P. A. C. No. 353

PUBLIC ACCOUNTS COMMITTEE
(1972-73)

(FIFTH LOK SABHA)

SIXTIETH REPORT

[Action taken by Government on the Recommendations of the Public Accounts Committee contained in their 28th Report (Fifth Lok Sabha) on Audit Report (Civil), 1970 relating to the Ministry of Foreign Trade and Department of Agriculture.]

LOK SABHA SECRETARIAT
NEW DELHI

November, 1972/Kartika, 1894 (Saka)
Price : Rs. 2.80 Paisa

LIST OF AUTHORISED AGENTS FOR THE SALE OF LOK SABHA SECRETARIAT PUBLICATIONS

Sl. No.	Name of Agent	Agency No.
	ANDHRA PRADESH	
1.	Andhra University General Cooperative Stores Ltd., Waltair (Visakhapatnam)	8
2.	G.R. Lakshmipathy Chetty and Sons, General Merchants and News Agents, Newpet, Chandragiri, Chittoor District.	94
	ASSAM	
3.	Western Book Depot, Pan Bazar, Gauhati.	7
	BIHAR	
4.	Amar Kitab Ghar, Post Box 78, Diagonal Road, Jamshedpur.	37
	GUJARAT	
5.	Vijay Stores, Station Road, Anand.	35
6.	The New Order Book Company, Eillis Bridge, Ahmedabad-6.	63
	HARYANA	
7	M/s. Prabhu Book Service, Nai Subzimandi, Gurgaon, (Haryana).	14
	MADHYA PRADESH	
8.	Modern Book House, Shiv Vilas Palace, Indore City.	13
	MAHARASHTRA	
9.	M/s Sunderdas Gianchand, 601, Girgaum Road, Near Princess Street, Bombay-2.	6
10.	The International Book House (Private) Limited, 9, Ash Lane, Mahatma Gandhi Road, Bombay-1.	22
11.	The International Book Service, Deccan Gymkhana, Poona-4.	26
12.	Charles Lambert & Company, 101, Mahatma Gandhi Road, Opposite Clock Tower, Fort, Bombay.	30
13.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1.	60
14.	Deccan Book Stall, Ferguson College Road, Poona-4.	65
15.	M/s. Usha Book Depot, 585/A, Chira Bazar, Khan House, Girigaum Road, Bombay-2 B.R.	5
	MYSORE	
16.	M/s. Peoples Book House, Opp. Jaganmohan Palace, Mysore-1.	16
	RAJASTHAN	
17.	Information Centre, Government of Rajasthan, Tripolia, Jaipur City.	38
	UTTAR PRADESH	
18.	Swastik Industrial Works, 59, Holi Street, Meerut City.	2
19.	Law Book Company, Sardar Patel Marg, Allahabad-1.	48
	WEST BENGAL	
20	Granthaloka, 5/1, Ambica Mookherjee Road, Belgharia, 24 Parganas.	10
21.	W. Newman & Company Ltd., 3, Old Court House Street, Calcutta.	44
22.	Firma K.L. Mukhopadhyay, 6/1A, Banchharam Akrur Lane, Calcutta-12.	82
23.	M/s. Mukherji Book House, 8-B, Duff Lane, Calcutta-6	4

CONTENTS

CORRIGENDA TO THE SIXTIETH REPORT OF THE PUBLIC ACCOUNTS COMMITTEE (1972-73) PRESENTED TO THE LOK SABHA ON 22.12.1972.

Page	Para	Line	For	Read
15	-	16	adivice	advice
77	-	18	P_2 (	P_2O_5
96	-	5	schheme	scheme
		7	constiuted	constituted
128		22	pad	paid

CONTENTS

2541 LS-72—1.

PUBLIC ACCOUNTS COMMITTEE

(1972-73)

CHAIRMAN

Shri Era Sezhiyan

MEMBERS

2. Shri Bhagwat Jha Azad
3. Shri R. V. Bade
4. Shrimati Mukul Banerji
5. Shri Jyotirmoy Bosu
6. Shri K. G. Deshmukh
7. Shri Tayyab Husain
8. Shri Debendra Nath Mahata
9. Shri Mohammad Yusuf
10. Shri B. S. Murthy
11. Shri S. A. Muruganantham
12. Shri Ramsahai Pandey
13. Shri H. M. Patel
14. Shrimati Savitri Shyam
15. Shri Ram Chandra Vikal
16. Shri M. Anandam
17. Shri Golap Barbora
18. Shri Bipinpal Das
19. Shri P. S. Patil
20. Shri Kalyan Roy
21. Shri Swaisingh Sisodia
22. Shri Shyam Lal Yadav

SECRETARIAT

Shri B. B. Tewari—*Deputy Secretary.*

Shri T. R. Krishnamachari—*Under Secretary.*

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Sixtieth Report on action taken by Government on the recommendations of the Committee contained in their 28th Report (Fifth Lok Sabha) relating to the Ministry of Foreign Trade and Deptt. of Agriculture.

2. On the 6th June, 1972 an 'Action Taken' Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with the following Members:

1. Shri B. S. Murthy—*Convener*

2. Shri Ramsahai Pandey 3. Shrimati Savitri Shyam 4. Shri H. M. Patel 5. Shri Shyam Lal Yadav 6. Shri Bhagwat Jha Azad 7. Shri M. Anandam	*Members*

3. The Action Taken Sub-Committee of the Public Accounts Committee (1972-73) considered and adopted this Report at their sitting held on the 24th November, 1972. The Report was finally adopted by the Public Accounts Committee on the 11th December, 1972.

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

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

NEW DELHI;
December 14, 1972.
Agrahayana 23, 1894 (*S*).

ERA SEZHIYAN,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

1.1. The Report of the Committee deals with action taken by Government on the recommendations contained in their 28th Report (Fifth Lok Sabha) relating to the Ministry of Foreign Trade and Department of Agriculture which was presented to the House on the 12th August, 1971.

1.2. Action taken notes have been received in respect of all the 39 recommendations contained in the Report.

1.3. Action taken notes/statements on the recommendations of the Committee contained in this Report have been categorised under the following heads:—

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

S. Nos: 1—5, 8, 10, 11, 15—18, 20—29, 32, 33 and 36—38.

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

S. Nos. 12, 14, 34 and 35.

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

S. Nos. 9, 19 and 31.

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

S. Nos. 6, 7, 13, 30 and 39.

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

The Committee will now deal with action taken notes on some of the recommendations.

Sick textile mills—paragraph 1.1—1.34

1.5. The Committee had dealt with the problems of sick textile mills in paragraph 1.1—1.34 of their 28th Report (Fifth Lok Sabha)

Report. While commenting on the continued losses incurred by sick textile mills which had been taken over by authorised controllers approved by Government, the Committee in paragraph 1.36 (S. No. 2) observed:

"Management of 28 mills which were closed or on the verge of closure had been vested in authorised controllers appointed by Government under the Industries (Development and Regulation) Act, 1951. The accumulated losses of these mills which were Rs. 1607 lakhs prior to take over by the authorised controllers increased to Rs. 2636 lakhs subsequently. The Committee desire that reasons for the continued losses should be gone into thoroughly and urgent steps taken to liquidate or reconstruct the mills. The Committee were, however, given to understand that orders have been passed for reconstruction under Sub-section 2 of Section 4 of the Cotton Textile Companies (Management of Undertakings and Liquidation or Reconstruction) Act, 1967 in respect of 4 mills and for liquidation under Sub-section 1 of Section 4 of the Act in respect of two mills."

1.6. The Ministry of Foreign Trade, in their reply dated the 25th September, 1972, have stated:

"The studies made by the National Textile Corporation of the working of the mills, the management of which has been taken over by Government under the Industries (Development and Regulation) Act, have revealed that the losses in these mills are attributable mainly to the following factors:

(i) The machineries and equipment in these mills have been very old and out-moded;

(ii) Inability to undertake the optimum profitability production programme due to a back log of physical contraints;

(iii) Deficiency in technical expertise owing to flight of personnel at the time of closure of mills and unwillingness of good people to come to sick units;

(iv) The prices of cotton which constitute 50 per cent of the cost of production of cloth has been generally high in these years;

(v) Drain on mill's resources has been caused by the surplus and disabled workers; and

(vi) The mills were generally in a bad state financially, technically and from the management point of view when their management was taken over by Government.

2. In order to overcome the difficulties in these mills and to improve the working of the mill, the following steps have been taken:—

(a) Cotton accounts for about 50 per cent of the cost of production of cloth. It throws a considerable strain on mills' ways and means position. To assist the mills in this regard, the NTC operates a scheme for the purchase and supply of cotton on a no profit no loss basis. During the last 3 years *viz.* (1969-70 to 1971-72 up to December, 1971) of the operation of the scheme, about 2 lakhs bales of cotton valued at about Rs. 20 crores have been purchased and supplied to the mills.

(b) Under the past management, generally there has been lack of modernisation and renovation of machinery and also lack of its proper up-keep. The NTC has started moving fast to modernise renovate the machinery in these mills with a view to improve their profitability. The NTC has so far drawn up modernisation programmes in respect of 27 mills at the total cost of Rs. 12.50, crores. Order for machinery worth Rs. 211 crores have already been placed and order to the extent of Rs. 1.3 crores are under finalisation.

(c) The mills generally suffer on account of the existence of the surplus and unproductive labour. The NTC has, therefore, evolved a scheme for the rationalisation of labour without tears. Under the scheme superannuated and disabled workers are dispensed with the agreement of the concerned labour unions and after payment of retrenchment and gratuity compensation. Vacancies caused by such retrenchment are not filled. Thus the mills are helped to achieve savings in their wage bill.

(d) The financial, technical and managerial staff in the mills have been strengthened to improve their efficiency. Each of the mills is now headed by a Chief

Executive Officer or a Controller. In order to ensure that there is proper control over the finances of these mills, Financial Adviser and Chief Accounts Officer are being appointed wherever they do not exist in the mills.

(e) Having regard to the acute paucity of qualified personnels and also the long term requirements of the mills/Corporations, a scheme for building up cadre of Technical, Financial, Costing, Accountancy and Managerial Officers has been launched.

(f) Teams consisting of Technical, and Finance Officers of the Corporation pay visits to these mills off and on and make suggestions wherever necessary for improving their working and efficiency.

(g) The NTC have recently set up performance-*cum*-apprisal teams to undertake periodical appraisal and review of the working of the mills under Government management on a regular basis.

(h) When the management of the above mentioned 23 mills were taken over by Government, all of them were in the red. (The management of one of the mills has been returned back to its owner as the Government of Maharashtra has purchased majority of shares in that mill.) However, due to the above mentioned steps taken by the Authorised Controller as well as the NTC 15 mills (Appendix) out of these 22 mills have shown profit according to the latest monthly reports available from them. It is expected that after implementing the full modernisation programme, other factors remaining the same, the remaining mills are also likely to be out of the red in the near future.

(i) Out of the 22 mills mentioned above, the NTC has examined so far the long term future of the 12 mills under the CTC Act, 1967, which has since been repealed and the provisions of which have been incorporated in the Industries (Development and Regulation) Act, 1951. The Corporation have recommended 10 mills for reconstruction and 2 mills for liquidation. Government have so far issued orders for reconstruction in respect of 5 mills companies and for liquidation in respect of 2 mill companies. The cases of remaining 5 mills are at an advanced stage of consideration of Government.

(j) Reports of Authorised Controllers have been received in case of 4 mills which are being examined. The remaining mills have already been asked to submit their report regarding the long term future of these mills under the above mentioned Act."

1.7. The Committee note that out of the sick textile mills (23 minus one mill since returned to its owner) referred to in their Twenty Eighth Report the examination of 12 mills have been conducted by the National Textile Corporation and that Government have taken action on their recommendations in respect of 7 mills. The cases of the remaining 5 mills are at an advanced stage of consideration. Further, reports of Authorised Controllers in respect of 4 more mills are being examined. The Committee find that decision has been taken to reconstruct only one mill during more than one year after the presentation of their 28th Report. They do not appreciate the slow progress in the matter. They would urge that action in respect of the remaining mills on the lines suggested earlier, should be taken without further loss of time and reported to them.

1.8. Stressing the need for modernising the mills and reorienting the production pattern of the mills, the Committee made the following observations in paragraph 1.37 (S. No. 3):

"In respect of textile mills which have been taken over by Government, the Committee would like Government to put this opportunity to effective use by modernising the mills taking into account the trends of consumer requirements within the country and the export market. They would also like Government to see how far the production in these textile mills could be sustained and stepped up to meet requirements for common varieties of cloth which are in demand by the public. It should in particular, be ensured that the textile mills produce the cloth at most competitive rates so as to hold the price line."

1.9. In their reply dated the 9th February, 1972, the Ministry of Foreign Trade have stated:

"The recommendation has been noted for compliance."

1.10. The Committee had suggested that while modernising the mills, Government should take into account the trends of consumer requirements within the country and the export market. They had

also suggested that Government should see how far the production in the mills taken over could be sustained and stepped up to meet the requirements of common varieties of cloth which were in demand by the public and that it should be ensured that the cloth was produced at competitive rates so as to hold the price line. These suggestions have been noted by the Ministry. The Committee would like to know whether any specific assessments were made and concrete steps contemplated in pursuance thereof.

1.11. The Committee, in paragraph 1.41 (S. No. 7) referred to the non-availability of expert financial assistance to the mills taken over, and to the necessity of setting up Textile Corporations in all the States. In this connection they observed:

> "From the particular of authorised controllers of all the 23 mills taken over intimated by the Ministry, the Committee find that while 13 mills are managed by the respective State Textile Corporations the remaining are under Authorised Controllers appointed for individual mills. The Authorised Controllers are not all experts in the field. Further in a number of cases expert financial assistance is not available to them and the question of constitution of Advisory Board is under consideration. In this connection the Committee wish to observe that the States which at present do not have Textile Corporations of their own should be urged to set up one so that rehabilitation and management of the mills taken over could be done jointly by the State and the Centre. They would also like Government to ensure that the assistance of an expert in finance, accounts and audit is available to the management of each mill."

1.12. The Ministry, in their reply dated the 15th January, 1972, have state:

> "State Textile Corporations have already been set up in Gujarat, Madhya Pradesh, Maharashtra, Madras and Uttar Pradesh. The Governments of Andhra Pradesh, Kerala, Mysore, and Rajasthan have been addressed again on the 20th October, 1971, urging upon them the desirability of setting up State Textile Corporations. The Government of West Bengal found it difficult to set up a State Textile Corporation mainly due to lack of necessary financial resources. The problem of closed and sick

textile mills in this State is, however, being tackled by the Industrial Reconstruction Corporation of India. The remaining States have only a few cotton textile mills each and, as such, it is felt that it is not necessary for them to set up separate State Textile Corporations of their own. If any cotton textile mills closes down in these States and it is felt necessary that the management of that mill should be taken over by Government, under the Industries (Development and Regulation) Act, the National Textile Corporation could be appointed as the Authorised Controller and the financial liability involved shared between the National Textile Corporation and the State Government concerned.

2. As regards experts in finance, acounts and audit for mills under authorised Controllers, all the Authorised Controllers have been advised to take necessary action immediately to appoint whole time Financial Advisers and Chief Accounts Officers for their mills in consultation with the National Textile Corporation. The Public Accounts Committee will be apprised of further development in this regard in due course."

1.13. The Committee observe that all the Authorised Controllers have been advised to take necessary action in consultation with the National Textile Corporation to appoint whole time financial advisers and Chief Accounts Officers immediately. The action taken by the Authorised Controllers in this regard may be intimated to the Committee early.

1.14. The Committee may also be informed of the progress made by the Governments of Andhra Pradesh, Kerala, Mysore and Rajasthan in setting up their own textile corporations.

1.15. As regards the desirability of empowering the Comptroller and Auditor General of India to audit the accounts of the mills, the Committee, in paragraph 1.43 (S. No. 9) made the following observations:

"The Committee find that while the National Textile Corporation is within the purview of audit of the Comptroller and Auditor General, the mills which received substantial financial assistance in the form of loans and guarantees from Central and State Governments|Corporation are not. As this is not a satisfactory arrangement, the Committee feel that the Comptroller and Auditor General should be empowered or requested on a consent basis by incorporating suitable provisions in the relevant agreements to audit the accounts of such mills. As it is already under consideration, the Committee would like Government to settle the matter early in consultation with the State Governments."

