950 the new tractors, purchased out of the loan obtained from the International Bank, have commenced operation and up to date 3,17,293 acres have been reclaimed. The programme is to reclaim two million acres in the next five years.

4. Capital invested from time to time:—

	Purchase of Tractors and equipment	Miscellaneous including staff and contingencies
	Rs.	Rs.
1946-47	56,42,582	2,20,846
1947-48	9,12,673	6,62,365
1948-49	38,10,439	14,33,450
1949-50	2,43,40,482	33,24,718
1950-51	2,02,43,000	52,06,000

5. Recoveries from year to year:—

	Rs.
1946-47	15,35,006
1947-48	4,82,034
1948-49	11,01,640
1949-50	25,91,867

6. Profit or loss from year to year.—Full commercial accounts for the Organisation from its inception upto 31st March 1950 are given as part of a special Financial Review prepared by the Chairman of the Central Tractor Organisation with the assistance of the Chief Accounts Officer and the Cost Accounts Officer. This reveals a technical loss, as on 31st March 1950, of Rs. 8,61,611. This, however, is not a loss in the real sense of the term, but is only an "under-recovery" due to the fact that recovery for work done was effected at estimated rates which have been found to be under-estimates. Further debits against the State Governments to recover these amounts would be raised in due course. All the work done by the Central Tractor Organisation is on the basis of agreements with the State governments who have undertaken to pay the total cost of reclamation on a 'no profit no loss' basis. Hence there is no question of the under-recovery not being realised.

7. Assets at the close of the period under review, whether valued on commercial basis.—As on 31st March 1950, the assets worked out to Rs. 2,84,18,000 valued on a commercial basis, the machinery has been valued at actual cost less depreciation, and ocean freight, customs duty etc., have all been added.

The pricing has been done in accordance with the principles of commercial accounting.

8. *Has the Scheme succeeded or failed wholly or partly, if so, in what respects?*—From the utility aspect, the scheme has been a success. It is expected that there will be no loss to the Central Government on account of this scheme.

9. *Administrative and financial control, whether it is sound, etc.*—The organisation has a Chief Accounts Officer who is a senior officer on deputation from the Indian Audit Department and who advises the chairman in the exercise of his functions. A proper system of cost accounting has also been introduced for the workshops and the operational units. Thus the system of control is sound. It has, however, been suggested that it would perhaps be advantageous if the Accountant-General, Central Revenues can provide a Local Audit Establishment for the Central Tractor Organisation for concurrent audit. This suggestion is under separate consideration.

10. *Whether normal commercial practices are observed and necessary checks applied in the working of the scheme.*—Yes.

11. *Any other points of interest.*—Nil.

ANNEXURE X

Purchases of the Ministry of Food and Agriculture

1. *Name of Scheme.*—Scheme of State Trading—Purchases of the Ministry of Food and Agriculture.

2. *Year in which started.*—1942-43.

3. *Purpose of the scheme and justification for its continuance.*—
This State Trading Scheme is the most important of all the schemes from the point of view of the objective behind the scheme and the magnitude of the amount involved. The scheme was originally started for the purchase and supply of foodgrains and foodstuffs for the Defence Services, but with effect from 1943-44 the Government of India began to import foodgrains from overseas on account of the acute shortage of foodgrains in the country, and from that year expenditure on such imports and recoveries effected also form part of this scheme. Since the financial year 1948-49 expenditure on supplies to Defence is being directly debited to Defence Estimates, with the result that now the Scheme reflects, almost entirely, the activities of this Ministry towards importing and supplying overseas grains. The entire expenditure incurred on the purchase, handling, and distribution of foodgrains from abroad is accounted for under this head. It is needless to explain at length why the purchase, transportation and distribution of foodgrains on arrival in this country should be handled by a single central agency and not by individual Governments requiring the grain, or by private traders. The Committee on State Trading set up by the Government of India with Dr. Panjab Rao Deshmukh as Chairman also examined the State Trading Scheme for foodgrains and came to the conclusion that the scheme should be continued as long as food shortage lasts and cereals have to be imported.

4. *Capital invested from time to time.*—From 1943-44, the figures of expenditure, recovery and subsidy are as follows. (These figures are the booked figures as reported by the Audit Authorities).

1 Year	2 Gross Expenditure in '0000 Rs.	3 Recoveries in '0000 Rs.	4 Subsidy in '0000 Rs.
1943-44	84,85·7	79,81·4	Nil
1944-45	82,62·0	82,76·5	Nil
1945-46	70,13·0	62,94·2	Nil
1946-47	1,15,24·6	97,62·8	20,59·2
1947-48 (Pre-partition)	89,93·0	92,14·2	9,70·8
1947-48 (Post-partition)	83,11·0	67,926·0	9,91·5
1948-49	1,86,85·6	1,97,78·7	26,93·0
1949-50	1,24,62·9	1,56,92·1	21,87·6
1950-51	1,43,29·1	1,87,10·3	15,65·1
Total from 1943-44 to 1950-51.	9,80,66·9	9,74,37·1	1,04,67·2

(Figures in Column 3 are inclusive of figures in column 4).

During the current financial year a gross expenditure of Rs. 3,12,08 lakhs, recoveries of Rs. 3,02,54 lakhs, and a subsidy of Rs. 3,666 lakhs are anticipated.

5. *Recoveries from year to year.*—Please see item 4 above. In this connection it is brought to the notice of the Committee that the departmental and audit figures in connection with this State Trading Scheme have not yet been reconciled.

6. *Profit or loss from year to year.*—The scheme is a running one and the final profit or loss can only be determined when the scheme is wound up.

7. *Whether the Scheme has proved to be a success so far, if not what are the defects and how are they sought to be remedied.*—The Scheme has so far proved a success in that it has enabled Government to import centrally and to distribute equitably the grains to all needy States.

8. *Assets at the close of the period under review; how the same have been valued. Has the valuation been arrived at on the basis of normal commercial practice?*—The stock of grain in hand on 31st March 1951 in the various Central Government Storage Depots was 9,437 tons. In the accounts grain in stock is valued at actual cost.

9. *Are any changes in the financial or administrative control necessary? If so, what? Are there any drawbacks in such control at present?*—The State Trading Scheme of imported foodgrains is treated as a departmental activity of the Ministry of Food and the Ministry of Finance exercises the same control and to the same extent, as it exercises over other Ministries of the Government. The Ministry of Food have suggested that greater powers should be delegated to them with a view to avoiding delay in the day to day administration. This suggestion will be examined separately.

10. *Proposals to introduce necessary commercial practice in the working of the scheme, if not already in existence.*—At present a pool price for each kind of grain is fixed at the beginning of the year taking into account the estimated quantities to be received from the various sources of supplies and the price to be paid. This pool price is revised during the course of the year if it is felt that there has been any wide variation in the landed cost of the grain. At the end of the year a financial review showing the quantity imported during the year, the quantity distributed, the landed cost of the grain, the cost realised, and the profit or loss made during the year, is prepared. The Comptroller and Auditor-General has now suggested certain changes in the accounting arrangements and they are under examination.

11. *Any other point of interest.*—The Food Ministry have been maintaining detailed accounts of the State Trading Scheme, principally for purposes of fixation of the pool prices and its review from time to time. The financial reviews on the basis of the accounts maintained in the Ministry have been prepared up to 1949-50, but these have not yet been checked or verified by the Audit Officer. The reconciliation of figures between the books of the Ministry and the Audit Office is going on but the progress made is insignificant. In order to facilitate the work and avoid duplication of accounts a proposal to transfer the entire accounts work to the Ministry of Food and Agriculture so as to maintain the accounts in one office is under examination.

ANNEXURE XI

1. *Name of Scheme.*—State Trading Scheme—Purchase of foodgrains by local Administrations.

Each of the Centrally administered areas now known as Part C States has a state trading scheme for the purchase and distribution of foodgrains within the State. The object of the scheme is to ensure adequate supplies of foodgrains to the consumers in these States at reasonable prices. As long as there is food shortage and the price of foodgrains remains high, these state trading schemes will be necessary.

2. *Year in which started.*—The scheme was started in the year noted against each administration:—

Delhi	1943-44
Ajmer	1944-45
Kutch	1950-51
Tripura	1950-51
Manipur	1950-51
Vindhya Pradesh	1950-51
Himachal Pradesh	1950-51

3. *Purpose of the Scheme and justification for its continuance:*

The object of the Scheme is to ensure adequate supplies of foodgrains to the consumers in Part 'C' States at reasonable prices.

4. *Capital invested from time to time.*—(a) The capital invested for running the scheme in the various Administrations is as follows:—

	Rs.
Delhi through P.L.A/c	1 crore
Ajmer	10 lakhs
Kutch	15 lakhs
Manipur	3.75 lakhs
Tripura	30 lakhs
Vindhya Pradesh	15.25 lakhs]
Himachal Pradesh	28.80 lakhs

In Delhi the scheme is financed through a Cash Credit Account of Rs. 5 lakhs deposited by the Delhi Grain Syndicate (Government Agents) in the Imperial Bank of India, Delhi and a P.L. Account opened in the name of the Director of Civil Supplies, Delhi.

In Ajmer the scheme is financed by the grant of Rs. 10 lakhs and is operated through a P.L. Account opened in the name of Controller of Rationing with the Ajmer Treasury.

(b) A statement showing the gross expenditure and recoveries as booked by the Accountant-General, Central Revenues in the accounts is given below:—

(Figures in thousands of Rupees)

Year	Expenditure	Recoveries	Net expenditure
1943-44	6,790	(—)1,278	(+)5,512
1944-45	4,402	(—)1,476	(+)2,926
1945-46	5,332	(—)5,760	(—)428
1946-47	10,316	(—)13,208	(—)2,892
1947-48 (Pre-partition) }	(—)3,255	(—)31	(—)3,286
1947-48 (Post-partition) }	6,279	(—)325	(+)5,954
1948-49	10,141	(—)65	(+)10,076
1949-50	10,141	(—)65	(+)10,076
TOTAL	(+)40,005	(—)22,143	(+)17,862

(The reconciliation of the Audit figures with the accounts maintained by the administrations concerned has yet to be completed.)

5. *Profit or loss from year to year.*—The grain is sold on 'No profit no loss' basis. The exact figures of small profits or losses are still awaited from the concerned administrations.

6. *Whether the Scheme proved to be a success so far, if not what are the defects and how are they sought to be remedied.*—The Scheme has proved a success.

7. *Assets at the close of the period under review—how the same have been valued. Has the valuation been arrived at on the basis of normal commercial practice?*—Full information on the point is still awaited from the administrations.

8. *Are any changes in the financial or administrative control necessary? If so, what? Are there any drawbacks in such control at present?*—No.

9. *Proposals to introduce necessary commercial practice in the working of the scheme if not already in existence.*—The scheme is already being worked according to commercial practice.

10. *Any other point of interest.*—Nil.

ANNEXURE XII

I. *Name of the Scheme.*—Bulk Ordering of Road Rollers.

II. *Year in which started.*—1946.

III. *Purpose of the scheme and justification for its continuance.*—The total requirements of Road Rollers of the country after the last war were estimated to be about 3,000 Road Rollers. To meet this requirement it was decided to place bulk orders for Road Rollers partly to be imported to meet immediate requirements but mostly to be manufactured in the country to establish indigenous manufacture and achieve standardisation. Both these objects have been achieved which fully justify continuance of the scheme.

IV. *Capital invested from time to time.*—Nil. Every expenditure is reflected in the final price and is recoverable from the indentors.

V. *Other expenditure on the scheme both recurring and non-recurring already incurred from year to year and being incurred now.*

Indian made steam and diesel Rollers.—The progressive figure of actual expenditure incurred to date amounts to Rs. 5,01,83,528.

VI. *Sales from year to year.*—All Rollers manufactured to date have been allocated or supplied to the various indentors against indents placed on Director-General of Supplies and Disposals.

Expenditure to the extent of Rs. 4,57,95,576 has already been adjusted against the various indentors. The unadjusted balance of Rs. 43,87,952 will be fully adjusted in due course by raising debits against the indentors.

VII. *Profit or loss from year to year.*—The scheme is on no profit no loss basis. All expenditure incurred will eventually be recovered from the indentors to whom the rollers have been supplied on a *pro rata* basis.

VIII. *Whether the scheme has proved to be a success so far—if not, what are the defects and how are they sought to be remedied?*—The scheme has proved to be a success in so far as possibility of production of road rollers in India has been established.

IX. *Assets at the close of the period of review. How the same have been valued. Has the valuation been arrived at on the basis of the normal commercial practice?*—Assets whose value cannot be much and which would ultimately have been recovered through prices from the indentors will be valued after the completion of the contracts in accordance with commercial practice in consultation with Finance.

X. *Are any changes in the financial or administrative control necessary? Are there any drawbacks in such control at present?—*No.

XI. *Proposals to introduce necessary commercial practice in the working of the scheme—if not already in existence.—*The scheme is working on commercial practice.

XII. *Any other points of interest.—*Steam rollers are being manufactured in India by M/s. Tata Locomotive Engineering Co. Ltd. Tatanagar, in association with M/s. Marshall Sons & Co. Ltd. England (who supply components which cannot be manufactured in India) and the Ordnance Factories. The diesel rollers are manufactured by M/s. Jessop & Co. Ltd., Calcutta, in association with M/s. Aveling Barford, England, (who supply the diesel engines and other components which cannot be manufactured in India) and the Ordnance Factories.

According to the original terms of the contracts deliveries were to commence in July 1947 and completed by 31st December 1948. It has, however, not been possible to adhere to this original programme for the following reasons:—

- (a) Initial difficulties experienced in establishing manufacture.
- (b) At a certain stage the Ordnance Factories expressed the desire to slow down production of completed rollers as the rate of production of components in the Ordnance Factories could not keep pace with the scheduled programme on account of their other commitments.

All the 475 diesel rollers were completely manufactured by about the middle of August 1951. To date 790 steam rollers have been fully completed. The manufacture of steam rollers has, however, been recently staggered on account of priority given to the manufacture of B.G. underframes by M/s. Tata Locomotive Engineering Co. Ltd. for the Railway Board. This contract for steam rollers is now due for completion by 31st August 1952.

The contracts for the manufacture of 950 steam and 475 diesel rollers are on cost-plus basis. The expenditure incurred by the contractors is re-imbursed monthly by Government on submission of bills duly certified by the firm's auditors. According to the terms of the contracts the costs were to be examined by the Government Costs Accounts Officer and price was to be negotiated and fixed after production had been established. Cost examination of the steam roller contract has been completed and the actual price will not materially differ from the estimated

price. The cost examination of the diesel roller contract is proceeding and is expected to be completed within about a month. The preliminary estimates of costs of diesel roller show that the final price of a diesel roller will be approximately higher than originally anticipated. Steps have been taken to expedite verification of the costs and to ensure that the final price is kept as low as possible.

APPENDIX V

MINISTRY OF EXTERNAL AFFAIRS

Note outlining (i) the extent of co-ordination existing between the Ministry of External Affairs and other concerned Ministries at the time of framing of the budget estimates relating to the Office of the High Commissioner for India in the U.K., (ii) the steps contemplated to be taken by the Ministry of External Affairs for conducting detailed scrutiny of such estimates, and (iii) the measures proposed to be adopted towards the strengthening of the budgetary and effective financial control over the Indian Embassies and Missions abroad.

- (i) Co-ordination: }
(ii) Detailed scrutiny: }

Previously, the High Commissioner for India in London did not submit detailed budget estimates to the Government of India, but forwarded consolidated figures of Demands. These figures were accepted subject to such modifications as the Government of India could make in them on the basis of the available data. Since 1950, however, the High Commissioner has been sending his budget estimates with detailed figures to the Ministries concerned, e.g., External Affairs, Commerce, W.H. & S., Education, Health, Defence, etc. These are scrutinised by the respective Ministries in consultation with the Divisions of the Ministry of Finance accredited to them, and are forwarded to the Ministry of Finance for inclusion in the Demands for Grants in the same way as the budget estimates of other Indian Missions abroad. The Ministry of External Affairs receives and examines only those parts of the budget estimates of the High Commissioner which relate to Demands under its control, i.e., 'External Affairs', 'Tribal Areas' and 'Miscellaneous'. Since the existing arrangements for scrutiny of the budget estimates of the High Commissioner for India in London are in no way different from those obtaining in other Indian Missions abroad, and the External Affairs Ministry is not in a position to comment usefully on the technical requirements of other Ministries, there will be no special advantage in introducing a system whereby that Ministry may have overall control over the entire budget estimates of the High Commission.

(iii) *Strengthening of the budgetary and effective financial control of Indian Missions abroad.*—Various detailed instructions regarding the preparation of Budget Estimates, adherence to the financial rules of Government and the proper maintenance and submission of accounts, have been issued to the Indian Missions in addition to special instructions for avoidance of particular irregularities which came to notice from time to time through administrative inspections as well as audit reports.

It will be seen from the instructions (enclosed as Annexure I*) that the Ministry of External Affairs receives monthly cash accounts, progressive expenditure statements, cash balance reports, and statements of Exchange Compensation Allowance and of payments through R.B.I. drafts from all the Indian Missions abroad. The cash account is checked to see that no unauthorised payments have been made. Through the progressive expenditure statement, the position of each Mission's expenditure is examined with reference to the budget allotment. If a Mission is found to have exceeded the proportionate budget allotment in any month without specific reasons, the question is taken up with the Mission concerned with a view to checking the expenditure in future months. The E.C.A. statements and the statements showing payments made through R.B.I. drafts are examined to find out whether the instructions governing such payments are being followed or not. Irregularities, wherever they are observed, are brought to the notice of the Mission concerned and instructions issued to prevent their recurrence.

*Not printed as these are voluminous documents.

APPENDIX VI

MINISTRY OF EXTERNAL AFFAIRS

Note showing the revised financial powers contemplated to be delegated to the High Commissioner for India in the United Kingdom, as also the measures proposed to be taken to tighten up the internal financial control in his organization.

The financial powers enjoyed by the High Commissioner at present are set out in annexure 'B', Chapter 4 of the G.F.R., Volume I, which is briefly summarized below. The High Commissioner may

(1) create temporary posts

- (i) for any specified period or for an indefinite period terminable at a week's or a month's notice, if the consolidated pay of the post does not exceed £400 a year; and
- (ii) for not more than 3 months, if the consolidated pay exceeds that limit but does not exceed £650 a year;

(2) reduce the pay of a temporary post or increase it within the limit of £400 a year;

(3) sanction the grant of superannuation allowance to officers on his own permanent establishment, who have duly qualified for such allowances, under such conditions and at such rates as are laid down in the Superannuation Acts for similar service under the British Government;

(4) sanction within the limit of his budget allotment expenditure on—

- (i) contingencies, including the purchase of articles required for his office;
- (ii) grants-in-aid to Indian students or contributions to educational and other institutions conducive to Indian interests;

(5) sanction the writing off of irrecoverable losses incurred in the discharge of functions under his administrative control or of over-payments which owing to lapse of time or for special considerations he considers it unreasonable to recover;

(6) sanction re-appropriation within his budget under 'External Affairs'.

2. These powers were delegated to him under the old orders of the Government of India. Other diplomatic Missions were established much more recently, and it was not considered necessary or desirable to delegate the same financial powers to them. The question of modifying financial powers of the High Commissioner is under con-

sideration, in the light of the limited powers delegated to other Heads of Missions. A statement of the powers delegated to other Heads of Missions is attached (Annexure I)*. The High Commissioner has been asked to furnish full justification for the continuance of such of his existing powers as he considers essential but which have not been delegated to other Heads of Missions.

3. As the High Commissioner's comments have not yet been received, no decision has been taken on the subject. It may, however, be stated that the Indian High Commission in London is a very large organization charged with responsibility for a number of extra-diplomatic functions. It is responsible for the purchase of stores, the care of Indian students, and for a great many other "agency" functions, which were formerly performed by the Secretary of State for India. For all this work the High Commission has to maintain a large establishment. Its position is, therefore, not really comparable with that of any other Indian Mission abroad. It would not be proper to curtail the High Commissioner's powers without full examination of the case and without considering his views. It is also most unlikely, for the reasons given above, that it will be possible to reduce the High Commissioner's powers to the same as those of other Heads of Missions.

4. To ensure adequate financial control, an officer nominated by the Ministry of Finance is stationed in the High Commission to serve as Financial Adviser. The duties and functions of the Financial Adviser are set out in Annexure II. Although this officer is under the administrative control of the High Commissioner and functions directly as an officer of the Finance Ministry only in respect of the India Stores Department, the procedure prescribed for consultation with the Financial Adviser and for the resolution of a disagreement between the High Commissioner and the Financial Adviser on a matter of importance is expected to ensure that due importance is attached to the Financial Adviser's advice. At present this post is held by an officer of Deputy Financial Adviser's status. It is now being considered how the post should be manned, having in mind the fact that the incumbent will not only be required to render financial advice to the High Commissioner but may also be called upon to advise and act on a wide range of economic matters.

5. Further measures of financial control, affecting particularly the preparation and scrutiny of the budget, are described in a separate note on that subject, which will shortly be submitted to the Public Accounts Committee.**

*Annexure No. I not printed as it contains voluminous documents.

** *c.f.* Appendix V.

ANNEXURE II*

Duties of the Financial Adviser to the High Commissioner for India in the United Kingdom.

He will advise the High Commissioner on all general questions of expenditure, finance, currency, banking and allied matters affecting India which may be referred to him, and will, whenever required by the High Commissioner, attend meetings and participate in discussions relating to these matters on behalf of the High Commissioner or Government of India as the case may be.

2. He will, subject to such general orders as the High Commissioner may issue, keep the Ministry of Finance (External Finance Division) regularly informed of all important developments in respect of the matters mentioned at 1 above.

3. He will scrutinise all proposals for expenditure for which specific sanction of the Government does exist, and advise the High Commissioner or his officers, as the case may be, on the propriety of incurring the expenditure.

4. He will render financial advice to the High Commissioner or his officers, also on proposals for expenditure other than those mentioned at 3 above, it being understood that the High Commissioner may decide by general or special orders what proposals must be referred to the Financial adviser, and what proposals need not be.

5. He will also function as *ex-officio* Deputy Secretary in the Expenditure Division of the Ministry of Finance in so far as the India Stores Department, London, is concerned.

6. He will be subject to the administrative control of the High Commissioner.

7. The High Commissioner will generally be guided by the Financial Adviser's advice; but in case where he disagrees with the Financial Adviser, it will be open to him to suspend further action pending reference to the Ministry of External Affairs, with a full statement of the case, for orders, or he may take such action as he deems necessary in anticipation of Government's approval, and then report to India with a full statement of the case.

8. In regard to the Financial Adviser's duties at 5 above, he will work as a unit of the Ministry of Finance, and when reference to the Ministry of Finance in a particular case, due to the importance of the

*Annexure No. I not printed as it contains voluminous documents.

subject matter or difference of opinion between the Financial Adviser and the India Stores Department or the High Commissioner, becomes necessary, he will make such reference through the High Commissioner.

APPENDIX VII
MINISTRY OF FOOD AND AGRICULTURE
(AGRICULTURE)

**SUBJECT:—Consideration of Appropriation Accounts (Civil) of 1948-49
and Audit Report 1950—Import of Fertilisers.**

Recommendation or Suggestions of P. A. C.	Action taken or proposed to be taken.
1	2
<p>(i) The Ministry of Food and Agriculture should immediately investigate in consultation with the Ministry of W. P. & S. the case relating to the loss incurred on account of the import of fertilisers in paper bags and after fixing responsibility take suitable action against the officers concerned. (<i>Para. 33 of the first Report of the P. A. C.</i>)</p>	<p>The contracts referred to were placed by the High Commissioner for India, London with the U. K. firms in 1949 and 1950. In July 1949, the H. C. for India, London entered into a contract with M/s. Kenbank Enterprises Ltd., London for supply of 4 lakh tons of ammonium sulphate. The contract was on C. & F. basis, providing for packing in six ply paper bags. The specifications of the paper bags to be used for packing were given in the contract. Before the paper bags were accepted for packing, there was an exchange of telegrams between the H. C., London and the H., M. I. & S. The Ministry of I. & S. in consultation with the Ministry of Agriculture agreed to the use of six ply paper bags for packing Ammonium Sulphate. The circumstances under which the paper bags were accepted for packing are :—</p> <p>(a) No jute bags were available from any source at the time the contract was negotiated.</p> <p>(b) Non-acceptance of paper bags meant either supply in bulk or no supply at all—Indenter categorically refused bulk supply ;</p> <p>(c) Expert opinion in U. K. confirmed suitability of paper bags for export.</p> <p>(d) Lloyds' underwriters quoted cheaper rates for paper bags than for single jute bags.</p> <p>According to Lloyds' survey report on shortages the cause of tearing and bursting of the bags and the consequent shortage was due to the fact that the paper bags were not of the usual strength used for this class of goods.</p> <p>In the case of the second contract placed by the High Commissioner for India with M/s. Hardy & Co. Ltd., London, paper bags for packing were used. Before placing the contract, the question of the use of paper bags for packing was fully considered. The facts of losses due to</p>

packing in paper bags in Kenbanks contract were brought to the notice of the High Commissioner when negotiations for placing the contract with Hardy's were in progress. The I. & S. Ministry in the first instance, insisted on supplies being made in single new jute bags on this contract. But the High Commissioner pointed out in his telegram No 2696, dated 14th January, 1950 that the firm could not supply jute bags nor would they agree to 10% of the price being withheld till the cargo had reached the Indian ports. The firm were, however, prepared to give a guarantee that they would reimburse the Government of India for any loss or damage caused by inadequate packing and pay the cost of all repacking of damaged bags. The firm also undertook to put up a Bank guarantee of £10,000 to meet this cost. In the circumstances the question of using paper bags was reconsidered and at the suggestion of the Ministry of Food and Agriculture, the High Commissioner was asked to accept packing in paper bags provided they were new and of six ply with the guarantee the firm were prepared to give. The High Commissioner accordingly placed the contract with M/s. Hardy & Co. for 20,000 tons of Ammonium Sulphate with packing in paper bags with the guarantee clause referred to above.

The High Commissioner was asked whether the packing used in both the contracts was of correct specification. In reply, he reported that in both the contracts the inspection of packing and material, verification of weight etc. was undertaken by authorised neutral agents namely, Cargo Superintendents, who examined the bags and found them fit to withstand normal strain of voyage. In spite of this, claims were preferred against the suppliers for losses caused by defective packing, on the authority of Survey Reports obtained from the authorised Surveyors in India.

In the circumstances explained above, no action against any of the officers concerned seems called for.

(ii) Action should be taken by the Ministry concerned against the officers of the High Commissioner for India in the U. K. responsible for the long delay in replying to the communications from the Home Government in the above case.

Cases for recovery of shortages always take a long time to settle, as information on various points has to be obtained in support of the claims to be preferred against the suppliers. The D. G. I. S. D., London had been pursuing the matter with the suppliers concerned, and he has already been asked to take expeditious steps by pursuing the claims vigorously with the suppliers concerned.

(iii) A note showing the date on which the Ministry of Food and Agriculture complained in the matter to the late Ministry of I. & S. (now Ministry of W. P. & S.) the date on which the latter Ministry addressed their Mission in London and the period for which the matter had been pending for final disposal should be furnished to the Committee.

(iv) In order to avoid losses in future, the Ministry concerned should give specific instructions to the purchasing Agencies and in all cases losses resulting from the non-observance of specifications should be taken up immediately with the Ministry of W. P. & S.

(v) The Ministry of Food and Agriculture should investigate the matter further in consultation with the Ministry of W. P. & S. and find out if the fault rested entirely with the purchasing Mission in London.

(vi) If, in any case, it becomes necessary to change specifications after orders have been placed, the financial effect of such changes should be taken into account before a decision is arrived at.

(vii) The various Ministries should not function compartmentally and there should be a close coordination between the indenting and purchasing Ministries.

A synopsis of the correspondence carried on between the Ministries of Food and Agriculture, W. P. & S. and the High Commissioner, London in respect of the two contracts under reference is attached. (Annexures I and II).

This procedure is being followed now. Full particulars regarding specification of packing, destination etc., are being given in the indents placed on the W. P. & S. Ministry (D. G. S. & D.) for procurement of fertilisers.

The Ministry of W. P. & S. after a full investigation into the matter hold the view that the I. S. D. Officers are not guilty of any lapse in respect of these two contracts.

Noted.

Noted.

ANNEXURE I

Contract placed with Kenbank Limited, London.

In December, 1949, the Ministry of Agriculture brought to the notice of the Ministry of I. & S. orally that considerable loss of Ammonium sulphate had occurred in the shipments made against the above contract and that they had registered a claim with Lloyds. The matter was reported to the High Commissioner for India, London in telegram No. 45589, dated 26th December 1949 asking him to withhold payment of 10% to the suppliers pending further investigation. The H. C. however, informed the I. & S. Ministry that the question of withholding 10% payment did not arise as full payment had already been made on the contract. The High Commissioner, however, desired to have full details of the losses so that the recovery could be made from the suppliers. The particulars were furnished to the I. & S. Ministry in March, 1950. Before instructing the High Commissioner to take up the matter with the suppliers, the Directorate-General, Supplies and Disposals was asked on 27th April 1950 to ascertain from the Directors of Supplies at Bombay and Madras the result of their efforts towards recovery from the steamer agents. As no reply was forthcoming from the D.G.S. & D. who were in correspondence with the I.S.D., London, regarding the possibility of effecting recovery from the steamer agents, the High Commissioner was asked on 20th June 1950 to prefer a claim on the suppliers. Necessary particulars were also furnished to him. This was followed up by a reminder on 24th July 1950. The High Commissioner gave notice of loss to Kenbanks but the firm had meanwhile gone into liquidation (winding up order against Kenbanks was made on 27th November 1950). The High Commissioner then took up the matter with the Official Receivers of the U.K. Board of Trade from whom information has been received that the claim preferred against the Company for the shortage intimated in our letter dated 20th June 1950 has been noted as ranking against the company. Further information on this point is awaited from the High Commissioner who has been reminded in the matter.

ANNEXURE II***Contract with M/s. Hardy & Co., Ltd., London.***

The stores under this contract arrived in India in April and May, 1950. The Ministry of Food and Agriculture reported on 6th June 1950 that the consignments were packed in very poor quality of paper bags and that Lloyds' survey reports were being obtained to ascertain the actual loss.

The D.G., I.S.D., London in his letters, dated 12th May 1950 and 31st May 1950 had informed the I. & S. Ministry that any loss due to inadequate packing, including the cost of rebagging the damaged bags was recoverable under the terms of the insurance, provided such loss was certified by the General Superintendence Co., Ltd., Bombay—the local representative of the Cargo Superintendents, London, Ltd.

On 30th June, 1950 the Director of Supplies, Bombay, who was requested to supervise the clearance reported to the W.P. & S. Ministry, the condition of the cargo at the time of discharge duly supported by survey reports of the General Superintendence Co., Bombay. According to these reports the shortage was only 42 tons and the cost of rebagging the damaged bags was Rs. 16,278. The Government C. & F. Agents (M/s. Vika Chemical Works, Bombay) forwarded their reports of clearance along with Lloyds' Survey reports in support of the shortage and damages on 17th August 1950. According to these reports, the shortage quantity was 402 tons and the cost of rebagging amounted to Rs. 56,753. The C. & F. Agents were asked to clarify the discrepancy in consultation with General Superintendence Co., and the steamer agents.

The I. & S. Ministry instructed D.G., I.S.D., London on 26th September 1950 to give notice to the party concerned of Government's intention to claim the loss incurred due to bad packing and the cost of rebagging damaged bags. In the meantime, the survey and clearance reports furnished by the C. & F. Agents were forwarded to the I. & S. Ministry on 25th October 1950 for issuing necessary instructions to the H.C., London. The I. & S. Ministry was informed of the cost of rebagging on 18th November 1950. In response to the C. & F. Agents' request the General Superintendence Co replied on 19th December 1950 that the cargo when discharged from the ships' holds to the ship rail was in slightly damaged condition and not to the extent reported by the Lloyds' surveyors. This information was conveyed to the I. & S. Ministry by the Ministry of Food and Agriculture on 13th January 1951. The I. & S. Ministry forwarded all the documents (survey report, clearance report and copies of other correspondence) to the H.C., London on 13th June 1951 for taking up the matter with the suppliers for recovery of the loss.

The D.G., I.S.D., London reported on 10th September 1951 through W.P. & S. Ministry that he had already taken action for recovery on the basis of the reports of the Bombay agents of Cargo Superintendents. But as the Lloyds' reports were considerably at variance with the Cargo Superintendents' reports, the D.G., I.S.D., has again pursued the matter with the suppliers for losses as reported in Lloyds' survey reports. He also wanted to have more particulars which had to be obtained after a great deal of correspondence with various parties (C. & F. agents, Director of Supplies, Bombay and General Superintendence Co.). Some particulars have already been sent to the D.G., I.S.D., London, but the actual quantity for which claim should be preferred against the suppliers is under consideration. The question of pursuing the claims with the C. & F. agents for the loss for which they were responsible is also under consideration.

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APPENDIX VIII

MINISTRY OF HOME AFFAIRS

SUBJECT:—*Consideration of the Appropriation Accounts (Civil) 1949-50 and the Audit Report thereon relating to the Ministry of Home Affairs.*

Para. 22(c) of the Audit Report for 1951

The Public Accounts Committee in the course of the examination of the above item of the Audit Report at its meeting on 25th October 1952 asked the Home Secretary to furnish further information regarding two matters—

- (a) The drawal of Rs. 12,000 by the Chief Fire Officer on the 30th March 1949 leading up to the Chief Commissioner's order dated the 18th April, 1951, censuring him for his conduct; and
- (b) His trip, accompanied by his wife, to Agra in a new tank wagon No. DLA. 7648.

The position relating to the two matters is explained below.

2. *Item (b).*—This relates to the use of emergency tender No. 7648. New tank wagons have to be run for about 500 miles at slow speed before they can be put in commission for fire turn-outs. This procedure was in force even when the Fire Service was a Municipal Fire Service and vehicles used to be sent to Ambala, Patiala as well as Meerut. On the 11th May, 1949, the Chief Fire Officer reported to the then Home Secretary, Delhi administration that the emergency tender had done only about 200 miles in the city and asked for permission to give a straight run of 300 miles. This permission was given and the tender was taken to Agra on the 12th May 1949. As the vehicle was going empty the Chief Fire Officer took, in addition to the Fire Service staff, his wife and a few relations. The vehicle returned within 30 hours.

The vehicle, namely Chevrolet Chassis No. XTOJ-054 was purchased from M/s. Prem Nath Motors on the 20th July 1948. The chassis was sent to M/s. Oriental Furnishing Co. on the 11th December 1948 for the construction of the body for an emergency tender and was returned to the Department after completion on the 17th March 1949. From the petrol consumption register it is found that the second issue of petrol to the vehicle was made on the 25th March 1949 and the Milo-Meter reading recorded was 00018 miles. The first issue of petrol was made on the 13th March 1949 at the firm's premises, therefore, the milo-meter reading of that date is not recorded. The letter

obtained from M/s. Prem Nath Motors as to whether the chassis arrived by road or by rail shows that there was no record with them, but due to petrol shortage in 1948 most of their vehicles were being brought by rail. As the mile-meter reading recorded was only 18 miles, it appears that the vehicle was brought by rail.

3. *Item (a) in para. 1 above.*—The money was drawn by the C.F.O. from the bank on 30th March 1949, and it was kept in the cash box of the Cashier. The auditors had raised an objection to the C.F.O. having kept this money all along without disbursement. As this point was also raised by the Finance Department of the Delhi State, the Chief Commissioner constituted an Inquiry Committee consisting of the Home Secretary to the C.C. and the Asstt. Secretary (Finance) to the C.C. to go into the whole matter. They instituted a detailed inquiry and submitted a report. The money was drawn by the C.F.O. from the bank on 30th March 1949, and it was kept in the cash box with the cashier. Rs. 6,000 were paid on 14th April 1949 and the remaining 6,000 were paid on 5th August 1949. The Chief Fire Officer did not show the payment of Rs. 6,000 on 14th April 1949 which he should have done, because he thought that as the bill was one, a single receipt should be obtained from the firm. The first receipt was obtained on 14th April 1949, but the second vehicle could not be actually taken delivery of till 5th August 1949 on which date the payment was made.

4. The facts that the accounts were not properly maintained, that certificates not entirely true were given and that part of the money remained in suspense for a few months, are not denied. The amount drawn had to be paid not on account of the purchase of chassis but on account of the coach work that had been built thereon. The vehicles were received in the third week of March duly completed according to the builders, but showed certain defects on running. It would have been easy for Chief Fire Officer to have made payments straightaway, but he decided to return the vehicles to the builders for further re-conditioning and since the vehicles were promised to be sent back early he drew a sum of Rs. 12,000 to avoid the amount from lapsing. One of the vehicles was received early in April and payment on that account was made on 14th April 1949. So far as the other vehicle was concerned, the return delivery took some time and payment was eventually made in August following. During this period the money remained with the cashier. The entire circumstances of the case show that the Chief Fire Officer acted in good faith and that the accounting errors which arose were due, in the first instance, to ignorance of the accounting procedure and secondly, to cover the obvious lapses when so pointed out. No action was taken under the Indian Penal Code as there was no intention to defraud Government or any other party. The intention to defraud is an essential element of the offence of falsification of accounts.

5. The Delhi Fire Service is now in the field of the Delhi State ministerial responsibility. The Chief Commissioner was asked to submit the whole case to the Chief Minister, Delhi. The Chief Minister has accepted the view of the Chief Commissioner that no severer punishment is called for.

APPENDIX IX

MINISTRY OF WORKS, HOUSING AND SUPPLY

Para. 24(c) of the Audit Report (Civil), 1951—Disposal of Capes Cotton Porus Antigas

As a result of certain negotiations held between D.G.D. and the firm on the 8th July, 1946, two Sale Letters were issued in their favour, purporting to sell 22,12,257 and 83,886 Capes Cotton Porus respectively at a price of Rs. 2-4-0 each *ex site*.

Their version of the negotiations was recorded by the firm in their letter dated the 11th July, 1946, in which they said that they had purchased 23 lakhs pieces of Capes Cotton Porus at a price of Rs. 2-4-0 per piece; that they had deposited Rs. 3,50,000 with the Reserve Bank; that they shall pay for the goods as and when they would take delivery of them; that the deposit of Rs. 3,50,000 would be adjusted against the last lot to be taken delivery of; that the entire goods were to be removed within 2 months from the date the letters of sale were issued; that the government would secure for them an export licence for any country they would want to ship the goods to, irrespective of the fact whether the quota for that country had been exhausted or not; and that it would also make arrangements for their getting promptly railway wagons for the removal of goods from the depots, where they were lying. Thereafter, two sale letters were issued on the 15th July, 1946. These sale letters laid down certain conditions. The purchasers were required to deposit the price into a government treasury on or before the 15th September, 1946, at the latest and to remove the entire stock by the 25th September, 1946. Nothing was said in the sale letters regarding the sum of Rs. 3,50,000, but the contracts were made subject to General Conditions. Recommendations were made for the grant of export licences. In addition to the export licences, the commodity involved being textiles, the purchasers had to obtain movement permits from the Textile Commissioner. It was only after these permits had been obtained that wagons could be obtained and used for the purpose of transport, and unless it was possible to obtain the permits in time, the wagons could not be allotted, and if wagons could not be allotted, the stores sold could not be removed.

The purchasers started performing the contract on the assumption that there was a duly constituted contract, but after taking delivery of certain quantities, they started contending that the government was making it difficult for them to perform the contracts. A receivable Order for Rs. 49,77,578-4-0 being total price of the

stores sold, was not utilised by the firm. They relied on the condition mentioned in their letter of the 11th July, 1946, that the payment would be made as and when they would be in a position to move the stores. The legal position at that stage was that treating the purchasers' letter of the 11th July, 1946, as an offer, the sale letters issued by D.G.D. were in the form of counter-offers, not being in conformity with the offer. It was open to the purchasers to accept them, or to decline to accept them. They took deliveries on the authority of these sale letters and D.G.D. was, therefore, advised that he could insist on the purchasers' complying with the conditions laid down in the said sale letters.

Various extensions had been granted to the purchasers to remove the stores, the principal reason for which all along was that there were difficulties of transport and there were equal difficulties of obtaining movement permits from the Textile Commissioner. D.G.D. was satisfied that there were just grounds for granting extensions and the same view was confirmed by the associated Finance. The procedure laid down by the Textile Commissioner for the grant of movement permits was rather difficult and it led to continuous delays in the removal of lots. Separate permits had to be obtained for each lot. Not in all cases were permits granted in time, and when a permit was available, transport was not available, and when transport was available, the validity of the permit had expired. In view of all these considerations extensions were granted from time to time. A stage was, however, reached when it was decided to serve a notice on the purchaser, calling upon him to remove the stores by a certain date. Before this notice could issue, the purchasers served a legal notice under Section 80 of the Code of Civil Procedure on the 15th October, 1947, claiming various reliefs. Amongst the contentions raised, one of the points taken was that there were no contracts properly executed as required by Section 175 of the Government of India Act, 1935; that the contracts having been made in exercise of the executive authority of the Governor-General-in-Council, were not so expressed to have been made; and that there being no enforceable contracts in law, the same were not binding on them (Paragraph 27 of the Annexure to the legal notice). A copy of the said paragraph is enclosed*.

The firm also addressed a personal letter to the then Hon'ble Minister for Industry and Supply, on the 5th November, 1947, in which they said that they had been advised by their Counsel, that there were no binding contracts between the Government and themselves, the same not having been executed in accordance with the Government of India Act, and that the parties were never *ad idem*. This led to negotiations for a settlement.

*c.f. Annexure I

It was quite clear that the sale letters did not comply with the requirements of Section 175(3) of the Government of India Act, 1935. They did not purport to have been executed for and on behalf of the Governor-General-in-Council. They were, therefore, unenforceable in a court of Law and the Government could not justify the forfeiture of security. In any case, the contracts could not have been specifically enforced and the breach would not have entitled the Government to recover compensation or damages. This technical defect was, at the time the contracts were entered into, common to all contracts of the Disposals Organisation. The printed forms of sale letters did not make any mention of the Governor-General-in-Council. It was only in May, 1947 that this mistake was discovered and very clear instructions issued to all officers in the organisation.

The matter was accordingly discussed on the 3rd February, 1948, in the presence of D.G.D., a Deputy Secretary of the Ministry of Industry and Supply, Deputy Secretary of Ministry of Finance, with a representative of the purchaser. The settlement reached was finally approved by the then H. M. for Industry and Supply and was acted upon. The terms of the settlement were the best that could under the circumstances be obtained. Any other course would have involved the Government in litigation, which might well have been protracted and would certainly have meant heavy costs. No favourable result could be foreseen because of the technical defect in the execution of the contracts, and it, therefore, appears that the very best use was made of the opportunity for a settlement.

ANNEXURE I

Copy of para. 27 from Annexure referred to in Legal Notice, dated 15th October, 1947 to the Governor General in Council.

27. The plaintiffs say that the contracts arrived at between the plaintiffs and the Defendants are void and unforceable the same not having been entered into in the form prescribed and executed by such persons as required by Sec. 175 of the Government of India Act. The plaintiffs say that the contracts made in exercise of the executive authority of the Governor General in Council should be expressed to be made by the Governor General in Council. The plaintiffs say that the aforesaid contracts not having been expressed to have been made by the Governor General in Council are bad in law and not binding upon the parties. The plaintiffs further say that Sec. 175 prescribed that all such contracts shall be executed on behalf of the Governor-General-in-Council by such persons and in such manner as he may authorise. The aforesaid sale letters were purported to have been signed by Mr. Kumarmangalam for Director General of Disposals and not for the Governor General in Council and are also therefore bad in law. The plaintiffs further submit that the said contracts between the plaintiffs and the Defendants not having been executed as required by the mandatory requirements of Sec. 175 of the Government of India Act are bad in law and void and not binding on the parties.

APPENDIX X

MINISTRY OF WORKS, HOUSING AND SUPPLY

Para. 24(d) of the Audit Report 1951—Part I—Disposal of Cloth Collar White

Government sanction to the write off of the loss has since been issued.

A departmental enquiry was instituted against the officer concerned and he was found guilty of gross carelessness in the discharge of his official duties in this and certain other cases. The Government have decided in consultation with the Union Public Service Commission to stop the officer's increments for two years with cumulative effect.

APPENDIX XI
GOVERNMENT OF INDIA
MINISTRY OF WORKS, HOUSING AND SUPPLY

No. D-1(480)

Dated New Delhi, the 13th December, 1952.

OFFICE MEMORANDUM

SUBJECT:—*Appropriation Accounts (Civil) 1949-50 and the Audit Report thereon.*

The undersigned is directed to refer to Parliament Secretariat Office Memorandum No. 57(1)-FC/52, dated the 18th September 1952 and to say that during the course of discussions on para. 24(f) of the Audit Report 1951—Part I relating to the sale of certain vehicles at the M.T. Salvage Depot, Chheoki in the meeting of the Public Accounts Committee held on the 5th September 1952, the Committee desired that in such cases of irregularity we should have a reciprocal arrangement with the Government of Pakistan under which we should bring to their notice the irregularities committed by officers who are now serving with them or residing in Pakistan to enable the Pakistan Government to take necessary disciplinary action against them. The Pakistan Government were also to inform the Government of India likewise of any irregularities committed by officers who are serving with the Government of India which may come to their notice, for necessary action.

The Public Accounts Committee were intimated that the Government of Pakistan is being informed of the irregularities committed by the officer concerned (who has opted for Pakistan). The matter has, however, been further considered in consultation with the Ministry of External Affairs and the Government of India are of the view that the action suggested is never likely to result in any satisfactory working arrangement with the Government of Pakistan. Any recommendations we make about officers who have opted for that country, are not likely to receive any consideration and it is difficult to imagine that any action will be taken by the Government of Pakistan. In any case, they are sure to ask for their own independent Enquiry before taking any action which they would not be in a position to do without access to the original papers and record. We have received no co-operation from that Government in cases which have heretofore been referred to them, and we consider that this would, in the end, turn out to be a one-sided arrangement which will serve to embarrass our Officers without producing any satisfactory result so far as officers who have opted for Pakistan are concerned. It

would therefore be quite futile to try for a reciprocal arrangement with Pakistan in this matter. The mentality prevailing there being what it is, pre-Partition irregularities of an officer who opted for Pakistan are likely to be, if anything, a matter of satisfaction to them.

It is hoped that the Public Accounts Committee would also agree with the above view and would not press for the matter being taken up with the Government of Pakistan.

(Sd.) T. C. PURI,
Deputy Secretary to the Government of India.

APPENDIX XII

MINISTRY OF FOOD AND AGRICULTURE (AGRI.)

**SUBJECT:—Appropriation Accounts (Civil) 1949-50—Audit Comment
—Grant No. 65—Page 306.**

Note for the Public Accounts Committee.

Q.—A copy of the agreement entered into with the Bombay Government for renting out the assets of Government Research Creamery at Anand may be furnished.

A.—The terms of the lease of Anand Creamery (copy enclosed) have been informally agreed to with the Government of Bombay. By the time this agreement was reached early this year, a request was received for a further extension of the lease for 5 years on the same terms. Subsequently this was revised and extension for 3 years was requested. Formal confirmation of the terms is awaited. Payment of dues on the basis of these terms has, however, been received for the first 5 years ending 24th April 1952. Payment for the first year of extension has also been made in advance.

Terms Regarding lease of Anand Creamery

1. The Government of India will lease to the Government of Bombay, the Anand Creamery for a period of 5 years in the first instance commencing from the 24th day of April, 1947.

2. The lease shall be of S. Nos. 2385/E. and 2248/1 of Anand situate in the Registration Sub-district of Anand together with the buildings and other structures standing thereon, except such portion of the said buildings as are in actual occupation of the Indian Dairy Research Institute, Bangalore; all the machinery and equipment comprised therein and all the fittings, fixtures and things belonging thereto. The particulars of the survey-numbers, buildings, machinery and other materials to be leased along with their value as determined in 1942 are specified in the annexures hereto.

3. Government of Bombay will pay to the Government of India an yearly rent.....in respect of the said land, buildings and machinery calculated as follows:—

Particulars	Interest	Rates
		Depreciation.
Land	Nil	Nil
Buildings	1½ per cent.	Nil
Machinery etc.	1½ per cent. plus 5 per ce	

4. The Bombay Government will be responsible for the maintenance of the creamery building and machinery comprised therein, in a good and substantial state of repairs and condition.

5. The Government of Bombay will not carry out any additions or alterations to the creamery buildings and machinery therein except with the previous approval in writing of the Government of India.

6. The Government of India may by giving six months' notice in writing to the Government of Bombay call upon the Government of Bombay to hand over to the Government of India such of the machinery comprised in the creamery building as may be required for central or other dairy development schemes of the Government of India, and the Government of Bombay shall on receipt of such notice deliver the machinery to the Government of India and on the return of the said machinery or any part of it, Government of Bombay will be entitled to have the yearly rent recovered under clause 3 above reduced proportionately.

7. The Bombay Government shall permit the Director of Dairy Research, I.D.R.I., Bangalore or any other officer deputed by Lessor to have periodical inspection of the creamery building and machinery.

8. The Government of Bombay will be at liberty to sublet the creamery buildings and machinery to the Kaira Co-operative Milk Producers' Union Ltd., Anand on its own responsibility for the specific purposes of collecting, processing and exporting milk to Bombay and also manufacturing edible-milk products from surplus milk by Co-operative Milk Producers' Societies which may be organised around Anand.

9. In the event of the Government of Bombay granting a sub-lease as provided in clause (8) the Government of Bombay will incorporate the following conditions in the documents of sub-lease to be entered into which the Kaira Co-operative Milk Producers' Union Ltd., Anand.

(i) Students of the I.D.R.I. or any person deputed by the Government of India shall be provided by the Union with necessary facilities to undergo practical training in the different sections of the creamery. The number of students so posted would not at one time exceed 40. While under training the students or persons so deputed will be under the control of the Creamery Superintendent. Residential arrangements for the students will be made by the Government of India and the students would be in care of a responsible officer.

Clarification—Training of students

(ii) The facilities referred to in the last sub-clause will consist of facilities for studying the organisational set up of the Union, procurement and transport of Milk from rural areas, processing of milk at the Union dairy, and its despatch in refrigerated wagons to Bombay involving a close association of the students with the staff of the Union in attending to routine operations.

(iii) The Union shall provide facilities to the staff of the I.D.R.I. for obtaining experimental data on the various operations between the production of milk at the milk producing societies in villages and despatch of milk to Bombay. Milk and other raw materials, transport services and other things needed for such work, will have to be provided by the Union to the Indian Dairy Research Institute for which the latter would pay reasonable charges mutually agreed to and in default of any agreement such charges as may be fixed by the Government of Bombay.

(iv) The Milk Union will allow the use of a portion of the creamery cold store to the I.D.R.I. in connection with research work of the I.D.R.I. for storing samples of experimental milk and milk powder in small quantities, to determine their keeping quality. The Union will also give facilities to the I.D.R.I. for carrying out investigations of field tests, processing operations, handling of dairy machinery etc. as required by the Department from time to time. The facilities will be in the nature of supply of water, steam, refrigeration, power supply, raw materials for processing and manufacture etc.

(v) The union shall submit quarterly progress reports for the information of the Government of India.

10. On the determination of this lease, the Government of India will not be liable to pay for any additions and/or alterations made by the Lessee to the Creamery property.

Statement showing the details of lands, buildings, machinery, equipment, etc., handed over to Bombay Government.

(to be filled in)

Signed by Shri.....

Secretary to Government, Ministry of Agriculture in the presence of.....

- 1.
- 2.

Signed by Shri_____

Milk Commissioner, Bombay in the presence of:

Statement showing the details of lands, buildings, Machinery, equipment, etc., handed over to Bombay Government.

LANDS

Particulars of land.	Area (Ac. Gun & Sq. yds.)	Market value as determined in 1942	Remarks
		Rs.	
1. Survey No. 2385/E	2 0 0	12,385	
2. 561 yds. woven wire fencing for above with T stands		5	
3. Survey No. 2248/1	2 6 44	25,850	
TOTAL		<u>38,240</u>	

BUILDINGS

	Rs.
1. Main creamery building	7,164 0 0
2. Cold store without shelves	15,882 0 0
3. Air lock attached to cold store	1,348 8 0
4. Wiring of lights, fan points, etc.	8,930 0 0
5. Tin Smith shop and office	3,254 0 0
6. Engine room	2,259 0 0
7. Stables for horses and bullocks	837 0 0
8. Well with G. I. shed on to (book value Rs. 1,124) with overhead tank—half of which is	562 0 0
9. Roads in the compound (book value Rs. 142) half of which is	71 0 0
10. Pacca wall between the dairy and engine room.	9 0 0

NOTE.—The self lighting set, switch board and dynamo are fixed to the foundation bolts in the engine room and will be removed by the D. D. R. as and when required.

	Rs.
11. Compound walls	107 8 0
12. Drain round the dairy commencing from near the main gate :	112 0 0
TOTAL	<u>40,476 0 0</u>

NOTE.—These items (8, 9, 11 and 12) are of common use of both the dairy department and the Milk Union.

MACHINERY AND EQUIPMENTS

	Rs.
1. Steam engine—Marshall No. 73051—1	33 0 0
2. Hall's Refrigerator 6 N. H. P. No. 4717—1 (without evaporating coils)	26 0 0
3. 32 ft. shafting with coupling and bearing (4 split pulleys of sizes, 7 plummer blocks, 3 wall boxes, 4 brackets, 2 couplings)	16 0 0
4. 9 ft. shafting with ball bearing (2 split pulleys of sizes, 2 plummer blocks, 1 wall box, 1 bracket)	7 0 0
5. 66 ft. 2½" shafting with 4 flanged (9 pulleys of sizes, 14 plummer blocks, 2 wall boxes, 11 brackets and 4 couplings)	25 0 0
6. Worthington type feed pump	3 0 0
7. Boiler vertical Ransom's No. 27513—1	49 0 0
8. Centrifugal pump 4" suction and 3" delivery with outside bearing—1	11 0 0
9. Astra Milk Tank type M. N. 220 gallons—1	26 0 0
10. 1296 ft. of ammonia coils including power fan for circulating air in cold store	11,831 0 0
11. Electric motor and switch with fans for the above—1	333 0 0
12. Wash tubs—4	1,004 0 0
13. Starter tubs—2	455 0 0
14. Electric motor—8 h. p.—1460 RPM with side rails with starter—1	1,344 0 0
15. Electric motor 10 h.p. 1455 RPM with pulley outside rails—1	1,652 0 0
16. Electric Motor 3 h.p. with switch, and starter—1	278 0 0
17. Exhaust fan and fittings—1	661 0 0
18. Danish Kettle type pre-heater—1	9 0 0
19. Icy Cold Cooler—1	14 0 0
20. Armagh milk pump—1	5 0 0
21. Fricks' Ammonia Compressor with electric motor and starter complete	10,242 12 0
TOTAL	<u>28,024 12 0</u>
22. Stath nos milk weighing machine	5 0 0
TOTAL	<u>28,029 12 0</u>

ANAND
24th April 1947.

Handed over by :
Sd. M. C. Rangaswamy,
for Director of Dairy
Research, Bangalore.

Taken over by :
Sd. D. N. Khurody,
Milk Commissioner,
Bombay.

APPENDIX XIII

No. F. 32-3/52-GMF(S)

GOVERNMENT OF INDIA

MINISTRY OF FOOD AND AGRICULTURE (AGRI.)

New Delhi, the 31st July, 1952.

MEMORANDUM

SUBJECT:—*Appropriation Accounts 1948-49—Recommendation of the Public Accounts Committee regarding loans to States for G.M.F. Schemes—Item 69(ii).*

The P.A.C., while examining the appropriation accounts for 1948-49, desired that a statement showing the total amount of loans given to the State Governments on account of G.M.F. schemes, the amount recovered and the balance outstanding on 31st March 1952 should be furnished to them. A statement giving the required information since 1943-44 in respect of Part A and B States except PEPSU is attached (*Annexure I*). The amounts shown as outstanding are in accordance with the terms and conditions for repayment of these loans fixed by the Government of India with the exception of an amount of Rs. 19,57,700 which was drawn by the undivided Government of Bengal. The liability of the Government of West Bengal in this respect is Rs. 6,89,110-6-0 and the matter is being settled.

2. Similar information in respect of PEPSU and Part 'C'* States is still awaited from them and will be furnished to the Committee shortly.

*Subsequently furnished vide O.M. No. F.32-3/52-GMF(S), dated the 20th October, 1952 from the Ministry of Food and Agriculture and incorporated as *Annexure II*.

ANNEXURE I

Statement of G.M.F. loans drawn and repaid by the State Govts.

Name of the State	Total amount of Loan drawn during 1943-44 to 1951-52	Amount already repaid (31-3-52)	Balance outstanding on 31-3-52
	Rs.	Rs.	Rs.
Assam	43,39,533 0 0	34,23,359 4 9	9,16,173 11 3
Bihar	1,02,05,000 0 0	Nil	1,02,05,000 0 0
Bombay	2,75,89,060 0 0	78,38,269 14 0	1,97,50,790 2 0
Madhya Pradesh	7,14,98,706 0 0	4,14,86,254 4 0	3,00,12,451 12 0
Madras	3,98,87,500 0 0	2,06,87,500 0 0	1,92,00,000 0 0
Orissa	1,45,09,757 0 0	91,21,966 11 0	53,87,790 5 0
Punjab	4,28,67,000 0 0	8,42,337 0 0	4,20,24,663 0 0
U. P.	5,54,37,000 0 0	...	5,54,37,000 0 0
West Bengal	3,84,16,950 0 0	2,48,75,500 0 0	1,35,41,450 0 0
Hyderabad	50,00,000 0 0	4,36,152 0 0	45,63,848 0 0
Madhya Bharat	5,00,000 0 0	1,00,000 0 0	4,00,000 0 0
Mysore	1,45,00,000 0 0	...	1,45,00,000 0 0
Rajasthan	3,00,000 0 0	...	3,00,000 0 0
Saurashtra	95,10,424 0 0	...	95,10,424 0 0
Travancore and Cochin	10,00,000 0 0	...	10,00,000 0 0
TOTAL	33,55,60,930 0 0	10,88,11,339 1 9	22,67,49,590 14 3

ANNEXURE II

Statement showing G.M.F. loans drawn and repaid by the State Govts.

Name of the State	Total amount of loan drawn during 1943-44 to 1951-52	Amount already repaid (31-3-52)	Balance outstanding.
	Rs.	Rs.	Rs.
PEPSU	19,05,553 3 3	...	19,05,553 3 3
Ajmer	8,39,225 0 0	1,47,740 9 0	6,91,484 7 0†
Bhopal	24,59,275 0 0	27,901 0 0	24,31,374 0 0
Delhi	42,59,434 5 6	13,76,865 4 0	28,82,569 1 6*
Himachal Pradesh	35,469 3 0	29,393 11 3	6,075 7 9
Manipur	55,934 10 0	15,336 2 9	40,598 7 3
Kutch	13,20,906 12 0	...	13,20,906 12 0*
Vindhya Pradesh	21,19,794 0 0	3,79,885 0 0	17,39,909 0 0†

*Includes subsidy to be written off subsequently for the construction of wells.

†Recoveries include those relating to advances made during pre-merger period, as separate figures are not available.

APPENDIX XIV

MINISTRY OF FOOD AND AGRICULTURE (AGRICULTURE)

Commercial Appendix (Civil), 1949-50.

Page 138—Para. 207—C.T.O.

Q. 1. Why have the losses of stores and writes off not been shown separately in the store accounts?

A. A proper system of accounting for losses was not in existence in the initial stages of the Organisation for the following reasons:

(1) Adequate and qualified accounting staff were not appointed from the very inception of the Scheme.

(2) The quantity of stores and machinery purchased from the Disposals were so huge that the small and inexperienced stores staff should be deemed to have done a good job even in the mere handling and receipting of train loads of consignments from the Assam area. The Stores Organisation was not given sufficient time thereafter for organising itself, as the staff, already depleted on account of partition, had to concentrate at once on the task of maintaining supplies to the units for the first two seasons. The Stores Directorate has subsequently been organised properly and steps have been taken to segregate losses from issues. A physical verification was done in the years 1950 and 1951 to assess the losses, the results of which are being incorporated in the accounts for the subsequent years.

Q. 2. Why have the non-tractor parts not been disposed of?

A. A complete inventory of non-tractor parts and other surplus parts was prepared in the year 1950. A separate disposals section has been formed and the disposal of all surplus parts will be taken up as soon as C.T.O. receive Government orders approving their proposals with regard to fixation of selling prices.

Page 139—Para. 213—C.T.O.

Q. 3. What steps have the Department taken to reduce idle time and cut down costs?

A. The idle time of the tractors in the units may be divided into two categories:—

(i) idle time on account of frequent breakdown of tractors.

(ii) idle time due to difficulties in regard to land.

As regards (i), the frequency of repairs was more pronounced in the case of old tractors, as they had already seen much life in the

Burma front during the second world war before they were acquired by us. The operation of old tractors on a large scale has since been discontinued.

As regards new tractors, the idle time on account of break-downs has not been significant so far. In order to set right the broken tractors in the field itself, the repair staff in the units has been considerably strengthened. Each unit has also got a well equipped mobile workshop. Adequate supply of spare parts was ensured in the first instance by ordering them to the extent of 25 per cent. of the capital cost along with the equipment, and the supply position of spares is under constant review. The programme of heavy repairs during the off-season in the workshops has been properly organised.

As regards (ii), land is a perennial problem with the C.T.O. Reclamation operations of the kind undertaken by the Organisation can be done economically only on large and compact blocks of land, on which the incidence of bush growth is not more than 60 to an acre. The State Governments are also expected to impose a ban on the growing of a *rabi* crop in the areas proposed for reclamation in order that small strips of cultivated land do not intervene between large blocks of land to be reclaimed.

The State Governments have up to now, by and large, not given the C.T.O. land according to the above specifications. The reclamation operations of the C.T.O. fall into three well-defined periods. In the first period, from the middle of October to the end of December, preliminary clearing of land on which there is a certain amount of bush growth is to be taken up. This is the most favourable season for such work as the land is soft and the bushes will come out of the ground more easily. But the work can be economically done only if the incidence of bushes is not more than 60 per acre as already mentioned. Very often the State Governments, have been asking the C.T.O. to undertake bush clearance on land which, for all practical purposes, is a jungle—with very heavy incidence of bushes and with several large trees on the land. This leads to too much time being spent on the preliminary clearing and insufficient land being made available for ploughing from January onwards.

The second period of the C.T.O.'s operations is from January to the middle of March. During this period the C.T.O. undertakes deep ploughing on the land on which bush clearance has been done in the previous 8 to 10 weeks and also on the strips of intervening land on which the *rabi* crop should have been banned. Usually State Governments do not impose a ban and if they impose they do not enforce it. The result is that the blocks are small and the amount

of land reclaimed during the 10 weeks of initial reclamation is not sufficient to keep all the 15 machines in the unit fully engaged on ploughing. It is common experience that large scale clearance of bushes has to be done by the C.T.O. even during this period with a part of its fleet, in order that sufficient land might become available for ploughing by the remaining machines.

The non-availability of land in large blocks also leads to wastage of time in walking from one place to another.

It is only in the third period commencing with the harvesting of the rabi crop that the C.T.O. gets land according to the agreed specifications in large blocks, and it is during this period that the greater part of the work is completed.

Operations are sometimes delayed on account of winter rains in December and January which make the land too soft for ploughing with the heavy machines. Experience has shown that if the land is ploughed in spite of the presence of moisture, kans will re-appear and no useful purpose will be served by such ploughing.

Page 139—Para. 214—C.T.O.

Q. 4. Has a maximum monetary stock limit been fixed?

A. If we separate and leave out of account the value of spare parts from the Disposals Department, the balance stock representing the spare parts and consumable stores for the new tractors and equipment will not exceed the maximum limit of 25 per cent. of capital cost, fixed as a reasonable cover on the basis of the report of Brigadier Horsfield, a Colombo Plan Expert, on the C.T.O.

Page 138—Para. 208—C.T.O.

Q. 5. What action has been taken to implement the suggestion made by Audit for investigating the reasons for the purchases of surplus equipment at higher rates without prior sanction of the competent authority and in excess of requirements?

A. The deal with M/s. Pashabhai Patel & Co., Bombay was the subject of an enquiry by Shri C. V. Divatia, retired Chief Justice of the Saurashtra High Court. His report is under examination by Government. The salient features of his report are being brought to the notice of the members of the P.A.C. in a separate note.

APPENDIX A V

Adult Civilians Training Scheme

The Demobilised Services Personnel Training Scheme was started in August 1945 and terminated in July 1950. The amount spent during the above period is detailed below:—

Year.	Total.	Central share.	State Govt. share.
	Rs. lakhs.	Rs. lakhs.	Rs. lakhs
1945-46.	6.34	4.33	2.01
1946-47.	69.28	44.57	24.71
1947-48. (pre-partition)	36.48	23.18	13.30
1947-48 (post-partition)	49.30	38.44	10.86
1948-49.	90.76	57.80	32.96
1949-50.	81.77	52.60	29.17
1950-51.	15.96	10.10	5.86

2. The progress of training under the above scheme and the other schemes of the Directorate General made during the last three years is indicated below:—

Ex-SERVICEMEN TRAINING SCHEME.—This scheme was started in August 1945 and terminated in July 1950. The progress of training during the years 1948 to 1950 was as follows:—

Year.	No. passed out in Tech. Trades.	No. passed out in Voc. Trades.	No. passed out (Disabled).
1948	4,337	2,452	812
1949	5,185	1,578	509
1950	2,408	855	(No disabled ex-servicemen were admitted after 31-8-49).

DISPLACED PERSONS TRAINING SCHEME.—With a view to rehabilitate the persons displaced from Pakistan due to the partition of the country, this scheme was started in 1948. The progress of training during the last 3 years i.e., 1949 to 1951 is indicated below:—

Year	No. passed out in Tech. Trades	No. passed out in Voc. Trades
1949	46,32	1409 (including 278 girls and women.)
1950	1,850	456 .. 127 ..
1951	25	106

APPRENTICESHIP TRAINING SCHEME.—This scheme provides facilities to suitable candidates who have got some technical background for gaining experience on production work under factory

conditions so that they may become fit for employment. The progress of training under this scheme for the last 3 years i.e., 1949 to 1951 is given below:—

Year.	No. of ex-servicemen trained.	No. of Displaced Persons trained.
1949	1,497	2,692
1950	160	502
1951	..	..

The Apprenticeship training of Ex-Servicemen was terminated on 31st July, 1950.

TRAINING OF INSTRUCTORS.—This scheme was started in 1948 with a view to improve the efficiency of Instructors and Supervisors by giving them theoretical and practical instruction in their trade and in the art of training and to provide a refresher course to ensure that they are always up-to-date and conversant with the latest methods of production and teaching. The progress of training under this scheme during the last 3 years i.e., 1949 to 1951 is indicated below:—

Year	No. passed out
1949	160
1950	233
1951	239

ADULT CIVILIANS TRAINING SCHEME.—With the termination of the Ex-Servicemen Training Scheme in July 1950 the Scheme for training of Adult Civilians in technical and Vocational trades was started. The period of training under this scheme in Technical trades being 2 years no trainee passed out during 1951. Only 1,767 vocational trainees passed out during 1951.

Government of India have since constituted a Committee to examine the future of the organisation of the Directorate General of Resettlement and Employment. Shri B. Shiva Rao, M.P. is the Chairman of this Committee. According to one of the terms of reference the Committee is required to consider on what basis the Training Scheme should be continued. The suggestion whether it would not be more economical to subsidise the State technical institutions than to run an independent organisation for vocational training will no doubt be considered in detail by the Committee under the chairmanship of Shri B. Shiva Rao.

APPENDIX XVI

COMMERCIAL APPENDIX (CIVIL), 1949-50

Working of the Government Dairy at Andamans

Page 78—Para. 109—Supply Department, Andamans.—

Q. What is the result of the suggestions made by a Dairy Expert, referred to in para. 91 of the First Report of the Public Accounts Committee, 1951-52?

A. On the recommendations of Sardar Datar Singh and the Ministry of Food and Agriculture the Government Dairy at Port Blair has been put under the charge of a Live-stock Officer with effect from the 27th August, 1952. This officer holds a permanent (Class II) post of Veterinary Officer, Indian Veterinary Research Institute, Izatnagar. It is too early yet to expect any results from his appointment

APPENDIX XVII

MINISTRY OF HOME AFFAIRS

MEMORANDUM

Revision of Classification, Control and Appeal Rules

The Public Accounts Committee desired that the question of simplifying the existing procedure regulating disciplinary action against Government servants under the Classification, Control and Appeal Rules should be examined and suggestions, made in order to ensure that such cases are dealt with expeditiously. This question of simplification of procedure was only one of the matters among others which were considered by the informal Committee of Secretaries referred to in item 78 of the Statement of recommendations of the Public Accounts Committee (Appendix I). In their informal consultations the majority of the officers on this Committee agreed with the conclusion already reached by the Ministry of Home Affairs, after careful consideration, viz., that it was neither possible nor desirable to simplify the existing procedure or to make it more summary. There is nothing in the minimum requirements of the principles of natural justice and public policy which are embodied in the procedure prescribed in Rule 55 of the Classification Rules and which have received statutory recognition in Article 311 of the Constitution, which must necessarily lead to unduly protracted proceedings or to a failure to secure just punishment to the guilty officers. The procedure prescribed in these provisions is applicable only to cases in which the charges are so serious as to call for one of the major punishments, i.e., dismissal, removal or reduction in rank, etc. A more summary procedure is already available for less serious cases. The Constitutional, administrative and other aspects of the question of the procedure to be followed in departmental proceedings against Government servants have been set out after careful examination in an office memorandum No. 39/40/52-Ests., dated the 4th October 1952 (copy attached) which has been issued for the guidance of all Ministries and Heads of Departments under the Government of India. It will be observed that the various factors which have been found on examination to contribute to undue delay and faulty disposal of disciplinary cases have been examined and explained in the office memorandum, and suggestions for measures to be taken for overcoming the difficulties arising from these factors have been enjoined on those authorities for meeting the situation.

2. The feasibility of devising other measures for meeting the situation, e.g., setting up of separate administrative tribunals of enquiry has also been examined. Although such tribunals have been set up in the States of U.P. and Madras, it is felt, for the reasons explained in paragraph 5 of the attached office memorandum, that

the expenditure that would have to be incurred if a similar experiment were to be tried in the Central Government's machinery could not be justified. It is considered that a reasonable trial should first be given to the measures which have now been enjoined in the attached office memorandum and the results should be watched for a reasonable period, before the question of setting up other machinery for this purpose is further pursued.

COPY OF OFFICE MEMORANDUM NO. 39/40/52-ESTS., DATED THE 4TH OCTOBER, 1952 FROM THE MINISTRY OF HOME AFFAIRS TO ALL MINISTRIES OF THE GOVERNMENT OF INDIA ETC.

SUBJECT.—*Departmental Proceedings against Government Servants—Steps for expeditious and better disposal of—nomination of specified officers in the Ministries/Departments to be in charge of all disciplinary inquiries in the Ministry/Department.*

There have been repeated references in Parliament and in Parliamentary committees to the delays in the disposal of departmental proceedings against delinquent Government Servants, and to cases in which, on technical and procedural grounds, the accused persons ultimately escape the punishments they deserve. The general impression is that the prescribed procedure is too elaborate and requires to be replaced by something more simple and summary.

2. After careful consideration the Ministry of Home Affairs have come to the conclusion that this impression is not wholly justified. The procedure prescribed in Rule 55 of the Civil Services (Classification, Control and Appeal) Rules is applicable only to cases in which the charges are so serious as to call for one of the major punishments, i.e., Dismissal, Removal, or Reduction in Rank etc. (A more summary procedure is already available for less serious cases.) The provisions of Rules 55 are merely designed to ensure compliance with a salutary principle of justice and public policy which has also been incorporated in article 311 of the Constitution of India, viz. that no man should be condemned and punished without a reasonable opportunity to defend himself. The prescribed procedure therefore requires that the accused Officer should be told in the form of written charges exactly what he is alleged to have done and on what evidence oral or documentary the allegations are based; that he should have an opportunity to inspect the documentary evidence, to test the oral evidence by cross-examination and to furnish such evidence as he may wish to adduce in his own defence. If, as a result of the enquiry, it is decided that the officer should be dismissed, removed or reduced in rank, he has to be given a further opportunity to show cause, if any, against the actual punishment proposed. Anything:

less than this would amount to a denial of the 'reasonable opportunity' which is guaranteed by article 311.

3. There is, however, nothing in these minimum requirements which must necessarily lead to unduly protracted proceedings or to a failure to secure just punishment to the guilty. The Officer conducting a departmental inquiry has to hold the balance even between the interests of the State and the avoidance of injustice to the accused. He is free to take a responsible, reasonable and prudent view of the facts and circumstances of the case and is not bound by the rigid limitations regarding the admissibility of evidence and the degree of proof applicable to prosecutions before Criminal Courts. Provided the inquiry officer gives the necessary time and effort, confines his attention to the main points at issue and firmly resists any attempt by the accused officer to introduce irrelevancies or to adopt deliberate dilatory tactics—there is no reason why satisfactory expedition in disposal should not be achieved in all cases without departing from the prescribed procedure.

4. The various factors which may contribute to undue delays and faulty disposal are:—

- (i) Officers conducting the departmental enquiries may be so pre-occupied with other duties that they can only spare a few hours at a time at long intervals for the enquiry itself.
- (ii) Unfamiliarity with the procedure or inadequate appreciation of the difference between a departmental enquiry and a trial in a Criminal Court, may lead to over-elaboration, or lack of firmness in dealing with dilatory tactics.
- (iii) Avoidable delay may sometimes occur at the stage when the enquiry officer has submitted his report and the appropriate authorities have to make up their minds whether the findings are to be accepted and if so what the punishments should be.
- (iv) Where, under the rules, consultation with the Union Public Service Commission is necessary some undue delay may occur in making the reference to the Commission, and in the consideration of the case by that body.

5. As regards the factors mentioned in (i) and (ii) above the Ministry of Home Affairs have considered the feasibility of setting up separate Administrative Tribunals for enquiring into the more important departmental proceedings. Although such bodies have worked satisfactorily in the States of Uttar Pradesh and Madras, it is felt that Central Government's Machinery is so vast and so widely

scattered that a similar experiment will hardly justify the expenditure incurred. In cases of extreme complexity or importance it will always be open to Government to set up special committees of enquiry or to have recourse to the Public Servants Enquiries Act, 1850. For all other departmental enquiries the delays caused by excessive pre-occupation or unfamiliarity with the procedure could be easily avoided by adopting the following measures:—

- (i) In each Ministry or Department a specified officer or officers of appropriate rank shall be nominated and earmarked for the purpose of conducting all the departmental enquiries arising within that Ministry/Department.
- (ii) As soon as occasion arises for taking up such an enquiry the nominated officer will be relieved of his normal duties to such extent as may be necessary to enable him to devote full and careful attention to the completion of the enquiry and the submission of his report. During this time the work of which the officer is relieved may be distributed amongst other officers.
- (iii) The nominated officers should familiarize themselves with the rules and essential procedural requirements and appreciate the difference between Departmental inquiries and Trials in the Criminal Courts. The maintenance of close personal contacts with the Ministry of Home Affairs will enable them quickly to resolve any doubts or difficulties which may arise.

6. As regards the causes of delay mentioned in (iii) and (iv) of para. 4, much improvement will be effected if, (a) it is impressed upon all concerned that both public interest as well as humanitarian considerations demand that no avoidable delay should occur in the disposal of disciplinary cases; and (b) any failure to give such cases due priority is itself regarded as a dereliction of duty and suitably dealt with.

7. As to the possibility of delay occurring in the consideration of a case and tendering of their advice by the Union Public Service Commission the Ministry of Home Affairs are in correspondence with the Commission and they have every hope that satisfactory arrangements will be made to secure all possible expedition on the part of the Commission.

8. The Ministry of Finance etc. are accordingly requested to take immediate action on the instructions contained in paras. 5 and 6 above. The names of the officer or officers nominated in term of para. 5 may kindly be communicated to this Ministry by the 31st October 1952.

APPENDIX XVIII
MINISTRY OF HOME AFFAIRS

Note on the Government Hospitality Organisation

A Government Hospitality Organisation was set up in the year 1948 to look after the entertainment of State and official guests of the Governor-General, Prime Minister and other Ministers. The staff and equipment required for this organisation was drawn from the then existing establishment of the Government House (now Rashtrapati Bhavan). The catering cost was to be met from a separate fund and it was proposed that a lump sum Contract Grant be made to meet this. This grant was intended to cover cost of entertainment and expenses incurred in functions organised in honour of guests at Government House or elsewhere according to convenience, as well as expenses incurred for accommodating State guests. The allotment of Rs. 47,000 was sanctioned and placed under a new sub-head "G—Government Hospitality Organisation" under the Appropriation "25-General Administration, Staff, Household and Allowances of the Governor-General". Against this allotment, Rs. 91,000 was spent in the year 1948-49 and there was an excess of Rs. 44,000. For the year 1949-50, a lump sum of Rs. 1,50,000 was sanctioned for catering and entertainments, out of which Rs. 59,314/1/- was spent and out of the balance, Rs. 87,400/- was surrendered to Government.

2. At the time of sanctioning the Government Hospitality Organisation Grant, the intention was to introduce it on the lines of the Contract Grant which was under the full control of the Military Secretary to the Governor-General. Thereafter it was considered that the Government Hospitality Organisation may work under the general control of the Military Secretary to the Governor-General, but it could not be regarded as being of the same nature as the Household and other staff of the Governor-General paid from the Contract Grant. It was, therefore, in the fitness of things that the organisation be brought under the administrative charge of one of the Ministries or Secretariats of the Government of India. The Military Secretary to the Governor-General could be *ex-officio* Controller of the Government Hospitality Organisation, and in that capacity he would be under the control of the Secretariat in charge of the Government Hospitality Organisation. It was therefore decided by the Government that for administrative purposes, Government Hospitality Organisation be attached to Prime Minister's Secretariat. The budget provision for Government Hospitality Organisation for the year 1950-51 was therefore included in the Demand for Cabinet under the sub-head "A-4. Government Hospitality Organisation". This accounts for the inclusion of the provision in regard to Government Hospitality Organisation under

the Demand for Cabinet, which *inter alia* contains the provision in respect of the Prime Minister's Secretariat as well.

3. The budget of the Organisation is scrutinised by the Prime Minister's Secretariat under whose nominal administrative control the Organisation functions. The Military Secretary to the President who is the Director General of the Organisation, has been delegated the powers of the Head of a Department and he exercises full control over expenditure of the Organisation.

APPENDIX XIX

CABINET SECRETARIAT

Note on the Central Statistical Organisation

The Cabinet at its meeting held on the 10th January, 1949, approved the formation of a Central Statistical Organisation and decided to establish a Central Statistical Unit (attached to the Cabinet Secretariat) as a nucleus of the proposed Organisation and to appoint an Honorary Statistical Adviser to the Cabinet (Prof. P. C. Mahalanobis) to be in charge of the Statistical Unit.

2. The C.S.O. was finally set up on the 2nd May, 1951, as an Attached Office of the Cabinet Secretariat, absorbing the Statistical Unit and a part of the Economic Adviser's Office in the Ministry of Commerce and Industry which dealt with Statistical matters. Approval of the Standing Finance Committee was secured on the 21st April 1950 for the setting up of the C.S.O. and the usual sanction of the Finance Ministry was obtained in respect of all the posts existing in the Organisation.

3. The sanctioned strength of the C.S.O. is as follows:—

1. Honorary Statistical Adviser to the Cabinet.	...	1
2. Joint Directors	...	2
3. Assistant Directors	...	2
4. Research Officers	...	6
5. Investigators Grade I	...	3
6. Investigators Grade II	...	1
7. Assistant in charge	...	1
8. Technical Assistants	...	3
9. Senior Artists	...	4
10. Junior Artists	...	4
11. Stenographers	...	4
12. Clerks	...	9
13. Daftries	...	2
14. Peons	...	16
15. Chowkidars	...	3

4. The main functions of the C.S.O. are:—

- (a) Preparation and publication of the Annual Statistical Abstract, the Monthly Abstract of Statistics, the Weekly Bulletin of Statistics, etc.

- (b) Co-ordination of the statistical activities of the Central as well as the State Governments with the United Nations Statistical Organisations with regard to observance of International arrangements relating to statistics and the provision of data required by U.N. Bodies.
- (c) Provision of facilities for the training of State Governments officers in day to day statistical work and advice to the Central Ministries and the State Governments on general statistical matters.
- (d) Co-ordination of the statistical work of the Central Ministries as well as of the State Governments with a view to eliminating duplication.
- (e) Graphical presentation of current statistics.
- (f) Development of definitions and standards and a study of the latest trends in statistical methodology and organisation in other countries with a view to improving the national and international comparability of statistics as well as the quality of data.

The functions of the C.S.O. are quite distinct from and do not overlap those performed by the statistical units attached to other Ministries. The C.S.O. seeks to ensure that no fresh statistical enquiry is undertaken or questionnaire circulated by Ministries except where the collection of additional statistics is absolutely necessary and that a single agency is entrusted with the simultaneous collection of statistics on any subject even if it is required by several Ministries.

5. Apart from the regular publication of the Annual and Monthly Abstract and Weekly Bulletin of Statistics, the C.S.O. maintains an exhibition hall where up-to-date statistical data on important aspects of Indian economic and social life are displayed in the form of graphs and charts. During the last year, in addition to its regular work, the C.S.O. has been associated with a number of enquiries conducted by Ministries and by State Governments on the improvement of statistics and have rendered technical advice. Three Working Parties were set up to make recommendations for the improvement of Mineral Statistics and Income-tax Statistics and the mechanisation of Trade Statistics, and the first two have completed their investigations. Arrangements were made for giving practical training to a few officers deputed by State Governments and a good deal of attention was given to the problem of rationalising the large number of statistical forms and questionnaires with a view to reducing the burden on the organisations which had to complete these questionnaires. Several working papers were prepared for discussion

at the International Statistical Conferences held in India in December 1951 as well as for the Commonwealth Statisticians Conference held in Canberra in November, 1951. Arrangements have also been made for organising in India during the current year a scheme for training in statistical quality control, with the help of a team of foreign experts.

APPENDIX XX

MINISTRY OF EXTERNAL AFFAIRS

SUBJECT.—Action taken on para. 52 of the First Report of the Public Accounts Committee regarding recovery of Pakistan's share of contribution to the United Nations Organisation for 1948 paid by India on her behalf.

After the partition of India in 1947, the Government of India paid in the first instance the joint contribution of India and Pakistan to the United Nations Organization for the year 1948 amounting to \$1,370,571 at 3.95 per cent. of the total assessed contributions of Member States. The Government of Pakistan agreed to repay to India their share of this contribution, to be determined according to the ratio of the contributions to be assessed for the two countries separately for the year 1949. The contributions of India and Pakistan to the United Nations Organization for 1949 were fixed at 3.25 per cent. and 0.70 per cent. respectively of the total assessed contributions and the Government of Pakistan were accordingly requested to refund to the Government of India a sum of \$242,886 representing their share of the contribution paid by India for 1948. The Government of Pakistan, however, raised the question of the division of the former Government of India's share of the Working Capital Fund of the United Nations Organization and adjustment of their share of the assets of the League of Nations amounting to \$3,22,935. The Government of India did not accept the claim of the Government of Pakistan in the first instance, but on reconsideration agreed to adjust through Debt Settlement that Government's share of the assets of the defunct League of Nations as well as of the advance paid by the undivided India to the Working Capital Fund of the United Nations Organization, in the ratio of 82½:17½. The amounts to be credited to the Government of Pakistan through the debt settlement are as follows:—

(a) Assets of the League of Nations:

	Rs.
Material Assets. ...	8,60,230
Liquid Assets. ...	2,13,251

(b) Working Capital Fund of the United Nations Organization.

... ..	6,58,333
Total	17,31,814

The Government of Pakistan have been informed accordingly and requested to refund to the Government of India immediately their share of the contribution to the United Nations Organization for

1948, amounting to \$242,886. They have since been reminded to expedite payment. The Public Accounts Committee will be informed of further developments in due course.

Regarding the payments made to the Food and Agriculture Organization and the International Civil Aviation Organization on behalf of Pakistan, the Ministry of *Food and Agriculture and the Ministry of †Communications have been requested to inform the Public Accounts Committee of the latest position.

* cf. Appendix XXII.

† cf. Appendix XXI.

APPENDIX XXI

MINISTRY OF COMMUNICATIONS

Note to the Public Accounts Committee, 1952-53

SUBJECT.—*Public Accounts Committee 1951-52—Action taken on paragraph 52 of the First Report regarding recovery of Pakistan's share of combined contribution to the International Civil Aviation Organisation.*

After the partition of India in 1947, the Government of India paid in the first instance the entire amount *viz.*, \$89,347 (Canadian dollars) of undivided India's contribution to the International Civil Aviation Organization for the fiscal year 1947-48. This included Pakistan's contribution to the International Civil Aviation Organisation for the period 15th August, 1947 to 30th June, 1948. As undivided India's contribution to the Organisation for the fiscal year 1947-48 was fixed at 10 units, it was agreed between the Governments of India and Pakistan that while the contribution for the period 1st July, 1947 to the 14th August, 1947 should be met by India, the contribution for the period 15th August, 1947 to the 30th June, 1948 should be shared by the two Governments in the proportion of 8 units for India to 2 units for Pakistan. Accordingly, India's contribution for the fiscal year 1947-48 amounted to \$73,712 (including an amount of \$2,665 for Working Capital and Joint Support Emergency Funds) while Pakistan's contribution amounted to \$15,635 (including \$565 for Working Capital and Joint Support Emergency Fund). The Government of Pakistan was accordingly requested in January, 1950 to refund to the Government of India the amount of \$15,635 paid on her behalf to the Organisation. The Pakistan Government informed the Government of India in January, 1951 that the matter had been referred to the Secretary General of the International Civil Aviation Organisation.

The Secretary General, International Civil Aviation Organisation made a proposal in June, 1951 that the Working Capital Fund standing to the credit of India in the Organisation should also be shared by India and Pakistan in the ratio 8:2. Undivided India's contribution to the Working Capital Fund and the Joint Support Emergency Fund upto 15th August, 1947 amounted to \$16,379.75. If the proposal of the International Civil Aviation Organisation is accepted India would get \$13,103.80 and Pakistan \$3,275.95. This proposal is against India's interests as we would be thereby admitting Pakistan to a share in the contributions made by India before Partition. Pakistan is a new State which came into being only on the 15th August, 1947. By virtue of the Indian Independence (International Agreements) Order, 1947, which is binding on both the countries, India's membership of all International Organisations including the International

Civil Aviation Organisation continued without break and all rights and obligations of undivided India attaching to such membership devolved solely on India. The contributions made to the Working Capital and Joint Support Emergency Funds upto the 15th August, 1947 by undivided India, therefore, stand solely to the credit of India and the Pakistan Government have no claim to any share in these contributions. The Secretary General, International Civil Aviation Organisation, has been informed accordingly on the 10th June 1952. However, in view of the stand taken above, the amount of \$565 allotted as Pakistan's share of the contributions for the Joint Support Emergency and Working Capital Funds cannot be recovered from her and it is to be treated as part of the share of India. The amount of contribution to be recovered from Pakistan will thus amount to \$15,070 and the Secretary General of the Organisation has been informed that the Government of India would prefer the Organisation to refund this excess amount paid on behalf of Pakistan as contribution for the period 15th August, 1947 to the 30th June, 1948. A reply from the International Civil Aviation Organisation is awaited.

The Public Accounts Committee will be informed of further developments in due course.

APPENDIX XXII

MINISTRY OF FOOD AND AGRICULTURE

Adjustment of contribution paid by India in 1947 and 1948 on behalf of Pakistan

After 15th August, 1947, in accordance with the Indian Independence (International Agreements) Order, 1947, issued by the Governor General before partition, the new Government of India continued to enjoy the rights, privileges and obligations arising out of undivided India's membership of the U.N. and allied agencies, including the F.A.O. Pakistan was however, soon admitted as a member of the both the U.N. and the F.A.O. No separate contributions had been fixed for India and Pakistan at this stage. The ratio in which the contribution fixed for undivided India should be shared by them was left open for settlement between the two governments. As no agreement on the share for each Government had been reached when the contributions to F.A.O. for 1947 and 1948 fell due, it was agreed by the Ministry of External Affairs, with the concurrence of the Ministry of Finance, that India will, in the first instance, pay the full contribution for the post-partition period of 1947 and for 1948 subject to the condition that Pakistan will refund to India their share, calculated on the basis of separate contribution fixed for that country in 1949.

2. The total contribution paid to the F.A.O. in accordance with this agreement for the two years was:—

Post-partition period of 1947 (15-8-47— 31-12-47).	...	\$79,687.55
For the year 1948.	...	\$2,12,500.00
	TOTAL	\$2,92,187.55

In spite of a specific request made by the Indian delegation the annual F.A.O. Conference in November 1948, failed to prescribe separate contributions for India and Pakistan for the year 1949, but entrusted this question along with several other demands for revision of contribution to a 'Special Committee on Contributions' the recommendations of which were to be brought into force from 1950 onwards.

3. The Government of India (Ministry of Agriculture) however, wrote to the Director General, F.A.O. regretting their inability to continue the arrangement in force during 1947-48 viz., that of India paying the full contributions and paid only 65/79th of their assessed

contribution for 1949. They also informed him that they were agreeable to a division of the contribution in the ratio of 65:14 which is the same as was arrived at and accepted by the U.N. The Director General then officially addressed the Government of Pakistan requesting their acceptance of the ratio 65:14. The Government of Pakistan agreed to this ratio and paid their share for 1949.

4. In the meantime, the Special Committee on contributions mentioned in para. 2 above recommended a new scale of contributions in which India and Pakistan were assessed at 4.42 per cent. (\$221,000) and .95 per cent. (\$47,500) respectively. The new scale was adopted for the year 1950 by the Annual F.A.O. Conference held in November, 1949.

5. Calculating on the basis of the ratio thus accepted by all for 1949 viz., 65:14, the total amount recoverable from Pakistan was \$51,780 ($14/79 \times 292187.55$). The amount was payable by Pakistan in U.S. dollars. The Government of Pakistan who was informed accordingly has since paid \$37658/- on account of her share for 1948 and an amount of \$14,121.84 ($14/79 \times 79,687.55$) on account of her share for the period 15-8-47 to 31-12-47.

Thus recoveries have been made in full from the Government of Pakistan in respect of the contribution made by India to F.A.O. on behalf of Pakistan.

APPENDIX XXIII

MINISTRY OF INFORMATION AND BROADCASTING

Action taken or proposed to be taken on the Recommendations of the Public Accounts Committee.

Serial No.	Recommendations or suggestions	Action taken or proposed to be taken
81	In order to make good the loss at present sustained in the publication of the All India Radio Journals, a nominal increase should be made in the Radio Licence Fee and in lieu thereof a copy of the Journal (published in one of the Regional Languages) supplied <i>gratis</i> to the licensees.	The proposal was discussed at the Station Directors' Conference held in March 1952 and the unanimous sense of the Conference was that it was unworkable. The question was again discussed at a meeting held on the 7th July 1952, with the representatives of Finance, C.P.&S., AIR, Publications Division and Advertising Branch. It was the unanimous opinion at this meeting that even the slightest further increase in the Radio Licence fee would be highly unpopular and would evoke strong protests which the free supply of programme journals will fail to mitigate. It was also felt that the cost of production of 8 lakhs or more copies of the journal would be far too high for anything like a token rise of the license fee to make up for. As an undertaking too, the production of a weekly, with a mailing list so gigantic, would be well-nigh impracticable. Besides, language and other difficulties would also beset the enterprise. The Proposal was consequently not recommended for implementation.
82	The accounts of the All India Radio should be commercialised. Further, with a view to minimise continued losses in the working of this organisation, a vigorous economy campaign should be launched so that all superfluous expenditure in any shape or form is eliminated.	The question whether AIR as a whole should be treated as a 'Service Department' has been under consideration of the Government in the past. At present, however, the Dte. General, the Research Department and the Monitoring Service as Simla are treated as 'Service Departments' and the remaining offices of AIR as 'Commercial undertakings'. The proposal to treat 'News Services Division' and 'External Services Division, as Service Departments is under consideration. If the proposal is adopted, the loss to AIR will be reduced by about 29—30 lakhs. The remaining loss (about 30—31 lakhs on the basis of 1950-52 figure) is likely to be met as soon as the target of 1 million radio licences is reached. Every effort is being made to reach this target quickly.

APPENDIX XXIV

MINISTRY OF INFORMATION AND BROADCASTING

Commercialisation of the News Services and External Services Divisions of All India Radio

The question whether the News Services and External Services Divisions of All India Radio should be treated as Service Departments or Commercial Departments has been examined in all its aspects.

External Services Division

As regards the possibility of debiting the expenditure on overseas broadcasts to the External Affairs Ministry, the first report of the Public Accounts Committee (1951-52) was brought to the notice of the Ministry of External Affairs at a meeting of the Co-ordination Committee for External/Internal Publicity. It has been agreed by the External Affairs Ministry that the cost of publicity pamphlets and programme journals, intended for distribution abroad is to be borne by them. As regards external broadcasts, the actual amount debitable to External Affairs Ministry is being worked out with a view to securing similar agreement. Here, besides expenditure on staff etc. in the External Services Division, there are a number of common-user items, such as High Power transmitters, Studios, Broadcasting House, Todapur Receiving Centre, recorded programmes from Home Stations, news broadcasts etc. wherein the cost of operation and maintenance has to be properly allocated.

In the meantime, certain proposals for the re-organisation of the External Services Division have been taken in hand. It has been proposed that a greater portion of external programmes in Hindi, Tamil and Gujarati should be obtained from Home Stations such as Delhi for Hindi, Madras/Tiruchi for Tamil and Bombay/Baroda/Ahmedabad for Gujarati. This will provide overseas listeners a more varied programme at less cost. These details are now being worked out and the matter will be taken up with the Ministry of External Affairs.

News Services Division

The News Services Division stands on a different footing. News broadcasts have come to be regarded as an integral part of the programme structure of any broadcasting organisation. They are necessary and essential complements of broadcast activities and play a definite part in developing and sustaining listener interest. It is felt that expenditure on Home news broadcasts which are intended to cater to the needs of listeners, who are either actual or potential radio owners, should be a charge on the revenues of All India Radio.

2. *Number of Pakistan Nationals engaged in the Film industry in India and Indian nationals, if any, engaged in the Film industry in Pakistan.*

No official information about the number of Pakistan nationals engaged in the Film industry in India and the approximate amount earned by them and remitted to Pakistan and similar information about the Indian nationals engaged in the film industry in Pakistan is available.

3. *Imposition of ban on the import of Pakistan films in India.*

The report in the papers that the import of Indian films in West Pakistan has been prohibited is not correct. All that has happened is that a Film Advisory Committee has made a recommendation to the effect to the Pakistan Government. The question of imposition of a ban on the import of Pakistani films, therefore, does not arise at this stage.

APPENDIX XXV

MINISTRY OF WORKS, HOUSING AND SUPPLY

Para. 24(b) of the Audit Report 1951—Part I Prices fixed at the Disposals Retail Shop

The then Financial Adviser in consultation with whom the then Director General used to fix prices of the articles sold in the Retail Shop, New Delhi, is at the present moment out of India. The enquiry, promised in this respect, will be made as soon as he returns to India.

The then Director General has, however, confirmed that he used to go to the Disposals Retail Shop in the company of his Finance Officer and fix the prices verbally.

APPENDIX XXVI

MINISTRY OF HOME AFFAIRS

Copy of U.O. Note No. CS-1A/1862/IV, 12th November, 1952 from the Directorate General of Supplies and Disposals, New Delhi, to the Ministry of Works, Housing and Supply, New Delhi.

SUBJECT.—Consideration of the Appropriation Accounts (Civil), 1949-50 and the Audit Report thereon relating to the Ministry of Home Affairs.

The case referred to in Note 8 under Grant No. 85—Delhi in the Appropriation Accounts (Civil), 1949-50 and the Audit Report, 1951 pertains to two orders for 50 Bicycles each placed by late C.C.P.(S) and D.G.I.&S. on M/s. Hindustan Bicycles Manufacturing and Industrial Corporation Ltd., Patna in compliance with indents received from the Chief Commissioner, Delhi in 1945-46. As orders were duly complied and paid for, the relevant purchase files have since been destroyed.

2. From a perusal of the file available in Delhi State Secretariat, it appears that early in 1945, the late C.C.P.(S) had asked all Indenting officers to intimate their requirements of Bicycles. In May, 1945, the indentors were asked whether Bicycles manufactured by the above-mentioned firm would be acceptable. The reply dated 11th June 1945 from the Chief Commissioner was in the affirmative.

3. The Chief Commissioner, Delhi placed his indent No. F.4(13)/45-CS, dated 16th June, 1945 for 50 Bicycles on the C.C.P.(S) who intimated in a letter dated 28th June, 1945 that imported bicycles could be arranged at Rs. 90 each on Forward delivery basis and that indigenous bicycles could be supplied at Rs. 120/- each. The Chief Commissioner agreed to the purchase of indigenous cycles. Accordingly 50 Bicycles were ordered from the above-mentioned firm on 11th July, 1945 at Rs. 120/- each. The bicycles were inspected and passed by the Director of Inspection on 21st September, 1945 and were, thereafter, despatched to Delhi on 26th September 1945. On receipt of the consignment, the Chief Commissioner, issued the bicycles to various offices and establishments of Delhi State for use.

4. A further indent for 50 Bicycles was placed by the Chief Commissioner in November, 1945. These were ordered from the same firm in March, 1946 at Rs. 120/- each. The Bicycles were inspected and passed by Director of Inspection, Calcutta and despatched by the firm to Delhi on 25th March 1946.

5. The Chief Commissioner had received various complaints from the offices and establishments to whom the Bicycles mentioned in para. 3 above were issued. These were brought to the notice of Supply Department as late as 26th March, 1946 i.e., six months after the receipt of consignment referred to in para. 3 above. In the absence of relevant Purchase file, it is not possible to state what action the late D.G., I.&S., took on this complaint and on several others subsequently received. It can, however, be stated that the suppliers could not be reasonably expected to replace the Bicycles after lapse of over six months since despatch from Patna. No replacement was possible at that stage. A letter was, however, addressed to the firm by the late D.G.I.&S. on 21st September 1946 to remove the Bicycles against the second consignment and a copy of the same was endorsed to the Chief Commissioner, Delhi. Apparently the matter was not vigorously pursued nor did the State Government reject the consignment if the Bicycles were not found to be as per terms of the contract and unfit for use. In a letter dated 27th September 1946, the Chief Commissioner, however, asked the late D.G., I.&S. to request the firm to replace the Bicycles failing which he enquired whether the same may be issued to the various offices. A further detailed complaint regarding the poor quality of Bicycles was received from the Chief Commissioner in February, 1947. In reply to this, the late D.G., I.&S., stated in his letter dated the 10th March, 1947 that the defects brought to notice had been pointed out to the Inspectorate with a view to ensure that the same were eliminated in future supplies. As regards the Bicycles received against the second consignment, the Chief Commissioner was informed that the same might be disposed of in any manner he liked.

6. It will be observed that the allegation of representative of Delhi State before the Public Accounts Committee that the "bad quality of Bicycles was forced on them although they had complained to the D.G.S. in the matter" is not tenable. The State Government had agreed to the acceptance of indigenous Bicycles before the orders were placed. The Supply Department has no powers to force any stores on indenting officers. If the State Government were not satisfied about the quality of first 50 Bicycles, they could have asked us not to arrange supplies from the same source against the second indent instead of waiting for the second consignment despatched as late as March 1946. By that time, sufficient number of complaints had been received by the State Government from users of Bicycles against the first consignment.

7. It is incorrect that we asked the State Government to sell the Bicycles by means of auction. They had asked us in their letter of 27th September 1946, whether the Bicycles would be replaced by the firm or whether the same might be issued to the Offices. At that

stage, the question of replacement was too late. We accordingly advised the State Government to dispose of the second consignment in any manner they liked. The auction was conducted by the State Government under their own arrangements. The Directorate General, Supplies and Disposals is not, therefore, concerned with the allegation in the last para. of note 8 referred to in para. 1 above.

APPENDIX XXVII

MINISTRY OF WORKS, HOUSING AND SUPPLY

Commercial Appendix (Civil) 1949-50

*Government of India Stationery Office, Calcutta—paras. 315-16—
page 217.*

Q. What is the justification for holding such excessive stocks of the articles mentioned in these paras.?

Para. 315:

A. The closing stocks have progressively diminished due to increasing withdrawals in subsequent years. At the end of the year 1951-52 the stocks held by Stationery Office had dwindled to within the permissible limits. The increase in stock in 1949-50 was due to unexpected arrivals of imported stores chiefly paper in the year.

Para. 316:

In all there was a stock of 653 typewriters (Disposals 577 and Lease/Lend 76) at the end of March, 1952. Out of these only 505 machines were usable and even most of these required repairs or overhauling before issue. This work is in progress according to capacity of the typewriter companies to accept these typewriters for repairs etc.

APPENDIX XXVIII

MINISTRY OF TRANSPORT: ROADS ORGANISATION

Note for the Public Accounts Committee

Maintenance of National Highways

At the meeting of the Public Accounts Committee held on 3rd November 1952 to consider the appropriation accounts for 1949-50 of the grants relating to the Transport Ministry, one of the questions raised was why there had been under-budgeting for the maintenance of National Highways and whether it was proper to recover from the State Governments the expenditure incurred by them on the maintenance of National Highways in excess of the allotments made by the Centre. The Committee asked that a note might be prepared on these points for its information.

2. With regard to "Under-budgeting", the demands of the State amounted to Rs. 280 lakhs. Against this we asked for Rs. 260 lakhs but this amount was, at the request of the Ministry of Finance, reduced to Rs. 245 lakhs by allowing for the postponement of certain items of maintenance owing to the adverse financial position of the Centre at that time. The priorities Committee of the Cabinet, however, agreed to allot Rs. 208.25 lakhs only.