1.16. The Ministry of Foreign Trade, in their reply dated the 9th February, 1972, have stated:

"The question of audit by the Comptroller and Auditor General of India of the Accounts of the Cotton Textile Mills under Government management, to whom financial assistance is given by the Central Government|National Textile Corporation has been examined in consultation with the concerned State Governments, State Textile Corporations and the National Textile Corporation, and, taking into consideration all the pros and cons of the matter it is considered that it would not be feasible to accept the suggestion for subjecting the accounts of the mill company to audit by the Comptroller and Auditor General, especially due to the following reasons:—

(i) The accounts of the mills under Authorised Controllers are audited by the Statutory Auditors who are qualified Chartered Accountants well equipped with knowledge about accounts etc. Their appointments are made in the Annual General Meetings of the concerned companies with the approval of the share-holders.

(ii) If Government auditors are appointed, in addition to the auditors appointed by the shareholders of the companies, it would lead to duplication of audit work, creating confusion in audit notes and would delay submission of audited accounts to shareholders which have to be submitted within a prescribed period under the Companies Act.

(iii) The mill company would be burdened with additional expenditure of audit apart from the difficulties in reconciling the discrepancies that may be pointed out by the two audit agencies.

(iv) Each mill placed under the Authorised Controller is a body corporate under the Companies Act and has independent audit arrangement, under the law.

However, it is proposed to create review-cum-appraisal teams in the National Textile Corporation to look into the performance of the mills in question periodically not only on the technical side, etc., but in their financial aspects also and, for this purpose, the National Textile Corporation proposes to strengthen its staff by suitably qualified persons.

The Committee are unable to agree with the Ministry that it is not feasible to accept the suggestion of empowering the Comptroller and Auditor General of India to audit the accounts of the mills. The argument that it would mean duplication of audit work conducted by the Chartered Accountants and additional expenditure of audit is unacceptable. The Committee, therefore, wish to reiterate that in view of the large financial stake of Government in these mills, the Comptroller and Auditor General of India, who is an independent authority, should be empowered to conduct a supplementary or test audit so that Parliament and the Legislatures may be made aware of the working of the mills through his Reports. The matter is of sufficient importance to merit an early action. The Committee may be informed of the action taken in this regard.

Purchase of Pathini Tea Estate by Government—paragraphs 1.44—1.57:

1.18, The Committee had commented on the purchase and management of the Pathini Tea Estate in paragraphs 1.44 to 1.57 of their Report. Commenting on the unsatisfactory features of the agreement entered into with the agent of the previous owners for the management of the Pathini Tea Estate, the Committee, in paragraph 1.58 (S. No. 10) observed:

> "The Committee, note that the intention of Government in purchasing the Pathini Tea Estate was to run it as a paying concern and also to obtain control of an area of strategic importance. The estate was, however, continued to be managed by the agents of the previous owners. The continuance of the agents on an annual basis and relating the commission payable to them to gross proceeds of tea crops, which were admittedly unsatisfactory features of the agreement, acted as a disincentive to take up replantation and new plantation. Only in November, 1969, attempts were made to lease out the estate on a long term basis. The Committee were not given any specific reasons for the delay of over three years in taking this step. They would like to know why the lacunae in the agreement could not be noticed and reme-

dial steps taken earlier. They would also like to know the progress made in handing over the estate to the proposed National Tea Company or to lease it out on long term basis."

1.19. The Ministry, in their reply dated the 24th February, 1972, have stated:

"The main reason for purchasing the Pathini Tea Estate was because of its strategic importance and in the interest of national security. Government took it over on 1-2-1966. In order to avoid disruption of production then agents of the previous owners against whom there was no adverse report, were allowed to continue to manage the Estate for a period of one year initially. This was extended on a year to year basis.

The first agreement with the firm for managing the Tea Estate could be finalised only towards the close of 1966 and was executed in January, 1967. At the time of extending the lease of the Tea Estate for a period upto 31st December, 1967, the proposal to lease it out on a long term basis was mooted. The details of long term lease such as 3 to 5 years as well as other satisfactory alternative arrangements were considered extensively in consultation with the Tea Board, Ministry of Finance and Ministry of Law. In November, 1969, tenders could be invited for leasing out the estate on a long term basis (20 years). In all 12 tenders were received. The offers ranged from Rs. 35,000 to Rs. 200,000. The response was poor. Government were, however, unable to make a selection because none of the tendering firms was considered suitable for the job. It was, therefore, decided that the existing arrangements might continue till the National Tea Co. consider the matter after it has been set up. The conditions of the agreement have been revised suitably, effective from 1st January, 1971. The revised terms are indicated below:

(i) A Commission at 1% of the gross sale proceeds of the crop as against 1½% fixed earlier.

(ii) A commission at 10% of the nett profits as determined under Section 349 of the Companies Act, 1956 as against 2% fixed earlier.

The lease deed with revised conditions has been executed. The revised terms are executed to give incentive to the managing agents and the working of the garden is likely to improve.

It has been decided to set up a Tea Corporation in the public sector and its objectives include the management of any tea estate which Government may desire to take over. The Corporation will be asked to consider taking over this estate for management as soon as it is feasible."

1.20. The Committee observe that Government have not as yet succeeded in leasing out the Pathini Tea Estate on a long term basis. They, however, note that the agreement entered into with the Agents of the previous owners for the management of the Estate has since been revised in order to give an incentive to the agent to show net profit. The existing arrangement which is continued on a year to year basis does not provide incentive necessary to take-up re-plantation and new plantation. The Committee, therefore, wish to emphasise that the management of the Estate should be taken over by the proposed Tea Corporation early.

1.21. Referring to the delay in taking necessary action on the illegal occupation of a part of the Estate by a foreign government since 1962-63, the Committee, in paragraph 1.72 (S. No. 13) made the following observation:

> "The Committee further note that an area of 144.82 acres is occupied by a foreign Government since 1962-63. The garden manager of the Estate appeared to have reported the encroachments in writing to the Government of Assam only in May, 1967. The Committee are distressed to note the serious lapse on the part of Government in having overlooked the illegal occupation of a part of the estate by a foreign power which remained undetected for a long time and for which no effective steps seem to have been taken for recovery. The Committee would like to be apprised of the action and the result thereof."

1.22. In their reply dated the 24th February, 1972, the Ministry of Foreign Trade stated that a reply will follow.

1.23. The Committee had taken serious notice of the lapse on the part of Government in having overlooked the illegal occupation of a part of the Estate by a foreign power since 1962-63 which came to light only in 1967 a year after the purchase of the Estate and in not taking effective steps for its recovery. In their note the Minis-

try of Foreign Trade have stated that a reply will follow. This can scarcely be considered as satisfactory; indeed to put it mildly it indicates indifference. The Committee would impress upon the Ministries of Foreign Trade and External Affairs the necessity to expeditiously intimate their explanation as also the action taken in the matter.

Premature payment of Grant—paragraphs 1.118—1.134

1.24. The Committee examined the question of payment of grant to Indian Jute Industries Research Association, Calcutta for setting up of a fibre conversion and product development unit as a part of its research activities. Referring to the absence of any condition stipulating a time limit for the utilisation of the grant, the Committee, in paragraph 1.136 (S. No. 21) observed:

"The Committee note that no specific time limit within which the grant should be utilised, was laid down by Government. The Committee would like Government to learn a lesson from this instance and ensure that a scheme from a private organisation seeking financial assistance from Government should be regulated by a realistic and well defined time-schedule for completion of the project and Government authorities concerned should satisfy themselves with due expedition about the actual progress made before releasing the funds.

The Committee would like to be informed of action taken and detailed instructions issued in this behalf in consultation with the Ministry of Finance."

1.25. The Ministry of Foreign Trade, in their reply dated the 5th February, 1972, have stated:

"According to Rules 149(1) (a) and 149(2) of the General Financial Rules, only so much of the grant should be paid during any financial year as is likely to be spent in that year and in the case of non-recurring grants for specific objects, the order sanctioning the grant should also specify the time-limit within which the grant or each instalment of it is to be spent. The existing provisions therefore are considered adequate.

Departmental instructions have, however, been issued to all concerned (Annexure I to the note) within the Ministry of Foreign Trade to keep in view the observations of the

Public Accounts Committee and the relevant provisions of the G.F.R. before releasing grants-in-aid."

1.26. From the reply of the Ministry, the Committee note that rules regarding stipulation of time limit for utilisation of grants, existed even earlier. The Committee deem it necessary that action should be taken for the omission to follow the rules in not laying down specific time limit within which the grant given to the Indian Jute Industries Research Association, Calcutta, should have been utilised.

Promotional efforts for the consumption of fertilizers—paragraphs 2.17 and 2.18 (S. Nos. 22 and 23).

1.27. Stressing the need for promotional efforts to reach the targetted level of consumption of fertilisers by the end of Fourth Plan, the Committee made the following observations:—

"2.17. It is recognised fact that a significant increase in fertiliser consumption is a critical element in the agricultural strategy. Although the consumption of fertilisers has registered a substantial increase in the recent years, it has fallen considerably short of the targets. During the years 1966-67, 1967-68, 1968-99 and 1969-70 against the targets of 15.70 lakh tonnes, 21.90 lakh tonnes, 30.06 lakh tonnes and 29.75 lakh tonnes the actual consumption was 11.01 lakh tonnes (17 per cent), 16.85 lakh tonnes (76 per cent), 17.60 lakh tonnes (58 per cent) and 20.09 lakh tonnes (67 per cent) respectively. The continued shortfall in consumption leads the Committee to the conclusion that the fertiliser promotion efforts of the Government are not effective enough. The Committee hope every effort will be made to reach the desirable level of annual consumption by the end of the Fourth Plan so that the loss of Nutrients from the soil may be adequately compensated."

"2.18. The Committee note that Government propose to set up a Fertiliser Promotion Council to undertake demonstration of fertilisers and to bring about a large amount of coordination in the use of fertilisers. They hope that the Council will be set up early and it will enlist earnest cooperation and active participation of the States to achieve the targets of consumption during the Fourth Plan period."

1.28. The Department of Agriculture, in their letter dated the 25th February, 1972, have stated:

"2.17. The growth rate of fertiliser consumption from 1966-67 to 1970-71 may be seen from the following table:

Year	Consumption (in lakh tonnes)				Rate of growth over preceding year			
	N	P_2O_5	K_2O	($N+P_2O_5+K_2O$)	N	P_2O_5	K_2O	($N+P_2O_5+K_2O$)
1966-67	3·38	2·49	1·14		28	89	48	40
1967-68	10·35	4·46	2·03		40	79	49	53
1968-69	12·08	3·82	1·70		17	(—)14	..	4
1969-70	13·98	4·35	1·76		16	14	4	14
1970-71	14·86	4·61	2·28		6	6	29	8

From the above table it may be seen that there has been an increase in the fertiliser nutrient ($N+P_2O_5+K_2O$) consumption in every year. However, there has been maximum growth rate in 1966-67 and 1967-68 and it has slowed down subsequently. This could be due to the following reasons:—

1. Maximum growth rate observed in 1966-67 and 1967-68 could be attributed to the break-through in the adoption of cultivation of high yielding varieties of wheat in the maximum area during this period and subsequently there was a marginal increase in area under high yielding varieties of wheat.

2. There was no outstanding break through in the adoption of high yielding paddy varieties with the result that the expected targets could not be achieved.

3. As stated earlier, after every year there is an increase in the fertiliser consumption with the result there is a larger base reached year after year, consequently the present growth rate decelerates.

At present, the Indian Council of Agriculture Research are laying out National Demonstrations in 75 districts at the rate of 15 demonstrations in each district. The aim of these demonstrations is to show maximum production potential per unit area in per unit time by following package of practices including the optimum and balanced use of fertilizers. The fertiliser schedules in these in these demonstrations are to be based on soil test recommendations. Besides this, the State Government and the Fertiliser Manufacturers are also carrying out promotional programmes including demonstrations, free soil testing and audio-visual programmes.

Another important medium for promoting the fertiliser use is the Farmers' training programme. The farmers' training programme revolves around the National Demonstrations and while discussing the package of practices for high yielding varieties programme, due stress is laid on the application of recommended doses of P&K fertilisers. Farmers are trained through peripatetic teams also.

Government have also under active consideration a scheme for massive promotional programme in about 70 districts through intensive soil testing field demonstrations, farmer and dealer training, audio-visual publicity and linking of credit, supplies and technical adivice".

"2.18. The Ministry of Agriculture has drawn up a centrally sponsored Fertiliser Promotion Programmee costing Rs. 3.0 crore during the remaining period of the Fourth Five Plan. This has already been approved by the Planning Commission. Concurrence of Finance to the scheme is, however, awaited. The programme will be implemented in 35 districts in 1972-73 and 35 districts in 1973-74 on an intensive basis. It is based on 10 point programme which are as follows:

(i) Massive demonstration programme in selected districts on a package approach in collaboration with the other demonstration programmes organised by the States/ Manufacturers etc. in respect of specific commodities like cotton, oilseeds, jute etc.

(ii) Training of V.L.Ws, Coop. Salesmen, Extension officers and other officers in proper fertiliser use and management so that they can assist the farmers on the efficient use of fertilisers.

(iii) Training of farmers including farm women in proper use and management of fertiliser in selected potential districts.

(iv) Dissemination of information material on the use of fertilisers through personal contact, group discussions and mass communication media such as film, radio and television.

(v) Organisation of fertiliser festivals in the **potential districts**.

(vi) Strengthening of the existing soil testing **laboratories** in the districts, setting up of new ones and **provision** of mobile soil testing laboratories and also **strengthening** the quality control measures at the Centre and in the States.

(vii) Increase cooperative credit facilities to farmers for fertiliser use.

(viii) Credit to be given in kind as fertilisers as far as possible.

(ix) More selling points to be opened in each block.

(x) Linking of Commercial Bank Credit Programme with fertiliser on an area basis.

The Programme will be implemented through the State Governments. The Ministry also through this programme will coordinate the Fertiliser Promotion Programmes with all the other agencies including fertiliser industry in use of balanced fertilisers."

1.29. The Committee had already taken note of the fact that there has been a steady increase in the fertilisers consumption year after year which however fell far short of the targets fixed. From the reply of the Ministry it is seen that the consumption during 1970-71 was only to the extent of 21.45 lakh tonnes as against the target of 31.30 lakh tonnes. At this rate it appears to be almost an impossible task to achieve the target of consumption of 55 lakh tonnes at the end of Fourth Plan period. The Committee would like to be informed of the level of consumption in 1971-72. They desire that Government should critically examine all aspects of the problem so as to take concerted steps to step up substantially the consumption in the remaining years of the Fourth Plan period. They also desire that the targets for consumption of fertilisers should be fixed realistically.

1.30. In this context, the present position of the implementation of fertilisers promotion programme may also be intimated.

Distribution of fertilisers—paragraphs 2.49—2.61

1.31. Expressing concern over the malpractices in the reimbursement of charges for transport of fertilisers by road disclosed by the Public Accounts Committee of Andhra Pradesh, the Committee, in paragraph 2.62 (S. No. 30), observed:

"The Committee feels greatly concerned over the malpractices disclosed in the Third Report (1969-70) of the Public

Accounts Committee of Andhra Pradesh regarding the claims of charges for transportation of fertilisers by road which are ultimately reimbursed by the Government of India. The charges for movement of fertilisers from various ports/factories to the points of distribution/consumption in the Andhra State paid initially by the State Government to the District Cooperative Marketing Societies and private firms during the 3 years ending 1968-69 amounted to Rs. 3.77 crores. But the check exercised on the claims is not uniform and fool proof. Payment of transport charges was made without the transport really having been made. The Committee on Public Accounts of Andhra Pradesh have recommended that the Central Government should 'make a thorough probe into the whole question in detail without any loss of time by entrusting it to the C.B.I.' The Committee would like to know the action taken in the matter."

1.32. The Department of Agriculture, in their reply dated the 25th February, 1972, have stated:

"The Public Accounts Committee of Andhra Pradesh Legislature for 1969-70 had noticed that bogus road transportation claims had been prepared by District Cooperative Marketing Societies, private dealers etc. The matter had been a subject of discussion in the both Houses of Parliament. After consulting the State Government it was decided to entrust the investigation to the Central Bureau of Investigation. On 23-6-1970 a formal complaint was filed by the Ministry of Agriculture. The matter has since been under investigation.

2. The preliminary scrutiny and selection of cases by the C.B.I. showed that the total number of road transportation claims received during the period 1966-67 was about 3,000. After scrutiny of the records, the C.B.I. decided to take up for investigation in the first instance, only paid road transportation claims tendered by private traders and parties. As the verification of the large number of transportation claims was time-consuming and would take several months, the C.B.I. decided to take up the cases of some selected suspect firms for intensive and concentrated investigation in the first instance. The C.B.I. has since completed investigation into 33 paid road transportation claims tendered by 7 firms of Cuddappah and Hyderabad and these claims have been found to be false either

partially or in entirety. Appropriate legal action is proposed to be taken against the parties concerned.

3. Further investigations are being conducted into similar paid claims tendered by other firms."

1.33. The Committee note that, in pursuance of their recommendation, the C.B.I. have been entrusted to investigate the bogus road transportation claims preferred by parties in Andhra Pradesh and that the investigations are in progress. The Committee desire that the probe should be expedited and its outcome as well as the action taken thereon be intimated to them early.

1.34. Stressing the desirability of thoroughly investigating the allegation that some of the people accused of defrauding Government were getting direct allotment from the Central Government the Committee in paragraph 2.63 (S. No. 31) made the following observations:

"The Committee would also like Government to thoroughly investigate the allegation that some of the people accused of defrauding Government were getting direct allotment of fertilisers from the Central Government. The Committee would like to know if there was any *mala fide* intention behind such allotments and the action taken against all those found responsible for indulging in malpractices."

1.35. The Department of Agriculture, in their reply dated the 25th February, 1972, have stated:

"Prior to November, 1969, supply of fertilisers from the Central Fertiliser Pool was made only against allotments issued by the Government of India to the State Governments, manufacturers for market development programme, Commodity Boards etc., and no direct allotments were made to private distributors. Further, no supplies of even uncommitted stocks with the supplying units to private distributors or others without allotment from the Ministry were allowed. The State Governments, in turn, used to issue despatch instructions and on receipt of those, the supplying units of the Pool, mainly, the Food Corporation of India at the ports, used to despatch the material to the consignees like the Cooperative Societies or in certain States like West Bengal to private distributors as indicated by the State Governments.

During the latter part of 1969, due to failure of the State Governments etc. to take delivery of fertilisers indented by them, (which, in turn, was due largely to drought conditions and other reasons etc.) stocks of imported fertilisers accumulated with the Central Fertilisers Pool. There was, no account of this, heavy expenditure on storage, double handling, movement etc. and Government capital was also blocked up. It became essential to liquidate these stocks in the interest of the Government. It was, therefore, decided in November, 1969 that stock which was with the Pool's supplying units like the Food Corporation at the ports and Central/State Warehousing Corporation at the internal depots and was not required by the allottees like the State Governments etc., may be disposed of in 'direct sale', *i.e.*, without allotment from the Ministry. to any registered dealer on 'first come first served' basis At the same time, the licensing rules for undertaking fertiliser business were also liberalised and a system of simple registration introduced. As a result of these steps and with vigorous sale efforts, it was possible to clear the old accumulated stocks with the Central Fertiliser Pool. The total stocks of fertilisers in the country which went as high as nearly 9,75,000 tonnes on the 1st July. 1970 gradually came down to 3,62 609 tonnes on the 30th November, 1971.

2. Even under the above procedure, there was no *direct allotment* of fertilisers from the Government of India to private distributers. Normally, they were expected to contact the supplying units of the Central Fertiliser Pool. *i.e.* Food Corporation of India or the Central & State Warehousing Corporations' godowns in different states direct for getting any "un-committed" stocks of fertilisers which may be avilable with them. Sometimes when the requests were received in the Ministry direct. they were guided or referred to the supplying units for issue of the stocks depending upon the information available in the Ministry.

3. When the accumulated stock of fertilisers was brought down as mentioned above, the system of direct sale of un-committed stocks of fertiliser without allotment by the Ministry was given up as far as private distributors were concerned, w.e.f. August, 5, 1971. Under the revised procedure issued on the 5th August, 1971 and modified on the 14th October, 1971 direct sale of "un-committed" stocks

of fertilisers by the supplying units without allotment by the Ministry is confined only to the State Governments and their agencies, cooperative societies, manufacturers for their market development programmes, Commodity Boards, Agro Industries Corporation, registered manufacturers and to such private distributors as are recommended by the State Agriculture Departments. The State Governments were also allowed the discretion to authorise the SWC|CWC to accept applications for fertilisers on their behalf. Only in one case so far *i.e.* in the case of Madhya Pradesh, the State Government have authorised the State Warehousing Corporation to entertain such applications direct on behalf of the Government.

4. As far as the question of "people accused of defrauding Government and getting direct allotment of fertilisers from the Central Government" is concerned, it may be mentioned that no instances of this kind have come to the knowledge of the Ministry or reported to the Ministry. The Ministry did receive from the Andhra Pradesh Government in August, 1970 a list of 17 firms against whom prosecutions were proposed to be launched and which were to be black-listed. This list was circulated to all the supplying units with strict instructions not to deal in respect of the Pool fertilisers with these firms."

1.36. The Committee wanted Government to investigate thoroughly the allegation that some of the persons accused of defrauding Andhra Government were getting direct allotment of fertilisers from the Central Government. The Ministry have stated that no instance of this kind has come to their knowledge or reported to them. In view of this the Committee would suggest that this matter also should be covered by the C.B.I. probe which has been referred to in the preceding recommendation in this Report and the results intimated to them.

1.37. In paragraph 2.64 (S. Nos. 32 and 33) the Committee has dealt with the question of plugging loopholes in the matter of claim and payment of road transport charges in other States as well and observed:

2.64. From the data furnished by the Ministry, the Committee find that during the three years ending 1969-70 Government of India have reimbursed road transport charges to the tune of Rs. 10.45 crores to various States. Out of this amount Rs. 9.42 crores *i.e.* 89 per cent pertained to four States, namely Andhra Pradesh (Rs. 3.51 crores), Maharashtra (Rs. 2.61 crores), Mysore (Rs. 1.99 crores) and Tamil Nadu (Rs. 1.31 crores). The Committee suggest that on the basis of the findings of the Public Accounts Committee, Andhra Pradesh, it should be examined whether there is any loophole in the matter of claim and payment of transport charges which require plugging in any of the remaining states.

2.65. The Committee note that the Government of India have since appointed an inter-departmental Committee comprising the representatives of the Ministries of Food and Agriculture, Finance and Transport and Shipping, Railway Board, Food Corporation of India and a representative of the State, to go into the whole question of transport and distribution of fertilisers. The Committee understand that pursuant to a suggestion from the Committee during evidence, a representative of the Comptroller and Auditor General of India was also associated with the Inter-departmental Committee to evolve a fool-proof procedure to prevent malpractices. They would like to be informed of the remedial measures taken and their efficacy in putting a stop to these malpractices.

1.38. The Department of Agriculture, in their reply dated the 25th February, 1972, have stated:

The Committee on Road Transport of Fertilizers has since submitted its report. The Government have also accepted all the recommendations made by the Committee. The following recommendations made by the Committee provide suitable safeguards against recurrence of malpractices as were brought to light by the Andhra Pradesh P.A.C.:—

1. The form for submission of bills by the consignee while claiming rembursement of road transport charges should be revised to improve it and incorporate a clear certificate from the consignee regarding the actual transportation of the fertiliser before the bill is forwarded by the State Government to the Centre. The refised form recommended is at Annexure 'A' to the note.

2. The Committee recommends that each claim of reimbursement should be accompanied by a certificate by a Gazetted Officer nominated by the State Governments verifying:—

   (i) Actual transportation of the fertiliser by road between two points;

(ii) Correctness of the distance by the shortest route;

(iii) Reasonableness of the road transport charges claimed.

In this context, the Committee feels that in reference to item (i) above, the verification of the actual transportation of the consignment will have to be on the basis of inspection of documents and stocks of the consignee. The proposed form for this certificate is indicated in the Annexure 'B' to the note.

3. In order to check malpractice, it is necessary to introduce the system of random sample check of individual cases by inspecting parties of the State Governments and the Central Government during which existing records maintained at Octroi, Sales-tax, Forest Posts etc. should be made use of.

4. The Committee also recommends that the fact that random sample checks are being conducted, should be widely publicised in order to create a deterrant fear in the minds of anti-social elements.

The recommendations at 1 and 2 above have already been implemented (*vide* copy of circular enclosed to the note). The proforma of the bill and the certificates to be attached thereto have been prescribed after a great deal of deliberations by the Committee. It is hoped that the certificates required to be furnished along with the bill would provide sufficient safeguards against malpractices in road transport of fertilisers.

Regarding the recommendations of the Committee at Sl. Nos. 3-4 above, it has already been decided to depute Inspection Squads of the Ministry to various States to conduct random checks of the claims in respect of transport of fertilizers by road. The first such team has already conducted the random check in Andhra Pradesh. Similar checks are proposed to be conducted in other States also. Action is being taken to have the fact of the random checks suitably publicised.

1.39. The Committee would like to know the result of random checks carried out on the basis of the findings of the PAC, Andhra Pradesh with a view to examining whether there is any loophole in the matter of claims and payments of transport charges in any other

States. The action taken to plug the loopholes if any may also be reported to the Committee.

Enactment of Pest Acts—paragraph 2.97 (S. No. 36)

1.40. Emphasising the need for speedy enactment of Pest Acts to provide for compulsory spraying in all the States|Union Territories, the Committee observed:—

> The Committee note that in order to provide for compulsory spraying when necessary a Model Pest Act was framed and circulated by the Centre to all State Governments and Union Territory Administrations. As some of the State and Union Territories have yet to enact Pest Acts the Committee desire that the desirability of enacting necessary legislation early should be impressed upon them.

1.41. The Department of Agriculture, in their reply dated the 13th July, 1972 have stated:

> The State Governments,Union Territories have been asked to take action for the enactment of requisite legislation (copy enclosed to the note).

1.42. The Committee observe that the State Governments'Union Territories have been asked to consider the enactment of a Pest Act with a view to ensuring compulsory spraying of pesticides on crops. The Committee desire that the matter should be pursued closely so as to ensure compliance by all the States|Union Territories.

Subsidy for spraying by Private Sector

1.43. The Committee, in paragraph 2.100 (S. No. 39), had suggested an examination of the reasonableness of the rate for spraying charged by the private sector as follows:—

> Spraying by private sector aircraft was subsidised to the extent of two-third of the cost of Rs. 8 per acre in the case of fixed-wing aircraft and Rs. 10 per acre on helicopters upto 31st March, 1968 and 50 per cent thereafter. The Committee learn that Government do not keep a check on the actual cost of operation. As the cost of operation of Government units ranged between Rs. 5.18 and Rs. 7.60 as against Rs. 3.27 per acre estimated in the

project report, the reasonableness of the rate charged by the private sector should be examined before releasing the subsidy in future.

1.44. The Department of Agriculture, in their reply dated the 13th July, 1972 have stated:

Ministry of Finance have undertaken a detailed costing to determine the operational charges of private sector aircraft. This is expected to be finalised soon. The Public Accounts Committee will be informed about further development in the matter.

1.45. The Committee note that the Ministry of Finance have undertaken a detailed costing to determine the operational charges of private sector aircraft for the purpose of releasing the subsidy for aerial spraying. In view of the recurring financial implication, the Committee urge that this should be finalised and the action taken to revise the basis for the release of subsidy, intimated to them within three months.

CHAPTER II

RECOMMENDATIONS OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee are concerned to note that as many as 100 cotton textile mills out of 660 in the country are sick and that the problem facing, these textile mills had got accentuated since 1965-66. The Committee consider that Government should have carried out a study in depth of the problems afflicting the textile industry and taken remedial measures to sustain the industry.

[S. No. 1 (Para 1.35) of Appendix VIII to 28th Report of P.A.C. (5th Lok Sabha)]

Action taken

The Committee's observation has been noted. Government are aware of the problems of industry. Studies have been made by different Committees appointed by Central and State Governments from time to time. These are:—

(1) Ramaswamy Mudaliar Committee in 1952 whose observation was "The industry is working with plant and machinery most of which is not only old but completely outmoded and the renewal of the machinery is an urgent problem of the industry......"

(2) Joshi Committee in 1960 studied the requirements of modernisation and found that a rough estimated amount of Rs. 185 crores was needed for modernisation of the in-

(3) The Textile Re-organisation Committee of Gujarat, and

(4) Cotton Textile Committee appointed by Maharashtra Government had gone into the details of working of textile industry more recently and also held the lack of modernisation was one of the major reasons for the present ailments of the industry.

(5) Lokanathan Committee in 1967 went into details of the closed units of Tamil Nadu.

From all these reports and studies as well information received from time to time from different departments of the Government and case histories of mills taken over under Industries (Development and Regulation) Act. The major reasons for sickness of the Cotton Textile Industry are as under:—

(i) Non-availability of adequate quantity and quality of raw material at stable and reasonable prices.

(ii) Unhealthy labour-management relationships resulting in strikes and lock-outs and consequent heavy losses.

(iii) Old and dilapidated equipments in the mills.

(iv) Mismanagement of available finances and malpractices in purchases and sales of raw-material, stores and finished products.

(v) Bad management of available means of production and consequent inefficient production and losses.

(vi) Diversion of generated funds without re-investing in the unit in modernisation.

(vii) Financial difficulties arising out of under capitalisation and lack of working capital.

(viii) General reluctance of public to invest in cotton textile industry because of the low profitability in recent years.

While problems are identified they do not lend themselves to instant solutions because of (a) the limited availability of financial resources both in local and foreign currencies. (b) The simultaneous necessity for encouragement of the weaker unorganised small scale sector of the powerloom and handloom industry (c) the fact that the mismanagement in private sector unit would come to light only when the units after all sorts of efforts close down and (d) various other factors of economic balances and imbalances in other fields which indirectly affect the Cotton Textile Industry also.

The legislative measures of Cotton Textile Companies (Management of Undertakings and Liquidation or Reconstruction) Act, 1967 was adopted with a view to take over the closed and sick units. To manage the units taken over, National Textile Corporation was formed. Similarly State Textile Corporations have been formed by different States. As at present, 49 sick textile units have been taken over out of which 17 are managed by National Textile Corporation as Authorised Controllers. Other units are indirectly controlled by

National Textile Corporation as supervisors of Authorised Controllers. With the increasing responsibility of National Textile Corporation. It has been strengthened with technical, financial and managerial experts, with regional offices in important regions. National Textile Corporation's functions embrace investigations into the affairs of sick units taken over, working of those units. recommendations regarding investment, production, modernisation, purchase of machinery, stores, raw-material, control over finances and recommendations regarding reconstruction of these units. It may be mentioned that the Central Government investments in the mills taken over upto the end of March, 1972 amount to Rs. 13.36 crores. While these investments are in the form of loans for working capital and modernisation, etc., when the companies are liquidated or reconstructed the investments would be in the form of share capital. In addition, the Central Government guarantees to banks for providing cash credit facilities to four Authorised Controller mills amounting to Rs. 6.22 crores.

While the measures mentioned above are taken for revitalising the sick units, taken over some of the other measures taken for the general welfare of the cotton textile industry as a whole can be listed as mentioned below:—

(i) Treatment of Cotton Textile Industry as a "priority industry" for obtaining its maintenances spares and stores.

(ii) Permission for replacement of machinery by sophisticated imported items in a restricted way. Restriction has become necessary in view of limited availability of foreign exchange and necessity to assist those units which contribute to export efforts.