3. We protested against this reduced grant. The following note dated 27th January 1949 by the Secretary, Ministry of Transport, is relevant as to what finally happened.

"I.....understand that there is no chance whatsoever of that Ministry (Ministry of Finance) reconsidering the decision taken by the Priorities Committee or making further sums available....."

4. With regard to the propriety of making recoveries from the State Governments for expenditure incurred by them on the maintenance of National Highways in excess of the allotments intimated by the Centre, the view hitherto taken by the Central Government was that, generally, States should restrict expenditure to the allotments available and that if they wished to incur further expenditure on their own behalf, they could do so under the provisions of Article 282 of the Constitution.

5. Clearly, a State could not be free to spend at Centre's expense any amount it wished on the maintenance of National Highways. Government cannot accept the position that excess expenditure incurred by the State Governments over the allotments placed at their disposal should be accepted by the Centre regardless of the circumstances under which the excess expenditure was incurred.

The cases of the States which had exceeded their allotment are being examined individually on merits.

6. The Maintenance and Development of National Highways is being undertaken by the State and other authorities as agents of the Centre under the terms of an agreement that was generally accepted by the States at the Transport Advisory Council meeting held on the 25th-26th October 1945. The agreement as modified by the Transport Advisory Council is attached.* It provides that detailed estimates for all expenditure on National Highways will be subject to the technical approval and financial sanction of the Central Government. Under paragraphs 55 and 57 of the Central P.W.D. Code, the allotment of funds operates as sanction to the expenditure to be incurred (financial sanction).

* cf. Annexure I.

ANNEXURE I

GOVERNMENT OF INDIA

WAR TRANSPORT DEPARTMENT.

No. PL-13(20).

New Delhi, the 14th September 1945

To

The Secretary to the Government of*
*Department,SUBJECT:—*The National Highway Scheme.*

SIR,

I am directed to forward herewith a map showing the roads which the Central Government now propose to classify as National Highways, together with a number of mileage and other statements as detailed at the foot of this letter. The alignments shown on the map are in certain cases not yet final and subject to further investigation and discussion with the Provincial Government concerned.

2. (1) Without prejudice to the constitutional position, and subject to the vote of the Legislature and to agreement being reached between the Central and the Provincial Governments in respect of the matters set out in para. 6 below, the Central Government are prepared, as part of a comprehensive policy for communications and transport and as part of their contributions to the financing of post-war developments in the Provincial fields, to accept future liability for the development and maintenance of National Highways in accordance with estimates to be approved by them from time to time and with effect:—

(i) in respect of maintenance, from the 1st of April 1947; or

(ii) in respect of "original works" from the date of specific sanction in each case, which date may in certain cases be prior to the 1st of April 1947.

(2) It is hoped that the necessary agreement will be reached as a result of the discussions at the next meeting of the Transport Advisory Council, but should it be necessary in any case, for urgent reasons, for the Provincial Government to undertake liabilities in respect of land acquisition, or for construction, before agreement has been reached, the Central Government will be prepared to accept retrospectively upon conclusion of the agreement any liabilities for National Highways incurred with their specific approval after the date of this letter.

3. The system of National Highways now proposed is less extensive than that illustrated in the Nagpur plan which was circulated to Provincial Governments with the Posts and Air Department letter No. R. 185, dated the 29th February 1944. The omissions are due in the main to the fact that the Central Government are, unless there are special considerations in any case, prepared to class as National Highways only those roads which are of interest to more than one unit of administration in British India. Consequently, as will be seen, only those roads in Indian States have been included in the system which are accepted as a necessary part of the through communications of the country as a whole.

4. The continuance of allocations from the Central Road Fund to Provincial Governments for road development would, under the new conditions and having regard to the scale of assistance involved by the acceptance of National Highways as a Central liability and also to the financial assistance over the whole field of Provincial Development, be an anomaly. In the circumstances the Central Government do not consider it necessary that allocations to Provinces from this Fund should continue, and they propose therefore that these allocations should be discontinued after distribution of the revenue accruing to the fund during the current financial year.

5. (1) The Central Government wish to take this occasion to conclude with Provincial Governments a clearly agreed convention on the various questions relating to transport co-ordination which have been under discussion in the Transport Advisory Council from time to time, and thus to summarise in one place a statement clearly defining the common policy in this matter which the Central and Provincial Governments jointly undertake to pursue.

*Addressed to the various Provincial Governments.

(2) The Central Government recognise that, in inviting the Provincial Governments to exercise their executive authority in conformity with this agreed convention, they are asking them to impose upon themselves certain limitations in the exercise of that authority. They believe, however, that Provincial Governments fully recognise that the great difficulties and complexities inherent in the many problems of road and rail co-ordination are necessarily rendered more difficult by the existing constitutional divisions of function and cannot fail to be aggravated by too rigid an insistence upon precise demarcation of the limits of those divisions. As stated by the Hon'ble the Finance Member at the last meeting of the Transport Advisory Council, the execution of the various plans for post-war reconstruction will require very close co-operation and co-ordination between the Provincial and Central Governments, and the Central Government feel that they are on sure ground in urging that if they on their side have, in the sphere of finance, to go beyond constitutional rigidities, Provincial Governments should for their part be prepared to adjust the rigidity of their constitutional prerogatives to the needs of a common policy. The reasons for which the Central Government consider it imperative at this stage to institute a policy and practice of real and effective co-ordination between rail and road transport have been stated from time to time in the Transport Advisory Council and are repeated at length in the introductory explanatory note to the draft "Code" which is being circulated with this letter. These reasons need not therefore be recapitulated here.

6. Apart from the necessity of reaching agreement regarding the control of road transport, on the lines suggested in the draft "Code", the special conditions which the Central Government should apply in the case of National Highways were, in the main, discussed at the last meeting of the Transport Advisory Council with varying degrees of agreement on different points. It is however necessary to recapitulate them here. The special arrangements which the Central Government propose in respect of the control of long distance goods traffic on National Highways have been dealt with in the "Code" and the explanatory memorandum therewith. The remaining conditions which the Central Government wish to couple with their acceptance of liability for National Highways and to embody in an agreement with Provinces are that:—

- (i) Provincial Governments will accept as final the decision of the Central Government as to the inclusion of any road in the National Highway system, the standards to which the different parts of the system are to be developed and maintained and as to the priority of execution of any work of construction or improvement.
- (ii) Detailed estimates for all expenditure on National Highways will be subject to the technical approval* and financial sanction of the Central Government or the Central Road Board.
- (iii) The Central Government will have the right to employ its own agency for the development and maintenance of National Highways, but normally Provincial Governments will undertake this through their Public Works or Highway Departments.

The Central Government will reimburse Provincial Governments in respect of establishment and tools and plant charges as follows:—

- (a) where the work or maintenance is carried out by the regular Executive Divisions of the Provincial Public Works Department, at a rate of †10 per cent. on the work or repairs expenditure brought to account, and
- (b) in the case of major projects where establishment charges can be isolated, as in the case of large bridges, the actual cost of establishment employed on the work without any allowance for administration (chief and Superintending Engineers and their offices) plus a fair allowance for wear and tear of tools and plant or †10 per cent. of the cost of the work whichever is less.

NOTE.—The status of these roads as regards the vesting of the property therein will not be effected by their classification as National Highways, and so long as the Provincial Public Works

* Inserted as per proceedings of 8th Transport Advisory Council meeting held in October 1945.

† Figure raised from 7½% to 10% as per proceedings of 8th Transport Advisory Council meeting held in October 1945.

Agency is employed on their construction and maintenance, liabilities attaching to ownership will remain with the Provincial Government.

- (iv) Provincial Governments will regulate traffic, prevent encroachment on road lands, and promote legislation as necessary to control roadside (ribbon) development, to restrict access to National Highways and to levy betterment (or unearned increment) value, all in accordance with the advice of the Central Government which may be given through the Central Road Board.

NOTE.—The Central Government lay no claim to receive any payment on account of levy of betterment value. They are only concerned that when roads are developed from Central funds in areas in which industrial and residential development necessarily follow, the betterment value, or a reasonable part thereof, should accrue to the public purse.

- (v) Save with the approval of the Central Government in exceptional cases, National Highways will be free of all tolls or other imposts in respect of all motor vehicles on which the vehicle tax has been duly paid in a Province or in a "reciprocating" State, that is a State issuing a certificate of registration which under Section 28 of the Motor Vehicles Act is valid in British India.
- (vi) Provincial Governments will agree to exempt from all Provincial and local vehicle taxes, and to promote such legislation as may be necessary to this end, all motor vehicles which are the property of the Central Government, other than motor vehicles used commercially.
- (vii) In consideration of the relief afforded in respect of National Highways, Provincial Governments in applying other resources available to them for post-war development, including general Central subventions, will attach particular importance to the improvement of district and village roads.

NOTE.—It is of course understood that before reaching decisions on any of the points in the foregoing conditions upon which decision would rest with the Centre, the Central Government or the Central Road Board would fully consult the wishes of the Provincial Government.

7. (1) At the initiation of the Transport Advisory Council in 1935, the Council decided that its conclusions, expressed as a "Concise Statement of Policy" or more recently as a "Summary of conclusions" were, subject formal ratification subsequently by the Central and Provincial Governments, in effect, and to be regarded as an expression of agreement on a common policy to be followed within their respective fields by the several parties thereto. The position now reached represents the result of ten years of evolution of policy, although interrupted by the war, and if agreement can be reached it will mark a definite point of departure from which the full development of road and rail transport can go forward untrammelled by the apprehensions, difficulties and disputes of the past regarding the possible development of uneconomic competition. The Central Government feel, for their part, and they believe that Provincial Governments will be of the same opinion, that it is desirable that the terms of the policy now adopted should be stated and put on record in a precise and complete form. Moreover, as the Council recognised at its last meeting, the possibility of differences of opinion in the interpretation of policy cannot be excluded and provision must be made for their resolution. The method proposed in the "Code" in respect of differences in the field of road and rail co-ordination which could if necessary be extended to differences upon matters in connection with traffic on National Highways—is that of an Arbitration Board. It is necessary to be clear as to the intended functions of such a body. It will not be a standing body and would not be expected, even if it were, to evolve a co-ordination policy of its own, from first principles. The policy-forming body is the Transport Advisory Council. The function of the arbitration authority would be to resolve the matter in dispute by reference to the agreed policy. For

these several reasons the Central Government propose that the conclusions reached at the next meeting of the Transport Advisory Council should be expressed in the form of a self-contained agreement between the Centre and the Provinces which would stand until amended by the Council.

(2) It is recognised that the present constitutional juncture is, unfortunately, ill-suited to the contracting of a firm agreement of this nature, and that neither the Central nor the Provincial Governments can bind their possible successors. That is unavoidable. It appears however that the issues cannot be shelved since early commencement of construction on certain sections of the proposed National Highways may be necessary in connection with the problems of the immediate post-war period. All that is possible therefore is that the respective Governments should leave for their successors a clearly defined position on the basis of which developments can go forward.

I have the honour to be,

Sir,

Your most obedient servant,

(Sd.) K. G. MITCHELL,
Chief Controller of Road Transport
and Development and Additional Secretary
(*Ex-officio*) to the Govt. of India.

APPENDIX XXIX

MINISTRY OF TRANSPORT

Report of the Committee appointed to evaluate the Assets of the G.N.I.T. Co. at the time of taking over by the D.T.S. and the Amount paid to the Firm as result thereof.

The Report* of the Board of Valuers appointed by the Government of India to evaluate the assets of Messrs. G.N.I.T. Co. is attached (Annexure I).

The amount paid to the G.N.I.T. Co. was Rs. 26,55,019, consisting of (a) Rs. 26,30,019 which was the amount recommended by the Board of Valuers and (b) Rs. 25,000 representing the cost of certain sundry items not included in the Valuers' report.

S. CHAKRAVARTI.

*Report not printed as it is a very bulky document.

APPENDIX XXX

MINISTRY OF TRANSPORT

Statement showing the average yearly expenditure incurred in the form of payment to private firms on account of the work done for the Delhi Transport Service.

Name of the firm	Amount	Nature of repairs
(i) Details of Payment made during 1948-49 (D. T. S. was taken over by Government on 14th May, 1948)		
	Rs.	
1. M/s. United Trading Co.	1,162 0 0	Supplying of sleeves, grinding of crank shaft & cam shaft, remetal-ling of connecting rod main bearing cam bushes & turning of drums.
2. M/s. Gurdial Singh Bansil & Co.	761 4 0	Welding & rethreading of axle & Cylinder Heads etc.
3. M/s. S. S. Malik & Sons	29 6 0	--do--
4. M/s. Moti Lal	77 0 0	Repairs to Passenger seats.
5. M/s. General Repair Service	2,548 10 3	Vulcanizing and retreading of tyres & tubes.
6. M/s. Delhi Tyres Service Company.	2,794 15 0	--do--
7. M/s. Hind Vulcanizing Works.	689 6 0	--do--
8. M/s. Charan Tyres Vulcanizing Works.	216 0 0	--do--
9. M/s. Laxmi Trading Agency.	991 4 0	--do--
10. M/s. Perfect Repair Service	977 1 6	--do--
11. M/s. Mool Chand & Co.	3,636 6 0	Painting of Buses & Boards etc.
12. M/s. S. C. Kapoor & Sons.	390 0 0	--do--
13. S. Pradumman Singh	6,353 0 0	--do--
14. M/s. Kanwar Bros. Ltd.	216 0 0	Initial Battery Charging.
15. M/s. Asu Traders.	1,015 0 0	Do.
16. M/s. F. & C. Osler (India) Ltd.	4,664 8 0	Battery Charging and sundry repairs.
17. M/s. Oriental General Agencies	81 0 0	Do.
18. Petty cash payment by Depots.	2,406 15 6	Soldering, Electroplating, welding & other misc. repairs to parts, tyres & tubes etc.
	29,009 12 3	
(ii) Details of Payment made during 1949-50		
1. M/s. United Trading Co.	11,223 4 0	Supplying of sleeves, grinding of Crank shaft, cam shaft, remetal-ling of connecting rod main bearing Cam Brushes & turning of drums etc.
2. M/s. Seth Welding Works	80 0 0	Welding of cylinder Heads etc.
3. M/s. Karol Bagh Garage	1,733 0 0	Remetalting & welding of parts.
4. M/s. Chunilal Manchanda	123 12 0	Silverplating of reflectors.
5. M/s. Pearceylal & Sons Ltd.	5,098 6 0	} Repairs to vehicles during strike period.
6. M/s. Allen Berry & Co. Ltd.	2,131 5 0	
7. M/s. British Motor Car Co. Ltd.	801 14 0	
8. M/s. Noor Mohd. & Co.	40 0 0	Turning of drums.
9. M/s. Prakash Electroplating Works.	171 0 0	Electroplating of plates.

Name of the firm	Amount	Nature of repairs
	Rs.	
10. M/s. Leyland Motors Ltd. .	210 0 0	Repair to injector pumps.
11. M/s. Kapoor Engineering Works	32 0 0	Misc. Repairs.
12. M/s. Premnath Motors Ltd. .	416 0 0	Remetalling & turning of parts etc.
13. M/s. Jain Motor Car Company	6,868 8 0	Grinding of crank shaft and Cam shaft, remetalling & turning of parts etc.
14. Haji Mohd. Ibrahim Kakwan	350 0 0	Welding of parts,
15. M/s. Indian Tyre & Rubber Company	48 8 0	Misc. repairs.
16. M/s. Indian Oxygen & Acetylene Co.	165 0 0	Do.
17. M/s. General Repair Service .	240 13 9	Retreading & Vulcanizing of Tyres.
18. M/s. Goodyear Repair Service	1,032 3 0	Do.
19. M/s. Charan Tyre Vulcanizing Works	42 14 0	Do.
20. M/s. Mool Chand & Co.	682 0 0	Painting of Buses & Boards.
21. Petty cash payments by Depots	56 12 3	Misc. repairs.
	31,547 4 0	

(iii) Details of payment made during 1950-51—

1. M/s. United Trading Co.	32,870 8 0	Grinding of Crank shaft, Cam shaft, reinstalling of cone rods. Main & Cone brushes, supply of sleeves.
2. M/s. Jain Motor Car Co.	24,392 3 0	Reconditioning of engines.
3. M/s. Lakshmi Motor Co.	6,742 8 0	Grinding of Crank shaft, Cam shaft, C. rod, brushes & main Rebatting & cutting.
4. M/s. Haji Mohd. Ibrahim Kakwan	4,929 0 0	Welding & rethreading of cyl. heads, differential tubes, etc.
5. M/s. Sadhu Ram Contractor	7,493 0 0	Building & repairing of bodies
6. M/s. Goodyear Repair & Service Station	56 11 6	Repairing & replacing of spare parts.
7. M/s. Harnam Singh Ikbai Singh	2,418 8 0	Repairing, building & painting bodies.
8. M/s. Chuni Lal	43 0 0	Repairing and replacing of spare parts.
9. M/s. Pearey Lall & Sons	1,630 4 0	Reconditioning and repairing strike period deteriorated vehicles.
10. M/s. British Motor Car Co. Through petty cash	5,160 0 0 164 14 3	Reconditioning of engines Depots repairs debited through petty cash.
	85,900 8 9	
Loss through Jr. No. 3 of Folio 14	40 0 0	Cost of damages recovered from the drivers.
	85,860 8 9	

Outside repairs to tyres & tubes.

	Rs.
1. M/s. Goodyear Repairs & Service Station	28 11 0
2. M/s. Delhi Tyre Service	4,761 15 0
3. Expenses incurred by C. Workshop	507 2 0
4. Expenses incurred through petty cash	73 4 0
	5,371 0 0
5. M/s. Tyresoles Concessionaries Ltd.	7,903 3 0
	13,274 3 0
TOTAL FOR 1950-51	99,134 11 9
<i>Say</i>	99,135 0 0

(iv) Details of payment made during 1951-52—

Name of the firm	Amount Rs.	Nature of Repairs
1. M/s. United Trading Co.	31,609 11 0	Supplying of sleeves, grinding of crank shaft & cam shaft; remetal-ling of connecting rod, main bearing & cam bushes.
2. M/s. Jain Motor Car Co.	453 4 0	Do.
3. M/s. Lakshmi Motor Co.	22,433 14 0	Do.
4. M/s. British Motor Car Co.	9,410 0 0	Do.
5. M/s. H. Mohd. Ibrahim	6,014 0 0	Welding & rethreading stub axle & cylinder heads.
6. Mr. Sadhu Ram	17,945 6 0	Repairs to bus bodies.
7. M/s. Indian Oxygen & Acety- lene	264 12 6	Misc. repairs.
8. M/s. Jai Bharat	606 14 0	Do.
	88,737 13 6	
9. Petty Cash payment by Depots.	151 15 0	
TOTAL FOR 1951-52	88,889 12 6 *	

Total expenditure during the years 1948-49 to 1951-52 i.e. for 3 years & 10 1/2 months. Rs. 2,48,581 8 6
Average yearly expenditure Rs. 64,152 0 0

Remarks of the Accountant General, Food Rehabilitation and Supply

“The total expenditure incurred on repairs of vehicles by the Delhi Transport Service as accounted for in the books of this office is as under:—

Year of the account in which booked	Period to which related	Amount
		Rs.
1948-49	48-49	29,009 12 3
1949-50	49-50	24,653 12 0
1950-51	49-50	6,893 8 0
		31,547 4 0

The full details of the above expenditure are given on the separate sheets enclosed. According to the Delhi Transport Service the figures for the year 1949-50 are Rs. 33,307-14-0 whereas as per books of this

*The amount is provisional as the accounts have not yet been finalised.

office these come to Rs. 31,547-4-0 as shown above. The difference of Rs. 1,760-10-0 is due to the Delhi Transport Service having wrongly booked this amount under the head 'Repair Charges' although it was in respect of departmental charges paid on account of cost of tyres and tubes purchased through the Department of Supply. It will also be seen that a part of the charge to the extent of Rs. 6,893/8/- relating to the year 1949-50 was actually paid by this office during 1950-51.

The figures for 1950-51 in respect of outside repairs to Delhi Transport Service vehicles appear in the P. & L. Account for that year, and the accounts of that year have already been certified in the terms prescribed. No separate certificate therefore appears called for. The figures for 1951-52 cannot however be certified at this stage as the annual accounts have not yet been finally compiled by the Delhi Road Transport Authority and checked by this office."

APPENDIX XXXI

MINISTRY OF TRANSPORT

Statement showing the daily average income yielded by the running of different types of buses by the Delhi Transport Service.

Type of Buses	Average earnings per day	Average Mileage
	Rs. As. P.	
CHEVROLET	80 7 0	* 107.4
LEYLAND	144 0 11	108.5
ALBION	108 8 10	107.2

NOTE :—1. The three types of buses referred to above do not all ply on the same routes. There are two depots from which buses operate, one depot is exclusively for petrol buses and the other depot is exclusively for diesel buses. Therefore diesel and petrol buses do not ply on the same routes. The traffic conditions of routes served by the different depots also differ. Hence the above figures are not suitable for comparing the earnings of one type with another. An experiment was however conducted for one day by detailing all types of buses on one route (Route No. 5—Secretariat to Kashmir Gate) and the result is indicated in the table below :

Type of Vehicle	Passenger capacity	Average earnings per day	Average Mileage
		Rs. As. P.	
CHEVROLET	40	130 10 6	103.0
LEYLAND	53	165 0 6	104.0
ALBION	46	127 10 0	103.0

2. The average daily income of all the buses on the road is about Rs. 20,000- .

Remarks of the Accountant General, Food, Rehabilitation and Supply

“As regards the average daily earning for each type of vehicle, it is not possible for the audit to certify the correctness of the figures, as the history sheet of each bus and vehicle-wise account of the receipt is not kept by the D.R.T.A. Besides this, the check conducted by us is only a percentage and not cent per cent.”

APPENDIX XXXII

MINISTRY OF IRRIGATION AND POWER

SUBJECT:—*Note stating the extent of the financial burden undertaken by the Government of India for the grant of more funds for meeting the additional liabilities involved in the change of the specifications and scope of the Bhakra Nangal Project.*

At an Inter-State meeting held on the 28th October 1947 it was decided that the Centre should provide the entire amount required for the execution of the Bhakra Nangal Project (Rs. 75 crores which was then the tentative estimated cost) and treat as loan to the Government of Punjab. Since then the Central Government have been providing all the funds required for the execution of this project as loans to the Punjab Government. It has been decided now that the three participating Governments of Punjab, PEPSU and Rajasthan will be given loans for financing their part of expenditure incurred in the execution of this project. All the previous loans advanced to the Government of Punjab will be apportioned now between the three participating Governments in the ratio to be determined by the Bhakra Control Board which is in overall charge of the Project. In accordance with the earlier decision about the financing of the Project the revised estimated cost of the Project (1952) viz. Rs. 156 crores will have to be met by the Central Government and the additional liability (over and above the estimates framed in 1949-50) devolving on the Government of India as a result of the revision of the estimated cost is of the order of Rs. 33.47 crores which is on account of the increased cost of materials and labour, increased price payable for plants and machinery etc. on account of the devaluation and increased cost as result of change in designs and specifications and increase in the scope of the Project.

2. The Planning Commission have since decided that the Project estimate should restrict itself to Transmission Lines upto and including 66 K.W. and should not include Transmission Lines below 33 K.W. nor the cost of distribution and bulk supply systems. It has also been decided by the Planning Commission that the provision for mandies and communications included in the project estimate should also be excluded therefrom and financed separately. These decisions of the Planning Commission would mean decrease in the liability of the Central Government with regard to the financing of this project, to the extent provision has been included in the project estimate on account of these items. The exact amount included in the project estimate is not readily available and will be communicated separately.

APPENDIX XXXIII

MINISTRY OF TRANSPORT

Note on the scheme of bulk ordering of road rollers

A note on the scheme of bulk ordering of road rollers prepared by three senior officers of the Audit Department, appointed by the Comptroller and Auditor-General for this purpose, is attached (*Annexure I*). The facts on which the note has been based may be taken as accepted by the Ministries concerned, *viz.*, Ministries of Works, Housing and Supply, Transport and Finance.

S. CHAKRAVARTI,
Joint Secretary.

ANNEXURE I

REPORT ON THE SCHEME OF BULK PROCUREMENT OF ROAD ROLLERS

In July, 1946 the late War Transport Department (Roads Organisation) submitted under Demand No. 88—Capital Outlay on Development, a memorandum (copy enclosed) to the Standing Finance Committee detailing a 'scheme of Bulk Ordering of Road Rollers to be supplied partly by import from abroad and partly by indigenous manufacture in India'. It was stated therein that on the basis of forecast of all probable requirements obtained from the then Provinces and States and all the firm indents already placed by them on the Industry and Supply Department, procurement action had to be taken by the Department of Industries and Supplies for a total of 2267 rollers. To meet urgent requirements it had been decided to import 659 complete units from abroad in addition to taking advantage of purchase at favourable rates of sixty rollers from surplus in the U.K. For the remaining, advantage was to be taken of post war spare capacity of the Indian Ordnance factories for the indigenous manufacture of the Road Rollers and thus help the establishment of Road Rollers industry in India.

2. Two contracts were negotiated by Director General (Industry and Supply) with two well-known suppliers of Road Rollers in U.K. for the manufacture in India of 1500 Nos. Road Rollers (subsequently reduced to 1425 Nos.) in association with two Indian concerns and the Ordnance factories. Certain components which could not be manufactured in India were to be supplied from U.K. by the British firms. Two acceptances of tenders were placed in the year 1946 with the two firms, in both of which the indenting officer was shown as the Consulting Engineer, Roads, War Transport Department, New Delhi, for the entire quantity, he being the authority responsible for co-ordination. The head of account to which the payments were to be debited was to be intimated later on to the Accounts Officer who was subsequently informed by the Director General, Industry and Supply, that debits for payments were to be raised against the Accountant General, Central Revenues, for adjustment under the head "Grant No. 88—Capital Outlay". Accordingly, debits for the payments, which started in October, 1946 were passed on by the late Controller of Supply Accounts and Deputy Accountant General, Industry and Supply, from time to time to the Accountant General, Central Revenues. The Transport Ministry declined to accept any debits on this account and accordingly in February, 1949 the Accountant General, Central Revenues, started rejecting all the debits raised against him including those of the previous years, commencing from 1946 and the amounts had therefore to be kept under Suspense. The Accountant General, Food, Rehabilitation and Supply, subsequently

continued to point out that the debit to Suspense amounted to keeping a very large sum of expenditure outside the purview of the Legislature. On these facts being brought to the notice of the Ministry of Finance and the Director General, Supplies and Disposals in 1949, attempts were made at a series of inter departmental meetings with the assistance of the Accounting authorities concerned to rectify the position and clear the Suspense. By this time the total progress payments kept under Suspense had amounted to Rs. 3 crores. We have examined the scheme in all its aspects and the following main points may be brought to the notice of the Public Accounts Committee.

(i) Large Expenditure Irregularly kept under 'Suspense'.

The contracts for the purchase of 1,500 Road Rollers, later reduced to 1425, were placed against firm indents from Provinces and States for 615 Road Rollers and from the Ministry of Transport for 810 Road Rollers. As according to the normal procedure, progress payments made in these cases could not be debited to various indentors, the manufacture being in bulk, the expenditure incurred on the progress payments had necessarily to be kept under Suspense, as it was decided, in consultation with the Accounts authorities that debits against indentors should be raised only after supplies of finished Road Rollers were made. In August, 1950, the Accountant General, Food, Rehabilitation and Supply pointed out to the Ministries of Industry and Supply and Finance that it was irregular to keep large amounts under Suspense without the vote of Legislature and urged that the Suspense should be cleared by immediate adjustment to grants covered by a vote. The Industry and Supply Ministry, thereupon addressed all the indentors to accept debits *pro rata* on the basis of a provisional price of Rs. 37,500 in the case of Road Rollers already delivered and in respect of Road Rollers not delivered, progress payments will be debited proportionately on the basis of outstanding number of Road Rollers indented. As a result of this special arrangement, by the end of 1951-52 most of the Suspense was cleared, leaving a balance of Rs. 10 lakhs, in regard to indents from other Deposit parties. This amount is still under Suspense.

Under Article 114(3) of the Constitution of India, moneys cannot be withdrawn from the Consolidated Fund of India except when they are voted by the Parliament and included in the Appropriation Act. In this case, an expenditure of Rs. 3 crores was incurred during the course of several years and the amount was illegally kept under Suspense, thus avoiding a vote of Parliament.

Till recently, this constitutional position had not been sufficiently or correctly appreciated with the result that expenditure on certain projects for which budget provision should have been made was kept under Suspense for a number of years pending their clearance. One such instance is that of "Steel Suspense" which was strictly a State

Trading Scheme. It was only in 1949 that the Steel Suspense was abolished and provision for funds was made under State Trading Scheme in 1949-50. It is essential that the correct constitutional position in this matter should be understood by all. Government should take special steps to see that similar irregularities do not occur. They should make it clear to all the indenting Departments that they should accept the full financial commitment in respect of their indents and all expenditure incurred on their behalf by the Director General, Supplies and Disposals, should be accepted by the indenter, without question or reservation.

Before taking action on an indent which will involve progress payments during the course of manufacture it would be preferable if the Director General, Supplies and Disposals, gets a definite acceptance of the indenter that he will agree to accept debits in regard to all progress payments as well. In case a Scheme of manufacture has to be undertaken on behalf of several indentors the appropriate course would be for the Ministry concerned to sponsor a State Trading Scheme and obtain funds for meeting the expenditure under the Scheme, pending recovery from the various indentors after supply of finished articles.

(ii) Defects in the working of the contracts with the manufacturers.

(a) According to the terms of the contract "as soon as possible price will be negotiated and fixed after production has been established". In our view which was not accepted by Government this could only mean that a firm price should have been negotiated after ascertaining actual cost as soon as initial production was established. Actually no cost examination was made as soon as initial production was established, as the firms did not agree to any costing being done till after completion of the contract. Government's contention is, however, that the firms could not be persuaded to agree to a comprehensive cost examination in the early stage, as the production was going on in fits and starts and had not been properly established, owing to reasons for which the firms were not wholly responsible, and that in terms of the relevant clause of the contract the price could only be fixed by negotiation. The main reasons for not fixing a firm price after initial production was established were—

(i) delay and uncertainty of supplies of component parts from the Ordnance factories;

(ii) the fact that manufacture of boilers for steam rollers had not been undertaken by the associated firm in India.

In view of the construction placed by the parties on the relevant terms of the contract it virtually became a cost plus contract with

all its attendant defects in that such types of contracts offer no inducement to the contractor to economise on costs.

(b) No technical officer of Government had kept separate control over the quantity of component parts manufactured, but Government mainly relied on the control exercised by a cell of technical experts brought out by the contracting firms with Government approval, as Government did not have technical officers of the requisite experience of this type of work. Further Government did not consider any special check necessary, as the two Indian Associate firms were firms of repute. As regards control over quality, Government claimed that sufficient control was exercised by the Directorate of Inspection who carried out stage to stage inspection during the manufacture.

The original estimated cost of each Diesel Road roller was Rs. 37,500, but its final price is now Rs. 45,950. In the case of the steam road rollers, the price has not been finalised, but it is stated that it will not be very far from the original figures *viz.*; Rs. 37,500. The Director General, Supplies and Disposals, has, however, stated that the final cost of manufacture of Road Rollers of each type compared favourably with the present day cost of imported rollers of corresponding types.

Sd./- S. GUPTA,

A.G.F.R. & S.

31-10-52.

Sd./- R. P. SARATHY, D.A.D.S.

Sd./- P. N. BHANDARI, D.I.

WAR TRANSPORT DEPARTMENT: ROADS ORGANISATION
Memo. to the Standing Finance Committee for meeting on 30-7-46.

No. MP 35(1):

New Delhi, the 16th July 1946

Demand No. 88—Capital Outlay on Development.

Scheme of Bulk Ordering of Road Rollers, to be supplied partly by import from abroad and partly by indigenous manufacture in India.

I. CONCISE STATEMENT OF THE PROPOSAL AND THE REASONS THEREFOR.

(1) Power-driven road-rollers are the most essential of all types of road making machinery in the development and maintenance of the road systems of India. The programme of road development envisages an expenditure of about Rs. 400 crores over a period of about 15 years. The Report on Post-War Road Development, December 1943 (framed by a Conference of Provincial Chief Engineers and States; available in the Library of the Central Legislature) recommended *inter alia* as follows:—

“130. Road Rollers, the most important single item of machinery: 3,000. required after the war: great scope for standardisation and a rationalised system of purchase as well as for manufacture in India. (Page 27 of Report, Ch. XIV).”

131. Necessary to place indent for about 1,200 rollers immediately; otherwise hiatus in road work anticipated on close of hostilities."

(2) After consulting the Provincial Governments, who actually need the rollers for the execution of their road programmes, the War Transport Department sponsored a scheme for the bulk ordering of road rollers covering not only import for immediate requirements but also indigenous manufacture in respect of subsequent requirements. The benefits of standardisation and collective bargaining would be better secured if the Provinces would agree to place their orders through the I. & S. Department. This has been generally agreed to by the Provinces and a number of the Indian States.

(3) On the basis of forecasts of probable requirements obtained from the Provinces and States and of the firm indents already placed by the Provincial and States indentors on the I. & S. Department, the War Transport Department authorised the Department of Industries and Supplies to take appropriate procurement action to obtain a total of 2,267 rollers, as far as possible from indigenous sources, having in mind the need for earliest possible delivery.

(4) Investigation by the I. & S. Department revealed that no substantial capacity was available in India to build complete units and that it would take so much time to import factory machinery to effect any large increase in the existing manufacturing capacity, that the execution of the post-war development programmes would be seriously delayed thus adversely affecting not only the prospect of proper employment on roadworks of war-displaced personnel but also the development plans in other fields generally. On the other hand it was necessary to utilise and develop the existing manufacturing capacity to the fullest extent practicable.

(5) In these circumstances, the following arrangements have been decided upon:

Import of complete units from abroad.

- (i) 250 Nos. ordered through D.G., I.S.D., London, new prices not yet available.
- (ii) 159 Nos. ordered through trade from U.S.A., new prices ranging from Rs. 20,000 to Rs. 30,000 each.
- (iii) 250 Nos. ordered from Australia, new price Rs. 22,000 each.
- (iv) 60 Nos. ordered from surplus stock in U.K. price Rs. 12,000 each.

TOTAL: 719.

Manufacture in India:

- (v) 1000 Nos. to be manufactured by Messrs. Marshall Sons & Co. (Gainsborough, U.K.) in association with TELCO (Tata Engineering & Locomotive Manufacturing Co.) and the Ordnance Factories; complete boiler and gear units being supplied from U.K. and the rest manufactured by Ordnance Factories and TELCO.
- (vi) 500 Nos. to be manufactured by Aveling Barford (U.K.) in association with Jessop & Co. and the Ordnance Factories; the diesel engine and gear units being supplied from the U.K. and the rest manufactured by Jessops and the Ordnance Factories.
- (vii) 48 Nos. to be made completely in India depending on capacity of Indian Firms.

1548

Explanation of items (iv) to (vii) will be found in para. 8. Item (i) to (iii) were ordered before the bulk orders for manufacture in India were negotiated and they are expected to be available partly in June 1947 and the rest by October 1947. Delivery of rollers manufactured in India will commence from July 1947 and is expected to be completed by June 1949.

2. IS THE PROPOSAL IN RESPECT OF A NEW SERVICE?

Yes.

3. HAS THE PROPOSAL OR ANY PART THEREOF BEEN CONSIDERED ALREADY BY THE STANDING FINANCE COMMITTEE? IF SO, WITH WHAT RESULT?

No.

4. FINANCIAL EFFECT OF THE PROPOSAL—

(1) So far financial backing in the shape of Provincial/State indents placed in appropriate form on the I. & S. Department has been received in respect of about 1500 rollers which leaves about 770 Nos. uncovered by such backing out of the total order of 2,267 detailed in para. 1(5). The War Transport Department thus has a "contingent" liability in respect of these 770 "uncovered" rollers but this liability is expected to be liquidated in due course when firm indents in the appropriate form are placed on the I.S.D. by the Provincial/State indentors in respect of all their requirements up to the 31st December 1950. The forecasts of probable minimum requirements up to that date total up to 2,981 Nos.; and all the Provinces/States concerned have given assurances that they will not place orders for rollers otherwise than on the I. & S. Department. Delivery of the total will be spread over some 3 years and it will not even be possible to secure all of the 1,500 Nos. covered by firm indents until the end of the next financial year; so that the "contingent" liability referred to will not in fact arise, if it arises at all, until after the end of March 1948.

(2) For manufacturing components, the Ordnance Factories will require funds to the extent of about 40 per cent. of the cost of the 1,500 rollers to be manufactured in India (estimated to be about Rs. 440 lakhs *vide* details given in para. 8 below), the annual provision required on this account being—

	Rs.
1946-47	30,00,000
1947-48	80,00,000
1948-49	50,00,000
Total:	1,60,00,000

This expenditure will be recovered by the Ordnance Factories from the firms for whom they will act as sub-contractors, the firms in their turn recovering the same ultimately from the Provincial/State indentors for the rollers manufactured.

5. IS THE PROPOSAL COMPLETE IN ITSELF OR WILL IT INVOLVE FURTHER EXPENDITURE IN SUBSEQUENT YEARS? IF SO, WHAT IS THE NATURE AND EXTENT OF FURTHER COMMITMENT?

The proposal is complete in itself.

6. HAS ANY EXPENDITURE ALREADY BEEN INCURRED IN RESPECT OF THE PROPOSAL IN ANTICIPATION OF THE APPROVAL OF THE STANDING FINANCE COMMITTEE? IF SO, HOW MUCH, AND FOR WHAT REASONS?

No expenditure incurred yet; but to avoid delay authority has been given to go ahead with the project.

7. IN WHAT MANNER IS IT PROPOSED TO MEET THE EXPENDITURE?

By a supplementary grant during 1946-47 and Budget Provision in future years.

8. SUPPLEMENTARY INFORMATION REQUIRED TO ELUCIDATE THE SCHEME.

(i) While the responsibility, for taking procurement action is that of the I. & S. Department, the War Transport Department are sponsoring the bulk ordering to the extent of gauging the probable demands; allocating supplies, as and when they come forward, to individual indentors having regard to priority of need in relation to the execution of urgent road works and also to the grouping of uniform or similar types of rollers in each Province/State

so that servicing and repairs can be effected systematically and economically. The allocation will be made in consultation with the Provincial/State Chief Engineers concerned.

(2) **Sixty rollers ordered from surplus in U.K., item (iv) in para. 1(5) above.**—This was done to take advantage of a snap offer of immediate delivery at an extremely favourable rate from U.S. surplus in U.K. Cost of each landed in India, about Rs. 12,000, total cost of 60 Nos. Rs. 7.20 lakhs.

(3) **Bulk order for manufacture of 1,500 rollers in India, item (v) and (vi), para. 1(5).**—Assembling and distribution of the 1,000 steam rollers will be done by TELCO; and after-sale servicing will be done by Marshalls (India) Ltd. Messrs. Jessop & Co. (Calcutta) and Greaves Cotton (Bombay) will act similarly in respect of the 500 diesel road rollers. Marshalls and Aveling-Barford will each make available to the manufacturers in India all the necessary drawings for Jigs, patterns, designs, technical knowledge and information required for the components to be made in India.

The delivery costs are expected to be:—

Steam roller—Rs. 30,000 each.

Diesel roller—Rs. 28,000 each.

Total cost of 1,000 steam and 500 diesels—Rs. 440 lakhs.

(4) There is a world shortage of road rollers and an urgent need for them in India. The bulk order of 1,500 above-mentioned was placed after careful investigation of various alternatives.

(5) **Orders for 48 rollers to be made completely in India.**—These are being treated as “educational” orders. Negotiations are in progress.

Sd. K. S. MISRA,

Deputy Secretary, War Transport Department.

Extract from the Proceedings of the Standing Finance Committee meeting on 30th July 1946.

The Committee recommended acceptance of the proposal and noted:

- (a) that it was not possible to reduce the number of road rollers for the supply of which commitments had already been entered into;
- (b) that according to the agreement with Tatas an increasing proportion of the manufacture (in excess of 65 per cent.) would be undertaken in India simultaneously with the development of boiler manufacturing capacity by the Tatas during the next 3 years; and
- (c) that after the present contracts had been executed, Tatas would be in a position to manufacture in India all the units required for annual replacements.

The Committee expressed a strong desire that Government should investigate separately the possibility of developing the manufacture of diesel engines in this country not only for road rollers but for other uses (*e.g.* agriculture) as well, if necessary, by establishing a Government factory for this purpose.

[Taken from Finance Department No. 4178-EGI/46, dated 26th August, 1946: Transport Department file No. MP-35(1).]

APPENDIX XXXIV

MINISTRY OF NATURAL RESOURCES AND SCIENTIFIC RESEARCH

*Appropriation Accounts (Civil) 1949-50 and the Audit Report 1951—
Review on the Capital Outlay on schemes of State Trading—
Purchase of Machinery for Mica Miners with reference to action
taken on item 36 of the statement showing outstanding recom-
mendations.*

The scheme originated in the later part of 1942, in order to assist the Mica Miners in respect of the supply of machinery, stores, etc. for production of Mica for supply to *Joint Mica Mission. It was agreed that the loss, if any, on the scheme shall be passed on to the U.K. Government account Joint Mica Mission* after the close of the transactions. It may be mentioned here that the Government of India was not a sharer to the Joint Mica Mission. On the termination of the War the Mica Mission withdrew their financial support of the Scheme with effect from 1st December, 1945, although they continued to be responsible for the loss, if any, sustained in disposing of the stocks remaining in hand on that date.

2. Supplies were made available to Mica Miners and also to other parties on the approval of the Joint Mica Mission from stocks in hand till the 30th November, 1947. The balances still left to the book value of Rs. 2,62,839 were declared surplus to the †Disposal Board, which have now been completely disposed of, at a sale value of Rs. 1,89,583 excluding auctioners' commission of Rs. 117 for items sold in auction.

3. A debit of Rs. 6,10,098 on account of certain definite items of losses agreed to be borne by the Joint Mica Mission, was passed on to the H.M.G. in pre-partition accounts in 1947 which has been accepted by the H.M.G.

4. The Scheme has been closed, but the accounts could not be closed yet owing to some financial adjustments still to be carried out.

5. The sum of Rs. 3,869 being the 2 per cent. charge payable to the Disposals for sales through them, has been adjusted in the accounts for March, 1952 (final); whereas the two credits (*viz.* Rs. 10,745 and Rs. 406) amounting to Rs. 11,151 were awaiting adjustments upto March 1952 (final) against which the credit for Rs. 10,745 has been adjusted in November, 1952. As for the credit of the balance sum of Rs. 406 the decision of the Assistant Director, Disposals, New Delhi, is awaited. No further amount is outstanding for adjustment.

*This comprised of 3 representatives of U. K. and 3 of U. S. A. Governments.

†Constitution of the Board is attached (*Annexure I*).

6. The accounts of the scheme appearing in the pre-partition and post-partition periods are shown below:—

I. Pre-partition:—

(a) Gross Expenditure		Rs. 28,92,009-10-0
(b) Deduct Recoveries	(—)	Rs. 27,42,345- 5-0
TOTAL		<u>Rs. 149,664- 5-0</u>

II. Post-partition:—(Upto 1951-52).

(a) Gross Expenditure		Rs. 23,514- 0-0
(b) Deduct Recoveries	(—)	Rs. 2,99,842- 3-9
TOTAL (—)		<u>Rs. 2,79,328- 3-9</u>

The progressive totals of gross expenditure and recoveries since the commencement of the scheme to end of the second week of November, 1952 are as under:—

(a) Gross Expenditure		Rs. 29,12,523-10-0
(b) Deduct Recoveries	(—)	Rs. 30,52,932-89
TOTAL	(—)	Rs. 1,40,408-14-0
Add : credit outstanding	(—)	Rs. 406-0-0
	(—)	<u>*Rs. 1,40,814-14-9</u>

7. As shown at "*" above a nett profit of Rs. 1,40,814 is anticipated on the scheme. The profit of Rs. 1,40,408/14/9 has already been earned upto the end of the 2nd week of November, 1952.

ANNEXURE I

Present constitution of the Disposals Board

1. Secretary, Ministry of W. H. & S.—Chairman.
2. Secretary, Ministry of Commerce and Industry.
3. Financial Adviser (Defence).
4. Director General (Disposals and Supplies).
5. Secretary, Ministry of Defence.
6. Secretary, Food and Agriculture Ministry (as required).

Where member concerned is unable to attend, representation on the Board should be by an Officer not lower in rank than a Joint Secretary. The Cabinet Secretariat may, if they so desire, send a representative to the meetings of the Board.

APPENDIX XXXV

MINISTRY OF FOOD AND AGRICULTURE (AGRICULTURE)

Public Accounts Committee—consideration of the Appropriation Accounts (Civil) 1949-50 and the Audit Report thereon—State Trading Scheme—Supply of Chemical Fertilisers.

Q. 1. What quantities of the fertilisers were distributed in the various States from year to year?

A. The quantities of Sulphate of Ammonia distributed in the various States have been worked out on the basis of opening balance in each year, supplies made during the year and closing balance at the end of the year and are shown in Annexure I. The quantities of Superphosphate supplied to the various States from the Central Pool are shown in Annexure II. As the State Governments used to take Superphosphate from the manufacturers as and when they required it for distribution, the total supplies received during the year are taken as the quantities distributed. Presumably the difference between off-take by the States and actual distribution in each State will not be appreciable.

Q. 2. How many acres of land have been benefited from the use of these fertilisers?

A. The acreage benefited by the use of chemical fertilisers under G.M.F. Campaign is given in Annexure III. Total acreage under non-food crops in the various years is given in Annexure IV. Acreage under non-Food crops benefited from the use of fertilisers is not available separately. It is, however, reported that the entire Tea and Coffee Plantations and a considerable portion of the sugarcane and jute crops are manured with chemical fertilisers.

Q. 3. What have been the results in the shape of increased production of food solely attributable to this factor?

A. The increased food production attributable solely to the use of chemical fertilisers is shown in Annexure V.

Q. 4. Has the utility of the chemical fertilisers been assessed? If so, how and with what results?

A. Experiments on the economics of chemical fertilisers in general and sulphate of ammonia and Superphosphate (these being the chief chemical fertilisers utilised in India) in particular have been conducted at the I.A.R.I. and the States. It has generally been found that

the use of sulphate of ammonia gives, on an average, higher yields of the order of 2 maunds for each maund of sulphate of ammonia used and that the use of Superphosphate is meant more for the maintenance of plant nutrient balance in the soil. Although continued use of sulphate of ammonia alone is likely to produce acidity in the soil, yet if applied with proper irrigation and in combination with bulky organic manures, it does not produce any deleterious effects.

Statement showing the quantities of Superphosphate supplied to States etc. during years 1949 to 1952.

Sl. No.	Allottee	1949	1950	1951	*1952
		Tons	Tons	Tons	Tons
1.	Madras	4,754	18,347	20,321	9,692
2.	West Bengal	498	20	10	210
3.	Bombay	10,566	2,353	6,632	2,258
4.	Bihar	1,710	5,037	4,636	933
5.	Orissa . . . . .	...	151	...	...
6.	Punjab	14	20	6	5
7.	U. P.	862	147	85	170
8.	Madhya Pradesh	2,176	2,434	...	1,580
9.	Assam . . . . .	...	...	...	...
10.	Hyderabad . . . . .	...	...	2,709	2,730
11.	Mysore	4,642	2,217	2,451	379
12.	Madhya Bharat . . . . .	...	1,203	1,006	16
13.	Saurashtra . . . . .	...	1,681	...	900
14.	Rajasthan . . . . .	...	100	...	79
15.	P. E. P. S. U. . . . .	...	...	...	...
16.	Bhopal . . . . .	...	1,800	1,840	...
17.	Vindhya Pradesh . . . . .	...	1,219	800	...
18.	Himachal Pradesh . . . . .	...	2	13	2
19.	Kutch . . . . .	...	...	...	...
20.	Manipur . . . . .	...	...	...	...
21.	Tripura . . . . .	...	...	...	...
22.	Ajmer . . . . .	...	...	10	...
23.	Delhi . . . . .	...	...	...	...
24.	Coorg . . . . .	...	...	...	103
25.	Bilaspur . . . . .	...	...	...	...
26.	Travancore-Cochin . . . . .	...	1,015	395	375
27.	Tea Gardens	413	808	6,519	5,331
28.	Coffee Board . . . . .	...	1,276	729	17
29.	Rubber Board . . . . .	...	...	...	...
30.	Sugar Mills . . . . .	...	277	...	...
31.	I. A. R. I. . . . .	...	...	...	8
	TOTAL	25,635	40,107	48,152	24,788

N. B.—Supplies to Tea Gardens include supplies to N. E. Indian Tea Estates as well as South Indian Estates (through U. P. A. S. I.)

*Upto the 15th August, 1952, whence Superphosphate Pool was discontinued.

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ANNEXURE

Statement showing the quantities of sulphate of ammonia consumed during the year 1949-50 and calendar years 1950, 1951, 1952.

Sl. No.	State/Allottee	Supply 1949-50 (Financial)	1950			1951				1952				
			Opening balance	Supply during year	Closing balance	Quantity consumed	Opening balance	Supply during year	Closing balance	Quantity consumed	Opening balance	Allocation for the year	Closing balance	Quantity consumed
		Tons	Tons	Tons	Tons	Tons	Tons	Tons	Tons	Tons	Tons	Tons	Tons	Tons
1.	Madras	51,004	19,865	1,46,638	39,803	1,26,700	39,803	46,429	...	86,232	...	1,63,000	Too	Too
2.	West Bengal	8,939	7,981	7,138	6,863	8,256	6,863	4,669	1,500	11,932	1,500	13,000	early to	early to
3.	Bombay	18,139	9,862	63,780	26,908	46,734	26,908	3,768	...	30,676	...	30,000	estimate	estimate
4.	Bihar	18,345	13,468	31,967	31,997	14,338	31,997	7,343	28,000	10,440	28,000	2,000		
5.	Orissa	2,815	1,218	3,606	877	3,947	877	6,529	800	6,606	800	5,000		
6.	Punjab	4,020	1,722	10,294	7,848	4,164	7,848	...	4,000	3,848	4,000	3,500		
7.	U. P.	22,358	8,265	60,528	34,000	34,793	34,000	18,765	5,000	47,765	5,000	41,000		
8.	Madhya Pradesh	7,077	6,004	7,238	5,631	7,611	5,631	...	...	5,631	...	9,000		
9.	Assam	151	...	119	...	119	...	50	...	60	...	500		
10.	Hyderabad	6,214	57	10,134	6,218	3,973	6,218	12,785	Not furnrd.	19,003	Not furnrd.	12,200		
11.	Mysore	3,555	1,144	8,101	5,380	3,864	5,380	7,047	2,993	9,434	2,993	3,450		
12.	Madhya Bharat	363	Inf. not given.	1,768	664	1,104	664	1,646	800	1,510	800	375		
13.	Saurashtra	353	...	3,889	3,600	289	3,600	...	1,500	2,100	1,500	...		
14.	Travancore-Cochin	...	255	685	343	597	343	Supplies recd. from F. A. C. T. Always	Not furnished.	343	Not furnished.	Receiving direct from FACT, Always		
15.	Rajasthan	121	...	532	116	416	116	576	...	692	...	700		
16.	P. E. P. S. U.	421	...	421	*1,113	...	1,113	...	...	1,113	...	...
17.	Bhopal	87	...	75	...	75	...	...	Not furnished	...	Not furnished	500		
18.	Vindhya Pradesh	...	...	38	...	38	...	320	Do.	320	Do.	...		
19.	Himachal Pradesh	...	...	...	...	...	...	...	...	...	Do.	70		
20.	Kutch	...	...	...	...	...	...	...	*	...	Do.	10		
21.	Tripura	...	...	...	...	...	...	...	...	...	Do.	3		
22.	Ajmer	...	...	...	...	...	...	40	...	40	...	65		
23.	Delhi	10	...	219	...	219	...	350	...	350	...	700		
24.	Coorg	550	...	20	...	20	...	...	...	...	...	33		
25.	Tea Gardens	29,077	...	48,000	...	48,000	...	28,765 7,880	...	36,645	...	68,000		
26.	Coffee Board	3,397	...	4,950	...	4,950	...	162	...	162	...	6,000		
TOTAL		1,76,996	69,841	4,10,140	1,70,461	3,10,212	1,70,461	1,47,124	44,593	2,73,992	44,593	3,59,106		

* Previous stocks available with the State.