(iii) Offers of subsidy in the case of units producing controlled cloth with effect from 1st June, 1971. While not increasing the price of controlled cloth.

(iv) Decision for expansion of spindleage and loomage in the Mill Sector. The intention is that spinning units should become viable production units. Additional loomage will step up production and exports.

(v) Government's efforts in increasing the production of cotton, the basic raw material and procurement of adequate supplies of foreign cotton whenever there is need.

(vi) Reduction in interest rates on Bank advances towards cotton and kapas is under consideration of the Government.

(vii) Announcement of grant of soft loans by Industrial Finance Corporation to export oriented units.

[Ministry of Foreign Trade O.M. No. 11021|128|71-Tex.(G) dated 10-7-72]

Recommendations

Management of 23 mills which were closed or on the verge of closure had been vested in authorised controller's appointed by Government under the Industries (Development and Regulation) Act, 1951. The accumulated losses of these mills which were Rs. 1607 lakhs prior to take over by the authorised controllers increased to Rs. 2636 lakhs subsequently. The Committee desire that reasons for the continued losses should be gone into thoroughly and urgent steps taken to liquidate or reconstruct the mills. The Committee were, however, given to understand that orders have been passed for reconstruction under Sub-section 2 of Section 4 of the Cotton Textile Companies (Management of Undertakings and Liquidation or Reconstruction) Act, 1967 in respect of 4 mills and for liquidation under Sub-section 1 of Section 4 of the Act in respect of two mills.

[S. No. 2 (Para 1.36) of Appendix VIII to 28th Report of P.A.C. (5th Lok Sabha)].

Action taken

The studies made by the National Textile Corporation of the working of the mills, the management of which has been taken over by Government under the Industries (Development and Regulation) Act, have revealed that the losses in these mills are attributable mainly to the following factors:

(i) The machineries and equipment in these mills have been very old and out-moded;

(ii) Inability to undertake the optimum profitability production programme due to a back log of physical constraints;

(iii) Deficiency in technical expertise owing to fight of personnel at the time of closure of mills and unwillingness of good people to come to sick units;

(iv) The prices of cotton which constitute 50 per cent of the cost of production of cloth has been generally ruling high in these years;

(v) Drain on mill's resources has been caused by the surplus and disabled workers; and

(vi) The mills were generally in a bad State financially, technically and from the management point of view when their management was taken over by Government.

2. In order to overcome the difficulties in these mills and to improve the working of the mill, the following steps have been taken:—

(a) Cotton accounts for about 50 per cent of the cost of production of cloth. It throws considerable strain on the mills' ways and means position. To assist the mills in this regard, the NTC operates a scheme for the purchase and supply of cotton on a no profit no loss basis. During the last 3 years viz. (1969-70 to 1971-72 upto December, 1971) of the operation of the scheme, about 2 lakhs bales of cotton valued at about Rs. 20 crores have been purchased and supplied to the mills.

(b) Under the past management, generally there has been lack of modernisation and renovation of machinery and also lack of its proper upkeep. The NTC has started moving fast to modernise, renovate the machinery in these mills with a view to improve their profitability. The NTC has so far drawn up modernisation programmes in respect of 27 mills at the total cost of Rs. 12.50 crores. Order for machinery worth Rs. 2.1 crores have already been placed and orders to the extent of Rs. 1.3 crores are under finalisation.

(c) The mills generally suffer on account of the existence of the surplus and unproductive labour. The NTC has, therefore, evolved a scheme for the rationalisation of labour without tears. Under the scheme superannuated and disabled workers are dispensed with the agreement of the concerned labour unions and after payment of retrenchment and gratuity compensation. Vacancies caused by such retrenchment are not filled. Thus the mills are helped to achieve savings in their wage bill.

(d) The financial, technical and managerial staff in the mills have been strengthened to improve their efficiency. Each of the mills is now headed by a Chief Executive Officer or a Controller. In order to ensure that there is proper Control over the finances of these mills, Financial Adviser and Chief Accounts Officer are being appointed wherever they do not exist in the mills.

(e) Having regard to the acute paucity of qualified personnels and also the long term requirements of the mills|Corpo-

rations, a scheme for building up cadre of Technical, Financial. costing, Accountancy and Managerial Officers has been launched.

(f) Teams consisting of Technical, and Finance Officers of the Corporation pay visits to these mills off and on and make suggestions wherever necessary for improving their working and efficiency.

(g) The NTC have recently set up performance-cum-appraisal teams to undertake periodical appraisal and review of the working of the mills under Government management on a regular basis.

(h) When the management of the above mentioned 23 mills were taken over by Government, all of them were in the red. (The management of one of the mills has been returned back to its owner as the Government of Maharashtra has purchased majority of shares in that mill). However, due to the above mentioned steps taken by the Authorised Controller as well as the NTC, 15 mills (Annexure) out of these 22 mills have shown profit according to the latest monthly reports available from them. It is expected that after implementing the full modernisation programme, other factors remaining the same, the remaining mills are also likely to be out of the red in the near future.

(i) Out of the 22 mills mentioned above, the NTC has examined so far the long term future of the 12 mills under the CTC Act, 1967, which has since been repealed and the provisions of which have been incorporated in the Industries (Development and Regulation) Act, 1951. The Corporation have recommended 10 mills for reconstruction and 2 mills for liquidation. Government have so far issued orders for reconstruction in respect of 5 mill companies and for liquidation in respect of 2 mill companies. The cases of remaining 5 mills are at an advanced stage of consideration of Government.

(j) Reports of Authorised Controllers have been received in case of 4 mills which are being examined. The remaining mills have already been asked to submit their reports regarding the long term future of these mills under the above mentioned Act.

[Ministry of Foreign Trade O.M. No. 11021|I29|7I-Tax(G) dated 5-10-1972].

ANNEXURE

Year 1972

Mils showing Profit (January to June 1972)

(Net profit after providing for depreciation)

S. No.	Name of the mill	Jan.	Feb.	March	April	May	June
1	Model Mills Nagpur Limited	0·98	—0·27	3·55	1·93	1·91	1280
2	R.S.R.G. Mohta Spg. & Wvg. Mills Limited	0·94	1·15	0·84	1·50	1·10	1·35
3	Bengal Nagpur Cotton Mills Limited	—0·01	0·07	1·33	3·80	5·34	5·34
4	Muir Mills Ltd., Kanpur	5·56	3·62	3·04	1·68	2·80	1·70
5	New Bhopal Textiles Ltd.	Nil	0·37	1·27	0·72	1·68	1·07
6	Hira Mills Limited	—0·22	—0·52	0·38	0·34	3·42	N.A.
7	Swadeshi Cotton & Flour Mills Limited	0·35	—0·13	—1·39	0·80	1·55	2·10
8	Mahalakshmi Mills Co. Ltd., Beawar	0·21	0·18	N.A.	0·37	N.A.	N.A.
9	New Maneckcoñck Spg. & Wvg. Mills Limited	—0·14	1·01	1·12	1·06	0·53	1·09
10	Digvijay Spg. & Wvg. Co. Limited	0·15	0·01	0·28	0·93	0·70	1·70
11	New Victoria Mills Co. Ltd.	1·77	1·63	1·91	0·07	0·49	N.A.
12	Himabhai Mfg. Co. Ltd.	0·82	1·52	1·34	0·56	0·72	0·68
13	Cambodia Mills Limited	1·07	—0·94	0·16	2·37	3·33	4·21
14	Mahalaxmi Mills Co. Ltd., Bhavnagar	—0·18	—0·01	—1·86	0·26	1·15	0·70
15	Chhaganlal Textile Mills Ltd.	0·41	0·38	0·22	0·62	0·40	0·60

Recommendation

In respect of textile mills which have been taken over by Government, the Committee would like Government to put this opportunity to effective use by modernising the mills taking into account the trends of consumer requirements within the country and the export market. They would also like Government to see how far the production in these textile mills could be sustained and stepped up to meet requirements for common varieties of cloth which are in demand by the public. It should in particular be ensured that the textile mills produce the cloth at most competitive rates so as to hold the price line.

[Sl. No. 3 (Para 1.37) of Appendix VIII to the P.A.C's. 28th Report (5th Lok Sabha)].

Action taken

The recommendation has been noted for compliance.

[Ministry of Foreign Trade O.M. No. 11021|130|71-Tex(G[1]) dated 16-3-1972].

Recommendation

The malady that afflicted the mills arose out of a combination of factors such as gross mis-management, lack of funds, inadequacy of raw cotton, surplus staff, old and outdated machinery etc. The Committee understand that assistance is being rendered by the National Textile Corporation in the purchase of cotton at economic prices. The Committee feel that the long term solution lies in increasing the production of cotton in the country. Accordingly, they would suggest that a suitable scheme should be evolved to ensure that the production is stepped up substantially in view of the strategic position of the textile industry in the economy as a whole.

[Serial No. 4 (Para 1.38) of Appendix VIII, to the P.A.C's. 28th Report (5th Lok Sabha)].

Action taken

Domestic cotton production in the country has so far not been adequate to meet the textile industry's total requirements. Further the cotton produced in the country is mainly of short staple variety. However, as a result of efforts made, the country has now started producing cotton of long staple varieties also, such as Sujata, MCU-4, MCU-5, Sea Island Andrews, etc. To encourage the production of these varieties, it has been decided to exempt them from the stock control and bank ceiling for credits to mills.

2. The responsibility for cotton cultivation as well as development is that of Ministry of Agriculture. However, the Ministry of Foreign Trade is concerned with the cotton textile industry consuming cotton and it has been taking keen interest in the development of production of cotton. It has been in close and continued touch with the Ministry of Agriculture and Planning Commission for pursuing the schemes for the increased production of domestic cotton.

3. The Ministry of Agriculture has since evolved an Intensive cotton development Scheme Annexure involving an expenditure of about 15 crores aiming at quicker development of cotton production. Subsidy arrangements for rain fed areas have been liberalised under the scheme. The salient features of the scheme are—

(a) In the irrigated areas, six districts in different States would be covered.

(b) As regards non-irrigated areas, approximately 1.40 lakhs hectares spread over seven districts in different States would be covered.

(c) It is expected that during the last three years of the Fourth Five Year Plan, it will yield additional 3.6 lakh bales in 1971-72, 4.2 lakh bales in 1972-73 and 4.8 lakh bales in 1973-74.

4. The result of the scheme would be assessed after a reasonable period.

[Ministry of Foreign Trade O.M. No. 11021|13|71-Tex(G) dated 28-4-1972[.

ANNEXURE

MINISTRY OF AGRICULTURE

(DEPARTMENT OF AGRICULTURE

INTENSIVE COTTON DISTRICT PROGRAMME

INRODUCTION

Present cotton situation

1. The cotton production in the country has more or less remained static at the level of about 5.0 to 5.5 million bales, during the past five years. When the seasonal conditions were particularly adverse, the production dropped to even further low levels. Although the Third Plan target was seven million bales, the estimated production was only 4.76 million bales in 1965-66. The highest production level reached so far is 5.66 million bales during 1964-65. Even in a normal year, the country is deficient by about 0.7 to 0.8 million bales which are made up by imports costing some Rs. 85 crores in foreign exchange. During the current year, the shortage has swelled to over 1.3 million bales on account of massive outbreak of pests coupled with incessant heavy rains in Maharashtra which were responsible for a crop loss of about 6-7 lakh bales in that State alone.

Existing Cotton Development Programmes

2. The Government of India in collaboration with the State Government have been implementing several programmes for raising cotton production of which the major one is the Centrally sponsored scheme covering about 0.47 million hectares. This scheme is being supported by demonstrations on plan protection, foliar application of urea and other improved techniques including the use of new varieties. In addition, co-ordinated cotton development schemes are being operated by the States under which the multiplication and distribution of improved seed is being carried on. A few States are also implementing package programmes to a limited extent.

3. Although these efforts were expected to raise production substantially, the progress has been somewhat slow chiefly because the outlay was inadequate and the available resources were widely dispersed. Further, because of the critical food situation, the State Governments were preoccupied with schemes on food crops and cotton was relegated to a secondary position. As a result, priority in allotment of fertilizers, pesticides etc., was assigned to food crops and in some States even restrictions were placed on irrigation water for cotton. These led to stagnation in cotton production.

Short and Long Term Plan

Approach to future cotton development

4. The time has now come to give cotton more serious attention than hitherto and to make a determined effort to boost production on the lines being done in the U.A.R., Sudan etc. In these countries, varietal zoning is done by legislation, the optimum sowing period is prescribed for each zone and irrigation water is made available to ensure its adoption, pure seed is provided by the State and no other seed is allowed to be sown. In fact, except for the seed meant for sowing, all other seed is directed to the crushing plants straight from the ginneries. Inputs are made available on credit right in the villages. There is an elaborate system of scouting for pest incidence and the whole governmental machinery is mobilised to fight the pests when their incidence assumes significant level. In fact, the entire cotton production operations from sowing to harvest, pooling, ginning and marketing are regulated by Government agency. It is under these conditions that production and quality are being maintained at a high level in these countries. Perhaps, the Government of India may have to take some bold steps on these lines in not too distant future if our production is to be stepped up.

5. Meanwhile, the possibility of intensifying the work under the prevailing conditions has to be considered. The problem can be viewed from two angles: one, from the long-term point of finding a lasting solution and two, a short-term plan for achieving immediate results.

Long-term Plan

6. As regards the long-term plan, the aspects which merited primary attention were:—

(i) intensification of research to produce new high yielding and short duration varieties and develop suitable technology for raising the yield level particularly in the rainfed areas,

(ii) exploiting the additional irrigation potential from new projects like Rajasthan Canal, Nagarjunasagar, Poochampad, Tunghabhadra, Purna, etc. to augment the area under irrigated cotton; and

(iii) extension of cotton to new areas like the fallow lands after paddy in West Bengal during *rabi* season.

The success of the long-term plan will mainly hinge on research which should receive urgent attention from the Indian Council of Agricultural Research as well as the Ministry.

Short-term plan

7. As regards the short-term plan, the main emphasis should be on raising the yield level per hectare, as there is practically no scope for immediate increase in area. For this purpose, stress has to be laid on both Varietal change as well as the adoption of new agro-techniques. As for varieties, previously the accent was on improvement of quality. However, recently a high yielding variety, Hybrid-4, has been developed and with its quick expansion together with the adoption of new technology it should be possible to increase the production substantially. This work would receive necessary attention under the existing Centrally sponsored scheme which would be re-oriented for the purpose. An additional production of about 3 to 3.5 lakh bales is expected to accrue from this and the other existing programmes.

8. Even with this expected additional production, there would still be a deficit of about four to five lakh bales as our present imports are of the order of seven to eight lakh bales. It is, therefore, necessary to implement a massive programme, particularly in areas where the extension of Hybrid-4 is not feasible and where the yield level of the ordinary existing varieties has to be stepped up through intensive measures to bridge the gap in production.

9. The total cotton areas of about eight million hectares in the country is spread over 11 or 12 States. Out of this large area, the irrigated crop comprises only 1.4 million hectares or 18 per cent of the total. The remaining 82 per cent is rainfed. As the conditions and the problems of the irrigated and rainfed areas are totally different, each would need a separate approach with suitable technology. It is accordingly suggested that an Intensive Cotton District Programme on the basis of a concentrated area approach might be implemented in the irrigated area and a similar Programme with suitable modifications taken up in the rainfed area. The details of the Programme are given in subsequent paragraphs.

INTENSIVE COTTON DISTRICT PROGRAMME

A. IRRIGATED AREA

10. One redeeming feature in the case of irrigated area is that although it is spread out in some 55 districts of the country, more than half the area is located in a few sizable blocks in the States of Punjab, Haryana, Rajasthan, Gujarat and Tamil Nadu. This area is not only compact but also offers potential for raising the yield level. In view of the assured irrigation water supply and other congenial factors, the implementation of the Intensive Cotton District Programme in this belt is bound to yield sure and

Criteria for selection of districts

11. The first criterion that should govern the selection of districts for implementation of the programme in the irrigated area should be the availability of compact blocks of such magnitude as would yield an additional production of at least 50 to 60 thousand bales so as to make an impact on the total output. The districts also should be such that the level of consciousness amongst the farmers for adopting the recommended cultivation techniques is fairly high and where suitable infra-structure has been built up to take in a massive programme. It is also desirable that the district should have fairly well develop co-operative structure particularly for advancing institutional crop loans to meet the farmer's requirements of inputs.

Districts selected

12. On the basis of the above criteria. six districts could be selected in the irrigated belt. The names of these districts and the area that could be covered by the programme during the three years are as under:

State	District	Total area	Area proposed to be covered during		
			1971-72	1972-73	1973-74
			(in '000 hectares)		
Punjab	Ferozepur	167	120	120	120
	Bhatinda	120	40	60	80
Haryana	Hissar	148	80	100	120
Rajasthan	Sriganganagar	135	40	60	80
Gujarat	Baroda	100	60	80	100
Tamil Nadu	Coimbatore	60	60	60	60
	TOTAL	730	400	480	560

While the intention would be to cover the entire cotton area in the selected district ultimately, only workable targets that could be reached by 1973-74 have been indicated above. The irrigated cotton area of 7,30,000 hectares in the above districts forms 52 per cent of the total irrigated cotton area in the country. Out of this, 5,60,000 hectares i.e. 77 per cent., would be covered by the Programme by 1973-74.

Potential in selected districts

13. The large number of demonstrations laid out on farmer's holdings in sizable areas of two to twenty hectares as well as the efficiently run package programmes have clearly indicated that the present yield level can be appreciably raised through the adoption of all the recommended practices. The yield data recorded from the demonstrations and package areas in the five States mentioned above are summarised below:

State	Yield of lint (Kg. per hectare)		
	Demonstration plot/package area	Control plot	Percentage of increase in demonstration plot/package area
Punjab	469	235	100
Haryana	479	292	64
Rajasthan	735	399	84
Gujarat	446	321	39
Tamil Nadu	659	359	84

The above data indicate the potential due to the adoption of improved agro-techniques only but if the varietal improvement is also taken into account, the increase will be still more, particularly in Baroda district where the high yielding type, Hybrid-4, can be extended.

14. Coming to the potential in the selected districts, the present average yield in Ferozepur and Bhatinda ranges from 350 to 370 kg. against the State average of 346 kg. The nitrogen intake in these districts is at present about 35 to 50 kg. against the optimum dose of 70 to 80 kg. per hectare. The average number of plant protection treatments now given is two or three as against eight recommended. By laying stress on fertilizer application and adoption of full plant protection schedule, the yield level can be raised to about 500 kg.

15. In Hissar, the average yield is presently 350 kg. compared to the State average of 314 kg. Here, not only the intake of fertilizer is low but the plant population is also thin, as the farmers generally use low seed rate. Further, this district is prone to severe infesta-

tion of bollworms and other pests which can be controlled if a systematic plant protection schedule is followed. By taking care of these factors, the yield can be raised to about 485 kg, per hectare.

16. Although Ganganagar district is one of the most potential areas for American cotton with favourable agro-climatic conditions, the present average yield is very low at about 170 kg. per hectare, the State average being 91 kg. The main reasons are the irregular supply of water and lack of adequate fertilization and plant protection. Here also plant population should be maintained at the optimum level. By adopting all these measures, the yield level can be increased by about 3|4th bale per hectare.

17. The current average yield of cotton in Baroda is about 190 kg. as against the State average of 170 kg. The existing varieties are Gujarat-67, Deviraj and Digvijay. The new high-yielding cotton, Hybrid-4 is gradually spreading in the district. Efforts should be made to saturate the entire irrigated area in the district with it. With this switch-over and proper fertilisation and plant protection, it will be possible to raise the yield to about 325 kg. *i.e.* an additional yield of 135 kg. per hectare.

18. Coimbatore district, where cotton is mostly irrigated by wells, gro s the two finest quality cottons in India, *i.e.* MCU-5 and Sujata. The present average yield in the district is about 300 kg. against the State average of 207 kg. If the improved techniques are adopted over the entire areas, the yield can be stepped upto 480 kg. *i.e.* an increase of 180 kg. per hectare.

Strategy

19. The main strategy for securing additional production in the irrigated area would consist of:

(i) coverage of the entire area by pure seed, ensuring optimum plant population and adoption of other improved cultural practices including weed control and any new technology.

(ii) application of full recommended dose of fertilisers including foliar application of urea along with new chemicals like Cycocel.

(iii) adoption of full recommended schedule of plant protection on prophylactic basis along with crop sanitation measures.

(iv) spreading of new varieties as and when made available by the research workers.

A large number of demonstrations would be laid out to convince and educate the farmers on the benefits accruing from the strategy mentioned above. These would also include the latest varieties on the assembly line of the breeders so as to assess quickly their potential before launching a large extension programme in later years. Field staff with transport would be provided on an intensive basis for ensuring an individual farmer approach. Keeping in view the above strategy, the package of practices to be followed is outlined below.

Package of practices Seed

20. The basic input is improved seed and the entire area under the programme should be covered by certified seed. At present the production of Nucleus and Foundation seed is being taken up on State Government|University Farms under the Centrally sponsored scheme and this arrangement might continue for these two stages. Because of the likely loss in the seed transactions, most of the State Agriculture Departments have drastically curtailed their seed multiplication|procurement programme from 'A' class onwards with the result that the seeds available to the farmers are of doubtful purity. To overcome this difficulty and to link the subsequent stages of seed multiplication, the following steps are suggested:

(a) The facilities available at the Central/State Farms might be fully utilized for raising 'A' class, and if possible a part of the 'B' class stage also, for which purpose the Foundation seed produced by the Departments/Universities should be supplied to them. It would be necessary for the State Farms Corporation to equip itself adequately with ginning machines so that the *kapas* could be processed on the farms themselves and pure seed delivered to the State Agriculture Departments.

(b) The Co-operation of the National Seeds Corporation might be enlisted to the maximum possible extent, particularly for the newly released varieties and pre-release multiplication of the most promising strains. For this purpose the Corporation might be strengthened by providing additional units, if necessary.

(c) The Departments themselves should organize state-wise multiplication on a bigger scale, have the area properly rogued and the produce pooled. In this respect, the Cotton Corporation of India should come forward to procure pooled *kapas* of the rogued area giving due premium for its purity and quality. To enthuse the seed growers, the premium given by the Department on account of purity of the seed should also be passed on to the farmers. This will not only help to place the whole seed multiplication programme on a sound footing but would also be a source of encouragement to the seed producers. The involvement of the Cotton Corporation of India in the seed procurement programme is essential because the State Governments are unable to procure the seed farm *kapas* owing to the heavy outlay required and the difficulty in marketing the lint. After the seed is received by the Department, it will have to be further processed, cleaned, treated, bagged and transported to the consuming centres before distribution to the farmers. All this will involve additional expenditure thereby adding considerably to the cost of the seed. To enable the Department to sell it at reasonable rates, the cost of the seed might be subsidised to the extent of 25 per cent during all the three years. The same facilities might also be extended to the National Seeds Corporation and other agencies for seed handled by them.

Varities

21. The position with regard to the existing varieties and the new ones on the assembly line of the breeders in the selected districts is summarised below:

State/District	Existing varieties.	New varieties released/ expected to be released	Salient features of new varieties.
PUNJAB			
Ferozepur	320 F	A.218	Superior in quality and about 16% higher yield than 320F; under advance stages of trial.
Bhatinda	LSS		
HARYANA			
Hissar	H-14	PS-9 PS-10	Shorter in duration, higher yielding; yet in preliminary trials.
RAJASTHAN			
Sriganganagar	320F	RS-79	Superior to 320F in yield & quality; yet in preliminary trials.
GUJARAT			
Baroda	Digvijay Deviraj	Hybrid-4 IAN-579 (188) 3943	Yields about 2 to 2·5 bales more per hectare. Higher yielding, earlier in maturity and has better quality. Com-

State/District	Existing Varieties	New varieties released/ expected to be released	Salient features of new varieties
			pact plant body, earlier and higher yielding than Digvijay with same quality.
TAMIL NADU			
Coimbatore . . .	MCU-1 MCU-3	MCU-5	Higher quality cotton with better yield than MCU-1, rapidly spreading in the tract.
		Sujata . .	Superfine cotton, being extended on part of the irrigated area.
		Suvin	Equal in quality to the best imported Egyptian; in advanced trials.

22. It will be observed that except for MCU-5, Hybrid-4 and Sujata, the other new varieties are in advanced|preliminary stages of trial and it will take some time before they are released. Meanwhile, seeds of the existing varieties will be distributed under the programme. Simultaneously, seed multiplication of the most promising ones, viz. IAN-579 (188), 3943 and Suvin should be taken up so that large areas could be covered by them immediately on their release.

Marketing of super fine variety Sujata

23. In the case of Sujata, which is a superfine variety suitable for import substitution, special exphasis would be laid on its production in sizeable areas in Coimbatore district. For this purpose, the Cotton Corporation of India may be involved in undertaking the marketing of the entire produce at prices remunerative to the growers. The Textile Commissioner Government of India, might be requested to allot this cotton to specific mills and to that extent reduce the import quota normally allotted to such mills so that the marketing of the entire produce is assured.

Fertilisers

24. The application of fertilizers at the recommended level is a key factor in the success of this programme. Presently, the dose generally applied by the farmers is only about half the optimum. Efforts should be made to persuade them to apply the full dose. To encourage them to do so, institutional credit for the supply of fertilisers as well as other inputs on credit should be arranged by the

State Departments. Further, the foliar application of urea may be popularised.

Plant protection

25. This is the factor that should rece.ve maximum attention under the programme since it is now lagging far behind in many States. A minimum of six sprayings should be taken up and the schedule should be finalized in consultation with the reasearch agency/Agriculture University of the State. Both ground spraying and aerial spraying could be combined so as to ensure that no area is left unprotected from pests and diseases. The methods adoptable are given in Annexure IV. To induce the growers to adopt the recommended schedule, a subsidy of 25 per cent for the first three sprays and 33.3 per cent for the subsequent three might be provided on pesticides. The enhanced subsidy for the latter three sprays would be available when these are undertaken through aerial sprayings departmentally or an approved organization. Further, a subsidy of 25 per cent on both hand and power operated equipments, subject to a maximum of Rs. 200 per equipment, might be extended during all the three years. Suitable provision might also be made to enable the State Departments to purchase some equipments along with spares for hire to the farmers at nominal rates.

Weed control

26. Special emphasis should be laid on the control of weeds particularly during the early stages of crop growth. For this purpose, both cultural and chemical means might be employed and 33.3 per cent subsidy provided for the weedicides to be used during all the three years.

Use of cycocel

27. The demonstrations conducted in the northern zone have revealed that it is possible to increase the yield of cotton by about 15 to 20 per cent with a single application of cycocel. This might, therefore, be included as one of the package of practices for raising the yield in the districts of Ferozepore, Bhatinda, Hissar and Sriganganagar and a subsidy of 33.3 per cent provided on its cost for all the three years. Demonstrations on its use on Hybrid-4 might also be conducted in Gujarat State. The possibility of manufacturing the chemical within the country should be explored and in the meantime arrangements for its import may be made, so that it could be used during the current season itself.

Irrigation

28. This programme is to be taken up in the existing irrigated area but care is required to be taken to ensure proper supply of

water. Timely sowing of cotton is quite essential for securing maximum yield. This can be done only if the irrigation water is released well in time particularly in the canal irrigated districts of the northern zone mentioned above. The State Departments of Agriculture should keep a close liaison with the irrigation authorities so as to ensure timely and adequate supply of irrigation water.

Credit

29. The success of the programme would largely depend on the extent to which the inputs are actually used by the farmers. To ensure this, the inputs should be supplied to them on credit. In Gujarat, where Hybrid-4 is being grown, institutional loans are already available to the farmers but in other areas, the State Governments should make necessary arrangements to provide such loans.

Demonstrations

30. Demonstration plots of ½ hectare each would be laid out on farmer's fields in all the districts selected under the programme at the rate of about two demonstrations per Fieldman|Agricultural Sub-Inspector. In these plots the latest improved varieties and the new technology developed would be employed. These would also be extended to cover pre-release varieties to assess quickly their potential so that large production programme could be launched without any time lag. The yield data from these demonstrations should be regularly recorded and publicised for the benefit of the farmers. Field days might also be conducted on these plots where the farmers from the neighbouring areas would be invited to participate and study the techniques employed for raising the yield level. The inputs required for these demonstrations, namely, seed, fertilizers, plant protection chemicals, weedicides etc. amounting to Rs. 400 per hectare would be provided at 100 per cent subsidised rate.

Assuring Supply of inputs

31. One of the main lacunae in the past has been that it has not been possible to make the inputs available to the farmers in time in the villages. For the success of this programme, all the vital inputs should be provided within their easy reach. For this purpose, more sale depots might be opened and facilities provided for the purchase of inputs on credit from them. With these arrangements and the other incentives mentioned above, it should reasonably be possible to ensure the adoption of all the recommended practices by the farmers.

B. RAINFED AREA

Approach

32. In the case of rainfed area, there is an element of uncertainty involved because of the variation in the rainfall and other climatic conditions. It may not therefore, be possible to embark straightaway on a similar massive programme as in the case of irrigated cotton. However, unless this area, which constitutes 82 per cent of the total is also tackled it will be difficult to reach the production target. Therefore, to begin with, a suitable programme on a pilot basis may be taken up in this area. As the farmers here have to be further educated, particularly to gain confidence for making investment on inputs, the approach should be one of demonstrating to them in a few but sizeable compact blocks the advantages from the adoption of a combination of all the improved practices. Simultaneously, a few selected measures which are most potent could be extended over a limited area.

Scope for higher yield

33. Demonstrations conducted in the past have revealed that by the adoption of some of the improved techniques, the yields could be considerably stepped up as indicated in the table given below:

State	Yield of lint per hectare (kg·)		
	Demonstration plot/package area	Control plot.	Increase in yield in demonstration plot/package area.
Madhya Pradesh . . .	365	238	127
Maharashtra	122	75	47
Andhra Pradesh . . .	180	100	80
Mysore. . . .	169	97	72

Strategy

34. In the light of the above, the programme in the rainfed areas would consist of:

(i) Intensive pilot demonstrations on compact blocks where all the known techniques would be employed to demonstrate the maximum potential production, and

(ii) Expanded programme on somewhat larger areas where a few selected techniques will be taken up with a view to instilling confidence amongst the farmers regarding their efficacy.

35. Both these programmes would be integrated into units of 20,000 hectares each. In each unit, 2,000 hectares would be under the Intensive programme and the remaining 18,000 hectares under the Expanded programme. For deriving the maximum benefits and to organise the work efficiently, the intensive area of 2,000 hectares would be divided into 50 compact blocks of 40 hectares each. Each of these 40 hectares blocks might be placed under the charge of one fieldman/Agricultural sub-Inspector who will also look after the surrounding area of 360 hectares of the expanded programme.

36. Accordingly, for the implementation of the programme, the following seven units are selected in the predominantly rainfed cotton tracts:

State	District	Total area under cotton ('ooo hecs.)	Area (hectares) selected for	
			Intensive programme	Expanded programme
Madhya Pradesh	Khargone	136	2,000	18,000
Gujarat	Surendranagar	200	2,000	18.000
Maharashtra	Yeotmal	336	2,000	18,000
	Akola	315	2,000	18,000
Andhra Pradesh	Kurnool	133	2,000	18,000
Mysore	Dharwar	235	2,000	18,000
Tamil Nadu	Tirunelveli	81	2,000	18,000

The same area would be tackled during all the three years from 1971-72 to 1973-74 in order to fully convince the farmers and enthuse them to take up larger programmes eventually. The ultimate object would be to expand the programme so as to cover the entire area under cotton in each district.

Recommended Technology and Incentives

37. The technology to be adopted under the programme is indicated below:—

(a) *Intensive Pilot Demonstrations*: The following measures would be taken up in each demonstration unit of 40 hectares:

(i) Use of latest improved variety particularly American varieties in place of *Desi* types.