N. B.—1. Information regarding the opening stocks for 1949-50 is not available.

2. Since 1950 allocations are being made according to calendar years.

ANNEXURE III

Area of land benefited from the use of Chemical Fertilisers under
G. M. F. Campaign.

(Acres)

Name of State	1948-49	1949-50	1950-51*	1951-52
Assam . . . . .	...	...	...
Bihar	N. R.	209,000	245,000	
Bombay	N. R.	15,424	37,552	
Madhya Pradesh	77,500	97,920	111,910	
Madras	2,100,000	1,803,872	1,309,508	
Orissa	33,750	15,512	64,442	
Punjab	23,800	35,308	53,900	
Uttar Pradesh	94,500(a)	159,111	104,229	
W. Bengal	134,420	123,102	183,125	
Hyderabad . . . . .	...	39,940	13,440	
Jammu & Kashmir . . . . .	...	...	...
Madhya Bharat . . . . .	...	875	22,757	
Mysore . . . . .	...	N. R.	48,804	
P. E. P. S. U. . . . .	...	50	5,000	
Rajasthan . . . . .	...	...	7,560	
Saurashtra . . . . .	...	...	327	
Trav. & Cochin . . . . .	...	113,380	...	
Ajmer	654	298	475	
Bhopal . . . . .	...	...	33,927	
Bilaspur . . . . .	...	...	...
Coorg	2,508	950	1,702	
Delhi	780	560	2,146	
Himachal Pradesh . . . . .	...	...	...
Kutch . . . . .	...	...	...
Manipur . . . . .	...	...	...
Tripura . . . . .	...	...	...
Vindhya Pradesh . . . . .	...	...	13,300	
Andamans . . . . .	...	...	...
TOTAL	2,467,912	2,615,302	2,259,104	

Not yet available .

*Provisional.

(a) Includes figures for 'Bonemeal'. N. R. Not reported.

ANNEXURE IV

Area under crops in India

(Thousand acres)

Crops	1948-49	1949-50	1950-51	1951-52
Tea	768	772	777†	N. A.
Coffee	218	218	224†	N. A.
Sugarcane	3,752	3,624	4,214	4,72
Cotton	11,293	12,173	13,859*	15,125⊕
Jute	841	1,163	1,454	1,95

*Final estimate and therefore subject to revision.

⊕ Fourth Estimate and therefore subject to revision.

N. A. Not Available.

† Provisional.

ANNEXURE V

Additional production of food-grains achieved from the distribution of Chemical Fertilisers under G. M. F. Campaign.

(Tons)

Name of State	1948-49	1949-50	1950-51*	1951-52
	(Over previous year)	(Over previous year)	(Over previous year)	(Over previous year)
Assam . . . . .	...	...	...
Bihar	36,069	8,096	5,234	
Bombay	(—) 628	3,806	3,306	
Madhya Pradesh	9,718	4,146	4,014	
Madras	75,000	(—)4,150	16,947	
Orissa	4,000	56	6,495	
Punjab	4,250	1,644	(—)2,654	
Uttar Pradesh	17,500(a)	11,964	(—)10,163	
W. Bengal.	9,800	4,451	625	
Hyderabad . . . . .	...	5,053	(—)48	
Jammu & Kashmir . . . . .	...	...	...
Madhya Bharat . . . . .	...	85	2,114	
Mysore . . . . .	...	N. R.	(—)2,225	
P. E. P. S. U. . . . .	...	75	400	
Rajasthan . . . . .	...	...	126	
Saurashtra . . . . .	...	...	24	
Trav. & Cochin . . . . .	...	16,483	...	
Ajmer	48	(—)26	8	
Bhopal . . . . .	...	...	4,110	
Bilaspur . . . . .	...	...	...
Coorg	630	(—)31	95	
Delh i	273	(—)232	117	
Himachal Pradesh . . . . .	...	...	...
Kutch . . . . .	...	...	...
Manipur . . . . .	...	...	...
Tripura . . . . .	...	...	...
Vindhya Pradesh . . . . .	...	...	1,270	
Andamans . . . . .	...	...	...
TOTAL	156,660	51,420	35,103	

(Not yet available)

(a) Includes figures for 'Bonemeal'.

* Provisional.

N. R. — Not reported.

N. B.—Negative figures indicate that the gross additional production from fertilisers during the year was less than that during the previous year.

APPENDIX XXXVI

MINISTRY OF FOOD AND AGRICULTURE

Land Reclamation Scheme

Note explaining the financial implications of the utilisation of the old tractors.

In 1946 the Central Tractor Organisation took over from the American Surplus 305 Caterpillar Tractors together with allied equipment and spares. The amount paid to Disposals Department for the cost of tractors and equipment was Rs. 37,06,709. Out of this, 71 tractors were sold to State Governments along with some other equipment at a total value of Rs. 19,30,406 and 18 tractors were cannibalised as they were not fit for work. The remaining tractors and equipment were rehabilitated during the years 1946-47 and 1947-48 at a cost of Rs. 18,35,967. Due to their being very old stuff, the tractors and equipment required further overhauls during the years 1950-51 and 1951-52 which were executed at a cost of Rs. 13,71,493 and Rs. 7,43,115 respectively.

Six old units operated during the first season 1947-48, 10 old units worked in 1948-49, 6 in 1949-50 and 1950-51. The following are the particulars of the work done.

Season	Hrs. worked	Hrs. ploughed	Acreage
1947-48	52,340	42,703	32,531
1948-49	1,44,257	1,14,520	72,029
1949-50	78,739	60,041	39,701
1950-51	1,05,735	84,194	57,003

The original estimate for the cost of operations was Rs. 8-8-0 per hour exclusive of the cost of fuel oil, lubricants, and transport. In the year 1948-49, when final accounts were not yet prepared, it was considered that the estimate was too low and it was therefore provisionally raised to Rs. 12-8-0. When the accounts were finally prepared in 1949-50, the rate had to be increased to Rs. 17-8-0 per hour to avoid loss. Government orders have since been received that the cost of all the operations should be recovered at the rate of Rs. 17-8-0 per hour. The State Governments have also accepted this rate.

It was observed that, during the year 1950-51, even after recovering at the rate of Rs. 17-8-0 per hour, a loss of Rs. 11,00,696 was incurred. This was mainly due to the high cost of rehabilitation which was becoming more or less annual. Hence the operation of old units on a large scale has been stopped from the season 1951-52.

The statement attached hereto will show that all the expenditure incurred up to now on the operation of old units could still be recovered without the necessity for further increase in the operational rate. This is because it is expected that a considerable quantity of the remaining equipment can be easily sold at much above their present book values and all losses incurred in the operation can be met from the profits out of the sale proceeds.

Sd. C. V. NARASIMHAN, 20-9-52.

STATEMENT I

Financial position as on 31st March, 1952 in regard to operation of Old Units.

Expenditure	Rs.	Rs.
1. Amount paid to Disposals Dept. for purchase of 305 tractors and equipment	37,06,709	
Less cost of equipment sold to States	19,30,406	
	17,76,303	
Less value of Ledo Workshop	2,03,000	
	15,73,303	15,73,303
2. Cost of rehabilitation carried out during the years 1946-47 & 47-48		18,35,967
3. Do 1950-51		13,71,493
4. Do 1951-52		7,43,115
5. Depreciation charges on equipment other than disposal purchases upto 31-3-1950 (used in old units)		1,60,354
6. Depreciation charges on equipment other than disposal charges 1-4-50 to 31-3-1951		2,40,554
7. Do 1-4-51 to 31-3-1952		2,29,512
8. Operational expenditure upto 31-3-1950		25,71,442
9. Do for 1950-51		14,32,030
10. Do for 1951-1952		8,61,332
Total expenditure upto 31st March, 1952		1,10,19,102

STATEMENT II

Recoveries

Recoveries upto 31-3-1951 on account of operation	59,16,393
Estimated recoveries for 1951-52	10,08,000
Sales during 1950-1952.	4,73,500

Further Estimated Sales

116 D7 Tractors @ 8,000/- each.	9,28,000	
22 Graders @ 8,000/- each.	96,000	
20 Scrapers @ 10,000/- each.	2,00,000	
140 P. C. U. S.	6,00,000	
20 Dozers.	1,00,000	
Spares.	7,78,521	
	27,02,521	27,02,521
Residual value of tractors & equipment as on 31-3-1952		6,06,773
Rehabilitation expenditure charged to new units during 1951-52		1,50,000
Depreciation charged to new units for old equipment used for 1951-52.		1,61,915
TOTAL		1,10,19,102

APPENDIX XXXVII

No. F.43-2/52-G.3.

GOVERNMENT OF INDIA

MINISTRY OF EDUCATION

New Delhi-2, the 11th November, 1952

From

Dr. S. S. Bhatnagar, D.Sc., F.R.S.,
Secretary to the Government of India.

To

The Chairman and Members of the
Public Accounts Committee.

SUBJECT:—*Audit arrangements for the Central Universities.*

Sirs,

At the meeting of the Public Accounts Committee held on the 29th of October 1952, the Committee desired that a memorandum should be submitted on the question of audit of the accounts of the Central Universities by the Comptroller and Auditor-General of India and the presentation of the report to Parliament. I am accordingly directed to submit the following facts for the information of the Committee.

2. At the time of amending the Acts of incorporation of the Central Universities at Banaras, Aligarh and Delhi in 1951 and 1952, it was suggested by the Comptroller and Auditor-General of India that the audit report on the accounts of the Central Universities should be submitted to Parliament. The suggestion was considered in consultation with the Ministry of Law who held that it was not necessary that the Comptroller and Auditor-General should submit his report to the President or that the accounts of the University be placed before Parliament as they are not Government accounts. It was also noted that Parliament would have an opportunity of discussion in connection with the voting of grants to the Universities. Accordingly, provision was made in the Acts of incorporation of the Banaras Hindu University, the Aligarh Muslim University and the Delhi University for the submission of the report of the Comptroller and Auditor-General to the Visitor of these Universities who is the President of India. This arrangement will enable the Government of India to advise the Visitor whether specific action on the audit report is called for and also enable Government to ensure that the financial affairs of the University are efficiently managed, without in any way impairing the autonomy of Universities.

3. The point of view of the Comptroller and Auditor General was raised in Parliament in the debate relating to the amendment of the Banaras Hindu University Act by means of an amendment to the relevant clause moved by Dr. M. M. Das to provide that the "Report of the Comptroller and Auditor-General shall be submitted to the Visitor, who shall cause it to be laid before each House of Parliament". After a full discussion, this amendment was rejected by the House. It will be seen from the enclosed extracts of the relevant Sections as adopted by Parliament that the accounts of the Central Universities, when audited, are to be published in the official gazette and that a copy of the accounts together with the auditor's report is to be submitted to the Visitor (the President of India).

4. An extract of the relevant provision in the Visva-Bharati Act, 1951, is also appended. The accounts of the University are to be audited "according to the directions of the Central Government" and copies of the audited accounts and audit report are to be submitted to the Paridarsika (Visitor) who is also the President of India. It is understood that the audit of the University's accounts has been entrusted to the Accountant General, West Bengal.

Yours faithfully,

Sd./- S. S. BHATNAGAR,
Secretary.

MINISTRY OF EDUCATION

Copy of Section 13 of the Banaras Hindu University Act, 1915.

13. Audit of Accounts.—*(1) The Accounts of the University shall, once at least in every year and at intervals of not more than fifteen months, be audited by the Comptroller and Auditor-General of India.

(2) The accounts, when audited, shall be published in the Official Gazette and a copy of the accounts, together with the Auditor's report, shall be submitted to the Visitor.

*Vide Section 9 of the Banaras Hindu University (Amendment) Act, 1951.

MINISTRY OF EDUCATION

Copy of Section 35 of the Aligarh Muslim University Act XL of 1920.

35. Annual Accounts.—(1) The annual accounts and balance sheet of the University shall be prepared under the direction of the Executive Council, and shall once at least every year and at intervals of not more than fifteen months be audited by the Comptroller and Auditor-General of India.

(2) The annual accounts when audited shall be published in the Official Gazette and in the local official Gazette, and a copy of the accounts together with the report of the Comptroller and Auditor-General shall be submitted to the Visitor.

(3) The annual accounts and the financial estimates shall be considered by the Court at its annual meeting, and the Court may pass resolutions thereon and communicate the same to the Executive Council which shall take such action thereon as it thinks fit.

MINISTRY OF EDUCATION

Copy of Section 39 of the Delhi University Act of 1922.

39. Audit of Accounts.—(1) The accounts of the University shall, once at least in every year at intervals of not more than fifteen months, be audited by the Comptroller and Auditor-General of India.

(2) The accounts, when audited, shall be published in the Official Gazette and a copy of the accounts together with the audit report shall be submitted by the University to the Visitor.

Extracts from the Visva-Bharati Act No. XXIX of 1951 and the First Statutes of the University.

* * * *

Section 36. Annual Accounts.—(1) The annual accounts and balance-sheet of the University shall be prepared under the direction of the Karma-Samiti (Executive Council), and shall be submitted to the Central Government.

(2) The audit of the accounts of the University shall be carried out according to the directions of the Central Government.

(3) Copies of the audited accounts together with copies of the audit report, if any, shall be submitted to the Samsad (Court) and to the Paridarsaka (Visitor).

(4) The annual accounts and the financial estimates shall be considered by the Samsad (Court) at its annual meeting, and the Samsad (Court) may pass resolutions thereon and communicate the same to the Karma-Samiti (Executive Council) which shall take them into consideration and take such action thereon as it thinks fit or inform the Samsad (Court), when no action is taken, of its reasons therefor.

APPENDIX XXXVIII

MINISTRY OF NATURAL RESOURCES AND SCIENTIFIC RESEARCH

Council of Scientific and Industrial Research

Memorandum regarding the working of the Council of Scientific and Industrial Research

After the setting up of the Board of Scientific and Industrial Research and the Industrial Research Utilization Committee, the need was felt of a body which could co-ordinate and generally exercise administrative control over the work of the two organizations. The Government of India, therefore, felt that this object would be best achieved by constituting a Council of Scientific and Industrial Research on a permanent footing. The actual administration of the affairs as well as the funds of the Council are to be entrusted to a Governing Body of the Council, which will be a Registered Society under the Registration of Societies Act (Act XXI of 1860). The Council is to be an autonomous body and is to set up its own Advisory Bodies to examine proposals of scientific and industrial research and to report to the Governing Body on the feasibility of the proposals and to advise on any other question referred to them by the Governing Body.

To implement and to give effect to the above decision, the following resolution was moved and passed by the Legislative Assembly on the 14th November 1941 and accepted by the Government of India:—

“This Assembly recommends to the Governor General in Council that a fund called the ‘Industrial Research Fund’ be constituted for the purpose of fostering industrial development in this country and that provision be made in the budget for an annual grant of Rs. 10 lakhs to the Fund for a period of five years.”

Owing to the gradual expansion of the activities of the Council, the grant of Rs. 10 lakhs initially fixed by the Assembly has been increased from time to time.

It was decided that the Governing Body of the Council would consist among other members, of one person appointed by the Central Government representing the Finance Ministry, who is known as the Financial Adviser to the Council of Scientific and Industrial Research. He is ordinarily a Joint Secretary of the Ministry of Finance.

The present strength of the Governing Body consists of 25 members and includes among others, renowned scientists in the field of research and industrialists of the biggest concerns of India. The President of the Governing Body is the Hon'ble Prime Minister and the Vice-President is the Minister in charge of the Ministry under which the

Council of Scientific and Industrial Research falls. At present it is the Ministry of Natural Resources and Scientific Research. The Ministers in charge of the portfolios of Commerce and Industry and Works, Production and Supply are also on the Governing Body. The present membership of this body is given in Annexure 'I'.

Under the Rules and Regulations of the Council, the Governing Body shall have the management of all the affairs and funds of the Society and shall have authority to exercise all the powers of the Society subject to such limitations as the Central Government may from time to time impose, provided that the Governing Body shall have no larger powers in the matter of expenditure from the funds of the Council than the Central Government possess in respect of expenditure from public funds.

The funds of the Council consist of the following:—

- (1) Grants made by the Central Government for the furtherance of the objects of the Society.
- (2) Contributions from other sources.
- (3) Income from investments.
- (4) Receipts of the Society from other sources.

The funds of the Council are kept with the Imperial Bank of India, New Delhi, and cannot be withdrawn except on a cheque signed by the Joint Secretary and countersigned by the Secretary of the Council. All payments from the funds are made by crossed cheques. Similarly, the funds of the Laboratories are maintained in the branches of the Imperial Bank of India except in the case of Mysore and Karaikudi where there are no such branches and arrangements for funds have been made with Scheduled banks stationed at those places with the approval of the Financial Adviser and the Governing Body.

Under the Rules and Regulations of the Council, the accounts of the Society are subject to the audit of the Auditor-General of India. The nature of audit to be applied and the detailed arrangements to be made in regard to the form of accounts and their maintenance and the presentation of the accounts for audit are prescribed by the Bye-laws and approved by the Central Government with the concurrence of the Comptroller and Auditor-General of India.

An annual report of the proceedings of the Society and of all works undertaken during the year, is submitted to the Governing Body for information of the members and the Central Government. The accounts of the Society are audited by the Accountant General, Central Revenues annually and the audit report together with the replies to the audit objections raised by him are submitted to the

Governing Body for perusal. It may be stated that no serious defects or irregularities in the maintenance of accounts or incurring of expenditure have ever been noticed. A copy of the audited accounts is placed before the Governing Body for perusal.

As regards expenditure, no expenditure from the funds of the Society is incurred without the sanction of the competent authority of the Council, viz. Director, Scientific and Industrial Research, Vice-President, President or the Governing Body as the case may be. Where expenditure is incurred on items which are extraordinary and require the approval of the Finance Ministry and which are outside the powers delegated to the Officers of the Council, the Financial Adviser to the Council of Scientific and Industrial Research, is consulted before the proposal for expenditure is submitted to the Vice-President or the Governing Body for sanction.

The Accounts and the Cash Branches of the Council are under the direct supervision of the Joint Secretary of the Council of Scientific and Industrial Research, who is an Accounts Officer taken from the A.G.C.R. for the special purpose of auditing and checking the expenditure of the Council of Scientific and Industrial Research with reference to the Government rules and regulations. As already stated the accounts are maintained according to the Government system which have been approved by the Accountant General, Central Revenues. As the Council is a service department, the question of maintaining its accounts on commercial lines does not arise.

In October each year, the budget estimates for recurring and non-recurring expenditure of the Council for the next financial year together with the revised estimates for the current year are submitted to the Ministry of Finance through the Financial Adviser to the Council of Scientific and Industrial Research for approval. The grants as accepted by the Ministry of Finance are placed before the Governing Body for approval with the detailed estimates in respect of each laboratory and Secretariat of the Council. The approval of the Standing Finance Committee is also obtained to any substantial increase in the grant-in-aid before the Council of Scientific and Industrial Research is paid the increased grant.

All capital expenditures in respect of buildings, purchase of apparatus and equipment incurred by the Laboratories are pre-audited and paid by the Accounts Branch of the Council to the contractors and suppliers direct by crossed cheques.

The paid bills in respect of recurring expenditure of each laboratory are also sent to the Central Office monthly along with the compiled accounts of the laboratory for incorporation in the monthly accounts of the Council. The bills are posted after they are post-audited in the Accounts Branch. It is generally seen in the course of

post-audit of bills that every item of expenditure incurred by the laboratories is covered by the financial sanction of the competent authority and no irregular or unauthorised expenditure has been incurred. This audit is supplemented by a local audit by the Joint Secretary of the Council and his staff annually or biennially in which stock registers, cash books and other registers of each laboratory are subjected to detailed scrutiny. It is specially seen that (1) quotations have been called for in all cases to ensure competitive rates, (2) except in special cases for which reasons have been recorded, orders have been placed with the firm quoting the lowest, (3) they have been noted in the relevant stock register and (4) the physical verification of all articles has been carried out periodically under the supervision of a responsible officer. Other books are examined to see that they are properly maintained as laid down in Government codes. In this way adequate financial control is exercised over the expenditures of each laboratory.

ANNEXURE I

GOVERNING BODY OF THE COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH

1. The Prime Minister—*President*.
 2. The Minister in charge of Natural Resources and Scientific Research, Government of India—*Vice-President*.
 3. The Hon'ble Shri N. V. Gadgil, Minister in charge of Works, Production and Supply, New Delhi.
 4. The Hon'ble Shri Hare Krushna Mahtab, Minister in charge of Commerce and Industry, New Delhi.
 5. Dr. S. S. Bhatnagar, D.Sc., F.R.S., Director, Scientific and Industrial Research and Secretary, Ministry of Natural Resources and Scientific Research, New Delhi.
 6. Dr. H. J. Bhabha, F.R.S., Director, Tata Institute of Fundamental Research, Bombay.
 7. Mr. S. Ratnam, Joint Secretary, Ministry of Finance, New Delhi.
 8. Prof. M. N. Saha.
 9. Dr. J. C. Ghosh.
 10. Dr. R. Algappa Chettiar, Vepery, Madras.
 11. Mr. J. R. D. Tata, Tata Industries Ltd., Bombay House, Bombay.
 12. Mr. J. J. Ghandy, Tata Iron and Steel Co., Ltd., Jamshedpur.
 13. Lala Shri Ram, 22, Curzon Road, New Delhi.
 14. Mr. G. L. Mehta, President, Indian Tariff Board, Bombay.
 15. Prof. S. N. Bose, University College of Science, Calcutta.
 16. Mr. Kasturbhai Lalbhai, Pankoré's Naka, Ahmedabad.
 17. Dr. A. L. Mudaliar, Vice-Chancellor, Madras University, Madras.
 18. Mr. S. S. Joshi, Principal, College of Science, Banaras Hindu University, Banaras.
 19. Mr. Frank Anthony, C/o Anglo-Indian Association, New Delhi.
 20. Mr. V. N. Chandavakar, 41, Podder Road, Bombay.
 21. The Hon'ble Shri H. Sitarama Reddy, Minister for Land, Revenue and Labour, Madras.
 22. Dr. K. A. Hamied, M.A., Ph.D., Cipla Laboratories, Byculla, Bombay.
 23. Mr. G. D. Birla, 5, Albuquerque Road, New Delhi.
 24. Prof. Niranjan Singh, Head of the Department of Chemistry, Punjab University, Hoshiarpur.
 25. Dr. C. G. Pandit, Ph.D., M.B.B.S., Indian Council of Medical Research, New Delhi.
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APPENDIX XXXIX

MINISTRY OF COMMUNICATIONS

No. 9-V(41)/50

Dated New Delhi (2), the 20th December, 1952

Note giving additional information asked for by the Public Accounts Committee at their meeting held on the 4th September 1952 to consider the Appropriation Accounts relating to grant No. "60—Aviation" for the year 1949-50. Page 281, Sub-head E.3, Col. 4.

Q. When the original appropriation itself exceeded the actual expenditure by nearly 8 times, what was the justification for increasing it by another 5½ lakhs? A note explaining the whole position may be prepared in consultation with the Accountant General, Central Revenues and furnished to the Committee.

A. 0. 2,81,200.

R. 5,24,300 8,05,500 35,445, —7,70,055.

The original provision under the subhead was made in the budget to pay departmental charges on the basis of the actual cost of the Civil Aviation Wing of the Central Public Works Department divided between the Revenue and the Capital Grants on a *pro rata* basis. After finalisation of the budget it was decided not to pay the actual cost of the Civil Aviation Wing but to pay the departmental charges on the usual percentage basis. This necessitated an increase in the provision made in the budget.

A total expenditure of Rs. 7,85,279 was actually incurred under this subhead. The Divisional Officers of the Chief Engineer, Civil Aviation Wing, had also reconciled this figure with the appropriate Audit authorities; but in the Appropriation Accounts, the Accountant General, Central Revenues had shown on expenditure of Rs. 35,445 only. The Accountant General, Central Revenues had wrongly adjusted Rs. 2,91,619 against the Subhead "E.2. Standing Charges". The balance namely Rs. 4,58,215 had not been shown in the accounts. The Chief Engineer in a letter dated the 29th October 1951, requested the Accountant General, Central Revenues to rectify the irregularity, but this was not done. The Accountant General, Central Revenues with whom the matter was again taken up, has now stated that as the same minor head of account (works) covers all the three subheads (E.1, E.2, and E.3) no adjustment of the excess under E.2 is either necessary (or possible) now. This excess automatically reduces the saving under the subhead E.3. The balance of Rs. 4,58,215 was lying under "Departmental Suspense" and was not adjusted in the Accounts

for 1949-50 by the Accountant General, Central Revenues. Action is being taken by the Accountant General, Central Revenues for fixing the responsibility for this non-adjustment with a view to taking disciplinary action against the official(s) concerned. The amount will be adjusted in the accounts for the year 1952-53.

Sd./ A. V. PAI,
Secretary to the Government of India.

APPENDIX XL

MINISTRY OF COMMUNICATIONS

Note giving additional information asked for by the Public Accounts Committee at their meeting held on the 4th September 1952 to consider the Appropriation Accounts relating to Grants Nos. '95-Capital Outlay on Civil Aviation' and '60-Aviation' for the year 1949-50. Page 535: Note 4:

Q. What are the full facts of the case and what action has been taken against the officials responsible for placing the orders unnecessarily?

A. In order to provide facilities for instrument flying under simulated conditions, it was decided in 1946 that Link Trainers should be provided at the Civil Aviation Training Centre, Allahabad and at the various Flying Clubs. Some Link Trainers were available with Messrs. Tata Aircraft Ltd., who were holding them on behalf of the Director General, Disposals, and Warrant Officer Chubb of the Royal Air Force, who inspected them, recommended that they could be reconditioned and put to use. An offer was accordingly made to M/s. Tata Aircraft, Ltd., on the 26th June 1947 for the purchase of these machines. They accepted the offer on the 2nd July 1947. In view, however, of the impending constitutional changes at that time, the company was requested to keep the order in abeyance. This was done on the 3rd July 1947. After the attainment of Independence, the question of purchase of these Trainers was re-opened, but it was dropped temporarily as the new Civil Aviation Training Scheme which was then being drawn up, had not been finalised. Subsequently, when the scheme was finalised, it was proposed to purchase 4 Link Trainers for the Civil Aviation Training Centre. At that time Wing Commander H. P. Hudson, the Director of Training and Licensing, expressed the opinion that the Link Trainers had been in the open too long and that "this department after thorough investigation is satisfied that they (Link Trainers available with Disposals) are not suitable for training purposes." In view of this it was decided to purchase four new Trainers from Messrs. R. K. Dundas, U.K., at a cost of Rs. 1,19,000 and orders were placed with this company accordingly. Subsequently, the Link Trainers available with M/s. Tata Aircraft Ltd., were again inspected by Shri K. L. Puri, Director of Aeronautical Inspection, Civil Aviation Department, and he advised that if the entire stock (30 in all), together with all the spares, was taken over, at least 15 units could be retrieved and that these would be sufficient for the Civil Aviation Training Centre, and the Flying Clubs. The total cost involved in the purchase and in the reconditioning was estimated at Rs. 95,000. Cancellation of

the contract with Messrs. Dundas Ltd., involved the payment of £671 as compensation to them. As the cost of acquiring 15 reconditioned Link Trainers from Disposals along with the amount of compensation payable to the U. K. firm was less than the amount required for importing 4 Trainers from the U.K., it was decided to cancel the orders placed in the U.K. and to take over the stock available with Disposals.

2. No action could be taken against Wing Commander H. P. Hudson as, by that time, he had left the Civil Aviation Department.

APPENDIX XLI

MINISTRY OF WORKS, HOUSING AND SUPPLY

Reference S. Nos. 39 and 44 of the "Statement of action taken or proposed to be taken on the outstanding recommendations of the P.A.C.", in respect of para. 24(e) of the Audit Report (Civil) 1950.

2. The main objections taken and recommendation made by the Committee are:—

- (i) The officers responsible for the loss have been dealt with leniently.
- (ii) There has been delay in dealing with the case and the persons responsible for it should be suitably dealt with.
- (iii) No adequate steps were taken to keep stores of such huge value at a safer place.
- (iv) Pending investigation of police on certain allegations against the C.P.W.D. officials, the ground balance of stores should be reconciled with the balance of the stores shown in the registers. In case there was a continued discrepancy between the stock accounts and the actual stocks, that should be gone into and put right.

3. As regards (i) the following officials were concerned in this matter:—

- (i) Shri M. N. Kanojia, Assistant Engineer.
- (ii) Shri Mohinder Singh, Sectional Officer.
- (iii) Mr. Mohd. Husain Khan, Accountant.
- (iv) Mr. Mohd. Izatullah Beg, Store Keeper.

The services of the Section Officer, Shri Mohinder Singh had been dispensed with since 4th September, 1948 as he was unqualified and did not appear in any of the departmental qualifying examinations. The charge-sheet against him was, therefore, dropped as no further departmental action could be taken against him. The Accountant and Store-keeper involved left for Pakistan on partition of this country in 1947, and as such no action could be taken against them. As regards the Assistant Engineer, the punishment awarded by the C.E. who is the competent authority for the purpose, was stoppage of one increment without cumulative effect. Having regard to the evidence available, it appears that all the pieces of timber namely, 620,166 despatched from Bombay were received at Nizam-ud-din Railway station between 26th May, 1947 and 18th July, 1947. We should further assume on the same ground, that all these pieces were carted to Purana Qilla and stacked there. Till 14th August, 1947,

574,318 pieces had been actually counted and entered in the Measurement Book. There were other stacks in the Purana Qilla which had not by then been counted. Possibly, counting of these stacks was in progress, till the date the refugees occupied the Purana Qilla Camp in the first week of September 1947. It is, therefore, not known, actually what maximum stock was counted. Apparently the S.D.O's office, which was in a tent in Purana Qilla, was burnt down and the actual stock that was in fact received in Purana Qilla or counted and measured cannot be found out. This figure of 574,318 has been obtained from a reference to the E.E.'s office records. In the circumstances it is not possible to determine:—

- (a) Whether there was any actual loss of timber in the sense that all the timber loaded in Bombay was not in fact received and stacked in Purana Qilla, and
- (b) the extent of the loss, if any.

The final survey of the stock available was made, as part of the enquiry started on the basis of the anonymous and pseudonymous letters dated 15th July 1947 and 25th July, 1947, and was completed in February 1948. The loss has been computed on the basis that the difference between the despatches from Bombay and the actual available stock in February 1948 had been lost. As stated previously, in the absence of a conclusive figure as to the stock available in Purana Qilla on the date prior to the refugees getting into occupation, it would not be possible to bring home any charge for this loss against the S.D.O. concerned. In the circumstances, the farthest we could go, is that while all the allowances could be made for loss by pilferage, burning, etc., that could not be helped, the S.D.O. could certainly have been a little more alert and shown more initiative in getting sufficient staff sanctioned for speedy counting of materials. Even here, having regard to the conditions then prevailing and the pre-occupations of all senior officers with other more urgent matters, it would perhaps not be fair to throw the whole blame on the S.D.O. In any case, it cannot be brought home to the S.D.O. as a charge that, because of his inefficiency or carelessness, a definite quantity of timber had been lost. It is, therefore, considered that the punishment awarded by the C.E. is adequate in this case.

4. As regards objection (ii), it may be stated that an anonymous letter informing the alleged pilfering of stores was received by the Ministry on 24th July, 1947, and it was passed on for report to the S.E. concerned on the same day. He made preliminary enquiries in the matter and asked the E.E. to submit report on the actual quantity of teak wood received from Bombay and carted to Purana Qilla Stores. The E. E., however, felt difficulty in furnishing the informa-

tion on account of the facts that the timber received was in a very large number of pieces of small length and it was impossible to measure each and every piece at the Railway station on account of the inadequacy of space in the yard as well as the speed with which timber had to be removed from the yard to allow other goods being unloaded. This timber on receipt at Purana Qilla was collected in huge heaps and it had to be sorted in accordance with sizes and lengths. By the time the disturbances started, 574,318 pieces were actually counted and entered in the M.B. and still there were quite a few stacks uncounted. During the disturbances refugees who lived in the Purana Qilla burnt a lot of wood and pilfered quite a lot of other material. It was only in February 1948 that the stock left was recounted and the total loss both on account of burning and alleged pilferage was known. After this Shri C. P. Malik, Supdtg. Engineer, who was specially deputed by the C.E. to investigate, went into the case in great detail and submitted a report on 24th February, 1949. The various recommendations of the S.E. remained under review with the C.E., who on 7th February 1950, reported that it was not possible to establish the alleged smuggling of the wood by departmental staff. However, a copy of the detailed report of the S.E. was obtained in April 1950 and examined. The C.E. was asked in August 1950 to charge sheet the officials concerned on the basis of the recommendations of the Enquiring Officer—viz., Shri Malik. The charge sheets were accordingly issued. The S.D.O. who was the only one to answer the charges (the others being no more in the C.P.W.D.) took a long time in replying on the ground that he had to consult a number of files, papers and registers. The replies of the S.D.O. were examined by the Ex-Engineer, the S.E. of the Circle concerned and finally Shri C. P. Malik, the Enquiring Officer. This took a good deal of time.

The Chief Engineer then gave his findings on the case and ordered the final charge-sheet to be prepared. Ultimately the intimation of the disciplinary action taken was conveyed to the Ministry on the 29th October, 1951.

This Ministry is of the opinion that under the special circumstances in which the case had to be enquired into and in the absence of records and persons concerned, who had gone to Pakistan or left service, the delays which occurred at various stages were unavoidable, and no responsibility can be fixed for the same.

5. Regarding objection (iii), the circumstances under which the loss occurred would show that even the safest place would have provided little protection to the stores. In this particular case, there was no other place where these huge stores could be more safely stocked

and nobody could foresee the outbreak of disturbances leading to such unfortunate results. This store was the nearest one to Nizamuddin Railway Station from where cartage was done and as such it was in the best interests of Government to stock the material there. Besides, in normal times the Purana Qilla store was quite a safe place. The stores there were within a strong barbed wire fencing. The out-burst of disturbances in Delhi was quite sudden and unexpected. As an expediency, the Muslim evacuees were sheltered in the Purana Qilla which had a spacious enclosure to accommodate this huge influx. The stores too were huge and it was impossible at that time to shift them to a 'safer place', which, in fact, did not exist. The refugees had gathered in a very large number and the departmental chowkidars could not go near the place, nor could they be expected to do effective guarding in the presence of about 50,000 evacuees which swelled to about a lakh, in the panicky situation and communal tension which prevailed then. Even our army and police guards stationed at the Qilla Camp were helpless against the surging flood of refugees. The question of safety of stores was, however, taken up at a high level, as soon as it was known that the stores were being looted by refugees. The Chairman (Shri H. C. Bhaba), the Secretary (Shri H. M. Patel) and other members too, of the Delhi Emergency Committee which was formed to control the situation at that time, were informed of the developments, and help of the highest police, military and civil authorities was sought for controlling the situation and save Government stores worth lakhs from total loot. The police authorities considered that nothing effective could be done with the scanty police strength available at that time. Still efforts were made by the Emergency Committee to control the situation by announcing on the loud-speaker that refugees found removing the Government stores would be prosecuted, but this was not effective. It was further considered by the Emergency Committee that to try more effective summary methods might lead to a riot in the camp. To crown all this, an impression that the property was left for their own use was created amongst the refugees by a loud-speaker announcement by some miscreants to the effect that the stores were the property of a wealthy Muslim contractor (Raja Akbar Ali) who had made a gift of them to the evacuees. Thus, there was little that could humanly be done to save the loss of stores.

6. As regards item (iv), the P.A.C. stated in their report that "it was stated by the representatives of the Ministry that certain allegations made against the officials of the C.P.W.D. were being investigated by the Police". The case resulting in the loss of stores in Purana Qilla, was referred to the Police. As a result of Police investigations, it was finally established that contractor Raja Akbar Ali did not make the aforesaid announcement himself and that it was done by

some miscreant from among the refugees. The loss of stores in Purana Qilla was however not reported to the Police in view of the special circumstances then prevailing.

7. Regarding the other part of the recommendation about reconciliation of ground balance of stores with the balance of stock shown in the registers, the C.E. instructed all the E.Es. to verify physically the stock and T. & P. in their respective Divisions and rectify discrepancies wheresoever they were noticed. In a number of Divisions physical verification has since been done and minor discrepancies where noticed are under investigation. Report from some of the Divisions is still awaited but the C.E. is pursuing the question in respect of them.

As regards the Central Stores Division and 'D' Division in which the loss under consideration occurred, the physical verification of the stock has revealed a loss of Rs. 10,13,385/10/3 in all, on account of disturbances. Out of this amount a survey report amounting to Rs. 32,229/2/- has already been sanctioned. The Ministry of Finance are being approached for the writing off of the balance amount of Rs. 9,81,156/8/3.

APPENDIX XLII

MINISTRY OF WORKS, HOUSING AND SUPPLY

SUBJECT:—*Information required by the Public Accounts Committee in respect of 1947-48 and 1948-49 accounts of the Administrative Intelligence Room, New Delhi.*

The items of expenditure which were held under objection by Audit and have been referred to in paragraphs 26(i) and 165 of the First Report of the Public Accounts Committee (1951-52) are as follows—

- (i) Rs. 46,000 on purchase and repair of furniture.
- (ii) Rs. 82,585 on local purchase of equipment and miscellaneous articles.
- (iii) Rs. 20,583 miscellaneous expenditure, plus £40/4/6.

2. The purchases referred to above were made by Mr. Homfray some five years back for the Administrative Intelligence Room which organisation has since been split up into three smaller units, one of which, now known as the Government of India Photo Litho Press, has come to the Ministry of Works, Housing and Supply. The other two units form part of the Central Statistical Organisation, Cabinet Secretariat and the Films Division of the Ministry of Information and Broadcasting.

3. *Ex post facto* sanctions for the amounts mentioned in para. 1 above were issued by the Ministry of Commerce and Industry in their letters, No. 12 F.T.G. (8), dated 20th May 1949 and No. 12-Estt.B.(8)/49, dated 24th December 1951, though the Ministry of Finance declined to associate themselves with the sanctions, in both the cases.

4. In accordance with the undertaking given on 16th July 1951 before the Public Accounts Committee by the then Secretary of the Ministry of Commerce and Industry, this Ministry took up the matter with the Controller of Printing and Stationery. The list of the items of expenditure has been carefully scrutinised by the Ministry. The items relate to equipment, furniture, dead stock articles, consumable stores, services rendered which could not be brought on the stock register, and works and services rendered by the Central Public Works Department. The items of expenditure are also spread over the three units into which the old Administrative Intelligence Room was split up and which now form part of different Ministries. Besides some of the items are not allocable to any particular unit. A break up of the total expenditure is given below:—

	Rs.
1. Photo Litho Press. ...	15,394-12-6
2. Administrative Intelligence Room (consumable stores and services) ...	46,608- 0-6

	Rs
3. Central Statistical Organisation ...	44,303- 1-0
4. Films Division (Ministry of I.&B.) ...	17,684-10-0
5. Non-allocable ...	22,710- 2-3
6. Items below Rs. 100 ...	2,256-12-0
7. Commerce Ministry ...	200- 0-0

• Out of the above, the expenditure which is specifically relatable to the Photo Litho Press under the Ministry of Works, Housing and Supply amounts to Rs. 15,394-12-6. Secretary, Ministry of Works, Housing and Supply has scrutinised these items and considers that they were necessary for the efficient running and this day to day work of the Press. It has further been ascertained that the articles purchased have been brought on the stock register and that they have been put to proper use.

5. As regards reasonableness of the prices and charges for service, it is common knowledge that these vary from time to time and place to place and are also often affected by urgency. Most of the articles and equipment in question were transferred, on the disintegration of the Old Administrative Intelligence Room to the Films Division or to the Central Statistical Organisation and are no longer under the control of this Ministry. The D.G., I. & S. who was consulted about the reasonableness of the expenditure by the late Commerce Ministry stated in a note, dated the 18th March 1950 that while it was not possible to check in detail the expenditure, the amount covered by the bills did not appear to be excessive and might be taken as reasonable.

6. As regards the essentiality of expenditure which is not relatable to the Photo Litho Press, this Ministry is not in a position to state anything categorically. It may, however, be pointed out that it was recorded by the Ministry of Commerce and Industry that the equipments and materials which were purchased were necessary for the efficient running of the Administrative Intelligence Room.

7. In view of this explanation, it is hoped that the audit objection will be waived in so far as this Ministry is concerned. We wish to assure the P.A.C. that such an irregularity will not be permitted in future.

Sd/. C. C. DESAI,
Secretary.

APPENDIX XLIII

MINISTRY OF WORKS, HOUSING & SUPPLY

Note re. Para. 40 of Civil Audit Report, 1951—Recovery of amount paid in excess to some contractors.

The recovery of about Rs. 52,000 which is mentioned in the para. relates to the following two cases:—

	Rs.
1. Shri A. K. Barik	... 21,669
2. M/s. Shiv Dayal Brothers.	... 29,705

The following is the position about these cases:—

(i) **Mr. A. K. Barik (Rs. 21,669).**—The excess payment here relates to the work of 'construction of additional Hard Standing to H. B. Standard of Job 110 at Kanchrapara'. The contractor's case was finalised by the Arrears Clearance Organisation of the Central Public Works Department (which was formed on the recommendations of the Public Accounts Committee) in May 1948 and the excess payment was noticed then. Out of the excess payment of Rs. 40,610 an amount of Rs. 18,941 was recovered in December 1948 by adjustment from the contractor's security deposit and other bills. Efforts were made to recover the balance amount from the contractor by direct correspondence and also through the Dewan of Tripura State, where the contractor was residing. Instead of paying the amount the contractor filed a suit in the Calcutta High Court in 1949 and obtained an Injunction order in November 1949 restraining the recovery of the amount, through the Chief Commissioner, Tripura State. The suit is still pending before the High Court. The Central Government Solicitor at Calcutta has now advised that a case on behalf of Government should be filed after obtaining the leave of the Court. The Superintending Engineer concerned has been asked to take necessary steps to file a counter-suit. Pending the verdict of the court further recovery is not possible.

(ii) **M/s. Shiv Dayal Brothers. (Rs. 29,705).**—The excess relates to the following two works:—

- (a) Extension of 2nd Runway at Salboni.
- (b) Additional Taxi tracks at Salboni.

The final bills for these works were adjusted in August 1946 resulting in an excess payment of Rs. 29,705/-. The contractor has, however, made counter-claims against the department for alleged excess recoveries made on account of cost of materials and other services rendered by the department and for certain items of works alleged to have been done by him but not paid. The total amount of his

claims against the department is about Rs. 50,000. Although his claims were rejected by the department, yet, on his insistence, arbitration had to be agreed to as provided under the terms of the agreements. His claims are now pending before the arbitrator who has been appointed recently.

With regard to recovery of amount of Rs. 29,705 overpaid, it may be stated that he has a lump sum security deposit of Rs. 50,000 with the department. It was proposed to recover the amount of Rs. 29,705 from his security deposit and the Executive Engineer concerned, with whom the security deposit of the contractor was lying, was requested in May 1950 to withhold the amount of Rs. 29,705. The contractor, however, protested against the recovery being made from him till his claims were finally decided by the department. Steps were again taken in July 1952 to adjust the amount overpaid to the contractor from his security deposit but the contractor has again protested that since his claims are pending with the department and the disputes are before the arbitrator the realisation of the amount of overpayment may be suspended for the present till the final settlement of the case through arbitration. He has further stated that any realization made from his security deposit now lying with the department, pending the settlement of the case through arbitration, by liquidating their bonds at the present market value would wholly be on the responsibility of the department. Since the Department holds a security deposit of Rs. 50,000 and Government's amount is safe, the contractor's request to withhold final recovery by liquidating their bonds is reasonable. The question of adjusting the amount overpaid from their security deposit has, therefore, been held in abeyance till the award of the arbitrator.

APPENDIX XLIV

MINISTRY OF COMMERCE AND INDUSTRY

Cost of Consumer Goods Imported on Government Account **ACCOUNT**

During the last war, the Government arranged to import on Government account certain consumer goods as their supply position was very acute in this country and there were difficulties in their procurement from overseas through regular trade channels. These Consumer Goods were categorised under 3 heads:—(a) Medical Stores, (b) Grocery Stores purchased through the Canteen Stores Department and (c) Other Consumer Goods. The Controller General of Civil Supplies, Bombay (whose office was abolished with effect from 31st December 1945) was entrusted with the distribution of these Consumer Goods. To meet the expenses connected with the scheme, he was authorised in September, 1944 to open a Personal Ledger Account with an initial Capital of Rs. 5 lakhs. The Personal Ledger Account was closed in June, 1946. Thereafter all expenditure on this account is being met by the Government by drawing the required amounts through the Accountant General, Bombay on contingent bills. After 1946-47, there have been no imports of Consumer Goods and the Scheme for all purposes was closed.

2. Medical Stores

These consisted of drugs, chemicals and Biologicals, mostly received from the United States of America under "lease-lend". A few items were obtained from the United Kingdom and U.S.A. on Cash Purchase basis. The goods were stored by Government in hired godowns and distributed to public through trade channels. Certain items were issued to Provincial Government Institutions and Railway hospitals, while a few drugs which were in excess of the civil demand were issued to the Defence Department. During the year 1945-46 the distribution of the drugs suffered for a time owing to the ban on the sale of lease-lend goods. Subsequently, on the removal of the embargo tenders were invited in June, 1946 and some items were disposed of. Arrangements were made to dispose of the remaining items (in respect of which offers were considered low and rejected) through the Directorate General of Disposals, New Delhi and Regional Commissioner (Disposals), Bombay. The book values of the opening stocks of Medical Stores at the beginning of the financial years 1949-50, 1950-51, and 1951-52 were respectively Rs. 4,27,208, Rs. 3,86,469 and Rs. 15,062. The balance stock at the beginning of the year 1951-52 was completely disposed of during the year 1951-52.

3. Grocery Stores

These were supplied from January 1945, by the Canteen Stores Department to the various grocery shops established by the Central and Provincial Governments on the basis of indents submitted through the late Controller General of Civil Supplies. The Controller General of Civil Supplies did not handle the stores himself but made payments to Canteen Stores Department for the stores supplied to Grocery shops and recovered the cost plus certain departmental charges thereon, from the grocery shops concerned. Early in 1947, this method of disposal was discontinued and Government introduced a new arrangement with the Canteen Stores Department. Under this arrangement the balance stock of Government Grocery Stores with the Canteen Stores Department continued to be held by that Department on behalf of the Textile Commissioner, Bombay for disposal by that Department on a fifty-fifty profit sharing basis. The losses, if any, were, however, to be borne entirely by Government. The entire balance of the stores has since been disposed of. The accounts maintained by the Canteen Stores Department (in liquidation) relating to the disposal of these stores were audited by the Accountant General, Bombay, and the amount of losses to be reimbursed certified by him. The total loss incurred in the disposal of these stores by the Canteen Stores Department (in liquidation) amount to Rs. 433,410-0-5 and the same has been fully reimbursed to them. The Canteen Stores Department (in liquidation) have stated that the losses on these stores were due to the fact that large quantities of army surpluses were released on the market thereby depressing the price level for such goods.

4. Other Consumer Goods

Purchase of certain consumer goods which were in short supply such as oil lamps, hurricane lanterns, buckles, handsaws, tooth-brushes, etc., and thermos flasks were arranged by the India Supply Mission. These goods excepting the thermos flasks were received in India between June and December, 1944 and emergency measures had to be adopted for their clearance and storage. These goods were distributed to the public through trade channels and authorised distributors and there was no balance of stock on hand on 1st April, 1948. Arbitration and legal proceedings, however, had to be instituted against one of the contractors engaged for disposal of these goods, for recovery of certain Government dues. A decree for recovery of Rs. 55,050-9-0 from the party was obtained in 1948. Out of this amount a sum of Rs. 4,000 was recovered in 1949-50 and another Rs. 1,500 in 1950-51 by instalments. A sum of Rs. 10,000 has since been accepted in full and final settlement of Government's claim

as there was no likelihood of securing any further amounts from the party. The balance of Rs. 39,550/9/- was written off in June, 1951.

5. The net loss on the working of the scheme as a whole during the years 1948-49, 1949-50 and 1950-51 amounted to Rs. 4,38,816-8-4. Rs. 3,37,638-11-7 and Rs. 2,67,807-1-3 respectively. The results for 1951-52 disclose a profit of Rs. 23,981-4-11. The trading results upto the end of 31st March, 1952. disclose an accumulated loss of Rs. 37,39,598-7-10. As against this there is a reserve of Rs. 8,61,706/-. The losses have been mainly due to certain items having to be sold at prevailing market rates which were lower than the cost price. As most of the consumer items were perishable, it was not advisable to keep them indefinitely for better prices.

6. The figures of progressive expenditure and receipts from inception to end of March, 1952 (as per accounts office books) are as under:—

	Rs.
Gross Expenditure upto the end of March, 1952 ...	1,85,90,832
Receipts and recoveries on Capital account upto the end of March, 1952.	1,57,42,288

7. The issue prices of "Medical Stores" and "Other Consumer Goods" were generally fixed at the built up price described below:—

1. American Price F.A.S. or F.O.B. plus.
2. Sea freight plus.
3. War and Marine risk insurance plus.
4. Customs duty plus.
5. Clearing charges plus.
6. 12 per cent. of (1) to (5) to cover storage, distribution, departmental and other charges.

8. Final debits for a few items of "Medical Stores" and "Other Consumer Goods" are yet to be received and adjusted in the accounts by the Accountant General, Bombay. Also credits for several amounts paid by various parties into treasuries in respect of goods sold to them are still awaiting similar action. The matter is being pursued with the authorities concerned and steps to expedite their adjustment are being taken by the Textile Commissioner, Bombay.

Shuttles.

In view of the acute procurement position of shuttles during 1941—43, an order for the supply of gross 1,000 shuttles for distribution to the mills was placed under lease/lend arrangements through the India Supply Mission. Gross 1,022/10/8 shuttles were actually received against this order and out of these, gross 1,015-3-0 have been disposed of and gross 4-7-9 which have been found surplus together

with gross 1-1-3 found damaged in the total consignment have been disposed of through the disposals organisation. Of the balance of gross 1-10-8 some have been taken as samples and others found short in the total consignment. A sum of Rs. 3,115/- was realised in respect of shuttles entrusted to the Disposals Organisation for disposal.