(ii) Application of basal dose of fertilisers at sowing time.

(iii) Weed control.

(iv) Foliar application of urea.

(v) Adoption of recommended plant protection schedule.

(vi) Dry farming techniques like deep ploughing, contour bunding, tied-ridge system, etc.

(vii) Adoption of inter-cropping of cotton with Soybeans, moong, black gram, etc. to increase the returns from unit area.

As in the case of all demonstrations, the full cost of inputs amounting to Rs. 200 per hectare may be met under this programme.

(b) *Expanded Programme*: The three main aspects, viz.

(i) distribution of pure seed of the latest improved varieties,

(ii) foliar application of urea, and

(iii) adoption of schedule of three plant protection measures will be taken up in each of the blocks of 18,000 hectares under the expanded programme.

Varieties

38. As for varieties, the position in the selected areas is summarised below:

State/District	Existing varieties	New varieties recently released/expected to be released	Salient features of the new varieties
Madhya Pradesh			
Khargone .	Narbada to be replaced by Khardwa-1	B. 59-1684	Superior in yield and quality; in advanced stages of trial.
Gujarat			
Surendra-nagar .	Deviraj	..	..
Maharashtra			
Yeotmal . .	B—147 B—1007 AK-233	Reba-B.50	Higher yielding, early maturing, under advanced trials AK-235 (Desi) to be replaced by B-147 and Reba-B. 50 progressively.

State/District	Existing varieties	New varieties recently released/ expected to be released	Salient features of the new varieties
Andhra Pradesh :			
Kurnool	Laxmi	1301 DD	Higher yielding and better quality in advanced stages of trial.
Mysore :			
Dharwar	Laxmi Jayadhar	G.S. 23	Higher ginning outturn in advanced stage of trial.
Tamil Nadu :			
Tirunelveli . . .	K-7 Laxmi	Bharathi	Higher yielding, drought resistant

All the above new varieties are on the verge of release and their pre-release seed multiplication might be taken up so that large area could be covered immediately on their release.

Meanwhile, the distribution of the existing varieties might continue and a subsidy of 25 per cent on the cost of seed might be provided as in the case of irrigated areas.

Fertilisers and pesticides

39. The best period for application of fertilisers under rainfed conditions is at the time of sowing. However, because of the uncertainly of the crop itself, the farmers do not adopt this measure. The recommended dose of fertiliser is 20 kg. Nitrogen per hectare. In order to induce the farmers to do so, it is necessary to make the fertilisers available to them on credit.

The basal dose of fertilisers has to be supplemented by foliar application of urea. Whenever it is not possible to apply basal dose of fertiliser, about 40 kg. of urea would be necessary per hectare. This can be given in three foliar applications combined with insecticides. For foliar application, the cost of urea may be subsidised to the extent of 50 per cent during the first two years and 25 per cent during the third year.

In the case of pesticides, a subsidy of 50 per cent may be provided for three treatments during the first two years and 25 per cent during the last year. If aerial spraying is undertaken, 25 per cent of the operational cost may be met in all the three years. If the area is taken under endemic programme, the pattern of assistance of that scheme would be applicable. In regard to equipment 25 per cent subsidy, subject to a maximum of Rs. 200 per equipment, might be provided during all the three years as in the case of irrigated areas.

A subsidy of 33.3 per cent on weedicides, etc., would be available. Suitable provisions might also be made to enable the State Departments to purchase some equipments along with spare parts to be hired out to the farmers at nominal rates.

Credit

41. As in the case of the programme for irrigated area, institutional loans might be arranged by the State Governments for supply of inputs to the farmers.

IMPLEMENTATION

Supervisory staff

42. The suggested programme for both irrigated and rainfed areas would be the most important one for raising cotton production during the Fourth Plan Period. Therefore, it has to be implemented efficiently, properly and *in toto.* For this purpose, adequate staff has been provided at project and district level but for overall supervision, co-ordination and guidance, it would be necessary to adequately strengthen the staff at the Directorate of Cotton Development and in the Crop Division of the Ministry of Agriculture for devoting whole-time attention.

Training facilities

43. The co-ordinating as well as the field staff in the States should be given adequate training so as to be of real assistance to the farmers. While short refresher courses for the officers in charge of the programme in each State might be arranged at a centre like Coimbatore, the officers themselves might in turn impart training to the field staff under them.

Evaluation

44. The progress under the programme should be evaluated on a continuous basis so as to assess its impact and locate bottlenecks, if any. This work might be entrusted to the existing unit under the Planning Commission or a separate unit might be created for the purpose. Regular crop cutting experiments might also be conducted to evaluate the yield levels in the area covered by the programme and outside it.

ADDITIONAL PRODUCTION

45. The potential for increased production in the selected districts under the programme has been discussed earlier. On this basis, the

additional production from the implementation of this programme would be as under:—

State	District	Area targeted for coverage by 73-74 ('000 hecs)	Present yield level (kg. of lint/hectare)	Potential yield in 1973-74 (kg. of lint/hectare)	Expected additional yield (kg. of lint/hectare)	Expected total additional production in 1973-74 ('000 bales)
(a) *Irrigated*						
Punjab	Ferozepur	120	370	500	130	90
	Bhatinda	80	350	485	135	60
Haryana	Hissar	100	350	485	135	90
Rajasthan	Ganganagar	80	170	305	135	60
Gujarat	Baroda	100	190	325	135	75
Tamil Nadu	Coimbatore	60	300	480	180	60
(b) *Rainfed*						
Madhya Pradesh	Khargone	140	70	130	60	47
Gujarat	Surendranagar					
Maharashtra	Yeotmal Akola					
Andhra Pradesh	Kurnool					
Mysore	Dharwar					
Tamil Nadu	Tirunelveli					
		700				482

Thus the additional production from the programme is estimated at 482 thousand bales valued at about Rs. 60 crores.

Cost Estimates

46. The pattern of staff to be employed in both the irrigated and rainfed areas under the programme in each district is given in Annexure-I. This should serve only as a model and such modifications as are warranted by local conditions might be made by the States. The year-wise details of cost on account of staff contingencies subsidies etc. are furnished in Annexure-II(a) to II(c) and the abstract in Annexure III. A summary statement of the estimated additional

production, its value and the cost on the programme is given below:.

Year	Estimated additional production ('000 bales) over the base year			Estimated cost of the Programme (Rs. in crores)				Approximate value of the additional production (Rs. in crores)
	Irrigated area	Rainfed area	Total	Irrigated area	Rainfed area	Supervisory staff	Total	
1971-72	315	47	362	2.58	1.66	0.025	4.265	44
1972-73	375	47	422	3.42	1.72	0.027	5.167	52
1973-74	435	47	482	4.04	1.24	0.030	5.310	60
	1125	141	1266	10.04	4.62	0.082	14.742	156

47. It will be seen that with an investment of about Rs. 14.74 crores during the three years from 1971-72 to 1973-74, the estimated additional production would be 0.36, 0.42 and 0.48 million bales respectively, the aggregate value of which would be of the order of Rs. 156 crores.

Position of the existing Centrally sponsored scheme

48. With the implementation of the proposed intensive Cotton District Programme, an area of some 0.2 million hectares will get released from the existing Centrally sponsored scheme, thereby enabling a saving of about Rs. one crore in the funds allotted for 1971-72. It is proposed to utilise this amount for the production of Hybrid-4 seed in the States of Gujarat, Maharastra, Mysore and Andhra Pradesh as also for intensifying the work in rainfed areas, particularly under mass plant protection compaigns where adequate provision would be made for adoption of full plant protection schedule combined with application of urea.

49. *Need for early sanction.* As the sowing season for cotton has already commenced in the States of Punjab, Haryana and Rajasthan, the sanction to the Intensive Cotton District Programme might be accorded on priority basis so that the season might not be lost.

ANNEXURE I

Staffing pattern under the I.C.D.P. (Irrigated Area)

District level staff

	Designation	No. of Posts	Consolidated salary (Rs.)		Total (Rs.)
				p.m.	
1.	Joint Director of Agriculture/ Deputy Director of Agriculture	1	1,400	"	16,800
2.	Technical Assistant	1	400	"	4,800
3.	Stenographer	1	300	"	3,600
4.	Accountant	1	400	"	4,800
5.	Clerks	2	280	"	6,720
6.	Peons	3	170	"	6,120
7.	Chowkidar	1	170	"	2,040
8.	Jeep Driver	1	250	"	3,000
9.	Jeep	1	20,000	"	20,000
	Total				67,880
	Travelling Allowance				5,000
	Contingencies				20,000
	GRAND TOTAL				92,880
	or Say				90,000

For one unit of 30,000 to 35,000 hectares

	Designation	No. of Posts	Consolidated salary (Rs.)		Total (Rs.)
	A. *OFFICIAL STAFF*				
1.	Deputy Director of Agriculture	1	950	p.m.	11,400
2.	Technical Assistant	1	400	"	4,800
3.	Stengorapher	1	300	"	3,600
4.	Clerk	1	280	"	3,360
5.	Mechanics	2	200	"	4,800
6.	Peons	2	170	"	4,080
7.	Chowkidar	1	170	"	2,040
8.	Jeep Driver	1	250	"	3,000
	TOTAL				37,080
	B. *FIELD STAFF*				
9.	Agricultural Inspectors (for 6,000 hectares each)	5	400	p.m.	24,000
10.	Agricultural Sub-Inspectors (for 600 hectares each)	50	250	"	1,50,000
11.	Jeep with trailer	1	30,000	"	30,000
	TOTAL				2,41,080
	Travelling Allowance				15,000
	Contingencies				20,000
	or say Rs. 2.5 lakhs				2,76,080

Staffing pattern the Programme for Rainfed area for one unit of 20,000 hectares

Designation	No. of posts	Consolidated salary per month (Rs.)	Total (Rs.)
Class II Officer	1	950	11,400
Technical Assistant	1	400	4,800
Graduate Assistant	5	400	24,000
Fieldman	50	250	1,50,000
Stenographer	1	300	3,600
Upper Division Clerk	1	280	3,360
Mechanic	2	200	4,800
Driver	1	250	3,000
Chowkidar/Peon	1	170	2,040
Jeep (Rs. 20,000)			20,000
Contingencies Godown rent etc.			20,000
TOTAL			2,47,000

ANNEXURE II (a)

Intensive Cotton District Programme—Budget Estimates,— 1971-72

State	District	Area targetted in '000 hectares	Number of units	Proposed Outlay: Staff and contingencies (for 9 months)	Proposed Outlay: Subsidies on improved seeds fertilizers, urea, cycocel, pesticides, organisation demonstrations and equipments	Total
Irrigated Area						
Punjab	Ferozepur	120	4+1	8·20	68·80	77·00
	Bhatinda	40	1	1·85	22·20	24·05
Haryana	Hissar	80	3+1	6·30	46·60	52·90
Rajasthan	Sriganganagar	40	1	1·85	22·20	24·05
Gujarat	Baroda	60	2+1	4·40	33·90	38·30
Tamil Nadu	Coimbatore	60	2 1	4·40	36·90	31·40
TOTAL		400	13 4	27·00	230·60	257·60
Rainfed Area						
M. Pradesh	Khargone	20	1	1·85	22·05	23·90
Gujarat	Surandranagar	20	1	1·85	21·15	23·00
Maharashtra	Yetomal	20	1	1·85	22·05	23·90
	Akola	20	1	1·85	22·05	23·90
Andhra-Pradesh	Kurnool	20	1	1·85	22·05	23·90
Mysore	Dharwar	20	1	1·85	22·05	23·[illegible]
Tamil Nadu	Tirunelvelli	20	1	1·85	22·05	33·9[illegible]
TOTAL		140	7	12·95	153·45	166·4[illegible]
GRAND TOTAL		540	20 4	39·95	384·05	424·[illegible]

ANNEXURE II (b)

INTENSIVE COTTON DISTRICT PROGRAMME BUDGET ESTIMATES—1972-73

State	District	Area targeted in '000 hectares	No. of units	Proposed Outlay Rs. in lakhs		Total
				Staff & contingencies	subsidies on improved seeds, fertilisers, urea, cycocel, pesticides, organisation of demonstrations and equipments	
1	2	3	4	5	6	7
Irrigated Area						
Punjab	Ferozepur .	120	4 · 1	11·99	74·80	86·90
	Bhatinda .	60	2	5·25	37·40	42·65
Haryana	Hissar .	100	3 · 1	9·24	61·60	70·84
Rajasthan	Sriganga Nagar	60	2 · 1	6·15	37·40	43·55
Gujarat	Baroda	80	3 · 1	8·99	45·85	54·84
Tamil Nadu	Coimbatore	60	2 · 1	6·49	36·90	43·39
TOTAL		480	16 · 5	48·11	293·95	342·06
Rainfed Area						
Madhya Pradesh	Khargone	20	1	2·70	22·05	24·75
Gujarat	Surendra Nagar	20	1	2·70	21·15	23·85
Maharashtra	Yeotmal	20	1	2·70	22·05	24·75
	Akola	20	1	2·70	22·05	24·75
Andhra Pradesh	Kurnool .	20	1	2·70	22·05	24·75
Mysore	Dharwar .	20	1	2·70	22·05	24·75
Tamil Nadu	Tirunelvelli .	20	1	2·70	22·05	24·75
TOTAL		130	7	18·90	158·45	178·35
GRAND TOTAL .		620	23 · 5	67·01	447·40	514·41

ANNEXURE II (*c*)

INTENSIVE COTTON DISTRICT PROGRAMME BUDGET ESTIMATES — 1973-74

State	District	Area Targetted in '000 hecs.	No. of Unit	Proposed Outlay (Rs. in lakhs)		Total
				Staff and contingencies	Subsidies on improved seed, fertilisers, urea cycocel, pesticides, organisation of demonstrations and equipments	
A. *Irrigated Areas.*						
Punjab	Ferozepur	120	4+1	13.18	74.80	87·98
	Bhatinda	80	3	8·27	50·60	58·87
Haryana	Hissar . .	120	4+1	12·66	74·80	87·46
Rasasthan	Sriganganagar	80	3+1	9·26	50·60	59·86
Gujarat	Baroda . .	100	3+1	9·89	55·85	65·74
Tamil Nadu	Coimbatore .	60	2+1	7·14	36·90	44·04
TOTAL .		560	19+5	60·40	343·55	403·95
B: *Rainfed Area*						
Madhya Pradesh	Khargone .	20	1	2·97	14·85	17·82
Gujarat	Surendranagar	20	1	2·97	13·95	16·92
Maharashtra	Yetomal	20	1	2·97	14·85	17·82
	Akola .	20	1	2·97	14·85	17·82
Andhra Pradesh	Kurnool	20	1	2·97	14·85	17·82
Mysore	Dharwar	20	1	2·97	14·85	17·82
Tamil Nadu	Tirunelvelli .	20	1	2·97	14·85	17·82
TOTAL		140	7	20·79	103·05	123·84
GRAND TOTAL		700	26+5	81·19	446·60	527·79

ANNEXURE III

INTENSIVE COTTON DISTRICT PROGRAMME

Abstract of Budget Estimates—1971-72 to 1973-74

State	District	Estimated cost (Rs. in lakhs) 1971-72	1972-73	1973-74	Total
A. *Irrigated Area*:					
Punjab	Ferozepur	77·00	86·79	87·98	251.77
	Bhatinda	24·05	42·65	58·87	125.57
Haryana	Hissar	52·90	70·84	87·46	211·20
Rajasthan	Sriganganagar	24·05	43·55	59·86	127·46
Gujarat	Baroda	38·30	54·84	65·74	158·88
Tamil Nadu	Coimbatore	41·30	43·39	44·04	128·73
	TOTAL	257.60	342.06	403.95	1003.61
B. *Rainfed Area*:					
Madhya-Pradesh.	Khargone	23·90	24·75	17·82	66·47
Gujarat	Surendranagar	23·00	23·85	16·92	63·77
Maharashtra	Yeotmal	23·90	24·75	17·82	66·47
	Akola	23·90	24·75	17·82	66·47
Andhra-Pradesh.	Kurnool	23·90	24·75	17·82	66·67
Mysore	Dharwar	23·90	24·75	17·82	66·47
Tamil Nadu	Tirunelvelli	23·90	24·75	17·82	66·47
		166·40	172·35	123·84	462·59

TOTAL OUTLAY (Rs. in Lakhs)

	Irrigated Area	Rainfed Area	Supervisory Staff	Total
I Year	257·60	166·40	2·50	426·50
II Year	342·06	172·35	2·75	517·16
III year	403·95	123·84	3·02	530·81
TOTAL	1003·61	462·59	8·27	1464·47

ANNEXURE IV

ORGANISATION OF PLANT PROTECTION WORK

Provision of custom service is quite essential for accelerting the work on plant protection in cotton in the different States. This can be accomplished in the following ways:—

(i) Organization of plant protection squads equipped with mobile vans and appliances either by the Agricultural Departments or through the Agro-Industries Corporations;

(ii) Provision of adequate number of equipments at the village level, partly for hire and partly for supply to the farmers at subsidised rates; and

(iii) Stationing a work-chargeman equipped with power sprayer for a unit of, say, 50 acres.