The sale price of shuttles was originally fixed at Rs. 125/- per dozen, after taking into account freight, insurance, shipping and clearing charges, customs duty and the commission payable to the agents. Subsequently, however, on the basis of the total prices charged for the full consignment it was found that the selling price could be brought down and, in consultation with Finance, the price was reduced to Rs. 98/- per dozen.

The physical verification of stock of shuttles was conducted by the Textile Commissioner and the ground balance agreed with the book-balance. The accounts of the scheme were subjected to local and central, audit by the D.A.G., I. & S., Bombay.

The total cost to Government up to date was Rs. 11,18,171. The price of shuttles included an amount of Rs. 68,786 paid as commission to the agents and Rs. 2,337 paid as Insurance charges. The recoveries up to date amounted to Rs. 13,75,725/-.

The scheme has been finally closed and there is no stock on hand.

The working of the Scheme was as under:—

- (a) The Scheme was profitable to the extent of approximately Rs. 2,57,554.
- (b) Total expenditure Rs. 11,18,171; Recoveries Rs. 13,75,725.
- (c) The following charges in addition to cost were taken into account in arriving at the selling price:
 - (i) Freight.
 - (ii) Insurance charges.
 - (iii) Clearance charges incurred by Supply Department.
 - (iv) Customs duty 10 per cent. *ad valorem*.
 - (v) Government selling agents' Commission at 5 per cent. of selling price.
 - (vi) Exchange rate Rs. 330 = \$100.00.

Recovery of Frustrated Cargo (M. V. Eurybates).

The transactions relating to the recovery of Frustrated Cargo from 'M. V. Eurybates' were also accounted for under consumer goods. The final position of the accounts is as under:

	Rs.
Gross expenditure. ...	1,49,932
Total Recoveries. ...	83,422

Salicylic Acid.

2,000 lbs. of Crude Salicylic acid were imported on Government account from U.S.A. in February 1944 by the Textile Commissioner, Bombay, for distribution to the mills. The sales were effected through Messrs. Imperial Chemical Industries (India) Limited, who were appointed as Government agents and were paid a commission of 3½ per cent. of the sales. The sale price was fixed by Government at Re. 1-4-0 per lb. The entire quantity imported has been disposed of.

The expenditure and recoveries in respect of the transaction are as under:—

	Rs.
Gross Expenditure ...	2163
Recoveries ...	2408

The Scheme was profitable to the extent of Rs. 245.

Ferranti Radios.

An order for 25,000 Radio Sets was placed by the late Department of Industries and Civil Supplies in the U.K. with M/s. Ferranti Limited, London. The purchase price of the Radio was £12/- per set, c.i.f. According to the contract with the U.K. Manufacturers, the despatch of the Radio was to be completed by the 31st July 1946, Government having the option to cancel any quantity not dispatched from the factory by that date. The manufacturers were unable to complete the entire order by the date in question, and the contract with them was terminated at the level of the 13044 Radio Sets despatched by them. Thus against the original order for 25,000 Radio Sets, only 13044 Radio Sets were actually purchased by Government.

These 13044 Radio Sets were issued by Government to the All India Radio Merchants' Association, Bombay, who were appointed sole distributing agents. The Radios were issued to the Association at Rs. 161 per set, the shipping documents for the consignments arriving from U.K. being released to the Association who were responsible for clearing the Sets and for distribution to the trade.

The expenditure and recoveries in respect of the Radio Sets were to be adjusted by the D.A.G., I. & S., New Delhi under the Sub-Major Head "Cost of Consumer Goods imported on Government account".

Payment towards the purchase of the Radio Sets at £12/- per Set was effected by the D.A.G., I. & S., New Delhi by means of Sterling Drafts sent to the High Commissioner for India, London.

The total recoveries on account of the issue of 13044 Radio Sets at Rs. 161 per Set amounts to Rs. 21,00,084.

The up-to-date booked expenditure and recoveries amount to Rs. 15,94,211 and Rs. 21,00,084 respectively. Debits amounting to Rs. 4,96,863 still remain to be adjusted.

PURCHASE OF SPINNING MACHINERY FROM JAPAN ON GOVERNMENT ACCOUNT

The Indian Trade Delegation which visited Japan in 1948 reported that sufficient capacity existed in that country for the supply of spinning machinery to India and that the Government of India should avail of this opportunity to help fulfilment of the Post-War Cotton Textile Expansion Plan. Negotiations were started with SCAP authorities for the purchase of spinning machinery who undertook to supply the same provided Government of India supply them with coking coal to enable the manufacturers to start production of the required machinery. Subsequently firm orders for the purchase of 1,01,292 spindles complete with preparatory machinery and 1,352 Looms with 1014 Loom-Motors on Government account were placed in Japan and the Government of India also undertook to supply 30,000 tons of coking coal to Japan (since supplied). The machinery was allotted to such parties as were recommended by State Governments for allotment of spindles under the Plan and who showed interest for Japanese machinery. The allotment was made as under:—

<i>Name of Party</i>	<i>Spindles allotted</i>
1. New Maneckchock Spg. & Wvg. Co. Ltd..	10,496 Spindles
2. D. N. Choudhury Cotton Mills Ltd. ...	8,204 "
3. Bengal Fine Spg. & Wvg. Mills Ltd. ...	13,680 "
4. Shri Anna Purna Cotton Mills Ltd. ...	9,184 "
5. Taleh Mohd. Textiles Ltd. ..	24,448 "
6. Buxar Jail. ...	5,200 "
7. Asarwa Mills Ltd..	6,080 "

8. Hemalatha Textiles Ltd.	...	12,000	Spindles
9. Rayalaseema Mills Ltd..	...	12,000	"
	TOTAL	1,01,292	"

The price at which the spindles were sold to them is made up as below:—

- (i) F.O.B. price paid by the Government of India;
- (ii) Ocean. Maritime, etc., insurance;
- (iii) Freight;
- (iv) Incidental charges actually incurred if any; and
- (v) A Departmental charge of 1 per cent. on the price of machinery.

2. The gross expenditure incurred on the scheme upto the 21st March 1952 is Rs. 1,31,86,768/- and the total recoveries effected upto this date are Rs. 1,34,76,248. The Mills accounts have since been scrutinized and payments made except in the case of one mill. The balance amount payable is Rs. 30,355/7/-. There has been no further development.

PURCHASE OF PAPER

A. Newsprint.

During 1943-44 when the supply position of newsprint in the country became very acute it was decided to import a quantity of 3000 short tons of newsprint on Government account for being kept as a reserve for release to newspapers in emergencies arising from loss of stock by accident or failure of imports. An indent was accordingly placed on the 13th May, 1944 on the India Supply Mission, Washington. The Newsprint on arrival was stored at four port town, viz., Calcutta, Bombay, Madras and Karachi and at three inland centres viz., Lucknow, Delhi and Lahore.

Messrs. J. N. Singh & Co., Delhi were appointed as agents for storage and distribution of stores. They were paid at Rs. 4-14-0 and Rs. 3-14-0 per ton per month for storage and ports and inland centres respectively and 2½ per cent. commission on sales.

In October, 1945 it was decided to sell the stocks from the reserve to newspapers. The sale price of Government newsprint was fixed at Re. -/4/- per lb. at ports and Re. -/4/6 per lb. in the interior after taking into account cost, freight, commission, insurance, clearing charges, customs duty, storage charges, transport charges from ports to inland centres, shifting charges from one godown to another, commission on sales and a margin for unforeseen expenditure.

The sale were strictly against cash.

Stocks at Calcutta, Bombay and Madras were checked in August, 1945. No discrepancies were noticed. The goods were transferred from certain godowns to better ones and the agents were required to undertake, re-stacking every month to guard against damage by vermins, white ants etc.

About 130:048 tons of newsprint valued at Rs. 57,514 were received in a damaged condition from Canada. The steamer agents on whom a claim for the damage was preferred did not accept the claim on the ground that the packing was not secure. However nearly the entire damaged quantity was sold out as good newsprint.

30 rolls of 70" width newsprint were damaged by water in one of the godowns in Calcutta. The stockists could not be held responsible for the loss as it was due to no negligence on their part but to the accidental collapse of a wall of an adjoining building. 17 out of these 36 rolls were sold to newspapers as such and the remaining 19 rolls, weighing about 4½ tons were converted into 215¾ reams weighing about 3 tons. It was proposed to sell these sheets to smaller newspapers at the rate of 5 annas per lb. after taking into account the cost of conversion into sheets but before it could be sold out this stock was burnt by rioters during communal disturbances in August 1946. Being insured only against fire and explosion and not against riot no compensation could be claimed. This quantity has been written off from the stock with the concurrence of Finance Ministry. Another 26 rolls of 35" width weighing 8½ tons were damaged by rain at the time of unloading at the railway godowns at Delhi while on transfer from Calcutta. These were converted into sheets to redeem useful parts and were sold to newspapers at the rate of annas 5½ per lb. The cost of conversion of 19 reels at Calcutta and 26 reels at Delhi was Rs. 1443/10/-.

The net loss as a result of conversion of damaged reels into sheets and of the destruction of 215 reams at Calcutta by fire during communal riots in August 1946 amounts to Rs. 3625/-.

The Newsprint Purchase Scheme is closed. The entire quantity of newsprint was sold out before November, 1946. The quantity intimated by the agent as having been imported and sold was 269.21 long tons as against the actual total import of 2678.75 long tons; the total sale being thus in excess of the total quantity imported. This excess is due to the fact that the agent took the maximum average weight in the case of some of the consignments whose wrappers were torn at the time of sale. According to the stock returns of the agent a quantity of 3¾ tons of newsprint was, however, left at Bombay, which was in completely damaged condition and in the form of small strips. Most of these strips were taken away by the labourers

for the purpose of burning fire etc. and in view of the quantity sold being more than the quantity received, it was agreed at the request of the agent to write off this quantity with the concurrence of the Ministry of Finance and a proportionate storage charge amounting to Rs. 236 was recovered from the agent.

With the payment of Rs. 2,018 to the stockists in March 1950 the accounts of the scheme have been finalised. The total expenditure is Rs. 13,36,811 and the total recovery amounts to Rs. 15,48,075. The profit amounts to Rs. 2,11,264.

There were no dead stock items and there is no separate record of overhead and direct charges.

The accounts of the Scheme were subjected to central as well as local audit. The agent's accounts have also been audited by a registered firm of auditors.

B. Imported paper stocked by the Ministry of Industry & Supply.

When only 30 per cent. of Indian Mill Production was released for Non-Government Civil Consumption, Government placed indents for an aggregate quantity of 19,488 tons of different varieties of paper on I.S.M., Washington, in order that correspondingly larger quantities of indigenous paper might be released for civil consumption. These supplies were obtained partly on cash basis from Canada but largely on L/L basis from U.S.A. Supplies against these indents commenced from November, 1944. The Directorate General, Supplies and Disposals assumed responsibility for storage and distribution of paper in consultation with the C. of P. and Stationery, India, New Delhi, with effect from 1st April, 1945. The total stocks received by that Directorate General during the period ending 31st March 1946 amounted to 13,000 tons. These were stored in Government Godowns at Calcutta and Bombay.

The bulk of the supplies were made to various departments of the Government of India, Provincial Governments, and also to Indian States.

The entire stock stored in Government Godowns at Calcutta and Bombay has been disposed of. It was expected that the transactions relating to these stocks would be completed by the end of the financial year 1945-46 but owing to time lag between the supplies due to transport bottle-neck, raising of debits etc. it was not found possible to finalise the transactions according to the time anticipated. In this connection, it may also be stated here, that with the exception of the above-mentioned stocks of imported paper received during 1945-46 no further stocks were imported during 1947-48 and onwards, which were entirely to be dealt with under the sub-major head 'Purchase of

Paper' which was opened under the Major Head '87-Capital Outlay' for the accounting of imported paper.

The issue price for this imported paper was fixed on the basis of F.A.S. cost, Ocean Freight, Insurance, Customs Duty, Clearing Charges and 20 per cent. of all these charges to cover Departmental and incidental charges. The figures of expenditure and recoveries to the end of March 1951 on this scheme according to the departmental books are Rs. 1,57,90,000 and Rs. 1,37,00,000 respectively. As stocks accounts in respect of some quantity of paper have not been finally scrutinized by the D.A.G. (I. & S.), New Delhi, it is not possible at this stage to say whether the scheme as a whole would result in profit or loss. Only recoveries to the extent of Rs. 25,940 are due from the Deputy Controller of Stationery, Calcutta. Against some stock items it has been noticed that there is a vast difference between the book balances and ground balance, and every endeavour is being made to reconcile such differences. This difference appears to be mainly due to some confusion in the balances of stocks taken over by this Directorate General from the Deputy Controller Stationery, Calcutta.

C. Paper Imported on behalf of Government (by the late I. & C. S. Department)

Why paper was imported on Government account?

Early in 1944 there was an acute shortage of paper in the country and it became necessary to impose drastic restrictions on the consumption of paper by introducing the Paper Control (Economy) Order. With a view to meeting urgent civil needs it was decided to import paper from North America on Government account.

Quantities imported:

Two indents were placed on the India Supply Mission. One indent was for an operating reserve of 5,000 tons and the other indent was for quantities to be purchased from the unallocated balances which were not taken up by other countries. The paper actually consigned did not conform to the specifications given in the indents and we had to take whatever was available at the time. Consignments started coming in February 1945 and the supply completed by the end of March 1946. The total quantities received on both the indents were 3701 tons (net weight) or 3630 tons (selling weight).

Total outlay:

The invoice value and ocean freight in respect of the whole quantity came to Rs. 42.5 lakhs approximately. In addition, a sum of Rs. 16.02 lakhs has so far been spent on account of customs duty, commission to agents, transport charges, premia, handling charges at Ports and other miscellaneous expenses. A further expenditure

of Rs. 1 lakh is expected to be incurred before the scheme is wound up.

Arrangements for stocking and sale:

The paper was stocked with a private firm M/s. J. N. Singh & Co., having branches at the various ports and several inland centres in India. Originally it was agreed that the firm should be paid Rs. 4/14/- per ton at ports and Rs. 3/14/- per ton at inland depots for storing, restacking and reshuffling in addition to a commission of 2½ per cent. on sale proceeds. In March 1946, it was felt that the objects for which paper was initially imported, did not hold good as the supply position of paper had improved by then. To afford an incentive to the agents to sell the stocks quickly the different scales of charges paid to them were replaced by an overall commission of 9½ per cent. on the actual sales effected by them.

Basis on which price was fixed:

The prices of the various varieties were fixed by Government after taking into consideration the F.A.S. value, ocean freight, customs duty, handling charges plus 30 per cent. of the landed cost to cover losses and expenses. The total sale value of the stocks imported amounted to Rs. 71.29 lakhs.

Progress in sales:

The sales commenced from the month of October 1945; the quantity sold upto March 1952 was 3,517 tons leaving a balance of 140 tons (selling weight). This balance includes 24.7 tons of paper lying at Lahore, which the firm has now been asked to hand over to the Pakistan Government.

The slow progress in sales is mainly due to the fact that the varieties were of extremely uncommon sizes and certain consignments were of odd colours and of high rag finish. With a view to expediting the sales, some of the most uncommon varieties were exempted from the provision of the Paper Control (Economy) Order, 1945. The disturbances in the country during 1947, difficulties in transporting stocks from Ports to inland centres, and large imports of paper under the Open General Licence were also responsible for the slow progress in sales.

Losses sustained in the working of the scheme:

Part of the consignment valued at Rs. 59,500 was lost at sea in transit, as the vessel carrying the consignment was sunk by enemy action. A further loss of Rs. 60,000 due to shortlandings, etc., is expected, but final figures will be known when all cases are opened and the stocks are sold out. The paper damaged by white ants, arson and riots was sold and the loss worked out to Rs. 78,187. Our agents M/s. J. N. Singh & Co., who cannot be absolved completely of their obligation to take care of the goods entrusted to them, have been told that this loss should be apportioned. It may, however, be mentioned that this loss is only 2 per cent. of the sale value of the

quantity imported. To cover up such losses we have already provided for 30 per cent. over the landed cost in fixing sale prices.

Present position of the scheme:

Only 140 tons of paper now remain unsold out of the total quantity imported. Out of this quantity 24.7 tons which are in Lahore, are to be handed over to the Pakistan Government and we will be actually left with about 115 tons. The total sales effected so far amount to Rs. 67.04 lakhs and out of this amount a sum of Rs. 91,786 has been refunded to the firm as it relates to sales made in Karachi after the Partition. The nett recovery will, therefore, be Rs. 66.13 lakhs.

The following steps were taken to expedite sales:

(i) The possibility of meeting from our stocks the demands placed on D.G. (I. & S.) and C.P. & S. was considered and about 50 tons were disposed of in that manner.

(ii) Tenders were invited by advertisement in important newspapers for the purchase of the stocks on hand but the prices offered were ridiculously low and these offers could not be availed of.

(iii) Sample books of the varieties in stocks were sent to large importers but the response was not encouraging.

(iv) Prices of some of the varieties were reduced from time to time which enabled us to sell some of the varieties.

(v) The Ministry of Works, Production and Supply were recently asked to advise Controller of Printing and Stationery to take over the balance stocks at a reasonable price. The Controller of Printing and Stationery has agreed to take whatever variety he finds suitable for his purposes. He has asked for further information in regard to quantities available under each variety which is being furnished.

There is scarcity of imported paper in the market at present and it is hoped that the stocks will be liquidated in a short time.

On the basis of the present prices fixed by us the value of the stocks on hand will be about Rs. 3.45 lakhs. Even assuming that the balance stocks will be sold at reduced prices to C.P. & S. we will realise not less than Rs. 2 lakhs. The present trend of figures shows that so far as this part of the scheme is concerned there will be a nett profit to Government. Against the expenditure of Rs. 58.5 lakhs a sum of Rs. 66.13 lakhs has already been recovered. The scheme is expected to be wound up shortly.

The progressive figures of gross expenditure and recoveries under the scheme 'Purchase of Paper' including all three sub-schemes upto March 1952 are as follows:

	Rs.
Gross Expenditure	2,19,74,570
Deduct Recoveries	2,11,16,484

APPENDIX XLV

MINISTRY OF COMMERCE AND INDUSTRY

Appropriation Accounts (Civil) 1949-50 and the Civil Audit Report, 1951—Review of State Trading Schemes.

I. Import of Steel

Q. (i) What amount of recoveries were made between the closing of the Transit Depots and 31st March, 1951?

A. The amount of recoveries made from the date of closing of the transit depots (on the 30th November 1950) to 31st March 1951 was:

	Rs.
For Transit Depot Stores	10,08,700
For other sales credited to Head 87	52,62,900
TOTAL	<u>62,71,600</u>

Q. (ii) What was the amount outstanding on the 31st March, 1952?

A. The cash outstandings on the 31st March, 1952 were:

	Rs.
For Transit Depot Stores	4,52,300
For other Imported steel	21,38,200
TOTAL	<u>25,90,500</u>

II. Imported paper stocked by the late Ministry of Industry and Supply

Q. Whether the recovery of Rs. 25,940 has since been made from the Deputy Controller of Stationery, Calcutta?

A. The recovery of Rs. 25,940 has not so far been effected from the Deputy Controller of Stationery, Calcutta. The paper in question viz. 22 tons—1027½ lbs. of Buff Printing (Stock Item E-2/C) was despatched from Bombay stock to the Superintendent, Government Printing and Stationery, Calcutta, under issue Order dated 7/9th December 1946. The consignee, who is a nominee of the Deputy Controller of Stationery, Calcutta, issued a qualified consignee Receipt on 30th March 1948 stating that out of the total consignment of paper despatched to him from Bombay, 48 bales were received by him in loose and damaged condition. This Consignee Receipt was passed on to Deputy Accountant General Industry and Supply, New Delhi, for raising a debit against the Government of India Stationery Office Budget Head for the total value of the paper supplied viz. Rs. 25,940 but this was not accepted by the Accountant General, Central Revenues and the case was referred to the Directorate General of Supply and Disposals. The matter has been taken up with the Deputy

Controller of Stationery, Calcutta, but the latter has failed so far to furnish an unqualified Consignee Receipt or to state definitely the quantity received loose or short against this consignment. In the absence of full data of the quantity received loose or short, no rebate or relief in the price mentioned in the Issue Order can be considered. The matter has now been taken up demi-officially with the Deputy Controller of Stationery, Calcutta, for accepting full debit at this late stage, when the paper has already been consumed some years back and he is unable to furnish definite figures regarding the quantity received loose or short.

Q. Whether the differences between the book and ground balances have since been reconciled and what are the results?

A. The differences between the ground balances and book balances have not so far been reconciled and settled. The paper was stocked at 2 places viz. Calcutta and Bombay. Deputy Accountant General, Industries and Supplies, New Delhi, arranged audit of the accounts at these places by the local parties at Bombay and Calcutta. As a result of the scrutiny of the accounts by the local parties, certain queries were raised by the Deputy Accountant General, Industries and Supplies in respect of the quantitative accounts at both the places. In respect of Calcutta accounts, replies were furnished to Deputy Accountant General, Industries and Supplies and although considerable time has elapsed, no comments have been received from him. Regarding Bombay accounts also, replies were furnished to the queries raised by the Deputy Accountant General, Industries and Supplies. The Deputy Accountant General, Industries and Supplies, however, further raised some queries, but replies to them could not be furnished since relevant records were not available at Bombay. The Directorate General of Supply and Disposals are now reconstituting the records by reference to the indentors and it is considered that some time will be taken before it will be possible to give replies to the queries raised by the Deputy Accountant General, Industries and Supplies in respect of Bombay accounts. It may, however, be mentioned here that taking the overall pictures of stocks both at Bombay and Calcutta as worked out by the Director General of Supply and Disposals, the shortages in some items are made up by excesses in ground balances of other items. Thus on the whole there may possibly be some excess of a few tons of paper and no shortage.

Q. A note may be furnished stating the quantity of paper that is not acceptable to the Controller of Printing and Stationery and whether the balance can be disposed of by public auction and the establishment wound up.

A. The establishment has been wound up and no stock of paper is now available for disposal.

APPENDIX XLVI

MINISTRY OF IRRIGATION AND POWER

Apportionment of the Cost of Investigation Projects

The Financial arrangements in respect of the cost of investigation projects with the various State Governments are as follows:—

1. *Madhya Pradesh Projects:*

The Financial arrangement which was indicated on our letter No. DW.90/48, dated the 5th February 1949, sanctioning the investigations was:—

“The cost of these investigations will be advanced by the Central Government and adjusted periodically in equal proportions against the post-war development grant of the Madhya Pradesh Government and their ordinary revenues. If and when a project materialises, the cost of investigations will be readjusted and added to the capital cost of that project.”

Later in March 1950, the Government of Madhya Pradesh were informed that Government of India had decided to revise the above arrangement as follows:—

“(I) The cost of investigations of these projects would in the first instance be met by the C.W.P.C. The expenditure as incurred would be passed on month by month by the C.W.P.C. to the Government of Madhya Pradesh who should accept these debits. At the end of each financial year, the State Government may raise the necessary debits against the Central Development Grants under the terms that may be prescribed for drawing such grants.”

“(II) For the years 1948-49 and 1949-50, the expenditure during which has not so far been adjusted, the C.W.P.C. have been asked to pass on immediately to the Government of Madhya Pradesh the figures of expenditure incurred during these years. I am to request that debit may kindly be accepted for the above amount. Half of the expenditure may be debited to the Central Development grant towards the last week of March 1950 subject to the condition that the ceiling of grants fixed in the Government of India, Ministry of Finance letter No. 15(73)-P/49, dated the 2nd December 1949 are not exceeded.”

The Government of Madhya Pradesh have not agreed to any of the above arrangements. They have stated that in view of the straitened finances of the State, they could agree only to the original financial arrangement which they agreed to in the case of the investigations of the Narbada and Tapti projects. This arrangement was that the cost of investigations would in the first instance be borne by the Government of India and then debited, in the proportion of the benefit accruing to the State, to the post-war development grants in case the projects were dropped or against the project estimates in case the project materialised. The Government of Madhya Pradesh have categorically stated that if Government of India are unable to agree to this, the investigations might be dropped.

It will be seen from the above paragraph that so far as Madhya Pradesh project is concerned, no financial arrangement exists which

has been agreed to by that Government. The Government of Madhya Pradesh have not upto now accepted any debit in regard to the expenditure incurred on these investigations. In the light of the decision mentioned in para. 1 *ante*, it would appear that the expenditure on the project from 1952-53 should be met from the CWPC's budget. The State Government has been informed accordingly and requested to accept debit of 50 per cent. of the expenditure during 1948-49 and 1949-50 and of the full expenditure during 1950-51 and 1951-52, in accordance with our letter of March 1950. The total expenditure incurred on these investigations upto 31st March 1952 is Rs. 5,29,932.

2. *Narbada and Tapti Projects :*

The Tapti Project has materialised and so the expenditure on its investigations has only to be debited to the project estimates.

As regards Narbada Project, which is the joint concern of the Bombay and Madhya Pradesh Governments, the original agreement agreed to by the two Governments in early 1948 is as follows:—

“The entire cost of investigations to be debited to the project estimates if the project materialises, or to their share in the over-all post-war development grant to the extent of 2/3 in the case of M.P.”

In April 1949, the two Governments were informed of the decision of the Government of India to revise the above arrangement as follows:—

“The cost of investigations will, in the first instance, be advanced by the C/G and adjusted periodically in equal proportion against the post-war development grants of the Government of Bombay and their ordinary revenues (to the extent of 2/3 in the case of Bombay and 1/3 in the case of M.P.)”

The Government of Bombay agreed to the revised arrangement but the Government of M.P. have not so far agreed to it. In March 1950 the above arrangement was again revised as follows:—

“(1) The cost of investigations would in the first instance be met by the C.W.P.C. The expenditure so incurred would be passed on month by month by the C.W.P.C. in agreed proportions to the Government of Bombay and M.P. who should accept these debits. At the end of every financial year, the State Governments may raise the necessary debits against the Central Development grants.

(2) For the years 1948-49 and 1949-50, the expenditure during which has not so far been adjusted, the C.W.P.C. have been asked to pass on immediately the figures of expenditure during these years and debits might be accepted by the two Governments. Half of the State Government's share of the expenditure might be debited to the Central Government grant towards the last week of March 1950 subject to the conditions.....”

As already stated in the case of the Madhya Pradesh Project, that Government have replied that they were not able to agree to any arrangement other than the original one and that if Government of India could not agree to this, the investigations might be stopped

The Government of Bombay have not so far sent any reply. The total expenditure on the Narbada Project upto 31st March 1952 is Rs. 24,90,806.

Consequent on our recent decision, the expenditure on this project from 1952-53 falling to the share of the Government of M.P. should be met by the Government of India. The State Government has been informed accordingly and asked to accept debits for the expenditure upto 1951-52 according to arrangement mentioned in para. 2 above. So far as Bombay is concerned, since the Government of Bombay have not objected to the existing arrangement, it is being continued.

3. Kosi Project:

The existing financial arrangement in regard to the Kosi Project is that 50 per cent. of the cost of investigations should be met by the Government of Bihar and the remaining 50 per cent. will be advanced by the Central Government subject to adjustment later on. Finance Ministry have clarified that "subject to adjustment later on" means subject to adjustment against the State Government's revenues. The Government of Bihar have represented that the latter 60 per cent. should continue to be borne by the Central Government and should not be charged to the State Revenues. The total expenditure incurred on the project up to 31st March 1952 is Rs. 64,91,712.

4. Sabarmati Project:

The existing financial arrangements are as follows:—

- (1) The cost of investigations of this project would in the first instance be met by the C.W.P.C. The expenditure so incurred would be passed on month by month to the Government of Bombay who would accept these debits. At the end of the financial year the Government may raise the necessary debits against the Central development grants under the terms that may be prescribed for such grants.
- (2) For the year 1948-49 and 1949-50, expenditure during which has not so far been adjusted, the C.W.P.C. have been asked to pass on immediately to the State Government the figures of expenditure during these years. The State Government should accept the debits. Half of the expenditure may be debited to the Central Development grant towards the last week of March 1950 subject to the condition....."

The Government of Bombay have not objected to this arrangement which will therefore continue during 1952-53 and subsequent years.

5. Assam Project:

The existing financial arrangement is stated below:—

- "The cost of these investigations will be advanced by the C/G. If and when a project materialises, the cost of investigations relating to that project will be debited to the project estimates. If, however, the project does not materialise, the cost of investigations relating to that project will be debited to the post-war development grant to the Government of Assam."

According to our recent decision the cost of these investigations during 1952-53 onwards will continue to be met by the Central Government under the above arrangement.

6. *Ganga Barrage:*

The present arrangement is as follows:—

- (i) 50 per cent. of the cost to be met by the West Bengal Government.
- (ii) 10 per cent. (subject to a maximum of 1.85 lakhs) to be met by the Calcutta Port Commissioners. (The Commissioners have been requested to raise the upper limit as the cost of investigations has increased).
- (iii) Balance to be met by the Government of India (Ministries of Transport and I. & P.)

These arrangements will hold good during 1952-53 and subsequent years also.

7. *Rajasthan Canal Project:*

The whole expenditure is being met by the Government of India in view of the special circumstances of the project and will continue to be so met in 1952-53.

8. A copy of the memorandum supplied to the Departmental Committee (Ministry of Finance) regarding the change of budget head in regard to expenditure on CWPC investigations is attached.

(Sd.) A. R. KHANNA,

Deputy Secy. to the Govt. of India,
Ministry of Irrigation & Power.

ANNEXURE I
GOVERNMENT OF INDIA

MINISTRY OF NATURAL RESOURCES AND SCIENTIFIC RESEARCH
No. DWII—1 (20);

Dated New Delhi, the 8th January 1952.

OFFICE MEMORANDUM

SUBJECT:—*Classification of expenditure on Central Water and Power Commission—Investigations.*

1. *Expenditure involved:*

- | | | |
|--------------------|---|--|
| (a) Non-recurring. | } | No additional expenditure is involved as the change is in classification only. |
| (b) Recurring. | | |

2. *Concise statement of the proposal and reasons therefor:*

The allotment of the funds for expenditure on the investigations of different multi-purpose projects undertaken by the Central Water and Power Commission has so far been made under the Capital Major Head "CC-68-Construction of Irrigation, Navigation, etc. works A-Irrigation works-Productive". According to the original financial arrangements, the expenditure on investigations

was incurred by the Central Government on the condition that if the Project materialised, the expenditure so incurred would be debited to the Capital cost of the Project concerned; and if the project did not materialise the cost was to be debited to the post-war development grant of the State to which the Project pertained. The Government of India subsequently revised this policy and decided that the expenditure on investigations should be adjusted periodically by debiting half the cost to the Post-War Development grant of the States and the remaining half to the revenues of the States concerned. The C.W.P.C. raised debits against the States for the entire expenditure and the latter were to adjust half the amount against their Development grants. In the face of financial stringency the Government of India decided not to make any Development grants to State Governments and requested them to meet all expenditure on investigations from their own resources. The Ministry of Finance also stipulated that if any State Government did not agree to these arrangements, the investigations relating to their projects should be suspended. Investigations on projects already undertaken are in an advanced stage and if these have to be suspended due to the inability of State Governments to finance them the expenditure already incurred would be infructuous besides break in the continuity of the data to be collected so essential for projects of large magnitude involving huge sums of money.

The investigations undertaken by C.W.P.C. form the fundamental basis on which Government are to prepare the overall plan and programme of development of river valley projects. The object of these investigations is to map the water (surface and underground) and power potential of the whole country for purposes of flood control, irrigation, power, navigation, town water supply, drainage etc., and to make an appraisal of the engineering features involved and the economics of their exploitations. It is obvious that we should arrange as quickly as possible, an overall mapping of our resources through a continuous planned programme of work so that in some years (may be decades) we will progressively cover the whole of India and have a balanced appraisal of our resources and the most expeditious and economical means for their integrated and optimum exploitation.

The work cannot obviously be entrusted to the States, especially in the case of basins which lie in more than one State. Besides, the engineering set up in some of the States is technically not upto the mark and the initiative is lacking for conducting investigations of productive projects. In others the engineers are generally very busy looking after projects of local interest. Unless, therefore, the Central Government steps in and authorises the C.W.P.C. to undertake the work on their own account, many attractive and beneficial schemes would never be taken up for investigation at all.

In the circumstances stated above, the investigations already in hand as shown in the attached statement* should continue and it is essential that additional investigations should be undertaken according to an approved programme. The mapping of our water and power resources should be undertaken as a continuous operation and the expenditure thereon should form part of the normal budget of the Central Water and Power Commission development programme and should not be made contingent on the participation of the State Governments or the possible implementation of any particular project in the near future. The necessity for these investigations has also been accepted by the Planning Commission. Investigation Schemes not included in the approved programme of the Central Water and Power Commission may also be undertaken by the Commission on the specific request of and at the expense of a State.

This would not affect existing financial arrangements made with any State Government. The States who pay either in part or in full may continue to do so.

As and when a Project materialises the cost of investigations which is initially met from Central Revenues will be debited to the Project estimate with the concurrence of the State(s) concerned. It will thus be seen that ultimate cost borne by Centre on account of investigations will be only on account of Projects which do not materialise.

Although projects or schemes when undertaken would be correctly chargeable to capital, the cost of all preliminary investigations or surveys, should in the first instance be met out of revenue, as they cannot be said to increase any concrete assets of a material or permanent character.

* See Annexure II.

The expenditure on investigations will, therefore, with effect from 1952-53 be debited to Major Head—"51-B-Other Expenditure connected with Multi-purpose River Schemes".

3. *Is the proposal in respect of a New Service?*

No.

4. *Has the proposal or any part of it been already considered by the Standing Finance Committee? If so, with what result?*

No.

5. *Does the proposal involve the purchase of stores, plant and machinery? If so:—*

(a) *what is the total estimated cost of stores, plant and machinery;*

(b) *what is the value of stores, plant and machinery available in surplus stores with D.G.S.?*

(c) *what is the alternative source from which the balance of the stores, plant and machinery are proposed to be procured?*

Does not arise.

6. *Is the proposal final and complete in itself or will it involve further expenditure in subsequent years?*

Yes. The effect of this proposal will be an increase in the Budget Estimate for 1952-53 on the Revenue side with a corresponding decrease on the capital side and hence does not involve any additional expenditure.

7. *Has any expenditure already been incurred in anticipation of the approval of Standing Finance Committee? If so, how much and for what reasons?*

Nil.

8. *In what manner it is proposed to meet the expenditure?*

By provision in the Budget estimates for 1952-53.

9. *Supplementary information, if any, required to elucidate the proposal further?*

Nil.

(Sd.) A. R. KHANNA,

Deputy Secretary to the Government of India.

To

The Advisory Committee.

ANNEXURE II

CENTRAL WATER AND POWER COMMISSION (WATER WING)

Statement showing Projects under Investigation

S. No.	Name of Project	Estimated cost	Whether Approved by S.F.C.
		Rs.	
1	Kosi Project Revised estimate	75,01,900	S.F.C. sanctioned an estimate of 60 lakhs. S.F.C.'s approval to the revised estimate is being obtained separately.
	Recurring 1950-51	5,84,400	
	Recurring 1951-52	5,39,200	
2	Narbada Project	62,47,000	Yes.
	(Projects actually under investigation)	40,99,000	Yes.
3	Assam Projects	28,23,710	Yes.
4	Madhya Pradesh Projects	51,09,000	Yes.
5	(Sub-projects actually under investigation)	13,34,000	Yes.
	Ganga Barrage Project	17,64,000	
	Revised	24,66,500	Yes.
6	Tikkerpara and Naraj Dam Projects		
	Tikkerpara	6,20,000	Yes.
	Naraj	63,500	
7	Rajasthan Canal Project	7,98,822	Yes.

Sabarmati, Coorg and Kantli Projects have not been shown in the above list due to the following reasons :—

1. Sabarmati was closed down on 30-11-51 A.N.
2. Coorg and Kantli Projects have already been closed down.

APPENDIX XLVII

MINISTRY OF IRRIGATION AND POWER

Note giving the factors responsible for increasing the cost of the Bhakra-Nangal Project as estimated in 1949

1. Introductory

Preliminary construction operations on the Bhakra Nangal Project were started in 1945. A dam with maximum reservoir level of 1580 was contemplated at that time. Such a dam would not have stored enough water to provide irrigation to all the areas that were commanded by the Project. Water was wasted even in the driest year on record.

The question of the height of the dam was reviewed in 1948 and it was decided to increase the height of the dam with a view to making optimum use of the supplies of the river Sutlej. After carrying out foundation explorations and water studies maximum reservoir level was finally fixed at R.L. 1680 in early 1949.

The work of the preparation of the Project estimate was started concurrently in 1948 and completed in 1949. As work was already in progress, it was considered essential to have a sanctioned estimate at the earliest possible for enforcing financial control. However, since at the time of the preparation of the Project estimate, decisions on such important issues as areas of each partner to be included in the project and claim of PEPSU Government for additional supplies on Sirhind Canal, had not been arrived at, alignments of most of the channels had not been actually laid on the ground and foundation exploration of the Powerhouses had not been completed, the Project estimate was termed as draft project estimate.

The draft Project estimate was considered by a Technical Sub-Committee appointed by Bhakra Control Board in a series of meetings held in the summer of 1951 at Delhi and Simla and with the good offices of the Bhakra Control Board, agreement on all the controversial issues was reached between the participating States. Regarding the Project estimate it was decided by the Bhakra Control Board that it should be re-cast in the light of the latest decisions. The revision of the Project estimate was completed in April 1952.

2. Comparison of the cost of 1949 draft Project estimate and 1951-52 Project estimate—

The Project estimate has been divided into 9 units. The cost of these units compares as below:—

	Provision in 1949-50 Project	Provision in the revised 1952 Project	Excess
	Rs. in lacs.	Rs. in lacs.	Rs. in lacs.
1. Bhakra Dam—			
(a) including powerhouses with 4 units of 93,333 K.V.A.	5,911.78	Provision for power plant has not been made.	
(b) Without power plant and powerhouse superstructure	4,905.50	4,992.00	86.41
2. Nangal Dam	318.84	394.64	75.80
3. Nangal Hydrel Channel	948.69	1,102.48	153.79
4. Nangal Powerhouses	768.32	1,231.28	462.96
5. (a) Remodelling Rupar Headworks	48.53	124.67	76.14
(b) Remodelling Sirhind Canal system	199.29	451.74	252.45
6. Bhakra Canals	2,561.37	3,465.35	903.98
7. Bist Doab Canal	230.65	360.56	129.91
8. Transmission, distribution and bulk supply of electric power	2,303.88	3,218.61	914.73
9. Development of Mandis and communications in Bhakra area . . . . .	..	291.00	291.00
TOTAL EXCESS . . . . .	..	15,632.33	3,347.17

The reasons for excess in each unit are given in the attached note (Appendix I). Factors which are mainly responsible for increasing the cost of the Project are discussed in subsequent paragraphs.

3. Factors responsible for increasing the cost of Project—

Following factors are mainly responsible for increasing the cost of the Project as compared to 1949 draft project estimate:—

- (i) Increase in the cost of works due to higher price of construction materials, carriage rates and labour rates.
- (ii) Increase in the quantity of work to be done.
- (iii) Increase in the scope of the Project.
- (iv) Devaluation.

4. Increase in the cost of works due to higher price of materials, carriage rates and labour rates—

The cost of a work can be split up into three main heads:—

- (i) Materials.

(ii) Carriage of materials.

(iii) Labour.

(i) The cost of construction materials has risen as below:—

Cement.—In 1949 cement was supplied by Associated Cement Co. at a rate of Rs. 62 per ton f.o.r. factory inclusive of cost of bags and their filling. Cement is now supplied at a rate of Rs. 45 per ton exclusive of the cost of bags and their filling. The cost of cement now works out f.o.r. factory as below:—

Cost of cement f. o. r. Surajpur	Rs. 45 per ton.
Cost of filling bags	As. 3 per ton.
Cost of empty cement bags (Variable)	Rs. 23-11-0
TOTAL	<u>Rs. 68-14-0</u>

Thus there is an increase of about Rs. 6/14/- per ton in the price of cement.

Bricks.—Bricks for the Project are manufactured at Government kilns by contractors on tender basis. The minimum tenders now received are about 10 per cent. higher as compared to 1949. The reasons for this rise are:—

- (a) increase in the railway freight of coal.
- (b) rise in wages, and
- (c) greater demand.

Stone and Aggregates.—In the case of stone and aggregates there is little increase in the cost of quarrying but the cost at the work site is higher due to increase in carriage rates.

Steel.—As compared to 1948 there has been a rise in price of steel of at least Rs. 50 per ton and in some cases steel had to be imported from abroad at a higher price as the required quantity is not being allocated to the Project from India.

(ii) **Carriage of Materials.**—Carriage is being done on the project in three ways:—

- (a) Transport by Railway.
- (b) Transport by motor vehicles.
- (c) Transport by animals.

The amount of railway freight that would be incurred on the project would run into many crores of rupees. This may be seen from the fact that the expense on railway freight on cement for the construction of Bhakra Dam alone from Surajpur Factory to Nangal Dam would be more than Rs. 1 crore.

In addition to above considerable expense has to be incurred on the carriage of cement, steel, coal and fuels for the construction of Nangal Dam, Nangal Canal, Nangal Powerhouses and Bhakra Canals.

In the joint Punjab special concession rates were allowed by the N.W.R. for the carriage of specific materials, i.e. Bajri, Boulder, Shingle, unburnt limestone and stone ballast carried in railway trucks, belonging or hired to the Irrigation Branch. These age old special rates have been withdrawn, and now public tariff rates are being applied. The public rates have been also increased appreciably since 1st October 1948 as will be seen from the details given below:—

Cement	Prior to 1-10-48	1-10-48 to Present
<u>Wagon rates</u>	per maund in pices	per maund in pices
For 1st 100 miles	0·380 per mile	For 1st 150 miles 0·43 per mile.
100—200 miles	0·220 per mile	151—300 miles 0·32 per mile.
Next 300 miles	0·139 per mile	301-over 0·17 per mile.
Beyond	0·110 per mile	
<u>Steel</u>		
<u>Wagon rates</u>		
For all distances	0·46 per mile	For goods weighing more than 45 mds. for 300 miles 0·58 per mile 301—600 miles 0·54 per mile. Above 600 miles 0·49 per mile.

On account of inadequate allocation of cement from Surajpur Works, considerable quantities of cement had to be brought from Lakheri which means an additional cost of Rs. 10 per ton.

Transport by motor vehicles.—The works on the Bhakra Nangal Project are spread over a large area. Some of the works are far removed from railway stations and construction materials like slack coal for burning bricks, cement, steel and aggregate have to be carried over long distances on bad roads. For these works motor vehicles have to be used. In 1948 it was assumed that materials would be carried in motor trucks at cheap rates but due to increase in excise duty on P.O.Ls. and devaluation and consequent increase in the capital cost of vehicles, spare parts, petrol, diesel oil, lubricants and maintenance charges, the rates of working vehicles rose considerably. The rates assumed in 1948 were very much on the low side as will be seen from the details given below:—

No. of miles	Rate as assumed in 1948 project	Rate as now actually paid
1st mile	Rs. 3-0-4 % cft.	Rs. 6-8-0 % cft.
2nd mile	Rs. 4-4-9 "	Rs. 10-12-6 "
3rd mile	Rs. 5-9-1 "	Rs. 13-9-0 "
4th mile	Rs. 6-13-5 "	Rs. 15-0-6 "
5th mile	Rs. 8-1-10 "	Rs. 15-12-0 "

Carriage by animals.—Very little carriage is being done by animals.

(iii) **Labour rates.**—Labour rates for the following works have increased.

Masonry—

Rate in 1948, basic schedule plus 125% premium i.e.	Rs. 18 per % cft.
Rate in 1952 basic schedule plus 150% premium i.e.	Rs. 20 per % cft.

It may be mentioned here that though the wages for the skilled and the unskilled workmen have increased four times as compared to the pre-war period, labour rate for masonry is only 2½ times of the pre-war rate.

Concrete Lining of Canal—

(a) In Bed—

Rate sanctioned in 1948 for lining in bed	Rs. 6-12 plus 100% premium =Rs. 13-8 % cft.
Rate in 1952 for lining in bed	Rs. 6-12 plus 125% premium =Rs. 15-3 % cft.

(b) On sides—

Rate sanctioned in 1948	Rs. 8-12 plus 100% =Rs. 17-8% cft.
Rate sanctioned in 1952]	Rs. 8-12 plus 125% =Rs. 19-11 % cft.

Tile Lining of Canal—

(a) In Bed—

Rate sanctioned in 1948	Rs. 7-4 plus 100% =Rs. 14-8 % cft.
Rate sanctioned in 1952	Rs. 11-10 plus 100% =Rs. 23-4 % cft.

(b) On sides—

Rate sanctioned in 1948	Rs. 8-8 plus 100% = Rs. 17 % cft.
Rate sanctioned in 1952	Rs. 14 } plus 100% = Rs. to 28 } to Rs. 30 Rs. 15 } % cft.

No lining work was done in Punjab after the partition till 1951. The rate sanctioned in 1948 was found on the low side and had to be increased. Moreover certain items had been omitted.

Furthermore there has been general increase in the wages of workcharged establishment. In the case of Government Central Workshops, Amritsar and Nangal Workshops, where gates and gearing and steel structures for the Project are being fabricated, the workmen were formerly paid on daily wage basis but have been brought on monthly basis in accordance with the recommendations of the Central Pay Commission. They are getting paid holidays and other amenities. Dearness allowance is also allowed in accordance with the scale of the Punjab Government. The cost of works in these shops has, therefore, increased.

5. Increase in the quantity of work to be done.—This increase has occurred on account of the following:—

- (i) Insufficient data available at the time of preparation of 1949 Project.
- (ii) Improvement in design and specifications.

(i) **Insufficient Data.**—At the time of preparation of the Project in 1948, foundation explorations in the case of Power-houses Nos. 1 and 2 had not been completed. Alignments of most of the branch canals, viz. Narwana Branch, Bhakra Main Branch, Ratia Branch, Rohri Branch, Fatehabad Branch and Rajasthan Branches had not been completed. The estimate had to be based on L. Sections prepared from Surveys carried out in 1939-42 or from contour maps.

In the case of Power-house No. 1, subsequent foundation explorations showed that it was necessary to take foundation 20 ft. lower than the level that was assumed in 1949 project. This meant additional excavation of foundations by 20 ft. and constructing concrete structure to fill it. Similarly at Power-house No. 2 it is necessary to go down 93' below subsoil water table and special arrangements have to be made to key the foundations of the Power-house.

In the case of canals, the number of cross drainage works and their capacity for flood discharges, was fixed on the basis of 1939-42 Project. Subsequent detailed investigations at the time of final alignments showed that discharges assumed for the cross drainages in 1939-42 Project were on the low side as compared to actual floods experienced in the recent years. The number of works as well as their flood discharge capacity had to be increased in the Project.

In the case of bridges, it has been the general practice to allow one bridge for a canal length of two to three miles. However, due pressure from the inhabitants it has become necessary to provide more bridges. The table below gives increase in the number of bridges, cross drainage works, falls etc. on the Bhakra canals:—

S. No.	Items of work	No. in 1952 Project	No. in 1949 Project	Increase
<i>Unit No. 5 (b)—Remodelling Sirhind Canal System—</i>				
1	Regulators	11	5	6
2	Falls (Remodelling)	55	13	42
3	G. Bridges. (Remodelling)	140	28	112
<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">} The increase is due to increase in the scope of the Project.</div> </div>				
<i>Unit No. 6—Bhakra Canals System—</i>				
1	Regulators	76	66	10
2	Falls	36	34	2

S. No.	Items of work	No. in 1952 Project	No. in 1949 Project	Increase
3	Cross Drainage Works	55	46	9
4	Bridges	234	197	37
<i>Unit No. 7—Bist Doab Canals—</i>				
1	Regulators	8	6	2
2	Falls	4	3	1
3	Cross Drainage Works	23	13	10
4	Bridges	38	42	—4

(ii) **Improvement in design and specifications.**—In the following cases specifications have been improved, causing thereby excess over the original estimates:—

(a) **Lining on the Nangal Hydrel Canal.**—In the 1949 Project the thickness of concrete lining was provided as below on the analogy of Thal Canal:—

In Bed—4".

On sides—5".

The lining was specified to be of 1:3:6 nominal mix throughout the length of the Nangal Hydrel Channel. Later on it was considered that it would be extremely difficult to close this canal for repairs. It was decided, therefore, that the above thickness of lining being inadequate, it should be increased from 4" to 5" in bed and from 5" to 6" on sides. It was also decided that nominal mix of concrete for lining should be 1:2:4 from head to R.D. 9500. From R.D. 9500 to tail the original concrete mix of 1:3:6 was, however, allowed. Provision for drainage behind lining has been also made for 50 per cent. of the area.

(b) Drains have been provided in the irrigated area to avoid waterlogging.

(c) In case of Rugar Headworks, formerly it was proposed to increase the height of the weir by two feet and provide shutters. Subsequent investigations revealed that this design was not sound. In the revised project it is proposed to convert the weir into a barrage with gates and a bridge across the river. Excess on this account is about Rs. 76 lacs.

6. Increase in the scope of the Project—

The scope of the Project has increased in the following cases:—

(i) **Remodelling Sirhind Canal.**—It was decided by the Bhakra Control Board in the year 1951 that the water allowance in the area served by PEPSU Branches of Sirhind Canal should be increased.

This means extensive remodelling of PEPSU Branches and Sirhind Canal System. The additional cost on this account would be Rs. 1,48,62,000 which has been provided in the revised estimate. The corresponding increase in irrigation on the PEPSU Branches would be 2,60,103 acres.

(ii) An additional area of 85,000 acres of PEPSU roundabout Phagwara and Kapurthala has been provided irrigation from the Bist Doab Canal. Phagwara area is a pocket in the Punjab area being given water from Bist Doab Canal, while Kapurthala area is contiguous to the same area. PEPSU Government desired that these areas should not be left without irrigation. Supply for the area was surrendered by PEPSU from their own share.

(iii) Irrigation has been extended to an additional area of 30,000 acres in Rajasthan. This was done by mutual agreement.

(iv) In the case of proposed Bist Doab Canal, a new Branch called Jullundur Branch which would irrigate area lying north and west of Eastern Bein, has been added to command a gross area of 2,39,096 acres. The cost of this channel is estimated at Rs. 1,23,16,000.

(v) In the 1949 project, provision for Mandis and roads was not made. Provision amounting to Rs. 2,91,00,000 has been made as these works are considered absolutely essential in the interest of the Project. Unless roads and Mandis are constructed, the development of irrigation would not proceed at the same rate as assumed in the Project. Zamindars will not be able to market their produce and it will not be possible to recover the heavy betterment fee.

(vi) The increase in the electrical scope of the project is mainly under the following heads:—

1. **Transmission.**—33 K.W. transmission lines have been increased by 205 miles so as to cover the entire area served by the Bhakra Nangal Project in all the three States. These transmission lines will be constructed only if they are found to be productive and not otherwise. No unproductive expenditure on these transmission lines will be incurred.
2. **Distribution.**—(a) Increase in the number of distribution schemes in the Punjab from 58 to 87.
- (b) Inclusion of schemes not previously provided for PEPSU.
- (c) Inclusion of schemes not previously provided for Rajasthan.

The total increase on the above account is of the order of Rs. 8 crores.

It is necessary to make provision for the distribution system and to treat it as an integral part of the Project to ensure a rational and

continuous development of electrical load. Unless this is done the industrialisation of the area and the demand for power will not materialise and a potential source of wealth will lie dormant and unutilised. Care, however, will be exercised in the carrying out of each distribution scheme which will be undertaken only if it is manifestly proven to be financially justified.

(vii) A ropeway costing about Rs. 32 lacs for hauling timber from the dam site to Nangal has been provided. This was not done in the original estimate.

7. Increase in cost due to devaluation.—The effect of devaluation is two-fold:—

(i) The initial cost of construction machinery and the hydraulic equipment has increased by about Rs. 5 crores. The Korean War and the subsequent piling up of armaments and raw materials has resulted in a general increase in the cost of machinery, so much so that the price of machinery at present is about double of what it was prior to devaluation in 1949.

(ii) The cost of working of machinery has increased due to higher depreciation charges, cost of spare parts and fuels and oils. This effect has been taken into account under "Increase in cost of works due to higher prices of materials, carriage rates and labour rates".

8. Subsequent to the 1951-52 revision of estimates of the Project, certain alterations in the designs have been carried out. It has since been decided to instal one power unit at the Bhakra Power House. This is likely to increase the cost of the Project. But this increase will be offset due to economies effected in the designs, which are:

- (1) elimination of the inclined tunnel spillway;
- (2) elimination of the tunnel outlet river works;
- (3) reduction in the number of river outlets in the body of the dam;
- (4) elimination of initial installation of penstock in the body of the dam, consequent upon the acceptance of the feasibility of leaving block outs in the body of the dam, which will enable penstocks for Power units to be laid at a subsequent date consonant with the development of load in the areas serviced by the Bhakra Nangal Project;
- (5) omission of the bomb-proofing of the left power plant at Bhakra;
- (6) increasing the height of the pores from 5' to 6';
- (7) reduction in the section of coffer dams;
- (8) reduction in the length of galleries.

The whole estimate is under careful scrutiny at present by the Government of Punjab but it is not anticipated that there will be any appreciable excess over the 1951-52 revised estimate.

9. To sum up, the overall increase can be distributed over the various factors as below:—

	Rs. crores
(i) Excess due to increase in the cost of works due to higher prices of construction materials, carriage rates and labour rates about 10% ...	12.47
(ii) Excess due to increase in the quantity of work to be done due to insufficient data available at the time of preparation of the original estimate, change in design and specifications and increase in the scope of the project ...	16.00
(iii) Due to devaluation ...	
TOTAL	33.47

APPENDIX XLVIII

MINISTRY OF HOME AFFAIRS

SUBJECT:—*Ministry of Home Affairs—State Trading Scheme—Recoveries of cost of A.R.P. equipment Centrally supplied.*

At the meeting held on 10th September 1952, one member of the Public Accounts Committee enquired of the Home Ministry's representative the cost of the staff employed on work connected with outstanding recoveries of cost of Centrally supplied A.R.P. equipment. It may be mentioned that no extra staff is employed by this Ministry for this work. It is being done by a member of the existing staff and the officer-in-charge in addition to their normal duties. This may please be brought to the notice of the Public Accounts Committee.

Sd./- A. V. RAMAN.

Under Secretary to the Government of India.

Parliament Secretariat.

M.H.A. u.o. No. 29/4/52-Public, dated 12-9-1952.

APPENDIX XLIX

MINISTRY OF WORKS, HOUSING AND SUPPLY

Note for the Public Accounts Committee

SUBJECT:—*Consideration of the Appropriation Accounts (Civil) 1949-50 and the Audit Report thereon—State Trading Schemes. Page 610—Purchase of Machine Tools—(Group head—C).*

Q. Whether the machines lying at Karachi have since been received?

What steps have been taken to expedite the arrival in India of the four remaining machines?

A. The machines referred to are those which were imported by the Machine Tools Controller (India), in 1945, on behalf of indentors in India, and were despatched by the Manufacturers to **Karachi Port**. The Machines arrived at Karachi some time before Partition and have been lying there since then. Our efforts to persuade the Pakistan Government for the issue of export permits have not succeeded as yet. The matter is being pursued further with the Pakistan Government by Ministry of Commerce and Industry.

The import of all machines outstanding against the Machine Tools Controller's indents has been completed; the last two arrived in July, 1951.

MINISTRY OF WORKS, HOUSING AND SUPPLY

Note for the Public Accounts Committee

SUBJECT:—Consideration of the Appropriation Accounts (Civil) 1949-50 and the Audit Report thereon—State Trading Schemes. Page 614—Sisal Hemp.

Q. Has the Government claim for compensation on account of damaged Sisal since been settled and with what results?

A. The claim relates to a consignment of Sisal Hemp, imported from East Africa under the State Trading Scheme (since closed), which was damaged *Ex-M. V. LUXMI*. The ship caught fire off Madras in July 1945. The Government claim has not been finally settled as yet. The General Average contribution to be made by the Government of India was assessed at £8796/6/7 (say Rs. 1,17,235). The amount has been accepted in consultation with the Ministry of Finance and payment made accordingly by D.G. I.S.D., London, to the General Average Adjustors. At present the whole matter is before the General Average Adjustors and the final settlement of this transaction would depend upon their award. Further developments are awaited but it is expected that the final settlement would take some time.

APPENDIX LI

MINISTRY OF WORKS, HOUSING AND SUPPLY

State Trading Schemes—Appropriation Accounts (Civil), 1949-50 and the Audit Report 1951—Pages 617-18—Acquisition of Frustrated Cargoes (Group-head U).

Out of 22 cases of recoveries from private parties and State Governments 7 cases have since been dropped on further verification of the records as in 1 case recovery had already been effected and in 6 the firm had received the stores on behalf of the Ministry of Defence from whom no recoveries are to be effected now (being a Central Government Department). In 2 of the remaining 15 cases the parties concerned are located in Pakistan and no action could be taken against them due mainly to want of their complete addresses. Two parties have intimated that they had already made the payment and further particulars in this behalf are being verified. No definite reply has been received from the rest—the main difficulty being the long period that has elapsed since the stores were sold to them. The matter is being pursued vigorously with a view to finalize all the cases.

Out of the 500 cases where compensation had not been paid according to our records, claims in about 14 cases only were received. Compensation amounting to Rs. 46,315 has since been paid in respect of 9 claims. 5 cases of compensation amounting to Rs. 2,27,000 (approximately) are under scrutiny. In rest of the cases the claimants have not preferred any claims so far.

APPENDIX LII

MINISTRY OF FOOD AND AGRICULTURE (AGRICULTURE)

Commercial Appendix (Civil), 1949-50

1. *Para. 157 (Page 108)—Explanations for lower production.*—The explanation for lower production in 1949-50 as compared with 1948-49 is that the small animals (numbering 2481) purchased in 1949-50 consisted largely of pigeons. About 2000 pigeons, 400 rabbits and 60 fowls were bought in this year.

In 1948-49 the small animals purchased (1666) consisted of 1400 pigeons, 208 fowls and some rabbits. As the yield from a pigeon is less than from a fowl, production in 1949-50 was proportionately less. The figures of production given in the Audit Comment relate to fowl pox vaccine only. Rabbits are not used for fowl pox vaccine. Account has, therefore, to be taken of the large number of rabbits bought in 1949-50 which has been included in the category of small animals but which had no bearing on the production of fowl pox vaccine.

There was also some carryover of small animals, production from which, will be shown in 1950-51.

2. *Para. 158 (Page 108)—Loss and Wastage.*—The permissible limit of loss on account of leakage and wastage due to contamination and other factors is 3 per cent. In both the years 1948-49 and 1949-50 the loss is within the permissible limit. In 1948-49 it was substantially less than 3 per cent, and this accounts for its monetary value being less in that year despite higher production. The factors accounting for losses are variable and as the value of biological products in relation to their bulk is high, the incidence of losses on account of contamination, breakage or leakage is not always in proportion to the quantity produced.

APPENDIX LIII

MINISTRY OF FOOD AND AGRICULTURE (FOOD)

Appropriation Accounts for 1949-50 and Audit Report thereon

Note on the Planning of Imports of Foodgrains

The objective of Food Administration is to ensure an equitable distribution of foodgrains among the different sections of population at reasonable prices. This involves (i) the estimation of requirements, (ii) the estimation of production of foodgrains, (iii) the procurement of internal surpluses, (iv) the importation of additional supplies, (v) the planned movement of supplies, (vi) the rationing of supplies and (vii) the regulation of prices.

2. The requirements of foodgrains for the country are calculated on a number of different bases, so as to provide a check on each other and the final estimate is formulated after taking into account the results of these different calculations. The following are the bases adopted:—

(i) The requirements of each State are taken as the average production of the State plus/minus the average net imports/exports for the 5 year period ending 1941-42 i.e., immediately before the introduction of controls. Adjustments are made for changes in population and differences in the production estimates.

(ii) The requirements of each State are calculated on the basis of 16 oz. per adult for farm population and 12 oz. per adult for non-farm population and the deficit/surplus calculated against the estimated production. The adult equivalent is calculated at 86 per cent. of the total population and the farm population is assumed to be 70 per cent. of the total population.

(iii) Each State has undertaken the commitment to supply foodgrains to its rationed population on a certain scale. The difference between what a State can procure from within the State and what it requires for meeting the above commitment is regarded as its surplus/deficit.

3. Of these three alternatives, the first two are only statistical estimates based on certain assumptions. The third is the only definite estimate based on easily ascertainable data. Every State provides the Central Government with estimates of production and consumption and the extent to which it is surplus or deficit in a particular grain. The surplus is made available to the Centre for export to deficit States. The difference between the surplus and the deficit is the quantity that the Centre has to import from abroad. These

estimates are scrutinised by the Centre in the light of the crop prospects and the past experience of procurement, offtake and stocks. This scrutiny is a continuous process. In other words, the progress of procurement, offtake, stock position, etc., continue to be watched by the Food Ministry from day to day and the import requirements are adjusted in the light of the internal availabilities and requirements.

4. In determining the break-up of the import requirements according to rice, wheat and coarse grains, the Ministry takes into account the world availability and the price of each foodgrain. Thus rice which is in short supply and which is high priced is limited to the minimum possible level and the balance substituted by wheat and coarse grains according to availabilities and cost. Under the International Wheat Agreement, India has an ensured guaranteed supply of 1.5 million tons of wheat at a specified price from U.S.A., Canada and Australia. Requirements over and above this quantity are purchased from U.S.A., Canada, Australia, Argentina, etc., depending upon availabilities and the price.

Bulk of the coarse grains is purchased from the U.S.A. Rice is secured mainly from the South East Asia countries viz. Burma and Siam. Purchases have also been made from other countries (e.g. China, Egypt, Pakistan) whenever available at reasonable prices. Wheat and rice are imported on a Government to Government basis. Coarse grains are either purchased on a Government to Government account or in the open market (as in the case of milo from U.S.A.) depending on the nature and extent of control in the exporting country. In all important exporting countries, viz., Australia, Canada, Argentina, U.S.S.R., Burma, Siam, U.S.A., sales for export are made by Government or semi-Government monopoly organizations.

APPENDIX LIV

MINISTRY OF FOOD AND AGRICULTURE (FOOD DIVISION)

SYSTEM OF PROCUREMENT IN ORISSA

Q. A note setting forth the salient features of the system for the procurement of paddy prevalent in the Orissa State may be furnished to the Committee.

A. 1. **The Orissa Monopoly.**—The Orissa system of procurement is based on a monopoly which is given legal form in their Foodgrains Control Order, 1947. Under clause 8 of that Order no person shall purchase or sell in wholesale quantities, (as 10 maunds or more per day) except to an authorised agent of the State Government or to an approved agent or a sub-agent of such agent. Movements except in the case of Puri district, from which exports to the deficit district of Ganjam are banned, are free. Elsewhere, the producer can move foodgrains from one district to another within the State without any permit. Legally a trader who has got a foodgrains licence can move quantities in excess of 10 maunds from one district to another, but he cannot purchase or sell more than 10 maunds in any one day. However there are practically no licensees who are not Government agents and hence such movements from one district to another on trade account are impossible. Furthermore, only a licensee who holds two licences one for the exporting district and the other for the importing area would be able to make such movements, and licensees of this category are sure.

2. **Marketing.**—There is no system of organised marketing in Mandis or Ganjs as in Uttar Pradesh, Punjab and Madhya Pradesh. Hand-pounded rice and paddy are brought in headloads to village markets, known as Hats, which are held twice a week and in exceptional circumstances, particularly from May to September, a big cultivator sells his stocks directly at Government purchasing centres.

3. **Almost all district surplus.**—One very important factor in the set-up in Orissa is that all districts produce rice and all districts are either slightly or heavily surplus, except Ganjam. In these circumstances, there is no real necessity for trade movements from one district to another, even in the absence of any form of rationing. The position is made easier still by the fact that there are very few urban areas in Orissa and consumers are in the habit of purchasing six months' requirements before the rains, so that they have stocks when market arrivals diminish in the monsoon. It is principally because of these circumstances that the blanket monopoly in Orissa is successful in spite of there being no rationing anywhere in the State.

4. Agents.—Procurement agents are appointed for different zones, but no attempt has been made to demarcate the zones between individual agents, who may be either millers or traders. There is considerable competition between millers and traders, in which the millers are at a relative advantage because, as a last resort, they could always afford to forego their commission and pay higher prices for paddy to the cultivator by contenting themselves with the milling charges allowed.

5. Financing.—Government funds are not invested in procurement which is financed principally by the agents. In the event of the agent being short of funds, Government make loans up to the extent of 75 or 80 per cent. of the value of stocks held by him. In practice such advances are seldom made and it is doubtful whether sufficient finance is available for them. The procurement agent is also a holding agent and is allowed a commission of -/3/- per maund, interest charges -/1/10½ per maund, gunny depreciation charges of -/2/- per maund, storage charges -/6/- per maund, in addition to shortage charges of -/5/- per maund, insurance of -/7/- per maund, administrative charges -/4/9 per maund, and transport and other charges, working upto a total of Rs. 1/10/- per maund for rice. Similarly, in regard to paddy he gets Rs. 1/5/9 per maund. Stocks are held by agents for about one month to six weeks before despatch. When despatched, an acceptance note is made out at the railway station after loading, and within 4 or 5 days the agent is paid the entire amount due against the grain loaded.

The agent relies chiefly for his procurement on sub-agents and petty traders known as Byaparis. The sub-agent or petty trader is given a commission of upto -/2/- per maund by the agent, from his own commission and is also financed by him. These persons make advances to cultivators and purchase stocks from them at the village after the harvest. Although the price received by the cultivator, particularly at the beginning of the season and particularly in surplus districts, is sometimes less than the price fixed by the Government because of the use of these intermediaries, generally the cultivator is not willing to bring his grain to the procurement centre for sale. The difference between this Government price and the price received by the cultivator probably represents the cost of transport to the Government centre.

6. Requisitioning.—In addition to the quantities secured under the monopoly, requisitioning is resorted to when there is a tendency on the part of the cultivator to hold up stocks. Such tendencies exist in the self-sufficient or deficit districts. For the purposes of requisitioning the supply Inspectors, in consultation with procurement agents, prepare lists of big cultivators early in the season. The requisitioning

is done in the dry weather in those tracts where transport would be difficult in the rains, leaving the more accessible tracts for action later.

7. **Administration.**—The food organisation in each district is under a Collector who is assisted by a Civil Supplies Officer, dealing with all routine work. There are one or more Assistant Civil Supplies Officers in each district (gazetted rank) with Supervisors of Supplies, Inspectors of Supplies, and Assistant Inspectors of Supplies working under them, in addition to clerical and menial staff. The Civil Supplies Officer and his staff are responsible for procurement and distribution of foodgrains as well as other essential articles.

APPENDIX LV

MINISTRY OF HOME AFFAIRS

Appropriation Accounts (Civil), 1949-50—Page 503, sub-heads B.4(3) and B.4(4).

Q. Why could not the saving of Rs. 3,68,534 under sub-head B.4(3) be surrendered and the excess of Rs. 4,16,002 under sub-head B.4(4) regularised in time by obtaining additional funds?

A. The saving and excess under the above mentioned sub-heads in Account III—Grant No. 88—Andaman and Nicobar Islands, viz. (–) Rs. 3,68,534 and (+) Rs. 4,16,002, included provision of *plus* Rs. 3,60,000 under “B.4(3)=Other Charges” and *minus* Rs. 3,60,000 under “B.4(4)-Deduct recoveries from the Commercial Departments” on account of second unit of Labour Force which was proposed to be formed on no profit no loss basis. This unit was not created. As the net effect of the above provision (*viz.*, plus Rs. 3,60,000 and minus Rs. 3,60,000) for the second unit under the two sub-heads was *nil*, the necessity of surrendering the provision under one and obtaining additional funds for the other was not realised by the Chief Commissioner until the financial year had lapsed. Had this action been taken by the Chief Commissioner in time the excess and saving under these sub-heads would have been negligible.

APPENDIX LVI

MINISTRY OF HOME AFFAIRS

Commercial Appendix (Civil), 1949-50—Page 60, para. 86(ii)—Shipping Department, Andamans.

Q. What steps have been taken to guard against such losses in future?

A. The losses referred to in this para. are on account of special cruises to Car Nicobar, Nancowry and Great Nicobar made for administrative purposes. The Ministry of Home Affairs, in consultation with the Finance Ministry, have decided that as these cruises are made for administrative purposes the expenditure on this account should not be debited to the Shipping Department but should be debited to "General Administration, etc.". This course is being adopted from the financial year 1953-54 onwards. A copy of the orders issued in this respect is attached.

COPY OF LETTER NO. 6/9/52-AN, DATED THE 4TH AUGUST 1952 FROM THE MINISTRY OF HOME AFFAIRS TO THE CHIEF COMMISSIONER, ANDAMAN AND NICOBAR ISLANDS, PORT BLAIR.

SUBJECT:—Commercial Appendix to the Appropriation Accounts (Civil)—Shipping Department, Andamans.

I am directed to refer to your letter No. 1-1030/52 (SI1. 0) dated the 30th April 1952, on the subject mentioned above, and to communicate the following decisions of the Government of India, to be given effect from the financial year 1953-54:—

- (i) If the ship s.s. 'Maharaja', while making special trips to Nicobar and Nancowrie Islands, carries only Government officers and staff required there for administrative purposes, the expenditure on account of these trips may be debited to 'General Administration', and
- (ii) If it carries officers of other departments as well as private passengers, the expenditure should be shared between the Shipping Department and the Civil Departments, the former being a Commercial Department. In this case the Civil portion of the expenditure will further be apportioned between the respective Departments.

APPENDIX LVII

PARTITION SECRETARIAT

The Partition Secretariat was set up immediately after the announcement of the 3rd June 1947 to co-ordinate the work of the various Expert Committees set up to work out the administrative and other details of the partition and to implement the decisions reached on the reports of the various Expert Committees. A review of the work done by these Expert Committees was given in a statement made on the floor of the Constituent Assembly on the 12th December, 1947 by the then Deputy Prime Minister. The Partition Secretariat has continued after the partition with a reduced strength and has been occupied with implementing the various decisions of the Partition Council, printing up the proceedings of the Expert Committees set up at the time of the partition and dealing with references on a mass of points of detail which have arisen after the partition. It is at present under a full time Under Secretary while its work is under the general supervision of a Joint Secretary in the Finance Ministry and the Secretary of the Ministry of Defence, both of whom were intimately connected with the detailed arrangements at the time of the partition and who have continued to be associated with the subsequent discussions between the Governments of the two countries on matters arising out of the partition.

2. The main work connected with the partition, viz. the drawing up of the debt settlement between the Governments of India and Pakistan and the partition settlements between the two Punjabs, the two Bengals and Assam and East Bengal however still remains to be done. The delay in undertaking this is largely due to the fact that the accounts for the pre-partition period which has to be the starting point for these settlements are not yet ready. This is mainly due to the non-receipt of complete accounts from some of the Accounts Officers in Pakistan and to the dislocation created by the administrative changes at the time of the partition. The subsequent mass migration of people between the two Dominions which has also affected the allocation of liability for some of the items which will have to enter the debt settlement has also contributed to the delay in drawing up the partition settlements. An idea of the magnitude of the problem and of the difficulties involved will be obtained from the fact that in the far simpler case of the separation of Burma when there were no complications like the division of Provinces or mass movements of population and there were no political differences affecting the relations between the two Governments and the initial work was commenced some years before the separation the final settlement took over four years after the separation. This task of drawing up the Central debt settlement and co-ordinating the Provincial settlements

with it is the main outstanding task of the Partition Secretariat which is likely to take some time longer.

3. The Partition Secretariat as such is not concerned with the settlement of outstandings between the two countries in respect of transactions taking place after the partition. This is a matter of current settlement between the two Governments. The Partition Secretariat is only concerned with the drawing up of the debt settlement between the two countries. The amount of the debt as finally evaluated is payable in 50 annual equated instalments commencing from the 15th August 1952. In view of the delay that has occurred in the drawing up of the debt settlement the question of arriving at a provisional amount to be paid on the due dates until the final figure of the debt is calculated has been taken up with Pakistan informally. The Partition Secretariat will also be concerned with the co-ordination of the provincial settlements and with reaching an arrangement with the Pakistan Government regarding the method by which the partition debt which one or other of the divided Provinces may owe the other should be discharged.

4. The Partition Secretariat has continued as a small Secretariat organisation necessary for dealing with the problems left over by the partition and for completing the various partition settlements. It can claim no "achievements" nor could it translate its work in terms of so much money recovered from or paid to Pakistan. Its strength has been kept as small as possible and nearly the whole of the supervision over its work has been undertaken by other officers as a part-time addition to their normal work.

APPENDIX LVIII
MINISTRY OF COMMUNICATIONS

Working of the Indian Telephone Industries, Ltd., Bangalore.

Q. 1. What are the *ex-factory* prices of a telephone apparatus in the U.K. *vis-a-vis* India? What are the f.o.b. and c.i.f. (landed) prices of the British manufactured telephone?

A.—	Rs.
<i>Ex-factory</i> cost in U. K.	73 4 0
Production cost in India (excluding cost of handling, packing and profit)	95 14 0
<i>Ex-factory</i> cost in U. K. <i>plus</i> Freight and Marine Insurance	76 13 0
Landed cost in India including customs duty and handling charges	101 0 0

Q. 2. What is the decision arrived at by the Government of India in regard to the Recommendations made in the Gorwala Report on the 'Efficient Conduct of State Enterprises' in so far as they are applicable to the I.T.I. Ltd., Bangalore.

A. The recommendations of the Gorwala Committee were taken into consideration by the Government of India in deciding the form of organisation which State Enterprises should take and the machinery for management etc. The Government of India have decided that State Enterprises should be worked as private limited companies formed under the Indian Companies Act. They have also decided that each such enterprise should have a separate Board of Directors as the suggestion for common Board of Directors for all State enterprises is not considered feasible. The Board of Directors is composed partly of official members and partly of non-official members having experience of running commercial undertakings. It is not the intention to apply the recommendations of the Gorwala Committee to each individual State Enterprise separately.

Q. 3. *Balance sheet of the I.T.I. Ltd., Bangalore upto 31st March 1951.*—Under the head "Capital and Liabilities—sub-head 'Liabilities'" a sum of Rs. 39,65,232-11-0 has been shown as 'for other finances'. What are the details of 'other finances'? What do these represent? What is the justification for keeping a huge stock-in-trade against a turnover of Rs. 84 lakhs? Are the normal commercial practices followed in the matter of keeping huge stock-in-trade proportionate to the annual turnover?

A.—Details of liabilities for other finances are as under:—

	Rs.
Recoveries of Income Tax	1,585 1 0
Recoveries of G. P. Fund	1,386 0 0
Recoveries of Postal Life Insurance Premia	58 7 0
Recoveries of A. T. M. Pension Fund	504 14 0
Recoveries of Bombay Telephone Contributory Provident Fund—Loan	49 13 0
Recoveries of I. T. I. Provident Fund	3,257 14 0
Recoveries of G. P. Fund—Loan	45 0 0
Security Deposits received	31,471 8 3
Recoveries of Mysore Sales-Tax	58,368 4 0
Recoveries of Bengal Sales-Tax	70,105 11 5
Recoveries of Bombay Sales-Tax	65,558 14 1
Income Received in advance	3,271 0 0
Deposit for supply of petrol	82 4 3
Advance for supplies in respect of Calcutta Automati- sation and other projects including Carrier Development etc.	37,29,488 0 0
TOTAL	39,65,232 11 0

The closing stock of Rs. 26,44,538 compared with a turnover of Rs. 84 lakhs, represents about 30 per cent. of the total turnover for the year. In this connection, it may be mentioned that the normal commercial practice followed in an industrial concern of this magnitude especially in the initial stages of its organisation, is to carry over a stock of 3 months requirements and viewed in this light the above figure should not be considered excessive. Further the closing stock has also some bearing on the next year's turnover as it may contain many of the items of production during the closing months, awaiting despatch, or on consignments not cleared. This will be borne out from the turnover figure of Rs. 160 lakhs in the succeeding year 1951-52. The organisation is still in its infancy and not in a position to cope with the demands made on it. So unless and until the turnover is watched for some years and is found to attain some sort of constancy, it will be premature to correlate the closing stock with the turnover.

(Sd.) A. V. PAI.

Secretary to the Govt. of India

APPENDIX LIX

MINISTRY OF NATURAL RESOURCES AND SCIENTIFIC RESEARCH

SUBJECT:—*Appropriation Accounts (Civil) 1948-49 and the Audit Report 1950—Grant No. 45, Item B-Utilisation Branch—B-a-Government Mica Mines, Maheshri, on page 171 of the Appropriation Accounts for the year 1948-49, and page 172—Note 2.*

During the second World War the Allied Nations' demand for mica increased tremendously. The Indian Mica Industry was their main source of supply and till the middle of 1940 they procured their requirements through trade channels. But towards the end of 1940 they felt the necessity of forming a stock-pile of Mica. They, therefore, made a special request to the Government of India through H.M.G. for collecting and shipping mica to Washington. This request was fulfilled by Geological Survey of India on behalf of the Government of India. In order to procure mica to meet the entire requirement of the U.S.A. for war purposes, an organisation named "Joint Mica Mission" was set up in India and their main policy was to make all possible efforts to stimulate the production of mica in India as quickly as possible. With a view to implementation of this policy they had to enlist the close collaboration of the Geological Survey of India. Amongst the various steps taken by the Geological Survey of India to ensure increased production of mica, the operation of Mahesri area was one.

The Mahesri area had the reputation of producing mica of a high quality suitable for munitions and according to the advice of the Government of Bihar, the then Government of India had the entire area of 71,274 acres in Mahesri Mahal in the district of Monghyr, Bihar, requisitioned in November, 1942 for producing munition mica. This requisition was followed by acquisition under the Defence of India Rules of certain specific areas comprising about 500 plots covering a total area of 4,722 acres required for carrying on the mining operations.

The Geological Survey of India took possession of the Mahesri property with effect from the 10th December, 1942. The mica procured from these mines was processed in a Government factory at Pachamba and sold to the Joint Mica Mission who were the sole purchasing Agency in India on behalf of Allied Nations. A review of working of the mines showed that Government were incurring losses in the transaction and in June, 1945 it was finally decided to close down the operation.

* This comprised of 3 representatives of U.K. and 3 of U.S.A. Governments.

According to the above decision, the requisition of the mineral rights of the entire Mahal except those pertaining to the 500 plots of land (4,722 acres) acquired by Government of India, was terminated by the Government of Bihar by a notification No. 30718 PC/Mica-13/45, dated the 30th October, 1945. The houses that were requisitioned from Messrs. Chrestien Mining Co., were also subsequently de-requisitioned by a notification dated the 18th December, 1947. After this, only the acquired area remained with Government and is being looked after by G.S.I. By virtue of the acquisition, Government are entitled to both surface and mineral rights in all the plots of land.

The following claims were received for compensation:

- (1) Messrs. Chrestien Mining Co., who held the whole Mahal on mining lease claimed a compensation of over 3 crores of rupees;
- (2) F. F. Chrestien being the owner of the surface right over the entire Mahal and $\frac{1}{2}$ share of the sub-soil right claimed a compensation of Rs. 53,000 per year;
- (3) Messrs. Bhoticas claimed Rs. 50,000 per year.

The matter was referred to Arbitration. An award of Rs. 8,36,290 was made on 13th August 1947 in favour of the above three claimants. Thereafter the Government of Bihar under instructions from the Government of India filed an appeal in the Patna High Court in 1947 against the above decision. The acquired property has, however, been under the care of the Geological Survey of India.

In order to finalise the case the Government of India after taking legal advice, finally agreed to a compromise with Mr. Ram Kumar Agarwala, the present owner of the entire area. A meeting was, therefore, held at Calcutta in G.S.I. office on 22nd January 1952 between the Government representatives and Mr. Ram Kumar Agarwala. In that meeting it was finally agreed that payment of Rs. 7,75,000 should be made to Mr. Ram Kumar Agarwala who will be responsible for the full and final settlement of all claims against Government arising out of the Arbitration proceedings or claims relating to award dated 13th August, 1947. Mr. Agarwala would, of course, pay the price of buildings and machinery if any and also the dead rent or royalty whichever is greater for the lease of the acquired property. The dead rent agreed on in the compromise terms will bring in a return of Rs. 18,888 for the first year and the royalty when the mines are worked will give a higher return to the Government.

An inspection of Government property at Mahesri has already been done and the report on the valuation of the Government buildings at Mahesri is expected from the Government of Bihar soon.

The operation was financed by drawing cheques on the Jamui Sub-Treasury, Monghyr, Bihar, from P/LA/C which was closed with effect from 15th April 1946. Payment to the care-taking staff is being made by submission of regular monthly bills to Accountant General, West Bengal, after the close of the P/LA/C. The net amount drawn from the P/LA/C and from the Accountant General, West Bengal, less the remittances into treasury from time to time was Rs. 9,57,571/11/8. The loss sustained by Government on Mahesri A/C including liabilities is estimated to be Rs. 9,96,192/11/7. This does not include the amount to be paid to Mr. Ram Kumar Agarwala according to the terms of compromise referred to above against the asset of 4,722 acres of land whose ownership is vested in the Government of India. The amounts spent so far for the care-taking staff since March 1946 to October, 1952 are shown below:

	Rs.	
1946-47	21,255-0-3	}
1947-48	11,698-12-0	
1948-49	5,563-4-6	
1949-50	5,738-13-0	
1950-51	4,954-0-0	
1951-52	5,137-2-6	
March '52 to Oct. '52	2,545-2-9	
Total	56,982-3-9	As appeared in the appropriation a/c compiled by the A.G.W.B.

The Mahesri operation was taken up for the procurement of mica for munitions for the last War. This was regarded as contribution of the then Government of India towards war efforts.

APPENDIX LX

MINISTRY OF NATURAL RESOURCES AND SCIENTIFIC RESEARCH

Capital outlay on Schemes of State Trading—Purchase of Machinery for Mica Miners.

MEMO.

The scheme originated in the later part of the year 1942, under sanction conveyed in late Labour Department Memo. No. Mica-492, dated the 8th November, 1942, in order to assist the Mica Miners in respect of the supply of machinery, stores, etc. for the production of Mica for supply to Mica Mission. It was agreed that the loss, if any, on the scheme shall be passed on to the U.K. Government account Joint Mica Mission after the close of the transactions. It may be mentioned that the Government of India was not a sharer to the Mica Mission. On the termination of the War, the Mission withdrew their financial support to the Scheme with effect from the 1st December, 1945, although they continued to be responsible for the loss, if any, sustained in disposing of the stocks remaining in hand on that date.

2. Supplies were made available to Mica Miners and also to other parties on the approval of the Joint Mica Mission from stocks in hand till the 30th November, 1947. The balances still left to the book value of Rs. 2,62,839 were declared surplus to the Disposals Board, which have now been completely disposed of.

3. A debit for Rs. 6,10,098 on account of certain definite items of losses agreed by the Joint Mica Mission, was passed on to the H.M.G. in pre-partition accounts and accepted by the H.M.G.

4. The scheme has virtually been closed. But the accounts could not be closed as yet owing to some financial adjustments still to be carried on.

A sum of Rs. 3,869 being the 2 per cent. charge payable to the Disposals awaits adjustments by the Deputy Accountant General (I. & S.), Calcutta. Besides for the credits of Rs. 10,745 and Rs. 406 for supplies to a Government consignee, the Deputy A. G. (I. & S.), New Delhi, and the Assistant Director (Disposals) have been approached. It is expected that the above adjustments would be carried out and accounts closed in 1951-52.

5. The accounts of the scheme as appearing in the pre-partition and post-partition periods are shown below:—

	Rs.
I. Pre-partition :—	
(a) Gross Expenditure	28,92,009-10-0
(b) Deduct Recoveries	(—) 27,42,345-5-0
Total	1,49,664-5-0

II. Post Partition (up to 1950-51) :—

	Rs.
(a) Gross Expenditure	20,514-0-0
(b) Deduct Recoveries	(—) 2,91,878-3-9
Total	(—) 2,71,364-2-3

Add—

Credits awaiting adjustment in 1951-52 including Rs. 11,833 adjusted	(—) Rs. 19,114-0-0
	<u>(—) Rs. 2,90,478-2-3</u> B

6. The nett profit on the scheme as shown above therefore comes to Rs. 1,40,814 (difference between A & B above).

APPENDIX LXI

MINISTRY OF HEALTH

Statement showing the value of D.D.T. supplied by the Medical Store Depots to the various States during the years 1949-50 to 1951-52.

Name of State	1949-50	1950-51	1951-52
Part 'A'			
Assam	5,500 0 0	24,004 8 0	14,450 0 0
Bihar	1,26,910 12	10,342 8 0	78,570 0 0
Bombay	5,39,846 14 0	1,57,646 10 0	2,24,954 8 0
Madras	2,80,368 0 0	5,56,119 10 0	2,95,521 0 0
Madhya Pradesh	27,527 8 0	10,020 5 0	22,093 4 0
Orissa	7,810 0 0	9,190 0 0	45,265 0 0
Punjab	87,729 4 0	1,06,880 6 0	59,091 0 0
Uttar Pradesh	3,19,789 10 0	2,78,997 10 0	2,83,430 8 0
West Bengal	1,41,751 4 0	1,70,131 0 0	4,97,988 6 0
Part 'B'			
Hyderabad . . . . .	...	18,921 0 0	48,601 0 0
Jammu & Kashmir . . . . .	...	5,036 8 0	...
P.E.P.S.U. . . . .	...	13,912 8 0	...
Travancore & Cochin . . . . .	...	37,100 0 0	6,380 4 0
Madhya Bharat	967 8 0	7,420 0 0	15,767 8 0
Rajasthan . . . . .	...	165 10 0	...
Saurashtra	602 0 0	...	29,680 0 0
Mysore	1,23,200 0 0	...	3,33,760 0 0
Part 'C'			
Delhi	66,067 12 0	51,278 2 0	63,174 0 0
Ajmer	5,555 0 0	1,328 6 0	13,250 0 0
Coorg	9,240 0 0	47,383 0 0	51,940 0 0
Manipur . . . . .	...	...	...
Tripura . . . . .	...	...	...
Himachal Pradesh	1,287 8 0	336 0 0	...
Bhopal . . . . .	...	496 14 0	...
Kutch . . . . .	...	...	331 4 0
Bilaspur . . . . .	...	...	...
Vindhya Pradesh . . . . .	...	...	1,820 0 0
Central Govt. Departments including Railways as well as collieries	3,33,276 12 0	2,59,040 8 0	1,03,739 5 0
Municipalities and local bodies	1,52,799 4 0	4,81,977 15 0	9,31,768 1 0
GRAND TOTAL	22,30,229 0 0	33,17,729 0 0	31,21,575 0 0

APPENDIX LXII
GOVERNMENT OF INDIA
MINISTRY OF PRODUCTION

No. Fy-16(81)/52

New Delhi, the 22nd November, 1952

Note for the Public Accounts Committee

PENICILLIN

In January, 1949 when the Government of India first decided to set up a State-owned Factory for the Manufacture of Penicillin, it was estimated that the cost of production at the Factory would come to about 26 per cent. less than the price of the then imported Penicillin. However, the world prices of Penicillin have since considerably fallen and continue to fall still further. In view of this tendency in the world prices of Penicillin, it is not possible to state how the prices of indigenous Penicillin are going to compare with the imported Penicillin in December 1953 when the proposed Government Penicillin Factory is expected to go into production. According to the cost of production of Rs. 1.23 per Mega Unit estimated in the Plan of Operations concluded between the Government of India and the WHO/UNICEF for the setting up of the Penicillin Factory on the 24th July, 1951, it is expected that the price of indigenous Penicillin will not exceed the price of imported Penicillin even in the initial stages and will compare favourably when the proposed Factory goes into full production.

Sd./- M. P. PAI,
Joint Secretary.

APPENDIX LXIII

MINISTRY OF TRANSPORT

A note stating the difficulties that have held up the enactment of legislation under Item 23 of the Seventh Schedule List I of the Constitution and what steps the Ministry of Transport propose to take to expedite the matters.

The National Highway Bill

Legal advice on the proposed National Highway Bill indicated that before any National Highway was declared as such under law, an agreement should be obtained with the State in the matter. This followed the practice obtaining in the U.S.A., Australia, and elsewhere on similar legislation.

2. The Bill and its accompanying agreement was accordingly drafted last year and considered by the then Minister of State early this year. It was also placed before the new Minister of State after the elections but in the meantime it was decided to proceed with discussions on two other Bills, the Motor Vehicles (Principles of) Taxation Bill and the Central-Aid Road Bill which were placed before the Transport Advisory Council in April 1951. These Bills contained some of the agreement conditions, acceptance of some of which we considered would be necessary pre-requisite to the introduction of the National Highway Bill.

3. The Transport Advisory Council appointed its Standing Technical Committee to examine certain controversial provisions of the two Bills mentioned in paragraph 2 above. Owing to the elections and subsequent pressure of other business, the Technical Committee was not formally charged with its task till the 25th August 1952. The Committee has had discussions with most of the States and is expected to submit its report by the 15th December 1952. This report will then be considered by the Transport Advisory Council, probably in January 1953.

4. In the meantime work on National Highways is being financed under the provisions of Article 282 of the Constitution in accordance with an agreement entered into with the States at the Transport Advisory Council meeting in October 1945. The States have not pressed for early enactment of the National Highway Law as they are aware that prior agreement has to be obtained on many matters and this agreement is being negotiated. They are also satisfied with the present administration of National Highways under the terms of the 1945 agreement.

5. Further legal advice at high level is still to be taken on the Constitutional aspects of the draft National Highway Bill as it has

now emerged. Action in this matter will be taken shortly and further drafting will then be undertaken. This drafting will, it is hoped, be facilitated by the discussions at the Transport Advisory Council which will meet in January 1953. If possible and if legal advice indicates that the case has proceeded far enough, informal discussions on the draft National Highway Bill will take place with the Ministers of the various States when they assemble at the Transport Advisory Council meeting in January 1953.

6. Legislation in other countries with a "federal" constitution has indicated that for administrative and policy reasons certain broad principles must be established by agreement between the Centre and the States before the enactment of any law designating certain roads as National Highways. This is so because of the underlying conception of national highways as a manifestation of a common road policy for the Centre and the States.

APPENDIX LXIV

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND SUPPLY

Grant No. 55—Industries and Supplies

Q. What are the explanations for the non-surrender of the saving?

A. At the time of presentation of Budget Estimates for 1949-50 the position was that the cost of Disposals Organisation was met from General Revenues. It was, however, decided on 29th August 1949 that the cost of the entire Disposals Organisation should be met from sale proceeds of surplus stores. In September 1949, Government decided that the expenditure on the disposal of American Surplus property in the custody of Messrs. Tata Aircraft Ltd., should with effect from 1st April 1948, be borne by the Civil Estimates. A Supplementary grant of Rs. 1,03,00,000 was, therefore, obtained from Parliament under the head F.2(5)—payment to Tatas for Disposal of American Surplus Stores, to meet the expenditure incurred during the years 1948-49 and 1949-50 on account of payment to Tatas for disposal of American surpluses. This expenditure was to be met from the sale proceeds of surplus stores in accordance with the decision referred to above and a corresponding grant was voted under the head F.2(6)—Deduct Amount met from sale proceeds of American Lease/Lend Surpluses, the net result being nil.

2. It was known to the late Ministry of Industry and Supply at the time that the post budget decision to recover the cost of the Disposal Organisation from the sale proceeds of surplus stores would result in a saving of about 1 crore under the sub-head F.2(6)—Deduct Amount met from sale proceeds of American Lease/Lend surplus. But according to the orders contained in the Finance Department O.M. No. F.1(55)-B/47, dated 13th May 1947, "savings in the sub-heads of grants accommodating recoveries are not available for re-appropriation to cover excesses under other sub-heads except sub-heads accommodating other recoveries. The unutilised savings in these sub-heads are allowed to lapse and suitably explained in the appropriation accounts". On the whole, there were not less recoveries in Grant No. 55 for the year 1949-50 and it was, therefore, not considered necessary to provide for the amount of additional recoveries under the sub-head F.2(6)—Deduct etc. either by re-appropriation or by a supplementary grant and hence the saving.

It will be seen that the saving was not utilised elsewhere, but the actual surrender of funds was not done due to a misapprehension.

APPENDIX LXV

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND SUPPLY

NOTE

Grant No. 69—Civil Works—Note 3—Page 344 of Appropriation Accounts (Civil), 1949-50—Cases of uncovered excesses and unsurrendered savings.

Note 3 referred to above comprises the instances where under various sub-heads of the grant, certain excesses have remained uncovered and under other sub-heads some savings lapsed unsurrendered. All the sub-heads in the grant may be broadly categorised as follows:—

- (1) Works Sub-heads.
- (2) Establishment sub-heads.
- (3) Deduct Sub-heads of Establishment and T. & P. Charges.
- (4) Suspense Sub-heads.

2. In the Works sub-heads (comprising original works and repairs etc.) it is very rarely that final excess is noticed. Usually savings are found to lapse, but not to an appreciable percentage. These savings accrue mainly on account of:—

(i) Non-settlement of disputed claims of contractors.—Funds which are ear marked for the purpose are sometimes not surrendered in the expectation that the disputed items which may be nearing finalisation would be settled and paid before the close of the year, but the expectation does not materialise owing to some reason or other.

(ii) Non-receipt of materials for use on works from supplying agencies.—Funds earmarked for meeting the cost are not surrendered in cases where there is a reasonable possibility that the stores may be received before the close of the financial year.

(iii) Slow progress on works in the closing months of the year on account of various reasons such as, non-availability of materials, slackness on the part of the contractor, etc. Saving on this account is noticed very late in the year for surrender. Although every effort is made to stop this irregularity, it is sometimes not possible to foresee all the circumstances which account for either savings or excesses.

3. As regards (2) viz. the Establishment Sub-heads there are normally very little variations. Generally savings are noticed under these sub-heads which are mainly due to non-payment of leave salary

or arrears of pay and allowances. The large variations in the Appropriation Accounts for the year under review *viz.* 1949-50 were mainly due to unanticipated adjustment of leave salary contribution of the offices of the State Government employed on the Pathankot-Jammu Road Project, and erroneous accounting in the Accountant General, Central Revenues office, which has since been rectified.

4. The variations under (3) *viz.* Recoveries of Establishment and T. & P. charges are dependent on the works outlay for all works carried out by the Central Public Works Department under the grants controlled by this Ministry as well as those of other Ministries, Departments, etc. Little control over these variations can be exercised by the Central Public Works Department as the abandonment of a work or the execution of a work not contemplated in the budget depends on the decision of the administrative Ministry and the Central Public Works Department have no control.

5. The major variations under this grant occur in Suspense Sub-heads (item 4) which serve as a sort of clearing house for all transactions relating to building and other materials obtained for purposes of stock as well as for use on the works direct. Normally indents for materials are placed with the supply organisation who procure the materials for Central Public Works Department. Difficulty in proper adjustment of cost arises when debits for the materials supplied are not received during the same financial year.

The excess under these suspense sub-heads occurs on account of (i) unanticipated receipt of more materials towards the close of the year, (ii) issue of less materials from stock to works and correspondingly less recoveries (which appear as excess) than anticipated at the time of final review of the grant, and (iii) receipt of more debits for materials already received, at the fag end of the year. At that stage it is found too late to provide funds to cover the excesses.

The savings under these suspense sub-heads accrue mainly due to (a) receipt of less materials than finally anticipated towards the close of the year, (b) issue of more materials from stock than finally anticipated at the end of the financial year, and correspondingly more credit resulting in saving and (c) non-receipt, till the close of the year, of some of the debits provided for at the final review, for materials already received. There is sometimes delay in the receipt of debits from the Accountant General, Food, Rehabilitation and Supply through the Accountant General, Central Revenues or adjustments thereof in these offices. In order to minimise variations under suspense sub-heads, instructions have been issued to the Chief Engineers to maintain a close liaison with the Supplying Departments, in order to adjust all outstanding debits without undue delay. The Chief Engineer, however, feels difficulty in working out correct estimates

of the debits to be received through Accountant General, Food, Rehabilitation and Supply and Accountant General, Central Revenues owing to unanticipated delays in passing on the debits.

6. With a view to reducing the extent of final variations, both uncovered excesses and unsurrendered savings, it was felt that progress of expenditure under each sub-head should be watched through some systematic procedure, so that suitable action could be taken if it was found that the progress is too slow or too rapid. The Chief Engineer who is the Chief Budget authority has since devised a system of calling monthly statements from his Divisional Officers (who are the disbursing authorities) in a proforma wherefrom he can watch the progressive expenditure under each sub-head of the grant till the previous month. This will enable him to make a fair estimate of the requirements under each sub-head. The Chief Engineer is issuing instructions again to the Divisional Officers and the Superintending Engineers to watch the actuals in consultation with the Accountant General more rigidly so that better results are achieved in minimising the variations.

APPENDIX LXVI

MINISTRY OF WORKS, HOUSING AND SUPPLY

NOTE

Grant No. 69—Subsidiary Accounts—Stock Accounts—Page 347 of Appropriation Accounts (Civil), 1949-50.

It has been reported by the Chief Engineer that the stock accounts of all Divisions have since been brought up-to-date.

As regards the minus balances, they are mainly due to issue of materials at a rate higher than the rates at which the materials were obtained. Approximate issue rates were charged as the receipt of vouchers from supplying agencies showing the exact rate were not received when the stores were issued to works. In other words the debits to works were more than the actual value of stores intimated by the supplying agencies at a later date. The position about the six divisions involved is as follows:—

(i) *Air-field arrears Division, No. II*

The 'minus' balance was a result of double adjustment and was cleared in the accounts for July 1950.

(ii) *Sirmur Central Division, Nahan.*

The Himachal Pradesh Government who are now in administrative control of the Division have reported that the necessary accounts have since been prepared and are under check. They will be sent to Accountant General concerned shortly.

(iii) *'D' Division, New Delhi and*

(iv) *Construction Division, No. I—New Delhi.*

The respective Divisional officers have already taken up the matter with the Accountant General, Central Revenues to eliminate these 'minus' balances.

(v) *Bridges Division, Madhopur and*

(vi) *Stores Division, Madhopur.*

'Minus' balances in these Divisions were intended to be adjusted after completion of stock returns. These returns have been completed recently. The question of necessary adjustments has now been taken up.

APPENDIX LXVII
GOVT. OF INDIA
MINISTRY OF WORKS, HOUSING & SUPPLY
STATEMENT I

Grant No. 73—Stationery and Printing—Sub-heads C. 1. & C. 2—pages 383-84 of the book of Appropriation Accounts (Civil) 1949-50 and the Audit Report thereon.

Q. Why were the heavy excesses under these sub-heads not provided in the final grant? .

Sub-head	Final Grant	Actual expenditure	Excess	Explanations of variations between the final grant and the actual expenditure
<i>C. Stationery Stores—Purchase in India—</i>				
<i>C. 1. Paper</i>	<i>Rs. 2,23,03,304</i>	<i>Rs. 2,43,06,990</i>	<i>Rs. 20,03,686</i>	<p><i>A. The actual expenditure under C. 1. Paper should be Rs. 2,61,87,733 resulting in an excess of Rs. 38,84,429 instead of Rs. 20,03,686. This is due to the erroneous adjustment of Rs. 18,80,743 relating to the head C. 1.—Paper under sub-head C 2. Other States. The explanation for this excess is as below:—</i></p> <p><i>(i) Adjustment of debits pertaining to previous years (Rs. 11,40,123 against Rs. 5,76,686 given in the appropriation accounts).</i></p> <p><i>(ii) Payment of Sales Tax to Paper Mills against supplies made in 1948-49 (Rs. 5,15,000 against wrongly printed figures of Rs. 51,15,000 shown in the appropriation accounts).</i></p> <p><i>(iii) More payments for difference in rates of paper supplied in 1948-49 (Rs. 22,29,306 against Rs. 9,12,000 as shown in the appropriation accounts).</i></p> <p><i>2. The intimation of the adjustment of Rs. 38,84,429 mentioned above was received by the Deputy Controller, Stationery long after the close of the year and it was too late to make any provision to cover the excess expenditure. With a view to avoiding the recurrence of such heavy excesses, the Controller of Printing and Stationery has requested the Deputy Accountant General, Industry and Supply to communicate to the Deputy Controller, Stationery, Calcutta by the 5th of March all debits up to the end</i></p>

Sub-head	Final Grant	Actual expenditure	Excess	Explanations of variations between the final grant and the actual expenditure
				of February and <i>probable</i> payments to be made during March in each year, so as to enable the latter to frame his final revised estimates as accurately as possible. The reply of the Deputy Accountant General, Industry and Supply has not yet been received.
C. 8. Other Stores—	Rs. 35,00,000	Rs. 55,96,210	Rs. 20,96,210	<p>Due to the erroneous adjustment of Rs. 18,80,743 stated against C. 1.—Paper, the actual expenditure against the sub-head C. 2.—Other Stores should have been only Rs. 37,15,467. As such there was only an excess of Rs. 2,15,467 against this sub-head which is explained below :—</p> <p>(i) Payment made by the Treasury Officers against 1948-49 bill^a Rs. 38,900.</p> <p>(ii) Adjustment of debits in respect of imported stores of preceding years. Rs. 58,600.</p> <p>(iii) Adjustment of cost of stores obtained through D.G.I. & S. (now D.G. S. & D.) in previous years. Rs. 53,000.</p> <p>(iv) Unexpected speeding up of supplies. Rs. 64,967.</p> <p>2. In this case also the intimation about the excess expenditure was received by the Deputy Controller Stationery, Calcutta after the close of the year. Please see also the remarks against C. 1.—Paper.</p>

APPENDIX LXVIII

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND SUPPLY

Para. 24(e) of the Audit Report, 1951—Part I—Disposal of Surplus Sandbags.