The States may follow one or more of the above methods according to their feasibility.

In regard to the organization of plant protection squads, the pattern of staff, equipments, etc., that could be adopted is indicated below:

Staff	No. of posts	Consolidated pay (Rs.)	Total (Rs.)
1	2	3	4
Plant Protection Assistants . . .	1	400	4,800
Mechanic	1	250	3,000
Beldar (or Workcharge-Labour) . .	20	170	40,800
Driver	1	250	3,000
			51,600
Travelling Allowance			5,000
Contingencies			22,000
Equipments:			
Power sprayers	30	1,200 per sprayer	36,000
Power-dusters-cum-sprayers . . .	[illegible]	1,200 per sprayer	36,000

1	2	3	4
Hand-operated dusters.	10	100 per sprayer	1,000
Hand-operated sprayers.	10	250 per sprayer	2,500
			1,54,100
Mobile van.			35,000
GRAND TOTAL .			1,89,100
			or
			1,90,000

Assuming that out of the 60 power sprayers/dusters provided, 40 will be in working condition and further assuming that one power sprayer will cover 3.2 hectares a day and one hand-operated duster and sprayer 2/5 hectares per day, the total coverage per day would be about 136 hectares. For 15 days, which represent the internal between two treatments, the total coverage per squad would be about 2040 or say 2000 hectares.

Recommendation

The Committee find that there are 5907 surplus staff in 16 mills taken over by the authorised controllers accounting for a financial burden of Rs. 10.31 lakhs per month. The Committee are concerned to note a significant rise in establishment expenditure in respect of quite a few mills after their take over by authorised controllers. A scheme has been formulated already for rationalisation of labour strength which is expected to result in a saving of Rs. 1.24 crores per annum in the wage bills of these mills. The Committee would urge that suitable training facilities should be provided to labour who are found surplus so as to facilitate their gainful absorption in other production units. The Committee would like to be apprised of the progress made in this regard.

[S. No. 5 (para 1.39) of Appendix VIII to the P.A.C's. 28th Report (5th Lok Sabha)].

Action Taken

The National Textile Corporation has evolved a scheme (Annexure) for rationalisation of labour in the mills taken over by Government. The basic remise of the scheme is that the rationalisation of labour is to be brought about only with the willing co-operation of the workers and the agreement of labour unions. In essence, the scheme seeks to help a situation where workers themselves want to retire for reasons of old-age, disability etc., but are not able to do so on account of the lack of resources with the mills. Under the scheme, the mills are provided with the financial assistance needed by them for paying the retired workers full compensation, gratuity and other retirement benefits. The scheme is thus one which aims at rationalisation without tears, and, in any case, it does not envisage any compulsory retirement of workers.

2. The scheme for rationalisation of labour has been implemented so far in 5 mills under authorised controllers. The National Textile Corporation has advanced to these mills loans amounting to Rs. 11.28 lakhs and the State Governments/State Textile Corporations concerned have contributed a similar amount. The 5 mills have been able to dispense with about 500 workers who were found surplus, and thereby achieve savings to the tune of about 1.4 lakhs per month or Rs. 16.8 lakhs per annum. It has not been possible to achieve a more rapid progress in the implementation of the scheme mainly because the mills have been facing difficulty in arriving at an understanding with workers unions.

3. As rationalisation is being affected by not filling up posts left vacant by the retired/retrenched workers who, by and large, are either old or disabled, the question of providing suitable training facilities to the retrenched/retired workers does not arise. However, the training of workers, especially reelers are already being done at some places. For instance, reelers are being trained to work as winders in the winding department. Nonetheless, the views expressed by the Public Accounts Committee have been noted for guidance.

[Ministry of Foreign Trade O.M. No. 11021/132/71-Tex (G) dated 24-4-72]

ANNEXURE

NATIONAL TEXTILE CORPORATION LIMITED

Scheme for the rationalisation of labour force in mills under Authorised Controllers

It has been noticed that in most of the mills under Authorised Controller there is surplus labour, and because of the surplus labour, the wage cost is high, and the working capital available to the mills is hardly adequate to meet day-to-day requirements. The mills are not in a position to do away with the surplus labour for want of funds required for paying retrenchment compensation, gratuity etc. Having regard to this situation, the National Textile Corporation has evolved a scheme for the rationalisation of labour force which is briefly described below.

Authorised Controllers can implement a scheme of rationalisation by giving additional work-load to an individual worker. Any worker who retires is entitled to get his provident fund. By and large, the textile industry in almost all the regions has got one scheme or the other of gratuity. The retiring worker will have to be paid his gratuity also. There may be some other pending dues such as leave with wages, etc., which will also have to be paid at the time of retirement. But whenever a worker retires his post must be abolished: otherwise there is no rationalisation. Some additional inducement will have to be given to the workers so that they ungrudgingly retire. There have been some recognised agreements in the country which provide that such additional inducement will be to the tune of about Rs. 300 to Rs. 1,000 depending upon the worker's wage. If a doffer who earns Rs. 30 per month retires, he may be given Rs. 300, and if a weaver who earns Rs. 100 per month retires, he may be given Rs. 1000. Any one who wants to retire voluntarily should be encouraged to do so, and when he is paid all his dues, his post should be abolished, and the worker who bears the additional work-load should be given increased wages in accordance with the agreements or practice in force in the region. A predominant section of the industry has fixed the age of superannuation. As soon as a worker reaches the age of retirement, he should be paid all his dues and his post should be abolished. Care should be taken that senior-most persons who are old and getting disabled are given preference for retirement. If younger persons are allowed to retire, they will earn the benefits of such retirement, and will seek employment in another mill. The mill retiring such young workers will lose their services, and with the passage of time will have only old and disabled men in its employment.

3. Care should also be taken that while introducing the scheme, the working conditions are suitably improved to enable the workers to bear the additional work-load. In other words, conditions should not be so poor that by putting the additional labour either the worker makes himself sick or allows work to suffer. In either case, the industry suffers a loss. Therefore, while increasing the work-load utmost care should be taken to see that the conditions warrant the increase of work-load.

4. In the case of both retrenchment benefits and gratuity, the amount paid as retrenchment compensation or gratuity is chargeable to the revenue account and will be shown as wages and if there is any loss on this account, it will be carried forward for tax purposes. By paying a maximum of 15 months' salary at a time, the mills will be able to effect a saving of one month's salary per months, less the amount payable for additional work-load given to the workers. Generally payment for additional work-load is taken at 50 per cent of the basic wage bill for the retrenched post. The saving to the mill will be 50 per cent of wages plus full D.F.A. plus fringe benefits of the post, which normally comes to 26 per cent of the wage bill. The mill will be able to recover full amount within about 20 months, and perhaps even in a shorter period.

5. The National Textile Corporation/State Textile Corporation (or State Government) may set up a revolving fund and out of it give loans to mills which want to introduce the scheme of rationalisation of labour. Loans will carry interest at Bank rate plus some nominal service charge. From the total savings in wages of the displaced workers, some benefit will have to be given to the worker who bears the additional burden. From the balance, some percentage will have to be spent towards the improvement of working conditions. Having provided for these two liabilities, 80 per cent of the net gain should go towards the repayment of loan to the NTC/State Textile Corporation (or State Government), and 20 per cent should remain with the mill to improve its financial condition.

Recommendation

As regards four mills assisted by Central Government, the position that emerges from the annual accounts is very depressing. The accumulated losses of all these mills (Rs. 1336 lakhs) exceed the paid-up share capital (Rs. 384 lakhs) by Rs. 952 lakhs. The current liabilities of the mills exceed the current assets in all the cases except one. The Committee note that Government have decided to liquidate one of these mills. They wish to emphasise that the potential of the remaining mills to grow into viable economic units with investment of reasonable amount of funds should be carefully gone into before proposing reconstruction. The Committee do not favour handing back the mills to previous owners who have grossly mismanaged them.

[S. No. 8 (Para 1.42) of Appendix III to the 28th Report of P.A.C. (5th Lok Sabha)].

Action taken

The recommendation has been noted for compliance.

[Ministry of Foreign Trade O.M. No. 11021/135/71-Tex (G) dated 30th December, 1971].

Recommendation

The Committee note that the intention of Government in purchasing the Pathini Tea Estate was to run it as a paying concern and also to obtain control of an area of strategic importance. The estate was, however, continued to be managed by the agents of the previous owners. The continuance of the agents on an annual basis and relating the commission payable to them to the gross proceeds of tea crops, which were admittedly unsatisfactory features of the agreement, acted as a disincentive to take up replantation and new plantation. Only in November, 1969, attempts were made to lease out the estate on a long term basis. The Committee were not given any specific reasons for the delay over three years in taking this step. They would like to know why the lacunae in the agreement could not be noticed and remedial steps taken earlier. They would also like to know the progress made in handing over the estate to the proposed National Tea Company or to lease it out on long term basis.

[S. No. 10 (Para 1.58) of Appendix VIII to the 28th Report of PAC (5th L.S.)].

Action taken

The main reason for purchasing the Pathini Tea Estate was because of its strategic importance and in the interest of national security. Government took it over on 1st February, 1966 In order to avoid disruption of production then agents of the previous owners against whom there was no adverse report, were allowed to continue to manage the Estate for a period of one year initially. This was extended on a year to year basis.

The first agreement with the firm for managing the Tea Estate could be finalised only towards the close of 1966 and was executed in January 1967. At the time of extending the lease of the Tea Estate for a period upto 31st December, 1967, the proposal to lease it out on a long term basis was mooted. The details of long term lease such as 3 to 5 years or 15 to 20 years as well as other satisfactory alternative arrangements were considered extensively in consultation with the Tea Board, Ministry of Finance and Ministry of Law. In November, 1969 tenders could be invited for leasing out the estate on a long term basis (20 years). In all 12 tenders were received. The offers ranged from Rs. 35,000 to Rs. 2,00,000. The response was poor. Government were, however, unable to make a selection because none of the tendering firms was considered suitable for the job. It was, therefore, decided that the existing arrangements might continue till the National Tea Co. consider the matter after it has been set up.. The conditions of the agreement have been revised suitably, effective from 1st January, 1971. The revised terms are indicated below:—

i) A Commission at 1 per cent of the gross sale proceeds of the crop as against 1-1 2 per cent fixed earlier.

(ii) A commission at 10 per cent of the net profits as determined under Section 349 of the Companies Act, 1956 as against 2 per cent fixed earlier.

The lease deed with revised conditions has been executed. The revised terms are expected to give incentive to the managing agents and the working of the garden is likely to improve.

It has been decided to set up a Tea Corporation in the public sector and its objectives include the management of any tea estate which Government may desire to take over. The Corporation will be asked to consider taking over this estate for management as soon as it is feasible

[Ministry of Foreign Trade O.M. No. 7(6)-B and A|71 dated 24-2-72]

Recommendation

The Committee regret to note that no attempts were made by Government to make the estate profitable. Neither any survey was conducted by Government after the purchase of the estate nor was the scope for increasing the profitability on the basis of the survey said to have been conducted by the previous management examined. Out of the total area of 2,412 hectares the area under tea is only 787 hectares. About two-third of the plantation is over 40 years old. Only about 40 hectares were brought under new plantation during 1965-68 and no area was replanted. The Committee hope that necessary action to improve the yield will be taken early.

[S. No. 11 (Para 1.70) of Appendix VIII to 28th Report of PAC (5th Lok Sabha)].

Action taken

With a view to improving the profitability of the garden, Government have taken various measures in this direction from time to time as indicated below:

(i) During the year 1967, Government approved of the change in the manufacturing method from Orthodox to CTC and sanctioned supply of necessary machinery and equipment for the purpose costing Rs. 1·49 lakhs.

(ii) In 1969 a truck costing Rs. 40,000 was also supplied to the garden to replace the existing truck which had become unserviceable.

(iii) A sum of Rs. 18,000 was invested in additional machinery during 1969-70.

(iv) During the year 1970-71, a further capital expenditure of Rs. 3·85 lakhs was sanctioned and released for machinery and electrification.

(v) During the year 1971-72 a sum of Rs. 6·50 lakhs has already been approved for additional machinery. The work is in progress and is expected to be completed shortly.

In regard to plantings, during the period 1966-67 to 1968-69. 19·82 hectares of replanting and 13·77 hectares of extension of planting were undertaken. These were on the basis of proposals from the Agents. Since Government were thinking of leasing out the estate on long term basis, a heavy expenditure on this account was deferred. At the Advisory Board meeting held on 29th July, 1970, a ten year programme submitted by the Agents for rehabilitation of the property and capital expenditure programme commencing 1971 was approved. During the year 1971, 12 hectares of extension of area under tea under capital expenditure and 5 hectares of replanting under revenue expenditure was carrid out. It is expected that new planting programmes will be a regular feature on the garden in future. Priority is being given to extensions rather than extensive replanting which would result in loss of crop. All efforts continue to be made to improve the yield and profitability of the property.

[Ministry of Foreign Trade O.M. No. 7(6)-B and A|71 dated 24-2-72].

Recommendation

In a number of cases the time taken from the date of despatch of tea from the garden to the date of actual sale was in excess of 12-13 weeks during the 1967—69. The delays during 1968 have not been explained by Government. As such delays are bound to affect the prices either due to lack of demand or due to damage, the Committee trust that expeditious despatch and sale would be ensured in future.

[S. No. 15 (Para 1.94) of Appendix VIII to 28th Report of P.A.C. (5th Lok Sabha)].

Action taken

Teas are normally sent by rail and the time taken in transit from garden to Calcutta depends on the movement in the railways.

The time lag between the arrival of the tea at Calcutta Port and the sale depends on several factors including their unloading making over to the warehouses by the Port Commissioner and their inclusion in the auction catalogues strictly on the basis of arrival dates or in other words. "first come first served", in accordance with the rules and regulations of the Calcutta Tea Traders' Association which govern the conduct of warehousing sampling; auctions. prompts and deliveries. It will therefore be evident that the gardens or their Agents have little control in expediting sales of their teas in auctions once the teas leave the gardens.

Every endeavour is, however, made to ensure expeditious despatch and quick movements from the garden.

[Ministry of Foreign Trade O.M. No. 7(6)-B&A|71 dated 24th February, 1972]

Recommendation

The Committee note that as against a loss of Rs. 5·30 lakhs during 1968, the Estate has made profit of Rs. 0·43 lakhs during 1969 They suggest that in future "interest on capital and audit fee" should be included in the proforma accounts of the estate.

[S. No. 16 (Para 1.109) of Appendix VIII to 28th Report of PAC (5th Lok Sabha)]

Action taken

The Committee's recommendation to include 'interest on capital' and 'audit fee' in the proforma accounts of the Estate has been noted.

[Ministry of Foreign Trade O.M. No. 7(6)-B&A|71 dated 24th February, 1972].