The omission to specify the percentage of earnest money, which the tenderers were required to deposit, before they submitted their tender, was inadvertent and the inquiry which DGD made at the time clearly showed that this was so. 10 per cent. earnest money was being deposited in almost all cases. The omission was more or less clerical, and while it is conceded that it had certain financial repercussions, DGD was satisfied that it did not result from any intentional act on the part of the officers concerned. That earnest money had to be deposited at the rate of 10 per cent. of the amount tendered was so well-known that even in this tender, notwithstanding that the percentage had not been specified, as many as 28 out of 31 tenderers deposited 10 per cent. by way of earnest money before submitting their tenders. The tender covered several items. One such item was sandbags. It was unfortunate that 2 out of the 4 tenderers who had quoted for this item did not deposit any earnest money, and at the time DGD warned the officers concerned, there was prospect of getting even a higher price. In fact, 5 lakhs of bags were sold to another firm at Rs. 15/12/- per 100 bags, and because DGD had once served a warning on the officers, it would not have been appropriate to re-open the case and to inflict any higher punishment, when it was subsequently found that Government had suffered an approximate loss of Rs. 10,000. The decision taken was, on the face of facts, as they then appeared, reasonable.

APPENDIX LXIX

MINISTRY OF WORKS, HOUSING AND SUPPLY

Appropriation Accounts (Civil), 1949-50—Page 652—Statement of un-anticipated credits—Grant No. 73—Stationery and Printing.

Q. Why have these credits been utilised without obtaining a token grant from Parliament as required under late Finance Department O.M. No. F.1(55)-B/47, dated the 13th May, 1947?

A. In November 1949 it was estimated that a Supplementary Grant of Rs. 63 lakhs would be required by the Stationery and Printing Department for the year 1949-50. The Ministry of Finance, however, proposed the reduction of this amount to Rs. 50 lakhs. But in January 1950 the Controller of Printing and Stationery reported that there would be increased recoveries to the tune of Rs. 34,21,000 and taking them into account and some other savings, he would be requiring Supplementary Grant only to the extent of Rs. 27.46 lakhs as against the original estimate of Rs. 63 lakhs. Accordingly the position was explained to the Standing Finance Committee and they were approached only for the net excess of Rs. 27.46 lakhs. This amount was voted by Parliament on 27th March 1950. It would thus be observed that the adjustment of the increased credits of Rs. 33,21,218 was in accordance with the Finance Department O.M. No. F.1(55)-B/47, dated the 13th May, 1947 and the question of token grant did not arise.

APPENDIX LXX

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND SUPPLY

MEMORANDUM

SUBJECT:—*Item No. 4(1) of the 'Statement of Outstanding Recommendations'—Methodical and systematic planning and preparation of estimates for schemes.*

In order to ensure that the budget estimates are prepared in a methodical and systematic procedure, the Chief Engineer was instructed to submit to this Ministry by a specified date, proposals for next year's schemes relating to Ministry of Works, Housing and Supply. The administrative Branches concerned were also asked to see that suitable action was taken to accord administrative approval etc. to all schemes sponsored by them for the next financial year before the proposal for the budget provision is made to Finance Ministry. In order to enforce the recommendations of the Public Accounts Committee, the Chief Engineer C.P.W.D. has suggested that only such schemes of other Ministries also should be included in the Major Works programme as may have been administratively approved by the competent authority. Rule 6 of Appendix 6 to C.P.W.A. Code already stipulates that budget provision should be made only for such works as have been administratively approved of by the appropriate authority. The provision of this clause has again been brought to the notice of all Ministries by the Chief Engineer, C.P.W.D. It will be for the Finance Ministry, who approve the Major Works programme of Ministries before inclusion in the Budget Estimates to exclude any work which has not received administrative approval for the budget estimates.

APPENDIX LXXI

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND SUPPLY

MEMORANDUM

SUBJECT:—*Item 10 of the 'Statement of Outstanding Recommendations of the Public Accounts Committee'—Introduction of Administrative Audit System in the major spending Departments.*

So far as the Central P.W.D. is concerned, a system of 'Administrative Audit' has already been devised in the form of two organisations viz., 'Chief Technical Examiner' and 'Chief Surveyor of Works'. At the instance of the Auditor-General, the question of introduction of the system was again examined in detail and it was also referred to the Reorganisation Committee for the C.P.W.D. (under the Chairmanship of Shri Kasturbhai Lalbhai). That Committee thought that the organisations of this kind would be a needless luxury in the C.P.W.D. and considered it unnecessary to make any specific mention or recommendation in this respect in their Report, which has since been submitted to Government. The Committee have recommended that works in connection with major projects might be entrusted to prominent architects for designing. As the recommendations of that Committee are still under consideration, it is difficult to say what amount of work would be needed of the Chief Surveyor of Works. Similarly if the construction is also to be done under the architects who design the building the need for the Organisation of the Chief Technical Examiner would also undergo a change. Under the circumstances it is intended to take up the question after the report of the Reorganisation Committee has been examined.

APPENDIX LXXII

Statement showing action take or proposed to be taken on the recommendations of the P. A. C.

Item No. 1	Recommendations or Suggestions 2	Action taken or proposed to be taken 3
41	The whole transaction relating to the disposal of brass rods, bars, etc. referred to in para 24(i) of the Audit Report should be properly investigated and responsibility fixed in the matter as the deal did not appear to be free from suspicion. A report showing the action taken should be submitted to the Committee.	<p>The whole transaction has been thoroughly investigated. The part of the sale covered by the six sale letters was reinstated by the then D.G. in consultation with Disposals, Finance and the Development Officer (Metals). The stores were located in different parts of India, and the firm had their Hqrs. at Calcutta. After partition the communal situation which prevailed specially in the upcountry areas throughout the year 1947 and consequent dislocation of transport facilities etc. made it difficult for the purchasers to effect removal as provided for in the contract. They had, therefore, to ask for extension of time for making payment as well as for removal of stores time and again. The special circumstances which were beyond the control of the purchasers thus stood in way of their fulfilling the contract. The executive authority who reviewed the position in January 1948 had, in fairness to allow extension of time in the circumstances and, therefore, exercised his discretion to reinstate the contract without penalty.</p>

With regard to rate, the Audit authorities have calculated the potential loss on the basis of rise in the price of Brass Ingots of standard quality in place of Brass Rods of various sizes which were sold to the firm. It cannot be correctly said that the rise in the price of Brass Ingots will be automatically reflected in the price of Brass Rods *pro rata*, as the following table will show :—

	Market rate of Brass Ingots	Market rate of Brass Rods
June 1948	Rs. 75 to Rs. 80	Rs. 130 to Rs. 160
Feb. 1949	Rs. 73 to Rs. 85	Rs. 130 to Rs. 160
Sep. 1949	Rs. 63 to Rs. 66	Rs. 130 to Rs. 160

The material sold from Disposals is of uncertain composition and quality and is sold without guarantee. It cannot, therefore, fetch the same sale value as standard materials. The market rate, quoted in the metal Market Review for standard material in July 1949 had no relation to the highest prices that could possibly be obtained for non-standard material sold on an 'as is where is' basis without any guarantee of quality or quantity by sender.

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From the circumstances stated above, it would appear that the then Director General exercised his discretion properly in consultation with the Dev. Officer (Metals) and Disp. Fin.

45 With reference to para. 24(f) of the Audit Report, Civil, 1950, a comprehensive note giving a review of the latest position of the surplus stores, together with a comprehensive chart showing the strength of the Disposals Organ. on the 28th Feb. 1951 and that of the nucleus staff existing on the 29th Feb. 1952 should be submitted.

The tempo of the disposal operations increased after the removal of the bans. The estimated book value of stores available for disposal was reduced by June 1950 to a considerable extent and the book value of surpluses available as on the 31st July, 1950 was approximately Rs. 77.44 crores, including American surpluses. The following figures will indicate the progress of disposal of surpluses during the period commencing from August, 1950 to March, 1952.

	Rs. crores
Book value of outstanding surpluses (Indian & American) awaiting disposal as on 31-7-50.	77.44
Book value of fresh arisings of Indian surpluses during the period August 1950 to March 1952.	20.99
Total book value of Stores available for disposal during the said period.	98.43
Book value of stores disposed of	69.84
Book value of the balance available as on 31-3-52	28.59

Plans for liquidation of surpluses have been put into effect. These plans envisage the clearance by the end of 1952-53 of the bulk of the above outstandings as well as fresh declarations likely to be received during the year. Before the Partition the Disposals staff consisted of 178 officers and 2209 non-gazetted staff, organised in 7 Directorates at Headquarters each handling a particular class of stores and 4 Regional offices at Kanpur, Calcutta, Madras and Bombay by Feb. 51, 5 of the 7 Directorates at Headquarters closed down. All the four Regional Offices have been abolished as separate entities. Those in Calutta, Madras & Bombay having merged with the supplies Directorates as the respective stations & that at Kanpur having been merged with the Headquarters at Delhi. A statement showing the strength of the staff employed on 28-2-51 and the reduced strength as on 29-2-52 in various grades is attached.

	1-3-51	29-2-52
Gazetted	54	26

430

Non-gazetted (including Grade II & Grade III)	697	328
Class IV	243	138

46 With reference to para. 24 (j) of the Audit Report, 1950, a copy of the rules regulating the sales of disposal stores that obtained during the year 1946 and as they stood now should be furnished. The decision given by the U.P.S.C. should also be reported to the Committee.

Copies of the late Directorate General, Disposals' Administration orders Nos. 15 & 44 dated the 20-9-46 and 4-7-47 are attached herewith as desired. The officer involved in this case was found guilty of gross carelessness in the discharge of his official duties by the U.P.S.C. and his increments for a period of two years have been stopped with cumulative effect.

47 The question regarding the early submission of the Sale Accounts to the Audit Officer, referred to in para 32 of the Audit Report, 1950, should be dealt with at high level between the A.G.F.R. & S. and the Director General, Disposals and a suitable procedure should be evolved in consultation with the Ministry of Finance. The Committee desired to be furnished with a report stating the action taken in the matter.

The question regarding the finalization of old sale accounts has been engaging the serious attention of the D.G.S. & D. and the D.A.G. (I&S) and the Min. of Finance (I&C Dn.) for a long time and various steps have already been taken from time to time which have resulted in reducing the number of outstanding cases to an appreciable extent. The latest position is given as indicated below :—

(1) As regards adjustment against Transfer orders issued by D.G.S. & D. to Priority Indentors, it has been decided to raise debits in the cases of all outstanding transfer orders against Accounts Officers of the Indenting Departments on the basis of those orders without the Issue Vouchers. On receipt of debits from the D.A.G. (I&S), the indenting Deptts. will check up the debits from their ledgers or other records and accept these debits. All the Ministries of the Central Government and State Governments etc., have been requested to cooperate in this matter.

(2) As for the adjustment of outstanding sale accounts against release made to private parties, the question has been examined in detail at a meeting between the representatives of the D.G.S. & D., D.A.G. (I&S) and the Ministry of Finance (I&C Dn.). The following procedure has been agreed to :—

(a) The D.A.G. (I&S) will furnish statements to D.G.S. & D. of all outstanding sale letters relating to (i) Auction Sales & (ii) Sales by other methods. The D.G.S. & D. will address the various regions concerned in respect of outstanding auction sales and ask them to furnish the particulars in regard to payment and T.R. Nos. & dates etc. to facilitate building of credits by the D.A.G. (I&S) and ensure adjustment in his books.

With regard to outstanding cases relating to sales to the public by methods other than auctions, the required information is not likely to be available with the various Disposals Directorates/Regions. However, an attempt will be made by the Disposals Organisation to obtain the required information as far as available with it, and in regard to other cases the Stockholders concerned of the depots which still exist would be addressed to furnish the requisite information. Simultaneously a full

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list of the depots concerned would be sent to the Defence Services at Hqrs. with a view to ascertaining which of these depots have ceased to exist. The position relating to depots which might have closed will be examined later when the actual position becomes known.

- (b) Regarding cases concerning stores issued to private parties from Pakistan Depots in the prepartition period, which have not been finally adjusted in the books of the D.A.G. (I&S), it does not appear feasible to take any further action with the Pakistan Govt. Depots as previous attempts in this direction have not yielded any results. The D.A.G. (I&S) will, however, maintain a statement of such cases so that it can be brought up at the time of the final debt settlement with Pakistan.
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ANNEXURE I
GOVERNMENT OF INDIA
DEPARTMENT OF INDUSTRIES AND SUPPLIES
DIRECTORATE GENERAL OF DISPOSALS
CO-ORDINATION DIRECTORATE

New Delhi, 20th September, 1946.

ADMINISTRATIVE ORDER NO. 15.

SUBJECT:—*Earnest Money.*

The following instructions are issued for the guidance of the Disposal Officers.—

1. Amount of Earnest Money.

Earnest money will ordinarily be taken against all tenders @ 10 per cent. of the price tendered. If necessary a higher percentage may be demanded in special cases at the discretion of the Director or Regional Commissioner. No tender shall in any case be considered without earnest money.

2. Collection of Earnest Money.

Earnest money will be accepted only in terms of the following clause which shall invariably be included in the special conditions of contract or sale:—

“This tender must be accompanied by a Reserve Bank of India/Imperial Bank of India Draft/Receipt or Treasury Challan for * per cent. of price tendered, which shall have been deposited in favour of the Director General of Disposals as earnest money. In case of Treasury Challan the amount will be deposited as Revenue Deposit in accordance with Rule No. 626 of Treasury Rules. (Cf. clause 6 of instructions to Tenders given in the second schedule of Con. 117)*

*Cheques will not be accepted.

3. Refund of Earnest Money.

Earnest money will be refunded to unsuccessful tenderers. Refund will be effected by a 'refund letter' as per specimen attached, and the deposit document will be returned to the firms concerned duly endorsed as under:—

DOCUMENT	ENDORSEMENT
Bank drafts or Deposits	Received payment.
@ Call receipts.	
Treasury Challan.	Pay to Ms.
:	Rs. the amount
	of this Challan.

Refund letters and endorsements on the deposit documents will be signed and dated by the Deputy Director of Administration or Co-ordination who has been authorised in this behalf.

NOTE:—Endorsement on the documents is valid only for one month from the date of endorsement. If payment has not been obtained within this period the endorsement will have to be revalidated.

4. Adjustment.

(a) Earnest money will be taken as part payment of the Security Deposit which is called for when tender is accepted and is refundable only after the completion of sale i.e. after total sale value has been and delivery taken.

(b) The earnest money will be forfeited in full should the tenderer resile from his tender before the date upto which offers are open or if the tender is accepted and tenderer fails to furnish security (in case of rate or running

contracts) and/or if payment of purchase value or removal of stores is not completed within the specified time.

(c) If it is desired that the Earnest Money deposit be credited to Government either as part payment of Security Deposit or purchase value of the stores. The Earnest Money Deposit receipts will be returned to the Bank/Treasury under advice to the firm by the Deputy Director of Administration/Co-ordination with direction to that effect. The Treasury Officer will then make necessary transfer in accordance with Rule 631 of the Treasury Rules.

Sd./ NARINDER SINGH,
Director Administration and Co-ordination.

ANNEXURE II

GOVERNMENT OF INDIA

DIRECTORATE GENERAL OF DISPOSALS

ADMINISTRATION AND CO-ORDINATION DIRECTORATE

New Delhi, the 4th July 1947.

ADMINISTRATIVE ORDER NO. 44 (NEW SERIES).

SUBJECT:—*Realization of Ground Rent from Public Buyers of Salvage and Surplus Stores.*

The question of levy of ground rent has been re-examined and it has been decided that, with immediate effect, the following procedure shall be observed in supersession of all existing instructions on the subject:—

(A) *Sales by Methods other than Auction*

(i) Earnest money deposits shall be taken against all tenders at not less than 10 per cent. of the price of the tender, as stated in A.O. No. 15 (New Series).

(ii) Earnest money deposit of the tenderer whose offer is accepted shall not be refunded to him on receipt of the Treasury Receipt for the total or final instalment of the purchase price, but shall be treated as Security Deposit for due performance of the contract, as laid down in Clause 4 of the 'General Conditions of Contract' in form Con. 117. The Buyer as well as D.A.G. (I. & S.) shall be informed that the earnest money deposit has been retained as Security Deposit and will be held as such until the stores have been removed and dues including ground rent, if any, have been paid.

(iii) If the stores are not removed by the date specified in the Sale Release Order, the stockholder shall report the case to the Disposals Officer concerned.

(iv) The Disposals Officer, on receipt of intimation from the stockholder that the stores have not been removed by due date, shall instruct the Buyer to remove the stores without further delay.

(v) The Stockholder shall allow the Buyer to remove the goods upto a period not exceeding three weeks after the delivery date specified in the Sale Release Order without requiring the Buyer to produce any letter extending the delivery date and/or Treasury Receipt for ground rent.

(vi) Immediately on removal of stores, irrespective of whether the goods are removed by or within three weeks of the delivery date specified in the Sale Release Order, the Stockholder shall report the date of removal to the Disposals Officer concerned. In case the stores are removed after the specified delivery date but within three weeks of the same, the stockholder shall also report the cause of delay, as far as known to him, and make his recommendation in regard to realisation or waiver of ground rent.

(vii) On receipt of intimation of removal of stores from the stockholders, the Disposals Officer shall immediately take up the question of ground rent in cases where the stores have been removed after the specified delivery date. In cases where, after taking the circumstances of the case into consideration, the Disposals Officer decides to realise the ground rent, he shall issue a

Treasury Challan for the amount involved to the Buyer and ask him to deposit the amount within ten days and return the Treasury Receipt to him. On receipt of the Treasury Receipt from the Buyer, the Disposals Officer shall, without further delay, arrange refund of the Security Deposit to the Buyer in the usual manner.

NOTE.—If the ground rent cannot be recovered from the Buyer within a reasonable period, the Disposals Officer is entitled to recover the same from the Security Deposit under Clause 9 of the 'Conditions of Contract' in form Con. 117.

(viii) If the stores are not removed by the Buyer within three weeks of the specified delivery date, the stockholder shall report the case to the Disposals Officer for further action. Immediately on receipt of this intimation from the Stockholder, the Disposals Officer shall normally send a registered notice to the Buyer to remove the stores within a period of ten days from the date of issue of the notice, specifically reserving all rights under the 'Conditions of Contract,' in regard to levy of ground rent and/or resale of goods. If the Buyer is agreeable to remove the stores within this extra period of ten days, he shall be required to deposit the amount of the ground rent in a treasury against a Treasury Challan issued by the Disposals Officer and present the Treasury Receipt to the stockholder along with a copy of the letter from the Disposals Officer to the effect that the period of delivery has been extended to a particular date with or without ground rent. The stockholder, on production of these documents and the original Sale Release Order, shall allow the Buyer to remove the Stores.

(ix) If the Buyer does not reply to the registered notice from the Disposals Officer or if he refuses to remove the stores, the Disposals Officer shall take such steps as he may consider necessary, including the resale of goods as provided in Clause 8 of the 'General Conditions of Contract'—Con. 117.

(B) Sales by Auction.

(i) The Stockholder shall report to the Disposals Officer concerned all cases where Buyers fail to remove stores by the specified delivery date.

(ii) On receipt of intimation from the stockholder, the Disposals Officer shall normally issue a registered notice to the Buyer to remove the stores within ten days from the date of issue of the notice specifically reserving all rights under the 'Conditions of Auction Sale' in regard to levy of ground rent and/or resale of stores.

(iii) If the Buyer is agreeable to remove the stores within this extra period, he shall be required to pay the ground rent (if any) in the Treasury against a Treasury Challan issued by the Disposals Officer and present the Treasury Receipt to the stockholder along with a copy of the letter from the Disposals Officer to the effect that the period of delivery has been extended to a particular date with or without ground rent. The stockholder, on production of these documents and the original Delivery Order/Sale Release Order (as the case may be), shall allow the Buyer to remove the stores.

(iv) If the Buyer does not reply to the registered notice from the Disposals Officer or if he refuses to remove the stores, the Disposals Officer shall take such steps as he may consider necessary, including the release of stores as provided in 'Conditions of Auction Sale'.

Sd./ AKHTAR HUSSAIN,
Deputy Director General (Co-ordination).

APPENDIX LXXIII

MINISTRY OF WORKS, HOUSING AND SUPPLY

Statement showing Action Taken or Proposed to be Taken on the Recommendations of the P. A. C.

Item No.	Recommendations or suggestions	Action taken or proposed to be taken
50	The Committee desired that a report should be submitted to them in regard to action taken in the case mentioned in para. 16 of the Civil Audit Report, 1948.	<p>A departmental enquiry was instituted against the Officer concerned and he was found guilty of gross carelessness in the discharge of his official duties in this and certain other cases. The Government have decided in consultation with the Union Public Service Commission to stop the Officer's increments for two years with cumulative effect.</p> <p>Government have since taken recourse to a Court of Law and suits have been filed against the firms concerned for recovery of the loss involved on resale.</p>

APPENDIX LXXIV

MINISTRY OF EXTERNAL AFFAIRS

Note showing action taken on Item 57 of Statement showing the recommendations of the Public Accounts Committee on the Appropriation Accounts (Civil) 1949-50 and Audit Report thereon—Winding up of the organisation for effecting recoveries of advances paid to the evacuees from Burma, Malaya, etc.

Steps have been taken by this Ministry to enable winding up of the organisation for effecting recoveries of advances paid to the evacuees from Burma, Malaya, etc. at the earliest possible date. Efforts are being made to effect maximum possible recovery in the minimum possible time. With that end in view the State Governments have been asked to concentrate their attention for recovery on cases involving Rs. 1,000 and above and wherever they find that the case is an effective one they have been instructed to serve the evacuee with a notice to the effect that if within 12 months of the issue of the notice 75 per cent. of the amount due from him is not paid either in instalments or in a lump sum, legal action will be taken against him. The entire staff with the State Governments has been asked to be employed exclusively on the recovery of the amounts of effective cases only from evacuees who were advanced Rs. 1,000 and more. The position of such cases is to be reviewed after the expiry of the period of 12 months from February 1952. As regards cases involving less than Rs. 1,000 it is the intention of the Government of India to waive recoveries. The State Governments have, however, been instructed to accept whatever amount is received by them from debtors in that category. They are, however, not required to make any effort to realise the amount from such debtors. Powers have also been delegated to them to write off these advances upto Rs. 1,000 in each individual case.

The Government of India engaged temporary staff in connection with recovery of advances given to evacuees from Burma, Malaya, etc. in the States of Bombay, Orissa, West Bengal and Madras. The staff at Bombay and Orissa has already been disbanded. The staff in Madras has been reduced to a considerable extent and the minimum staff which was essential to do the work of recovery has been sanctioned upto 28th February 1953. In West Bengal minimum staff has been allowed to continue till 30th November 1952. The Government of India have no staff in other State Governments who are doing the recovery work with their own staff.

It will be seen from what has been stated above that the Government of India are making efforts to expedite the work of recovery of advances and to wind up the organisation as early as possible.⁹

APPENDIX LXXV

MINISTRY OF HEALTH

Note on the Financial Aspect of the Working of the Medical Store Depot, Karnal.

Consequent on the partition of the country in 1947, the hospitals located in the north western sector of the country were unable to draw their supplies of medical stocks from Medical Store Depot, Lahore. With a view to meeting their requirements a regular Medical Store Depot was started at Karnal in the latter half of the year 1947 by expanding the then existing A.R.P. Sub-depot there. At the initial stages, efforts were mainly directed to the building up of stocks which would be commensurate with the demands of indentors. It was therefore not until 1950-51, that the depot was able to render really effective service to its indentors. The attached statement shows at a glance the progress made by the depot during the four years from 1947-48 to 1950-51.

From the figures given in the statement, it will be clear that the depot has made great progress. The proportionate increase in the overhead charges during the years under review have remained relatively low, while the turnover figures have shown a great increase. The Medical Store Depots are required to run on a no-profit—no-loss basis. The Medical Store Depot, Karnal, has been able to cover its expenses during 1949-50 and 1950-51 and is now in a position to pay its own way.

GOVERNMENT MEDICAL STORE DEPOT, KARNAL.

Statement showing the progress made by the Depot from 1947-48 to 1950-51.

Year	Value of opening stock	Value of stores received during the year	Value of closing stock	Value of stores disposed of during the year (Col. 2&3-4)	Value of stores supplied to other depots	Value of stocks sold (Col. 5 — 6)	Recoveries from sales (including outstandings)	Total overhead charges	Profit (+) or Loss (—) (Col. 8-7-9)
I	2	3	4	5	6	7	8	9	10
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1947-48 (Post-partition)	33,868	46,617	77,935	2,550	Nil	2,550	4,259	26,675	(—) 24,966
1948-49	(a) 52,379	5,06,525	5,05,747	53,157	1,938	51,219	65,002	1,14,322	(—) 1,00,539
1949-50	(b) 4,89,329	5,52,466	5,61,427	4,80,368	Nil	4,80,368	7,21,450	2,02,942	(+) 38,140
1950-51	(c) 5,89,459	21,07,005	15,78,500	11,17,964	1,14,278	10,03,686	13,89,195	2,11,383	(+) 1,74,126

- (a) This amount excludes a sum of Rs. 25,556 representing the cost of A.R.P. dressings shown erroneously in the closing balance on 31st March 1948.
- (b) The difference between the closing balance of 1948-49 and the opening balance of 1949-50 representing the value of stock of D.D.T. and Multivitamin tablets not shown separately during 1948-49.
- (c) This figure includes a sum of Rs. 28,032/- omitted to be shown in the stock balance as on 31st March 1950.

APPENDIX LXXVI

MINISTRY OF TRANSPORT

Memorandum for the Public Accounts Committee with reference to their Remarks in para. 114 of their Report on the Appropriation Accounts (Civil) of 1948-49—Separation of Accounts under the head "Ports and Pilotage".

In Para. 94 of their Report on the Central Civil Accounts of 1937-38, the Public Accounts Committee desired that, in order to ascertain how far the expenditure on "Ports and Pilotage" was covered by fees, a statement should be included in the Appropriation Accounts indicating the total receipts as against the expenditure under this head, excluding the items relating to the Dufferin, and the grant-in-aid to the Visakhapatnam Port. The A.G.C.R. accordingly has been preparing a separate statement of receipts and expenditure by different circles of accounts under "Ports and Pilotage" and appending it to his Appropriation Accounts (Civil). The Public Accounts Committee who examined the Appropriation Accounts for 1948-49 have remarked in this connection in para. 114 of their First Report on the Appropriation Accounts (Civil) and (P. & T.) of 1948-49 as follows :

"(i) Government should consider the question of separating the accounts under the head "Ports and Pilotage" in such a manner that the commercial side is exhibited separately from the purely administrative side. It should also consider the desirability of so regulating the pilotage charges, shipping charges, etc., that the deficit under this head is wiped off and the "Ports and Pilotage" Department made self-supporting.

(ii) The Ministry should examine the question of reducing the charges under the head "Ports and Pilotage" especially on the Hooghly. The Committee should be apprised of the result of the examination made by the Ministry on this point."

2. It may be mentioned here that until 1948 the "Ports and Pilotage" budget included the receipts and expenditure relating to the Bengal Pilot Service which was then administered directly by the Government of India. The receipts of the Service arose from pilotage dues recovered under section 35 of the Indian Ports Act and, as the intention was that, as far as possible, the Service should be self-supporting, *proforma* accounts of the Service were maintained on a commercial basis (although actually the receipts were credited to Government Funds and the expenditure paid directly from General Revenues) and these accounts were submitted to the B.P.S. Advisory Committee and to Government. The administration of the B.P.S. was transferred to the Commissioners for the port of Calcutta in 1948 and since then there has been no expenditure on account of this Service debitable to Central revenues. This was the only part of the Ports and Pilotage which related to a commercial service.

3. It is observed that the 1937-38 Report of the P.A.C. mentions that in including a statement indicating the total receipts against expenditure under the head "Ports and Pilotage", the item relating to "Dufferin" need not be taken into account. This is presumably because "Dufferin" is a training institution and the only source of its revenue is from the fees recovered from the Trainees and there is no possibility of adjusting the revenue to cover a large proportion of the expenditure without running the risk of the quality of candidates offering being affected. Since 1948, the Government of India have started the Nautical and Engineering College and the Marine Engineering Training Scheme and this year it is proposed to start a Marine Engineering College in Calcutta, and the remarks made in the case of the "Dufferin" apply in the case of these institutions also. Similarly, the Government of India have been maintaining since 1950 two Training Ships for the training of ratings for the merchant navy and, as the course of training is entirely free, there is no question of making the institutions self-supporting. The expenditure of all these institutions is included in the 'Ports and Pilotage' budget.

4. As regards the other organisations whose expenditure is charged to the "Ports and Pilotage" budget, the position briefly is as follows:

Directorate General of Shipping

This was set up in 1949 in Bombay and the Offices of the Controller of Indian Shipping, the Technical Officers, the Seamen's Welfare Directorate and the Lighthouse Department headquarters were all absorbed in the new organisation. This organisation has been entrusted with all the administrative work arising from the heading "Maritime Shipping and Navigation" and the expenditure is entirely on administrative charges and no part of its functions are of a commercial nature.

Mercantile Marine Department

This department has three offices under a Principal Officer at each of the major ports of Calcutta, Bombay and Madras and a small organisation at Vizag under a Ship Surveyor. The main functions of the department are:—

- (i) Survey and inspection of ships and
- (ii) the holding of examinations for Certificates of Competency in the Mercantile Marine.

The first of these functions arises from the acceptance by the Government of India of the International Convention concerning Landlines and the International Safety Convention. The necessary statutory provisions concerning which have been incorporated in the Indian

Merchant Shipping Act, 1923. The second function arises from the provisions in Section 15 of the Indian Merchant Shipping Act which authorises the Central Government to hold examinations for various Certificates of Competency specified in the Act. The income of the Mercantile Marine Department arises from the following items:—

- (i) Survey fees.
- (ii) Examination fees.
- (iii) Recoveries from State Governments.

The survey fees are usually fixed on the basis of the corresponding U.K. fees at an approximate equivalent of Rs. 15 per pound, as it is desirable that the rates of survey fees should be uniform, as far as possible, in this country and the other Commonwealth countries. The scope for increasing these fees is limited. It is, however, proposed to consider increasing the rates of fees when the new Safety Convention is ratified later this year.

The examination fees are nominal and are also based on corresponding fees in the U.K. The total income from this source is very limited and there is not much possibility of increasing it, as it will cause some hardship to the candidates.

A substantial proportion of the cost of the Mercantile Marine Department in the various Districts is recovered from other departments or Governments. For instance in West Bengal half the cost of the Ship Survey Department and the cost of one full Engineer and Ship Surveyor are recovered from the West Bengal Government in consideration of the fact that the department deals with the State Government's work connected with the administration of the Inland Steam Vessels Act. Similarly in Bombay 8 per cent. of the cost of the department is recovered from the State Government for the same reason. In Madras, an annual contribution of about Rs. 16,000 is recovered from the Lighthouse Department as the Principal Officer, Mercantile Marine Department, Madras, also functions as the Superintendent, Lighthouses. A similar recovery is also made in respect of the Mercantile Marine Department, Calcutta, from the same source. A separate post of a Superintendent of Lighthouses, has however been created at Madras and the Principal Officer at that port will be relieved of the additional work on account of Lighthouse administration.

Although, as stated above, there are certain recoveries those are of an inelastic nature and any undue increase in the rates beyond those prevailing in other countries will lead to protests from the shipping industry. It is mentioned for information that in the United Kingdom under the Fees (Increase) Act, 1923, the principle adopted is that the fees recovered under the Merchant Shipping Acts should be so

adjusted that the aggregate amount produced by the fees should be approximately one half of the expenditure. It will also be seen that no part of the functions of the Department can be regarded as being of a Commercial nature.

Shipping Offices.—The main functions of the Shipping Offices are specified in Section 8 of the Indian Merchant Shipping Act and the most important of these functions is to superintend and facilitate the engagement and discharge of seamen in the manner provided in the Act. The Shipping Offices also perform various other functions in relation to seamen which arise from various provisions in the Act and also from certain International Labour Conventions which the Government of India have ratified. Since the beginning of the War, the work of the Shipping Offices increased considerably on account of the administration of various War Compensation Schemes and in the post-war period, although this work shrunk considerably, there has been a large addition to their work arising from various new schemes like the Medical Examination Scheme, placing of Trainees from the Rating Training Ships, issue of identity certificates, registration of effective seamen, etc.

The revenue of the Shipping Offices is derived from the following items:—

- (a) Shipping and discharging fees.
- (b) Fines and forfeitures.
- (c) Sale of forms for overtime fees.

The rate of 'shipping and discharge' fees is prescribed in Schedule I to the Act and the total income from this source is more or less limited. It is not considered feasible to increase the rate at present as since 1950 Government recover a fee of Re. 6 per seaman engaged on account of the Medical Examination Scheme and the Indian Merchant Shipping Amendment Act, 1949, which provides for the setting up of Seamen's Employment Offices, also provides for a separate levy from the shipowners.

The income from the sale of forms is limited as, having regard to the comparatively low income of seamen, the price of various forms has been fixed on a non-profit basis to cover the cost of printing. Similarly recoveries on account of fines are also limited as these have to be admissible under Section 112 of the Act. Overtime fees are recovered from Shipping Companies whenever the Shipping Office staff are required to do work outside office hours or on holidays and, under the existing orders, a proportion of the fees is credited to Government. This is not an item which could be regulated by Government orders and it is not considered desirable to increase the rates at present.

It will thus be seen that the functions of the Shipping Offices are also not of a commercial type and it would not be feasible to increase the fees etc., to augment the revenue but the general position is that approximately 50 per cent. of the expenditure is at present covered by receipts.

5. Another organisation working under the Ministry of Transport is the Seamen's Welfare Organisation which is maintained by the Ports and Pilotage budget. There is a Principal Seamen's Welfare Officer at Calcutta and a Seamen's Welfare Officer at Bombay having a small office each. The welfare work at Madras is looked after by the Principal Officer, Mercantile Marine Department, Madras. There are also Welfare Organisations in U.K. and Australia to look after the welfare of Indian Seamen. The functions of these officers are as follows:—

- (i) To render every assistance to Merchant Seamen such as provision of Medical facilities etc.
- (ii) To provide accommodation ashore, recreational and educational facilities, etc.
- (iii) To act as liaison between employer and employees, employers and Government, employees and Government, Shipping Offices and Seamen.
- (iv) To visit boardships with a view to looking after the comforts and amenities, etc. for seamen.
- (v) To organise and administer Seamen's clubs and canteens, and
- (vi) To enquire into the grievances of seamen and to look after their general welfare.

The welfare of seamen also figures in the international field and the Government of India have in common with other countries to look after the general welfare of seamen. No fees are levied by the Seamen's Welfare Officers and the Organisation is entirely financed from General Revenues.

6. The question of making the Mercantile Marine Department etc., more self-supporting was exhaustively considered in 1933 and it was then decided:

That on grounds of principle as well as of practical expediency, no attempt should be made to make the Department entirely self-supporting. Following the U.K. practice, we should attempt to secure an estimated income equal to one half of the total expenditure incurred.

The principle of making the Mercantile Marine Department self-supporting was thus not accepted at that time and there has been no change in the position since then to justify a different decision at present. •

7. In view of the position stated above, it is not possible to split the expenditure of the "Ports and Pilotage" into "administrative" and "commercial" expenditure, but there would be no difficulty in continuing to show the total receipts and expenditure of each District, as has been done hitherto. It is accordingly proposed that the existing arrangements should be continued and the approval of the Public Accounts Committee obtained thereto.

APPENDIX LXXVII

GOVERNMENT OF INDIA MINISTRY OF TRANSPORT

No. 9-P.I(44)/52

New Delhi, the 2nd September, 1952.

MEMORANDUM

SUBJECT:—*Recommendations of the Public Accounts Committee on the Accounts of 1948-49 and unfinished Accounts (Civil) —1947-48 (Post-partition).*

In item 66 (ii) of the statement showing action taken or proposed to be taken on the recommendations of the Public Accounts Committee, received with the Parliament Secretariat Office Memorandum No. 275-FC/52, dated the 1st May 1952, the Public Accounts Committee have recommended that the question of reducing the charges under the head "Ports and Pilotage" especially on the Hooghly should be examined and the Committee should be apprised of the result of the examination made by the Ministry of Transport on this point.

2. Pilotage fees are levied at the Port of Calcutta on the scales published with the late Department of Commerce Notification No. 182-M.II/37, dated the 1st April, 1938. With effect from the 15th October 1947, a surcharge of 25 per cent. on these rates is being levied. With effect from the 16th May, 1948, responsibility for pilotage on the River Hooghly was transferred to the control of the Calcutta Port Commissioners and thereafter Government expenditure on this account under the head "Pilotage" has been reduced to nil. Under section 6 of the Calcutta Port Pilotage Act, 1948, the Calcutta Port Commissioners are entitled to levy fees for pilotage of vessels in the Hooghly area at rates fixed under the Indian Ports Act, 1908. After the transfer of control on 16th May, 1948, the Commissioners continue to levy the same rates of pilotage fees as were levied by Government previously on the rates referred to above. As the Port Commissioners' Budget and finances are separate from those of the Central Government, the recommendation of the Public Accounts Committee to reduce pilotage charges on the Hooghly, will not apply to the Calcutta Port Commissioners, who are an autonomous statutory body constituted under the Calcutta Port Act, 1890. As, however, any deficits in the Hooghly Pilotage Service have now to be met by the Port Commissioners from their other funds, they are alive to the question of economy in the expenditure on the Pilotage service.

(Sd.) S. N. BANERJI,
Under Secretary to the Govt. of India.

APPENDIX LXXVIII

MINISTRY OF FOOD AND AGRICULTURE

Note stating action taken on Paragraph 73 of the Report of the Public Accounts Committee on the Appropriation Accounts (Civil) for 1948-49.

The accounts relating to the states of Travancore-Cochin and Madhyabharat were reconciled jointly by the representatives of the states concerned, the Deputy Accountant General (F. & R.), New Delhi and Ministry of Food and Agriculture and settled. Similar reconciliation of the accounts of Rajasthan and Saurashtra Governments will shortly be taken up. The final accounts for the states of Jammu and Kashmir and Hyderabad have also been prepared by the Ministry and are under check by audit. The accounts of PEPSU state have also been finalised.

The accounts for the period from 1st January 1951 are being periodically reconciled with the state Governments and the audit.

It may be stated that individual states to whom the grains were supplied before 14th August 1947 to which period the arrears relate have mostly ceased to exist as separate entity and have been merged with other states or formed into unions of states. In some cases the state Governments are having difficulty in preparing old accounts from the records available with them.

APPENDIX LXXIX

MINISTRY OF FOOD AND AGRICULTURE (FOOD)

Note for the Public Accounts Committee on the short-landing losses in respect of imported foodgrains.

Foodgrains imported by the Government of India are generally purchased on F.O.B. basis *ex* the country of export. The steamers to bring the cargoes to Indian ports are fixed by the Government of India. For the shortlanding losses, if any, between the port of loading and the port of discharge, the claims are lodged by the Government of India against the ship-owners under the terms of the Bill of Lading/Charter Party of the steamer, and losses are subsequently written off under proper sanction if the claim is not legally enforceable against the shipowners. Before the claim is finally dropped, the case is carefully scrutinized in consultation with the Law Ministry, if necessary.

2. The Government of India do not insure their cargoes with commercial insurance underwriters. An element of charge to cover the shortlanding losses is, however, included in the pool price of imported foodgrains at which recovery is made from the deficit administrations for supplies made to them.

3. The figures of shortlanding losses for imported foodgrains for the years 1943-44 to 1950-51 for which accounts have been finalized are given below:—

Year	Quantity imported (in '000 tons)	Quantity lost (in '000 tons)
1943-46	1983	5
1946-47	2578	26
1947-48	2656	23
1948-49	3046	26
1949-50	2861	10
1950-51	2720	36

4. A proforma account showing on the credit side the amount realised as Insurance Charge and on the debit side, the amount of actual loss incurred during the year is maintained in the Ministry of Food and Agriculture.

5. Taking all the factors into consideration, the shortlanding losses so far incurred on the imported foodgrains are not considered unreasonable.

6. The Government of India deliver the imported foodgrains to the recipient States *ex* Port/Central Government depots loaded into wagons and the transit loss, if any, between the port and the inland destination station is the liability of the State Governments.

APPENDIX LXXX

MINISTRY OF FOOD AND AGRICULTURE (AGRICULTURE)

Note stating action taken on item 70 of the statement showing action taken or proposed to be taken on the recommendations of the Public Accounts Committee regarding Reclamation of Terai areas.

The importance of anti-soil erosion measures in regard to the land reclamation scheme in the Terai areas of the Uttar Pradesh was again impressed on the State Government at the meeting held in July, 1951. The State Government assured the Government of India that there was no danger of the land becoming barren as a result of agricultural development. The State Government have recently informed us that a sum of Rs. 40,000 has already been spent by them on soil conservation in this area, besides the expenditure incurred by the Land Settlement Co-operative Societies of Settlers. Plans for afforestation on the banks of streams and *nalas* and for provision of horizontal contours are now being finalised by the State Government.

APPENDIX LXXXI

MINISTRY OF FOOD AND AGRICULTURE

Statement showing action taken or proposed to be taken on the recommendations of the P.A.C.—Item 72—Appointment of a Committee to examine the procedure for Shipping, Clearances and Storage of imported foodgrains.

A Committee consisting of the following members was appointed by resolution No. A-38(36)/49, dated 16th April, 1949:—

Sri Ratilal Mulji Gandhi, Chairman,

Sri Deeji Rattansey, Member,

Sri Kumar Mitter, Member,

Sri David S. Erulkar, Member,

Sri Bhagwat Prasad Bhargava (Member—Secretary).

The terms of reference were:—

- (a) To examine the procedure adopted at different ports for clearing foodgrains ships including handling, bagging, weighing, standardising and despatching of the cargo received in bulk or in bags, in relation to the conditions prevailing and facilities available at different ports for berthing of steamers, storage of cargo, labour etc., and suggest improvements;
- (b) To examine arrangements for transport of foodgrains from docks to godowns and suggest improvements in relation to local conditions and facilities available;
- (c) To examine the storage of foodgrains at different ports and report on defects and suggest improvements in relation to storage accommodation available and possibilities of building godowns;
- (d) To examine the charter Party terms secured for foodgrains ships and suggest amendments which should be attempted to be secured;
- (e) To examine the freight charges paid by the Government in relation to the rates paid by the trade, report whether more favourable rates could be secured and if so, to suggest ways and means for securing such rates.

The Committee went round the Ports of Bombay, Bhavnagar, Navlakhi, Okha, Cochin, Madras, Vizagapatam and Calcutta and at each Port studied the working of the docks, examined the clearing and storage arrangements and held meetings with different interests.

concerned. The Regional Food Commissioners, Bombay, Madras and Calcutta were co-opted as members for the period the Committee worked at the ports in their respective regions. The Provincial Governments, Port authorities, Railway authorities, steamer agents, stevedores, clearing agents, Chamber of Commerce and association of grain merchants were requested to submit memoranda and send representatives to discuss their proposals with the Committee. The Ministry of Food also submitted details of organization at the Centre and Ports for receiving, storing and despatching imported foodgrains and particulars of imports on the basis of actuals and future expectations and information regarding the booking of freight distribution of ships to different ports of India, etc.

The Committee submitted its report in July, 1949 and their main recommendations and action taken against each item is briefly indicated below:—

(1) *Food Operating Committee at each Port :*

In order to secure experience, technical advice, goodwill and co-operation of all authorities concerned, a Food Operating Committee should be set up at each port.

1. The Recommendation was accepted and Food Operating Committees set up at the various ports.

(2) *Standardisation :*

Much of the trouble arising from discrepancies in the weights and undefined responsibility at different stages from the ship to the consumer can be avoided by standardisation on landing.

2. The Recommendation was accepted and standardization of cargo on landing is being introduced as far as possible.

(3) *Installation of complete mechanical Plants at Bombay and Calcutta:*

Faster discharge, automatic standardisation, greater earnings of despatch money, reduction in freight rates, quicker turn-round of ships, increase in port capacity, and economy in handling expenses all round would follow the installation of complete mechanical plants at Bombay and Calcutta.

3 & 3a. The recommendation was considered by Government but it was decided not to instal the mechanical plant because of the possibility of the imports ceasing in 1951. The proposal is again being examined.

(3a) *Automatic weighing equipment :*

Greater accuracy, faster standardisation at ports where the volume of food grains imported does not justify installation of complete mechanical plant would be secured by using automatic weighing machines.

(4) *Improvements in bagging arrangements:*

Better filling and stitching when bags are filled in the holds of ships would result by the work being done by the same labour on all ships at a port.

4. Recommendation was accepted and action taken to improve bagging.

(5) *Inspection arrangements abroad :*

The first step in safeguarding the buyers' interests has to be taken at the ports of loading by proper inspection arrangements. Commercial agencies could be used with advantage.

5. Recommendation accepted and proper inspection arrangements made through commercial agencies wherever considered necessary.

(6) Shipments in new bags :

On containers depend the safety of goods in transit and losses in handling. Grain should be shipped in new bags filled with standard weight of grain.

6. Recommendation accepted. The shipment is now being made in new gunny bags filled in standard bags as far as possible.

(7) Savings in freight :

Planned arrangements for outward cargo for ships engaged for bringing foodgrains to India and nominating the port of discharge for the maximum possible number of ships will result in considerable savings in freight.

7. Recommendation accepted. As far as possible the port of discharge is nominated in advance resulting in saving of freight charges.

(8) Clarification and/or modification of Charter Party terms :

The terms regarding appointment of stevedores, lay days, holidays and Sundays serving of notice of readiness and calculation of time, despatch money, expenses on trimming, overtime and night charges call for modification and/or clarification.

8. Recommendation accepted. The charter parties for certain country have since been modified to some extent to the advantage of Government.

(9) Weighment in godowns :

Records of stocks in godowns without reference to weight serve little useful purpose ; to fix responsibility cent per cent. weighment of bags on arrival and despatch is necessary except for standardised bags. Periodical stock taking is also necessary.

9. Recommendation accepted. Stock taking is carried out regularly and cargo is weighed in the godowns on arrival.

APPENDIX LXXXII

MINISTRY OF HOME AFFAIRS

SUBJECT:—Statement showing action taken or proposed to be taken on the recommendation of the Public Accounts Committee (1951-52)—Serial No. 76 of the Statement.

The recommendation made in paragraph 46 of the First Report of the Public Accounts Committee, 1951-52, has been set out against Serial No. 76 of the above-noted Statement. The recommendation runs as follows:

“Payment of fees or honoraria to the Judges of the Supreme Court or High Court or any other Court or to other officers who are independent of the Executive Government, viz., Members of the Union Public Service Commission, Chief Election Commissioner etc. is likely to undermine the independence of such authorities which is so essential for the proper discharge of the high duties entrusted to them under the Constitution. Any attempt to repeat the instance brought out in the Audit Report, 1950 should be deprecated.”

2. The basis of the above recommendation is the objection raised by the Comptroller and Auditor-General in para. 24(p) of the Audit Report, 1950 to the payment of a sum of Rs. 10,000 as Umpire's fee in an arbitration case to the Chief Justice of a High Court. In so far as the recommendation refers to payment of fees and honoraria to Judges of the Supreme Court or High Courts, this Ministry entirely agrees with the view expressed by the Committee. In fact, this Ministry has issued instructions to the State Governments under intimation to the Comptroller and Auditor-General and other audit authorities, to ensure:

- (i) that no payment of honoraria or other remuneration should be made to a Judge of a High Court for performing additional functions outside his normal duties, whether judicial or non-judicial, and
- (ii) that in no circumstances a Judge of a High Court shall act as an arbitrator, whether in cases pending before him or in private matters.

These instructions are to apply *proprio vigore* to Judges of the Supreme Court, to whose notice they have been brought.

3. The recommendation of the Committee refers to payment of fees and honoraria to other officers who are independent of the Executive Government viz. Members of Union Public Service Commission, Chief Election Commissioner etc. Of such officers, this

Ministry is concerned with the Members of the Union Public Service Commission who are neither paid nor entitled to fees or honoraria.

4. In view of what has been stated above, the recommendation of the Public Accounts Committee as contained in para. 46 of their report, does not appear to call for any further action.

APPENDIX LXXXIII

MINISTRY OF LABOUR

Note on the action taken on Item No. 84(i) and (ii) of the Recommendations (1948-49) of the Public Accounts Committee.

(i) Item 84 (i) (i) A copy each of the following reports is being sent to the Public Accounts Committee who have been included in the mailing list for these reports :—

1. Monthly Review of work done by the Directorate General of Resettlement and Employment.
2. Monthly report on the work done in connection with the resettlement of Displaced Persons from Pakistan.
3. Monthly Report on the work done by the Directorate of Employment Exchanges.
4. Quarterly Report of D. G. R. E.
5. Annual Report of D. G. R. E.
6. Employment News (monthly and Annual numbers).

(ii) 84 (ii) (ii) (a) Copies Printed—

	Year	No. of copies printed.
1948-49		1,24,000
1949-50		1,67,000
1950-51		1,70,000
1951-52		1,14,000

(b) Cost of Printing—

Year	Cost of production		Cost of Paper		Total cost	
	Rs.	as p.	Rs.	as p.	Rs.	as p.
1948-49	Not available					
1949-50	9097	11 0	14000	0 0	23097	11 0
1950-51	6158	0 0	9590	0 0	15748	0 0
1951-52	4680	0 0	6100	0 0	10780	0 0

The above figures do not include the cost of production etc. pertaining to the Anniversary Numbers of the 'Employment News'. The Controller of Printing & Stationery has been asked to supply this information immediately.

APPENDIX LXXXIV

GOVERNMENT OF INDIA

MINISTRY OF LABOUR

SUBJECT:—*Item 85 of the Statement of outstanding recommendations—Financial irregularities and improper maintenance of accounts concerning the First Unit of the Bihar Civil Pioneer Force.*

During the War certain Civil Pioneer Force Units were employed by the State War Department and sent to work in the war area. The first unit of Bihar Civil Pioneer Force was one such unit moved to war area in July, 1943. In the war area the system of accounts adopted was the 'War System of Pay Accounts' under which pay was not disbursed monthly but was credited in individual running ledger accounts maintained by the "Record and Accounts Office" at the Depot. Against these credits, the amounts required by the Civil Pioneer Force personnel in the field from time to time were advanced by the commanding officer, who acted as authorised imprest-holder and drew money for the purpose from the field cashier. In addition to the advances made in the field, the "Record and Accounts Officer" remitted family allotments made by the personnel in the war area to their relatives by postal money orders. Under the general instructions relating to payment and the system of Pay Accounts of Civil Pioneer Force units on field service, the "Record and Accounts Officer" was required to prepare monthly pay bills to adjust the advances, etc. drawn for the personnel of the unit for submission to the Audit Office. As regular monthly pay bills were, however, not being prepared since the introduction of 'War System of Pay Accounts' the Government of India issued instructions in August 1944 that a consolidated bill for all the months concerned prior to the 1st October 1944 should be prepared to reconcile the balances in the ledger with the undrawn amount in the pay bill. But the Officer Commanding, the Bihar Depot Unit did not comply with these instructions promptly.

In April, 1945, as a result of the local inspection of the accounts of the units at Bela conducted by an inspection party, the Accountant General, Bihar insisted on preparation of regular monthly accounts of earnings. But in the absence of the Civil Pioneer Force staff who were conversant with the records and accounts and who had all been discharged, the Government of India in consultation with the Finance Department and with the concurrence of the Auditor-General decided to waive the preparation of the detailed pay bills in respect of the personnel and admit the lump charges in audit as a special case. The

matter was, however, taken up again by the Public Accounts Committee who pointed out that the mere fact that the accounts were not available for audit and audit had in consequence been waived was no reason why disciplinary action should not be taken against the officers for the non-maintenance of these accounts. Accordingly the matter was once again taken up by the Government of India, Ministry of Labour with the Government of Bihar. After a prolonged correspondence, the Government of Bihar have informed the Government of India that of the three officers concerned, two *viz.* Messrs. Rewa Singh, and Brij Behari Singh were discharged and the third *viz.* A. Faiz Faridi had opted for Pakistan after partition. In the circumstances, Government of India considers that no useful purpose will be served by pursuing the matter further.

APPENDIX LXXXV

No. 1-G(28)/52.

**GOVERNMENT OF INDIA
MINISTRY OF COMMUNICATIONS**

Dated, New Delhi (2); the 3rd September, 1952

MEMORANDUM

SUBJECT:—*Statement relating to the actual number of occasions when each Ministry chartered aeroplanes during the past two years ending the 31st March, 1952 as also the charges involved in each case—Information required by the Public Accounts Committee.*

The undersigned is directed to refer to item 87 of the statement relating to the action taken or proposed to be taken on recommendations of the Public Accounts Committee forwarded to this Ministry with the Parliament Secretariat Office Memorandum No. 46(1)-FC/52, dated the 27th August, 1952 and to enclose a statement showing the actual number of occasions when each Ministry chartered aeroplanes during the past two years ending 31st March 1952 as also the charges involved in each case together with thirty five spare copies thereof in pursuance of the desire of the Public Accounts Committee contained in paragraph 177 of their First Report on the Appropriation Accounts 1948-49.

Sd./- P. K. SAMAL,

Under Secretary to the Government of India

To

The Parliament Secretariat,
(Financial Committee Branch),
NEW DELHI.

Statement showing the actual number of occasions when each Ministry Chartered Aeroplanes during the past two years ending the 31st March, 1952 as also the charges involved in each case.

REFERENCE PARAGRAPH 177 OF THE FIRST REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE APPROPRIATION ACCOUNTS FOR 1948-49.

S. No.	Name of the Ministry/Office.	No. of aeroplanes chartered	Total amount incurred in each case	REMARKS
1	2	3	4	5
			Rs. As. P.	
1	Ministry of Finance	3 (1) (2) (3)	2,973 8 0 3,370 8 0 5,306 0 0	The aeroplanes were chartered by the Economic Affairs Deptt. of the Ministry of Finance for the visits of M/s. W. Koster and E. Black (and parties) in Dec., 1951 and Feb., 1952 respectively of the International Bank Mission for Reconstruction & Development from U. S. A.
2	Ministry of Railways (Rly. Board)	1	1,000 0 0	The aeroplane was chartered in connection with the survey of damages to Assam Rail Link and Open Line Sections of Assam Railway.
3	Ministry of States	2 (1) (2)	2,125 0 0 240 0 0	(i) Visit of the Speaker of Parliament. (ii) Visit of the Secretary.
4	Ministry of Education	1	969 0 0	Minister's visit to Srinagar.
5	Ministry of Transport	2 (1) (2)	522 0 0 6,618 12 0	In connection with the visit of the Minister of State to the site of the accident to the 5 Up Mail. Visit of the Minister of State in connection with the foundation stone ceremony of the new major port of Kandla.
6	Ministry of External Affairs	7 (1) (2) (3) (4) (5)	791 0 0 650 0 0 10,184 0 0 3,514 0 0 17,359 0 0	(1)—(3) In connection with the visits of India's Ambassador at Nepal. (4) & (5) Chartering was done for His Majesty the King of Nepal.

		(6)	3,325	0	0	(6) For the Prime Minister of Australia.
		(7)	11,609	0	0	(7) In connection with the visit of Mrs. Roosevelt.
7	Ministry of Natural Resources and Scientific Research	2 (1)	5,368	12	0	(1) Visit of Mr. David E. Litienthal a former Chairman of the T. V. A. to the sites of Kosi and Hirakud Projects.
		(2)	2,436	0	0	(2) Visit of the World Bank Mission.
	Ministry of Information & Broadcasting . . .	1	1,250	0	0	For taking shots of territories through which the new Assam Rail Link was constructed.
9	Ministry of Communications	2 (1)	1,295	0	0	(1) & (2) Visits of the Minister.
		(2)	3,808	8	0	
10	Ministry of Commerce & Industry	1	6,580	0	0	Visit of the Minister.
11	Ministry of Food & Agriculture	1	1,503	0	0	For Locust reconnaissance in Rajasthan.
12	Ministry of Rehabilitation	1	955	0	0	Minister's visit.

The following Ministries and offices have not chartered any aeroplanes during the years 1950-51 and 1951-52 and no expenditure was, therefore, incurred on that account :—

(i) Law including Election Commission ; (ii) Health ; (iii) Home Affairs ; (iv) Labour ; (v) Works, Production & Supply ; (vi) Partition Secretariat ; (vii) President's Secretariat including Military Secretary to President ; (viii) Prime Minister's Secretariat ; (ix) Cabinet Secretariat including Central Statistical Organisation ; (x) Department of Parliamentary Affairs ; (xi) Planning Commission and (xii) Supreme Court of India.

The Parliament Secretariat have intimated that in accordance with the established convention no information in respect of that Secretariat is supplied to the Ministries for laying on the Table of the Parliament or before any of its Committees.

Defence Ministry chartered one aircraft during the last two years but details have not been furnished on security considerations.

APPENDIX LXXXVI

MINISTRY OF COMMUNICATIONS

REF.:—Item* 90 of the statement showing action taken or proposed to be taken on the recommendations of the Public Accounts Committee re. Subsidy to air operators.

Financial aid to air companies who suffer loss even though their costs do not exceed the "Standard Costs" calculated by the Air Transport Inquiry Committee and a special payment to any company which succeeds in reducing its costs to a level below the "Standard Costs,"—in each case subject to a ceiling—are the main features of the new scheme of subsidy for air transport operators brought into force by the Government of India with effect from the 1st January, 1952.

The Air Transport Inquiry Committee had observed that the system of subsidy granted since 1st March 1949 on the basis of petrol consumed by an air company was not satisfactory as it did not take into account the needs of each operator. The Government of India have decided that if an operator of scheduled air services actually suffers loss, the amount by which its actual total revenue falls short of either its actual cost or the standard cost, whichever is the lower cost, will be made good by Government. In addition, any company which succeeds in regulating its expenditure to a figure below the standard cost, will receive a special subsidy amounting to half the difference between its actual expenditure on scheduled services and the expenditure that it would have incurred if it had operated such services at the appropriate "Standard Cost" worked out by the Air Transport Inquiry Committee. The total subsidy payable for a given year will, however, be limited to the amount that would have been payable at a flat rate of -/8/- per gallon of petrol consumed by all the companies qualifying for subsidy for their operations, which is the rate of subsidy prescribed for the period from the 1st April to 31st December, 1951. Companies engaged only in non-scheduled operations are not eligible to receive any subsidy under this scheme and are expected to be self-supporting. This subsidy scheme will not apply to the long distance services to the West or the Far East.

The grant of subsidy to any company will be subject to the condition that it maintains its accounts in the manner prescribed by Government, allows its books and accounts to be inspected by officers authorised by Government and agrees to carry out any specific recommendations made by Government to ensure and improve efficiency and economy of the Company's operations.

* See Appendix I

APPENDIX LXXXVII

Proceedings of the Meeting of the public Accounts Committee held on Tuesday, the 8th July, 1952.

The Committee met from 5-30 P.M. to 7-30 P.M.

PRESENT

Shri B. Das—*Chairman.*

Shri S. N. Das

Shri Tribhuan Narayan Singh

Shri Balwant Nagesh Datar

Shri Ranbir Singh Chaudhuri

Acharya Shriman Narayan Agarwal

Dr. Mono Mohon Das

Shri Uma Charan Patnaik

Shri B. Ramachandra Reddi

Shri G. D. Somani

Shri K. M. Vallatharas.

} *Members.*

Shri M. Ananthasayanam Ayyangar, Deputy Speaker and
Chairman, Estimates Committee (attended by special
invitation).

Shri V. Narahari Rao, Comptroller and Auditor-General of
India.

SECRETARIAT

Shri S. L. Shakdher—*Officer on Special Duty.*

At the outset, the Chairman welcomed Shri Ananthasayanam Ayyangar, the Chairman of the Estimates Committee and introduced the new Members to the Comptroller and Auditor-General of India.

2. The Comptroller and Auditor-General then addressed the Committee on the subject of the parliamentary control over the finances of the country, the role of the Public Accounts Committee for the exercise of such a control and lastly dwelt upon the working of his own Department which, he said, was suffering from shortage of trained Officers and staff etc.

3. Shri Ananthasayanam Ayyangar thanked the Chairman for having invited him to the meeting. He expressed the hope that since the work of both the Committees viz., the Estimates Committee and the Public Accounts Committee was complementary to each other and the deliberations of the one would guide the other, they should work in close collaboration.

4. A suggestion was made that some measures should be evolved by the Comptroller and Auditor-General to ensure expeditious compilation of the Appropriation Accounts which were in arrears so that the Committee could consider the irregularities disclosed in the Audit Reports, as early as possible, as it was apprehended that delay in considering the Audit Reports generally helped the defaulters to escape punishment. The Comptroller and Auditor-General stated that he would examine the question of separating self-contained paras. involving grave irregularities, defalcations and misappropriations etc. in the Audit Reports and present them in the form of preliminary reports. These preliminary reports could be considered by the Committee without waiting for the final Reports.

5. The Committee then proceeded to consider the programme for the examination of the Appropriation Accounts (Civil), (Railways) and (Posts and Telegraphs) for 1949-50 and Audit Reports thereon. The matter was postponed to a later date for further consideration.

The Committee however, decided to take up examination of the unfinished Accounts (Civil) for 1947-48 (post-partition) and 1948-49 and Audit Reports thereon relating to the Ministry of N. R. and S. R., River Valley Projects, Prime Minister's Secretariat, Cabinet Secretariat, U.P.S.C., Supreme Court, Secretariat of the President etc. by sitting in the afternoons during the course of the current session of the House. It was decided to start the meetings from the 28th July, 1952. The Chairman informed the Committee that the detailed programme of the meetings would be circulated to them after he had finalised it.

The Committee also agreed to meet the Comptroller and Auditor-General of India for an informal preliminary discussion on the points arising out of the above Accounts at 5 P.M. on Saturday, the 26th July, 1952.

APPENDIX LXXXVIII

Proceedings of the Meeting of the Public Accounts Committee held on Monday, the 21st July, 1952.

The Committee met from 5 P.M. to 6 P.M.

PRESENT

Shri B. Das—*Chairman.*

Pandit Munishwar Dutt Upadhyay

Shri M. L. Dwivedi

Shri Balwant Nagesh Datar

Shri Ranbir Singh Chaudhuri

Acharya Shriman Narayan Agarwal

Shri Uma Charan Patnaik

Shri B. Ramachandra Reddi

Shri K. M. Vallatharas

} *Members.*

SECRETARIAT

Shri S. L. Shakhder—*Officer on Special Duty.*

The Committee considered the set of the draft 'Rules of Procedure of the Public Accounts Committee' (See Annexure I).

The Chairman explained that the draft rules embodied the practice and procedure followed by the Public Accounts Committee during the last 30 years.

Rules 1—22 were approved.

The following new Rule was inserted after Rule 22.

“(23) The Financial Committee Branch of Parliament Secretariat shall bring up-to-date the 'Statement showing action taken or proposed to be taken on the recommendations of the Public Accounts Committee' on the basis of the replies given by the Ministries etc. and arrange to circulate it to the Members of the Committee a week before the date of commencement of the Meetings of the Committee for the examination of all or either of the Accounts and Reports referred to in Rule (1) above. This statement shall also be accompanied by copies of the Memoranda, Notes or other literature forwarded by the Ministries etc. stating the action taken by them on the particular item/items with which they are concerned.”

The existing Rules 23 and 24, renumbered as 24 and 25 respectively, were also approved.

2. The Committee then reconsidered the programme of their meetings to be held in July-August, 1952 as originally fixed. In view of the afternoon meetings of the House of the People fixed on Tuesdays and Fridays and also the likelihood of the Session being extended by a few days, it was decided to revise the programme of the meetings of the Committee. It was also decided to postpone examination of the Accounts relating to the Partition Secretariat and the Reviews on the State Trading Schemes furnished by the Ministry of Finance till their next session.

ANNEXURE I*RULES OF PROCEDURE OF THE PUBLIC ACCOUNTS COMMITTEE**

The following rules are supplemental to the provisions contained in Rules 196 and 197 of the Rules of Procedure and Conduct of Business in the House of the People which relate to the composition, scope of functions and conduct of business by the Public Accounts Committee:

(1) After the Reports of the Comptroller and Auditor-General of India relating to the undermentioned Accounts of the Union have been laid before the House as laid down in Article 151(1) of the Constitution, a copy each of these Reports along with the relevant Appropriation Accounts shall be circulated to the Members of the Committee:

- (i) Audit Report on the Appropriation Accounts of the Defence Services.
- (ii) Audit Report on the Appropriation Accounts of the Posts and Telegraphs.
- (iii) Audit Report on the Appropriation Accounts of the Railways in India.
- (iv) Audit Report on the Appropriation Accounts Civil, i.e., for the remaining departments of the Union Government.

(2) Similarly copies of the Finance Accounts of the Government of India and the Audit Report thereon shall be circulated to the Members of the Public Accounts Committee after these have been laid on the Table of the House.

(3) The Committee will determine from time to time the Accounts and Audit reports to be examined by them.

(4) The programme will be drawn up by the Secretary and approved by the Chairman and copies thereof will be circulated to the Ministries etc. so that they may keep themselves in readiness.

(5) The Members after going through the Accounts and Reports referred to in Rules (1) and (2) above, may frame questions on which further information is required by them. These questions or points will be sent to the Secretary seven days in advance of the date of the meeting. Where the Committee meets at a short notice, the period of seven days referred to above may be reduced under orders of the Chairman.

* For Rules as revised, see Annexure II.

(6) The Members may similarly send their suggestions, if any, for the consideration of the Committee two days in advance of the date of the meeting.

(7) Usually 35 copies of each of the Notes/Memoranda etc. will be furnished by the Ministries either in pursuance of action taken on the recommendations of the Committee or in reference to the point or points on which the information may be called for by the Committee or a Member thereof. On receipt copies will be circulated to the Members and 5 copies of each paper, memorandum, document etc. shall be forwarded to the Comptroller and Auditor-General of India.

(8) Unless any paper, memorandum, document or note is marked 'Secret' and the Ministry has made a specific request that its contents should not be made public, all papers, memoranda, documents, notes, etc. laid before the Committee shall be embodied in their Report in the form of Appendices.

(9) Secretary shall note the points on which further information is required by the Committee as a result of examination of the departmental Secretaries etc. and under the direction of the Chairman take such action as may be necessary.

(10) A record of the proceedings of each meeting of the Committee will be kept by Secretary.

(11) Relevant portions of speeches will be forwarded to the Members and the officials tendering evidence before the Committee for correction and return within 48 hours of their receipt. If corrected copies of speeches are not received back from members, the Reporter's copy will be treated as authentic. Portions of proceedings sent to the Officials must invariably be obtained from them.

(12) The Committee may recall any witnesses to give further evidence on any point which is under consideration of the Committee.

(13) The meetings of the Committee shall **not** be open to the Press. Secretary will, however, prepare a daily Communique for communication to the Press giving information only about the Accounts and the names of the Ministries etc. examined by the Committee during the day.

(14) If a Ministry is to be represented by more than one Officer and desires that the grants with which a particular Officer is concerned should first be considered, information shall be given in advance to the Committee regarding the order in which the particular grants are desired to be dealt with.

(15) The verbatim proceedings shall be for the use of the Committee only and only such papers as have been laid on the Table of the House will be made public.

(16) When the examination of any part of the Accounts has been completed, the Committee may frame its recommendations.

(17) Each draft report or section thereof will be considered at a meeting of the Committee and will embody the decisions of the majority of the members present and voting.

(18) There shall be *no* minute of dissent to the Reports of the Committee.

(19) The Chairman shall sign the report on behalf of the Committee and present it to the House of the People.

(20) As soon as each report has been completed, it will be printed. A type-script or a printed copy of the report, if available, shall be presented to the House and printed copies supplied to the Members at a later date.

(21) The report shall ordinarily be presented to the House by the Chairman, but if he is unable to do so, one of the members of the Committee who may be authorised by him may present the report on his behalf.

(22) The Committee shall meet at such time and for such period as the Chairman may determine from time to time.

(23) No document submitted to the Committee shall be withdrawn or altered without the knowledge and approval of the Committee.

(24) Any additional points of procedure which are formulated from time to time shall be incorporated in these rules.

ANNEXURE II

***RULES OF PROCEDURE OF THE PUBLIC ACCOUNTS COMMITTEE**

The following rules are supplemental to the provisions contained in Rules 196 and 197 of the Rules of Procedure and Conduct of Business in the House of the People which relate to the composition, scope of functions and conduct of business by the Public Accounts Committee:

(1) After the Reports of the Comptroller and Auditor-General of India relating to the undermentioned Accounts of the Union have been laid before the House as laid down in Article 151(1) of the Constitution, a copy each of these Reports along with the relevant Appropriation Accounts shall be circulated to the Members of the Committee:

(i) Audit Report on the Appropriation Accounts of the Defence Services.

(ii) Audit Report on the Appropriation Accounts of the Posts and Telegraphs.

(iii) Audit Report on the Appropriation Accounts of the Railways in India.

(iv) Audit Report on the Appropriation Accounts Civil, i.e., for the remaining departments of the Union Government.

(2) Similarly copies of the Finance Accounts of the Government of India and the Audit Report thereon shall be circulated to the Members of the Public Accounts Committee after these have been laid on the Table of the House.

(3) The Committee will determine from time to time the Accounts and Audit reports to be examined by them.

(4) The programme will be drawn up by the Secretary and approved by the Chairman and copies thereof will be circulated to the Ministries etc. so that they may keep themselves in readiness.

(5) The Members after going through the Accounts and Reports referred to in Rules (1) and (2) above, may frame questions on which further information is required by them. These questions or points will be sent to the Secretary seven days in advance of the date of the meeting. Where the Committee meets at a short notice, the period of seven days referred to above may be reduced under orders of the Chairman.

(6) The Members may similarly send their suggestions, if any, for the consideration of the Committee two days in advance of the date of the meeting.

(7) Usually 35 copies of each of the Notes/Memoranda etc. will be furnished by the Ministries either in pursuance of action taken on the recommendations of the Committee or in reference to the point or points on which the information may be called for by the Committee or a Member thereof. On receipt copies will be circulated to the Members and 5 copies of each paper, memorandum, document etc. shall be forwarded to the Comptroller and Auditor-General of India.

(8) Unless any paper, memorandum, document or note is marked 'Secret' and the Ministry has made a specific request that its contents should not be made public, all papers, memoranda, documents, notes, etc. laid before the Committee shall be embodied in their Report in the form of Appendices.

(9) Secretary shall note the points on which further information is required by the Committee as a result of examination of the departmental Secretaries etc. and under the direction of the Chairman take such action as may be necessary.

(10) A record of the proceedings of each meeting of the Committee will be kept by Secretary.

(11) Relevant portions of speeches will be forwarded to the Members and the officials tendering evidence before the Committee for correction and return within 48 hours of their receipt. If corrected copies of speeches are not received back from members, the Reporter's copy will be treated as authentic. Portions of proceedings sent to the Officials must invariably be obtained from them.

(12) The Committee may recall any witnesses to give further evidence on any point which is under consideration of the Committee.

(13) The meetings of the Committee shall **not** be open to the Press. Secretary will, however, prepare a daily Communique for communication to the Press giving information only about the Accounts and the names of the Ministries etc. examined by the Committee during the day.

(14) If a Ministry is to be represented by more than one Officer and desires that the grants with which a particular Officer is concerned should first be considered, information shall be given in advance to the Committee regarding the order in which the particular grants are desired to be dealt with.

(15) The verbatim proceedings shall be for the use of the Committee only and only such papers as have been laid on the Table of the House will be made public.

(16) Where the Public Accounts Committee decide to print the whole or any part of the evidence the same shall be printed in the form of a separate Volume and shall form part of the Report of the Committee dealing with the relevant Accounts and Audit Reports thereon.

(17) The evidence given before a sub-Committee of the Public Accounts Committee shall not be printed verbatim. The minutes of the meetings of the sub-Committee shall be maintained by the Secretary and appended to the Report of the sub-Committee. Such minutes shall be included in the Report of the Committee with the approval of the Committee.

(18) When the examination of any part of the Accounts has been completed, the Committee may frame its recommendations.

(19) Each draft report or section thereof will be considered at a meeting of the Committee and will embody the decisions of the majority of the members present and voting.

(20) There shall be no minute of dissent to the Reports of the Committee.

(21) The Chairman shall sign the report on behalf of the Committee and present it to the House of the People.

(22) As soon as each report has been completed, it will be printed. A type-script or a printed copy of the report, if available, shall be presented to the House and printed copies supplied to the Members at a later date.

(23) The report shall ordinarily be presented to the House by the Chairman, but if he is unable to do so, one of the members of the Committee who may be authorised by him may present the report on his behalf.

(24) The Committee shall meet at such time and for such period as the Chairman may determine from time to time.

(25) The Financial Committee Branch of Parliament Secretariat shall bring up-to-date the 'Statement showing action taken or proposed to be taken on the recommendations of the Public Accounts Committee' on the basis of the replies given by the Ministries etc. and arrange to circulate it to the Members of the Committee a week before the date of commencement of the meetings of the Committee for the examination of all or either of the Accounts and Reports referred to in Rule (1) above. This statement shall also be accompanied by copies of the Memoranda, Notes or other literature forwarded by the

Ministries etc. stating the action taken by them on the particular item/items with which they are concerned.

(26) No document submitted to the Committee shall be withdrawn or altered without the knowledge and approval of the Committee.

(27) Any additional points of procedure which are formulated from time to time shall be incorporated in these rules.

APPENDIX LXXXIX

Proceedings of the Meeting of the Public Accounts Committee held on Saturday, the 26th July, 1952.

The Committee met from 5 P.M. to 6-10 P.M.

PRESENT

Shri B. Das—*Chairman.*

Shri Shree Narayan Das

Shri Tribhuan Narayan Singh

Shri Balwant Nagesh Datar

Shri Ranbir Singh Chaudhuri

Dr. Mono Mohon Das

Shri Uma Charan Patnaik

Shri V. P. Nayar

Shri B. Ramachandra Reddi

Shri K. M. Vallatharas.

} *Members.*

Shri V. Narahari Rao, Comptroller and Auditor-General of
India.

SECRETARIAT

Shri S. L. Shakhder—*Officer on Special Duty.*

At the outset, the Chairman read out to the Committee the letters from Shri M. D. Upadhyay and Shri G. D. Somani, Members of the Committee asking for leave of absence from the sittings of the Committee on the 26th and 28th July, 1952.

2. The Committee first considered the suggestion made by the Comptroller and Auditor-General of India at an earlier meeting that he contemplated to separate self-contained paras. involving grave irregularities etc. in his Audit Report which did not contain any direct reference to the Accounts themselves and present them in the form of preliminary reports. Such reports, the Comptroller and Auditor-General said, would enable the Committee to examine these irregularities as soon as possible after their occurrence thus avoiding the inevitable delay involved in bringing them to their notice through the final reports. The Comptroller and Auditor-General also undertook to prepare Part I of the Audit Report on the Appropriation Accounts (Civil) for the year 1951-52 and forward it to the President in the usual manner for being laid before Parliament after which it could be considered by the Committee without waiting for the final Report.

The Committee agreed to the suggestion made by the Comptroller and Auditor-General.

3. The Committee then proceeded to discuss the important points arising out of the unfinished Appropriation Accounts (Civil) for 1947-48 (post-partition) and 1948-49 and Audit Reports thereon.

The Chairman made a passing reference to a letter dated the 6th May, 1952 from Prof. K. T. Shah, an ex-Member of the Public Accounts Committee forwarding a copy of the letter addressed by him to the Minister of Finance, Government of India and the latter's reply thereto suggesting the scrutiny by the Committee of the Central Government Finance and Revenue Accounts and Audit Report thereon. The Comptroller and Auditor-General explained to the Committee the difficulties experienced in the compilation of these Accounts from the year 1947-48 onwards which were mainly due to the non-settlement of partition Accounts with Pakistan. Unless the opening balances after the partition could be determined, it was not possible to proceed further with the compilation of these Accounts. He, however, added that he was considering this matter in consultation with the Ministry of Finance.

4. The Comptroller and Auditor-General then brought to the notice of the Committee that the salaries etc. of the Ministers had been treated as 'charged expenditure' under the Head 'Cabinet' during the years under report. This, he explained, was due to the fact that the corresponding provisions of the Government of India Act, 1935 under which the salaries and allowances of Ministers etc. were treated as 'charged expenditure' had been retained in the adapted Act under the India (Provisional) Constitution Order, 1947.

5. The Committee then considered the various aspects of the Accounts relating to the multi-purpose river valley projects under the control of the Ministry of Irrigation and Power. They desired that the Secretariat should ask the Ministry that, if there was no objection, the report of the Departmental Committee appointed to look into the affairs of the Hirakud Dam Project should be made available to them. It was also decided to pursue with the Ministry the implementation of the recommendations made by the Estimates Committee in their Fifth Report. The Committee further desired that the Secretariat should write to the Ministry asking them to furnish the Committee with a brief self-contained memorandum on each of the following projects with special reference to the action taken by them on the recommendations of the Estimates Committee:—

- (i) Bhakra-Nangal;
- (ii) Damodar Valley Corporation; and
- (iii) Hirakud.

6. On a question being raised as to the extent to which the irregularities pointed out by the Committee were rectified and the recommendations made by them implemented, the Comptroller and Auditor-General explained that he had instructed his Audit Officers that whenever any defect was discovered, they should take it up with the high Executive Officers and, if necessary, with the Government themselves. If the matter appeared serious or important enough, he would include it in his Audit Report which was submitted to the President under the provisions of the Constitution for being laid before Parliament. The Public Accounts Committee, he said, acted as the strongest deterrent in the matter of keeping public servants upto the mark.

7. The Committee then briefly discussed certain aspects of the financial working of the various State Trading Schemes in respect of which Reviews had been prepared by the Ministry of Finance.

8. The Committee then adjourned to meet again on Monday, the 28th July, 1952.

APPENDIX XC

Proceedings of the Meeting of the Public Accounts Committee held on Wednesday, the 12th November, 1952.

The Committee met from 5-15 to 5-45 P.M.

PRESENT

Shri B. Das—*Chairman*.

Pandit Munishwar Dutt Upadhyay	}	<i>Members.</i>
Shri M. L. Dwivedi		
Shri Shree Narayan Das		
Shri Tribhuan Narayan Singh		
Shri Ranbir Singh Chaudhuri		
Acharya Shriman Narayan Agarwal		
Pandit Krishna Chandra Sharma		
Shri Uma Charan Patnaik		
Shri V. P. Nayar		
Shri B. Ramachandra Reddi		

Shri V. Narahari Rao, Comptroller and Auditor-General of India.

Shri P. C. Padhi, Accountant General, Central Revenues, New Delhi.

SECRETARIAT

Shri M. N. Kaul—*Secretary*.

Shri S. L. Shakhder—*Officer on Special Duty*.

The Committee considered a Memorandum (*Annexure I*) on the question whether the Central Government Finance Accounts, 1946-47 and the Audit Report, 1948 should be examined by them. They agreed with the proposal contained in para. 4 of the Memorandum that no useful purpose was likely to be served by examination by them of the Accounts at this stage.

2. It was suggested that a sub-Committee consisting of Acharya S. N. Agarwal, as Chairman and Sarvashri Munishwar Dutt Upadhyay and B. Ramachandra Reddi, Members, should be appointed to examine the existing financial control over public expenditure in the light of the Exchequer control and day-to-day financial control over expenditure obtaining in the U.K. and to suggest measures for the improvement of existing procedure in India.

ANNEXURE I

PARLIAMENT SECRETARIAT

PARLIAMENT HOUSE,

New Delhi-1, the 5th November, 1952.

MEMORANDUM

SUBJECT:—*Consideration of the Central Government Finance Accounts, 1946-47 and the Audit Report, 1948.*

Under instructions from the Accountant-General, Central Revenues, New Delhi, the Manager, Government of India Press, Simla, forwarded to this Secretariat in January last 425 copies of the Central Government Finance Accounts, 1946-47 and the Audit Report thereon. An enquiry was made from the Ministry of Finance about the presentation of this document to the Provisional Parliament. In reply, that Ministry stated that in accordance with the legal and constitutional position as set forth in Appendix XXII to the Report of the Public Accounts Committee on the Accounts for 1945-46, it was *not* constitutionally necessary to present the Finance Accounts in question formally to the House. Copies of these Accounts were, therefore, placed in the P.N.O. for being made available to Members of the Provisional Parliament on request.

2. Later on in March, 1952, the Ministry of Finance addressed a letter to this Secretariat saying that the Finance Accounts referred to above forwarded by the Comptroller and Auditor-General of India had been submitted to the President for information. In view of what had been stated by them earlier, it was not proposed to lay the Accounts and the Audit Report thereon formally on the Table of the House. That Ministry further added that the Public Accounts Committee might wish to examine the Finance Accounts and the Report under consideration in pursuance of the provisions of para. 4 of the Memorandum placed by that Ministry before the Public Accounts Committee of 1949-50 as reproduced at page 88 of the Report on the Accounts of 1945-46. The proposals contained therein were accepted by the then Committee *vide* para. 2 of the Proceedings of their meeting held on the 8th September, 1948 (*Cf.* page 87 of the Report).

3. Copies of the Finance Accounts and the Audit Report thereon under consideration were circulated to the Members of the Public Accounts Committee on the 2nd July, 1952.

4. The point under consideration is whether the above Accounts should be examined by the Committee.

Under the provisions of Rule 196(1) of the Rules of Procedure and Conduct of Business in the House of the People, the Committee are

competent to examine the Finance Accounts. This belated publication deals with the Finance Accounts of the undivided Government of India which have obviously become stale at this stage as these relate to a period as far as six years back. It is, therefore, felt that in view of the very drastic changes that have taken place in the structure of the governmental and administrative machinery as also in the sphere of the ways and means position of the Government of India in the post-partition period and more especially the non-settlement with the Pakistan Government of the Debt and Deposit balances standing on the 14th August, 1947, no useful purpose is likely to be served by the examination by the present Committee of these Accounts.

5. It may be added that in a note recently submitted to the Committee by the Ministry of Finance pursuant to the recommendations contained in Para. 40 of the First Report of the Public Accounts Committee, 1951-52, it has been stated by them that it had already been agreed that the Finance Accounts and Audit Reports containing the Accounts of Receipts and Debt heads in addition to those relating to Expenditure would henceforth be formally presented to Parliament.

6. The proposal set forth in para. 4 above is submitted for approval of the Committee.

APPENDIX XCI

Statement showing the particulars of the meetings of the Public Accounts Committee, the attendance of members and the subjects discussed, etc.

Date	No. of Members including the Chairman attending the meeting	Duration	Business transacted
8-7-52	11	2 hours (5-30 to 7-30 P.M.)	<p>(i) Consideration of the question as to how to ensure expeditious compilation of the Appropriation Accounts and Audit Reports thereon.</p> <p>(ii) Consideration of the programme for examination of the Appropriation Accounts (Civil), (Railways) and (Posts & Telegraphs) for 1949-50 and Audit Reports thereon.</p>
21-7-52	9	1 hour (5 to 6 P.M.)	<p>(i) Consideration of the draft 'Rules of Procedure of the Public Accounts Committee.'</p> <p>(ii) Reconsideration of the Programme of the meetings of the P. A. C. during July August, 1952, as originally fixed.</p>
26-7-52	10	1 hr. 10 mts. (5 to 6-10 P.M.)	<p>(i) Consideration of the question regarding the preparation of preliminary Audit reports by the Comptroller and Auditor-General of India.</p> <p>(ii) Consideration of the important points arising out of the unfinished Appropriation Accounts (Civil) for 1947-48 (post-partition) and 1948-49 and the Audit Reports thereon.</p> <p>(iii) Consideration of the various aspects of the Accounts relating to the multi-purpose River Valley Projects under the control of the Ministry of Irrigation and Power.</p> <p>(iv) Brief discussion on certain aspects of the financial working of the various State Trading Schemes in respect of which Reviews had been prepared by the Ministry of Finance.</p>
28-7-52	11	2 1/2 hours (3-30 to 6 P.M.)	<p>Examination of the Appropriation Accounts (Civil) for 1947-48 (post-partition) and 1948-49 and the Audit Reports thereon relating to</p> <p>(a) Union Public Service Commission, (b) Cabinet Secretariat, (c) Prime Minister's Secretariat.</p>

Date	No. of Members including the Chairman attending the meeting	Duration	Business transacted
2-9-52	13	3 hrs. 15 mts. (10 A.M. to 1-15 P.M.)	Ministry of Railways—Appropriation Accounts of the Railways in India, 1949-50.
3-9-52	13	3 hrs. 10 mts. (10 A.M. to 1-10 P.M.)	do.
4-9-52	13	3 hrs. 15 mts. (10 A.M. to 1-15 P.M.)	(1) Ministry of Communications—Appropriation Accounts (Civil), 1949-50 and Audit Report, 1951. (2) Appropriation Accounts, Posts & Telegraphs Department, 1949-50 and Audit Report thereon.
5-9-52	12	3 hours 10 A.M. to 1 P.M.)	Ministry of Works, Housing and Supply—Appropriation Accounts (Civil), 1949-50 and Audit Report, 1951.
6-9-52	12	3 hours 30 mts. (10 A.M. to 1-30 P.M.)	State Trading Schemes relating to the Ministries of Works, Housing and Supply and Commerce and Industry.
8-9-52	12	3 hours 15 mts. (10 A.M. to 1-15 P.M.)	Ministry of Irrigation and Power—Multi-purpose River Valley Projects under the control of the Ministry etc.
9-9-52	11	3 hours 35 mts. (10 A.M. to 1-35 P.M.)	do.
10-9-52	11	3 hours (10 A.M. to 1 P.M.)	State Trading Schemes relating to the various Ministries of the Government of India.
11-9-52	9	2 hours 50 mts. (10-20 A.M. to 1-15 P.M.)	Ministry of Railways—Appropriation Accounts of the Railways in India for 1949-50 and the Railway Audit Report, 1951.
23-10-52	14	3 hours 15 mts. (10 A.M. to 1-15 P.M.)	Ministry of Food and Agriculture—Examination of Accounts for 1949-50 (including outstanding State Trading Schemes) and Audit Report, 1951.
24-10-52	13	3 hours 20 mts. (10 A.M. to 1-20 P.M.)	(i) do. (ii) Ministry of Labour—Examination of Accounts for 1949-50 (including State Trading Schemes) and Audit Report, 1951.
25-10-52	13	3 hours 15 mts. (10 A.M. to 1-15 P.M.)	(i) Ministry of Home Affairs—Examination of Accounts for 1949-50, and Audit Report, 1951. (ii) Partition Sectt.—Examination of Accounts for 1947-48 (post-partition), 1948-1949 and 1949-50, and Audit Report thereon.

Date	No. of Members including the Chairman attending the meeting	Duration	Business transacted
27-10-52	11	3 hours (10 A.M. to 1 P.M.)	Ministry of Rehabilitation—Examination of Accounts for 1949-50, and Audit Report, 1951.
28-10-52	11	3 hours 5 mts. (10 A.M. to 1-5 P.M.)	Ministry of External Affairs—do.
29-10-52	12	3 hours 5 mts. (10 A.M. to 1-5 P.M.)	(i) Ministry of Education—do. (ii) Ministry of N. R. & S. R.—Examination of Accounts for 1947-48 (post-partition), 1948-49 and 1949-50 (including State Trading Schemes) and Audit Reports thereon.
30-10-52	10	3 hours 30 mts. (10 A.M. to 1-30 P.M.)	(i) Ministry of Information and Broadcasting—Examination of Accounts for 1949-50 and Audit Report, 1951. (ii) Ministry of Health—Examination of Accounts for 1949-50 (including State Trading Schemes).
3-11-52 (1st meeting)	9	3 hours 30 mts. (10 A.M. to 1-30 P.M.)	(i) Ministry of Transport—Examination of the Accounts for 1949-50 and the Audit Report thereon (including State Trading Schemes). (ii) Ministry of Railways—Examination of the Accounts of the Railways in India for 1949-50 and the Audit Report, 1951.
3-11-52 (2nd meeting)	7	2 hours 15 mts. (3-45 P.M. to 6 P.M.)	do.
12-11-52	11	30 mts. (5-15 to 5-45 P.M.)	Examination of the question whether the Central Government Finance Accounts, 1946-47 and the Audit Report, 1948 should or should not be examined by the P.A. C.
6-2-53	10	2 hours (11 A.M. to 1 P.M.)	Consideration of the draft Report on the Appropriation Accounts (Railways) and (Posts & Telegraphs) for 1949-50 and Audit Reports thereon.
7-2-53	10	1 hour 45 mts. (11 A.M. to 12-45 P.M.)	do.
10-2-53	7	15 mts. (10-30 A.M. to 10-45 A.M.)	The Committee stood in silence for a minute as a mark of respect to the memory of the late Shri N. Gopalswamy Ayyangar, Minister for Defence and then adjourned.

Date	No. of Members including the Chairman attending the meeting	Duration	Business transacted
17-2-53	10	3 hours 15 mts. (10 A.M. to 1-15 P.M.)	(i) Further consideration of the Draft Report on the Appropriation Accounts (Railways) and (Posts & Telegraphs), 1949-50 and Audit Reports thereon. (ii) Consideration of the Report of the sub-Committee on the 'Import and Sale of Japanese Cloth'.
23-2-53	11	1 hour 5 mts. (11 A.M. to 12-5 P.M.)	Consideration of a Memorandum from the Chairman, Public Accounts Committee re : Association of Members of the Council of States with the Public Accounts Committee.
23-3-53	12	3 hours 30 mts. (3-30 to 7 P.M.)	Consideration of the Report of the sub-Committee on the 'Hirakud Dam Project'.
24-4-53	12	3 hours (3-30 to 6-30 P.M.)	Consideration of the Report of the Enquiry into the Purchase and Utilization of Agricultural Implements from Messrs Pashabhai Patel & Co. by Shri H. V. Divatia.
25-4-53	11	1 hour 30 mts. (3-30 to 5 P.M.)	do.
13-5-53	10	1 hour (3 to 4 P.M.)	Consideration of the Draft of the Seventh Report on the Appropriation Accounts (Civil), 1949-50 and unfinished Accounts (Civil), 1948-49.

NOTE.—(1) In addition to the above meetings, the Committee also held an *informal* meeting on the 1st September, 1952 lasting for 1 hour and 45 minutes.

(2) The individual attendance of Members at each Meeting of the Committee has been shown at the commencement of the Proceedings of the Meeting concerned.

APPENDIX XCII

Summary of the main Recommendations of the Seventh Report of the Public Accounts Committee on the Appropriation Accounts (Civil), 1949-50 and unfinished Accounts (Civil), 1948-49.

Serial No.	Paragraph	Ministry concerned	Recommendations.
1	2	3	4
1	14(b)	Finance All other Ministries	All spending authorities should be reminded of the principle which appears to have been overlooked in a number of cases, namely, that suitable steps should be taken to ensure that provision on account of stores or supplies indented is made correctly during the financial year concerned. In case, the supplies are not likely to mature during that year, steps should be taken to surrender the funds and the provision in that behalf should be made in the next year's budget estimates or revised estimates.
	15	All Ministries except Ministry of W. H. & S.	Each Ministry should organise a cell within their framework for exercising control over expenditure in accordance with the budgetary grants as well as for prompt and satisfactory disposal of audit objections and the implementation of the recommendations of the Public Accounts Committee.
3	16	External Affairs Finance	A Committee should be appointed to examine the adequacy of the existing budgetary and financial control exercised over the Indian Embassies and Missions abroad and to suggest measures to ensure better financial checks over expenditure incurred by them.
4	16	Do.	In order to make the control of the Financial Adviser attached to the Indian High Commissioner in London more effective over the financial transactions of the High Commissioner, he should be independent of the control of the High Commissioner and responsible to the Ministry of Finance in so far as tendering of financial advice is concerned and that the kinds of cases in which the concurrence of the Financial Adviser should be obligatory should be clearly defined in the rules.
5	19	Home Affairs All other Ministries.	The withdrawal of money in advance of requirements is an irregularity which may eventually lead to loss, if not to fraud.

6	20	Rehabilitation	•	The Ministry should undertake a review of the more important audit objections which revealed leakage of Government money and gross mismanagement on the part of the administrators of the various camps in consultation with the Accountant-General, Food, Rehabilitation & Supply and see whether they could fix responsibility on particular individuals and determine the action to be taken against them.
7	22	<u>Transport</u> <u>Finance</u> All other Ministries.	•	(i) In order to eradicate loss of public moneys as a result of embezzlement of revenue by Cashiers only those persons who can pledge adequate securities both in the form of cash and property should be entrusted with the duties of handling the cash. (ii) In accordance with the established procedure laid down in the Accounts and Financial Codes, the receipts should be remitted daily to the Bank immediately after these are collected. The higher authorities should carry out the verifications of all remittances of public moneys with a full sense of responsibility.
8	25	<u>Works, Housing & Supply</u> All other Ministries.	•	In order to prevent any loss of public moneys, Government should consider the expediency of black-listing such of the contractors who fail to refund the amount paid to them in excess and a list containing their names and addresses marked 'Secret' should be circularised to all the Ministries of the Government of India at frequent intervals.
9	26	<u>Works, Housing & Supply</u> All other Ministries.	•	The Government of India should enter into a reciprocal arrangement with the Pakistan Government under which all cases of frauds and irregularities committed by the Officers who were serving under the undivided Government of India should be reported to the respective Governments under whom they are employed at present.
10	27	<u>Finance</u> All other Ministries.	•	The financial effect of any relaxation of the specifications in a contract should be taken into account before it is agreed to; the contracts should be businesslike and the drawing Officers should exercise every possible care, vigilance and prudence before they commit the Government to any financial embarrassment. Any departure from rules of procedure should not be permitted at all as it paves the way for all kinds of evils and consequential losses, frauds, embezzlements, thefts, pilferages, bribery and corruption.
11	27	<u>Finance</u> All other Ministries.	•	The investigation of any loss must not be unduly protracted, as any element of procrastination is likely to assist the delinquents to manipulate the facts, to tamper the record, to concoct evidence and thus to escape punishment. This matter should receive the unremitting attention of all the administrative Departments of the Government of India.
12	28	Food & Agriculture	•	Government should consider the desirability of either handing over the entire Creamery at Anand to a private agency or to the Government of Bombay after the expiry of the present lease.

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13	29	Food & Agriculture	<p>(i) The Committee should be apprised of the principles governing the grant of loans for 'Grow More Food Schemes' to the States and the repayment thereof.</p> <p>(ii) The Government of India, while granting further loans to the States should make a correct appraisal of the situation in the light of the recommendations made in the Report of the Planning Commission towards the attainment of self-sufficiency in food.</p>
14	31	Ministry of Food and Agriculture.	Government should fix some target date by which such of the non-tractor parts as are not required for use in the Central Tractor Organisation should be disposed of as any delay in this direction is likely to result not only in the deterioration of the stores but also their forced sale at a much depreciated value.
15	32	Food & Agriculture All other Ministries	<p>(i) No Officer should, as a rule, make any purchases without first obtaining the approval of the competent authority. No purchase should be made in excess of the actual requirements.</p> <p>(ii) Government should take early decision on the findings contained in the Report of the Enquiry into the Purchase and Utilization of Agricultural implements from Messrs Pashabhai Patel & Co. by Shri H. V. Divatia.</p>
16	33	Food & Agriculture	Government should consider the desirability of examining reduction in idle time in the tractor units by proper planning for the working of the land reclamation schemes by means of mechanical ploughing, eliminating thereby considerable waste of expenditure.
17	34	Do.	An overall maximum limit of all categories of stores i. e., general stores, petrol, oil and lubricants etc. (not spare parts only) to be held by the Central Tractor Organisation at any one time should be fixed as required under the rules.
18	37	Home Affairs	<p>In order to ensure speedy disciplinary action being taken against officials who are found guilty of neglecting public interests or of dereliction of duty, the desirability of amending Article 311 of the Constitution should be considered with a view to securing a fair balance between the interests of the State and the individual public servant.</p> <p>A careful study may be made of the procedure and practice followed in this respect in other democratic countries.</p>

17	38	<u>Prime Minister's Secretariat</u> <u>Secretariat of the Military Secretary to the President.</u>	The scope of various 'Entertainment Funds' maintained by Government should be precisely defined with a view to obviate any ambiguity or overlapping in the expenditure incurred by Government <i>vis-a-vis</i> the Sumptuary Allowance paid to the individual Cabinet Ministers.
20	39	Cabinet Secretariat	The Central Statistical Organisation should submit to the Committee a resumé of the work done during the last year as also a copy each of the reports so far published by them.
21	40	Communications	Government should consider the desirability of making provision for inspection and audit of Accounts by the Comptroller and Auditor-General of India in the Articles of Association of the Indian Telephone Industries, Ltd., Bangalore, similar to that existing in the Industrial Finance Corporation (Amendment) Act, 1952.
22	42	<u>Health</u> <u>All other Ministries.</u>	The provisions of Rule 207(2) of the General Financial Rules, Vol. I, which lays down that 'only so much of the grant should be paid during any financial year as is likely to be expended during that year' should be strictly observed by all Ministries.
23	43	Communications.	The final decision arrived at by Government in regard to the refund by the International Civil Aviation Organisation of the excess amount paid by the Government of India on behalf of Pakistan Government as contribution for the period from 15th August, 1947 to 30th June, 1948, should be intimated.
24	44	Information & Broadcasting	Government should explore the avenues for charging the newspapers a certain amount of royalty, nominal or otherwise, for the publication of daily radio programmes. This aspect of the matter may also be considered by the Press Commission.
25	46	Information & Broadcasting.	The Ministry should examine the question of payment to news agencies on the basis of wordage supplied or used instead of on the basis of the number of radio licences, at the time of the next revision of the agreement with the agencies concerned.
26	50	Works, Housing & Supply	The Ministry should appoint a small Committee to enquire into the reasons for keeping excessive stocks of stationery and typewriters in the Central Stationery Office, Calcutta.
27	51	Transport	For the development of National Highways early action should be taken towards the enactment of legislation as envisaged in item 23 of the Seventh Schedule—List I of the Constitution.

1	2	3	4
28	52	Transport	<ul style="list-style-type: none"> (i) The Finances of the Delhi Transport Service should be put on a stable footing. (ii) The timely submission to Parliament of Audit Reports on the Accounts of the Delhi Road Transport Authority as required by sub-section (3) of Section 38 of the D.R.T.A. Act, 1950 should be impressed upon that Authority.
29	55	<u>Irrigation & Power.</u> Finance.	<ul style="list-style-type: none"> (i) When the Central Water and Power Commission undertakes in future, any investigation of river valley projects on behalf of the State Governments, they should, as a matter of rule, prepare preliminary estimates and have them administratively approved by the State Governments concerned before proceeding with the operations. (ii) The matter <i>re</i> : apportionment of expenditure on investigations incurred by the Central Government on behalf of the Madhya Pradesh Government should be pursued with that Government at a ministerial level and they should be asked to honour their liability.
30	56	Do.	<ul style="list-style-type: none"> The loans advanced to the Government of Punjab for the execution of the Bhakra-Nangal Project should be apportioned between the three participating States, <i>viz.</i>, Punjab, PEPSU and Rajasthan in consultation with the Bhakra Control Board who is in overall charge of the Project. Thereafter, the Government of India should take necessary action to adjust the proportionate amount of loan against the State Governments concerned in order to obviate any difficulty that might arise in future at the time of final allocation of the costs to them.
31	57	Finance	<ul style="list-style-type: none"> The Pakistan Government should be persuaded to pay the first two instalments of its partition debt to India amounting to Rs. 18 crores during the current financial year.
32	68	<u>Transport</u> All other Ministries.	<ul style="list-style-type: none"> In case a scheme of manufacture has to be undertaken on behalf of several indentors, the proper course would be for the Ministry concerned to evolve a suitable scheme for financing such a scheme including provision for recovery of advances from the parties concerned.
33	71	<u>Production</u> All other Ministries.	<ul style="list-style-type: none"> Whenever any statement is made before the Committee, it should be based on facts and figures.

34	72	Production	With a view to the speeding up of inter-departmental adjustments for coal supplied to the Government Departments, the Ministry should simplify the method of recovery in consultation with the Coal Commissioner and the Controller of Coal Accounts.
35	80	<u>Ministry of Finance</u> All Ministries.	(i) The element of interest on capital outlay and other overhead charges involved in the running of a particular scheme should be taken into account while calculating the amount of profit or loss accruing therefrom. (ii) No departure should be made from the commercial trading principles in the case of all trading operations undertaken by the State.
36	81	<u>Finance</u> All other Ministries.	To enable the Members of Parliament to properly appraise the financial working of any State enterprise and to judge the productivity of expenditure involved in it, the details of the provision of funds made in this respect as set forth in the Explanatory Memorandum on the Budget should invariably be accompanied by a statement of the financial results of the working of that enterprise for the previous year.
37	83	<u>Finance</u> <u>Irrigation & Power</u> <u>External Affairs</u> All other Ministries.	(i) The Ministry of Irrigation and Power should consider the desirability of the early introduction of the Administrative Audit system in the various multi-purpose river valley projects which are at present being executed under their control. (ii) In order to make the internal check over the Accounts of the Indian Missions abroad effective, the Ministry should appoint, as the Head of the Foreign Service Inspectorate, an Officer of the Foreign Service who may be fully conversant with the technique of administration and also have financial outlook. (iii) All other Ministries who are charged with the huge spending of public monies should also consider the early introduction of the Administrative Audit system.
38	85	Education.	A note stating the reasons for placing the Visva-Bharati University on a different footing as compared to the two other Central Universities <i>viz.</i> Banaras Hindu University and Aligarh Muslim University in regard to audit of its Accounts should be submitted.
39	86	Natural Resources and Scientific Research.	(i) The Accounts of the Council of Scientific and Industrial Research which are at present being audited on a 'consent basis' only should be audited by the Comptroller and Auditor-General of India on a statutory basis. (ii) The audited Accounts of the Council along with the Audit Report should be placed on the Table of the House along with the Annual Accounts of the Government of India.

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39	86	Natural Resources and Scientific Research.	<p>(i) The Accounts of the Council of Scientific and Industrial Research which are at present being audited on a 'consent basis' only should be audited by the Comptroller and Auditor-General of India on a statutory basis.</p> <p>(ii) The audited Accounts of the Council along with the Audit Report should be placed on the Table of the House along with the Annual Accounts of the Government of India.</p>

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