Recommendation

From the details of the cost of production furnished by the Ministry, the Committee find that the cost of packing which increased from 28 paise per kg. in 1967 to 37 paise in 1968 came down to 32 paise in 1969. Admittedly the number of chests used was more than what was required. The Committee find from a letter dated 21st April, 1969 of the Chairman, Tea Board, that this resulted in a loss to the Estate but a profit to the Managing Agents as they were supplying the chests. The Committee would like Government to investigate into the matter.

[S. No. 17 (Para 1.110) of Appendix VIII to 28th Report of PAC (5th Lok Sabha)].

Action taken

Stress is being laid on improving packing of tea and increasing the average net weight per chest so that there is a decrease in the packing cost. There has been some improvement since 1968 when 37 kgs. and 41 kgs. had been packed in large and small chests respectively and the corresponding figures for 1969 and 1970 have been 40 and 42 kgs. and 40 and 41 kgs. respectively. (It may be stated in this connection that according to the tea trade requirement, dust grades which are heavier in weight by unit volume are packed in smaller size chests whereas leaf grades which are comparatively lighter per unit volume are packed in large size chests.).

The statement made in Chairman, Tea Board's letter of 21st April, 1969 in regard to the profit earned by Managing Agents by using more chests then were required has been examined. The Agents in Calcutta place orders for the requisite number of chests on various manufacturers who send them direct to the garden. The orders for chests and other components have been placed on other firms and are not supplied by the Agents.

Moreover the expenditure incurred in 1968 on account of part of 1967 crop packed in 1968 should have been provided for in the Liability A|c for 1967 but through an oversight the Agents had not done so and the Chest A|c for 1968 included the cost of chests used for packing a part of 1967 crops. The matter came to the notice of the Agents only in 1969 when Audit was carried out for the years 1966—68.

The short packing of tea in tea chests was also investigated. It was found that out of Rs. 51,062 spent on packing costs in 1968 an amount of Rs. 47,354 was on items of legitimate expenditure for which there was no ground whatsoever to hold the managing agents liable. During that year Pathini Tea Estate packed 38·2 kgs. as against 42|43 kg. packed in such chests by the adjacent tea estates. The extra expenditure amounts to Rs. 3,708. The matter was examined in detail by Chairman, Tea Board who considered that shortcomings such as underpacking are not an unusual feature in the working of tea companies and the usual practice in such cases is to warn the garden managers of the defects and keep a strict watch on such items to ensure that they are not repeated in the following years.

[Ministry of Foreign Trade O.M. No. 7(6)-B&A/71 dated 24th February, 1972].

Recommendation

There has been a considerable increase over the years in the subsidy paid by the Estate on the food stuffs supplied to its staff despite the fact that departmental cultivation as well as cultivation on fallow lands by established labourers have been started to augment food production. The Committee feel that Government should examine as to whether it is possible to reduce if not altogether eliminate the subsidy by bringing in additional areas under cultivation of foodgrains.

[S. No. 18 (Para 1.116) of Appendix VIII to 28th Report of PAC (5th Lok Sabha)].

Action taken

There has been a considerable increase on the cost of subsidy over the years on account of food stuffs supplied to the employees on the garden. While wheat is obtained through Government at controlled rates, rice has to be purchased in the open market, where prices fluctuate from year to year and from time to time. The tea industry in North India in general has to bear this expenditure as it has always been the practice to supply cereals at subsidised rates to its labour and staff. Pathini has its "Grow More Food Project" and at present 40 hectares are under food cultivation. Efforts are being made to increase the area so that the cost on food subsidy can be reduced. It is hoped that it would be possible to reduce expenditure on this item to some extent in future, though it will not, however, be possible to eliminate the subsidy altogether.

[Ministry of Foreign Trade O.M. No. 7(6)-B&A/71 dated 24th February, 1972].

Recommendation

The Committee observe that while a grant of Rs. 10 lakhs was disbursed to the Association in March, 1968, only about Rs. 3·38 lakhs were utilised till September, 1969. This short-utilisation of funds has been attributed to unforeseen delay with regard to transfer of land and lack of a sense of urgency in the import of machinery. The licence for the import of machinery was applied for only on 21st March, 1969. The Committee do not appreciate the release of the grant without ascertaining the immediate requirement which amounted to unnecessary blocking of funds.

[S. No. 20 (Para 1.135) of Appendix VIII of 28th Report (5th Lok Sabha)].

Action taken

The observations made by the Public Accounts Committee have been noted for strict compliance in future.

[Ministry of Foreign Trade O.M. No. 8(9)-Tax(D) 69 dated 5-2-1972].

Recommendation

The Committee note that no specific time-limit within which the grant should be utilised, was laid down by Government. The Committee would like Government to learn a lesson from this instance and ensure that a scheme from a private organisation seeking financial assistance from Government should be regulated by a realistic and well defined time-schedule for completion of the project and Government authorities concerned should satisfy themselves with due expedition about the actual progress made before releasing the funds.

The Committee would like to be informed of action taken and detailed instructions issued in this behalf in consultation with the Ministry of Finance.

[S. No. 21 (Para 1.136) of Appendix VIII of 28th Report (5th Lok Sabha)].

Action taken

According to Rules 149(1)(a) and 149(2) of the General Financial Rules, only so much of the grant should be paid during any financial year as is likely to be spent in that year and in the case of non-recurring grants for specific objects, the order sanctioning the grant should also specify the time-limit within which the grant or each instalment of it is to be spent. The existing provisions therefore are considered adequate.

Departmental instructions have, however, been issued to all concerned (Annexure I) within the Ministry of Foreign Trade to keep in view the observations of the Public Accounts Committee and the relevant provisions of the G.F.R. before releasing grants-in-aid.

[Ministry of Foreign Trade O.M. No. 8(9)-Tex(D)|69, dated 5th February, 1972].

ANNEXURE I

No. 13(1)-MDF|71

GOVERNMENT OF INDIA

MINISTRY OF FOREIGN TRADE

New Delhi, the 3rd January, 1972.

OFFICE MEMORANDUM

SUB:—*Utilisation of Grant-in-aid.*

A case has come to notice wherein the sanction letter for the release of grant-in-aid from the Marketing Development Fund to the grantee institution, no specific time limit within which the grant should be utilised, was laid down by the Government. The grant released to the institution was not fully utilised in that year and the balance unutilised amount was allowed to be retained by the Institution. The Public Accounts Committee in their 28th Report have made the following observations:—

> "Grant-in-aid should be sanctioned after ascertaining the immediate requirements so that locking of funds is avoided (ii) Financial assistance from Government should be regulated by a realistic and well defined time-schedule for completion of the project and Government authorities concerned should satisfy themselves with due expendition about the actual progress made before releasing the funds."

According to Rules 149(1) (a) and 149(2) of the General Financial Rules (1963) only so much of the grant should be paid during any financial year as is likely to be spent in that year and in the case of non-recurring grants for specific objects. order sanctioning grant should also specify time limit within which the grant instalment of it is to be spent. When recurring grants-in-aid are sanctioned to the same institution for the same purpose, a certifiate to the effect that the unspent balance of the previous grant has either been surrendered to the Govt. or has been taken into account sanctioning the subsequent grant should be incorporated in the sanction letter in such cases *vide* Rule 149(1) (a) of the G.F.R.

It is requested that in future, before releasing grant-in-aid to the grantee institutions the observations made by the P.A.C. and the instructions contained in G.F.R. are kept in view and only so much of the grant is paid during any financial year as is likely to be spent during that year. The sanction for the grant should be subject to the conditions that any amount that remains unutilised at the end of the year should be refunded immediately. If any balance amount remains unutilised with the grantee institutions at the close of financial year steps should be taken to recover the amount immediately.

This issues with the approval of the Ministry of Finance, FT&T Division *vide* their u.o. No. 11, 123. FT&T Div. dated the 21st December, 1971.

Sd/-
(P. G. SALVI),
Deputy Secretary to Govt. of India.

All Officers.

All Sections.

All Export Promotion Councils and other grantee institutions.

Recommendation

It is a recognised fact that a significant increase in fertiliser consumption is a critical element in the agricultural strategy. Although the consumption of fertilisers has registered a substantial increase in the recent years. it has fallen considerably short of the targets. During the years 1966-67. 1967-68. 1968-69 and 1969-70 against the targets of 15.70 lakh tonnes. 21.90 lakh tonnes. 30.06 lakh tonnes and 29.75 lakh tonnes. the actual consumption was 11.01 lakh tonnes (70 per cent). 16.85 lakh tonnes (76 per cent) 17.60 lakh tonnes (58 per cent) and 20.09 lakh tonnes (67 per cent) respectively. The continued shortfall in consumption leads the Committee to the conclusion that the fertiliser promotion efforts of the Government are not effective enough. The Committee hope every effort will be made to reach the desirable level of annual consumption by the end of the Fourth Plan so that the loss of nutrients from the soil may be adequately compensated.

[S. No. 22 (Para 2.17) of Appendix VIII to 28th Report of PAC (5th Lok Sabha)]

Action taken

The growth rate of fertiliser consumption from 1966-67 to 1970-71 may be seen from the following table:—

Year	Consumption (in lakh tonnes)				Rate of growth over preceding year			
	N	P_2O_5	K_2O	$(N+P_2O_5+K_2O)$	N	P_2O_5	K_2O	$(N+P_2O_5+K_2O)$
1966-67	7·38	2·49	1·14		28	89	48	40
1967-68	10·35	4·46	2·03		40	79	49	53
1968-69	12·08	3·82	1·70		17	—14	..	—4
1969-70	13·98	4·35	1·76		16	14	4	14
1970-71	14·86	4·61	2·28		6	6	29	8

From the above table it may be seen that there has been an increase in the fertiliser nutrient $(N+P_2O_5+K_2O)$ consumption in every year. However, there has been maximum growth rate in 1966-67 and 1967-68 and it has slowed down subsequently. This could be due to the following reasons:—

1. Maximum growth rate observed in 1966-67 and 1967-68 could be attributed to the break-through in the adoption of cultivation of high yielding varieties of wheat in the maximum area during this period and subsequently there was a marginal increase in area under high yielding varieties of wheat.

2. There was no outstanding break-through in the adoption of high yielding paddy varieties with the result that the expected targets could not be achieved.

3. As stated earlier, after every year there is an increase in the fertiliser consumption with the result there is a larger base reached year after year; consequently the per cent growth rate decelerates.

At present the Indian Council of Agricultural Research are laying out National Demonstrations in 75 districts at the rate of 15 demonstrations in each district. The aim of these demonstrations is to show maximum production potential per unit area in per unit time by following package of practices including the optimum and balanced use of fertilizers. The fertiliser schedules in these demonstrations are to be based on soil test recommendations. Besides this, the State Governments and the fertiliser Manufacturers are also carrying out promotional programmes including demonstrations, free soil testing and audio-visual programmes.

Another important medium for promoting the fertiliser use is to Farmers' training programme. The farmers' training programme revolves around the National Demonstrations and while discussing the package of practices for High yielding varieties programme, due stress is laid on the application of recommended doses of P&K fertilisers. Farmers are trained through peripatetic teams also.

Government have also under active consideration a scheme for massive promotional programme in about 70 districts through intensive soil testing field demonstrations, farmer and dealer training, and a visual publicity and linking of credit applies and technical advice.

[Deptt. of Agriculture D.O. No. 1-28 71-MAI dated 25-2-72].

Recommendation

The Committee note that Government propose to set up a Fertiliser Promotion Council to undertake demonstration of fertilisers and to bring about a large amount of coordination in the use of fertilisers. The hope that the Council will be set up early and it will enlist earnest cooperation and active participation of the States to achieve the targets of consumption during the Fourth Plan period.

[S.N. 23 (Para 2.18) of Appendix VIII to 28th Report of PAC (S.R.L.S.)].

Action taken

The Ministry of Agriculture has drawn up a centrally sponsored fertiliser Promotion Programme costing Rs. 3.0 crore during the remaining period of the Fourth Five Year Plan. This has already been approved by the Planning Commission. Concurrence of Finance to the scheme is, however, awaited. The programme will be implemented in 35 districts in 1972-73 and 35 districts in 1973-74 on an intensive basis. It is based on 10-point programme which are as follows:

(i) Massive demonstration programme in selected districts on a package approach in collaboration with the other demonstration programmes organised by the States Manufacturers etc. in respect of specific commodities like cotton, oil seeds, jute etc.

(ii) Training of V.L.Ws., Coop. Salesman, Extension officers and other officers in proper fertiliser use and management so that they can assist the farmers on the efficient use of fertilisers.

(iii) Training of farmers including farm women in proper use and management of fertiliser in selected potential districts.

(iv) Dissemination of information material on the use of fertilisers through personal contact, group discussions and mass communication media such as film, radio and television.

(v) Organisation of fertiliser festivals in the potential districts.

(vi) Strengthening of the existing soil testing laboratories in the districts, setting up of new ones and provision of mobile soil testing laboratories and also strengthening the quality control measures at the Centre and in the States.

(vii) Increase cooperative credit facilities to farmers for fertiliser use.

(viii) Credit to be given in kind as fertilisers as far as possible.

(ix) More selling points to be opened in each block.

(x) Linking of Commercial Bank Credit Programme with fertiliser on an area basis.

The programme will be implemented through the State Governments. The Ministry also through this programme will coordinate the Fertiliser Promotion Programmes with all the other agencies including fertiliser industry in use of balanced fertilisers.

[Department of Agriculture D.O. No. 1-28/71-MAI dated 25-2-72)].

Recommendation

The Committee would like to emphasise that adequate credit facilities to small farmers should be made available on easy terms for getting agricultural inputs. The Committee note that Government propose to set up an Agricultural Credit Corporation to offer security against risks to the commercial banks and that proposal is under active consideration. The Committee would like to be apprised of the decision taken in this regard.

[S.N. 24 (Para 2.19) of Appendix VIII to 28th Report of PAC (5th L.S.)].

Action taken

The Public Accounts Committeee have probably meant the Credit Guarantee Corporation and not the Agricultural Credit Corporation.

Following is a detailed account of the activities of this Corporation.

The Credit Guarantee Corporation of India Ltd., a company registered under the Companies Act was incorported on the 14th January, 1971 and the Credit Guarantee Scheme came under force with effect from the 1st April, 1971. The Corporation has formulated three schemes extending guarantee cover to the advances made by scheduled Commercial Banks, State Financial Corporation and eligible Service Cooperatives. These schemes have been substantially amended and liberalised from the 1st January, 1972. According to the liberalised scheme of the Credit Guarantee Corporation, all direct lending irrespective of the loans sanctioned by commercial banks to individual farmers will be covered under the scheme. Claims for losses incurred will, however, be restricted up to 75 per cent of the amount or Rs. 2,500 whichever is lower in the case of short-term crop advances; 75 per cent of the amount of the loss or Rs. 10,000 whichever is lower in the case of medium-term advances, 75 per cent of the amount of the loss or Rs. 5,000 whichever is lower in the case of short-term loans, subsequently converted into long-term loans due to genuine reasons like drought, famine etc. Hitherto, loans to small farmers were covered under the scheme for advances up to Rs. 1,000 in case of seasonal advances and advances up to Rs. 5,000 for medium-term advances.

The amended scheme also prescribes ceiling for losses in respect of advances to individuals engaged in pisciculture, sericulture, animal husbandry, dairy farming or poultry farming. The restriction is that only one claim can be preferred for a borrower in respect of advances to these categories and the ceilings for claims prescribed are Rs. 37,500, Rs. 18,750, Rs. 15,000, Rs. 22,500, Rs. 15,000 or 75 per cent. of the amount of the losses whichever is lower in respect of advances to pisciculture, sericulture, animal husbandry, poultry farming, dairy farming respectively.

[Department of Agriculture D.O. No. 1-28/71-MAI dated 25-2-72]

Recommendation

The growth in the demand for fertilisers is very much dependent on the development of soil testing facilities. The Committee are however, distressed to find that the existing soil testing laboratories which number 105 are not being utilised to their full capacity. According to the Planning Commission, the laboratories are being

utilised to the extent of 60 per cent of their capacity while in a paper submitted to the Conference of Agriculture Ministers it was mentioned that the laboratories are being utilised to the extent of 50 per cent only. Apart from under-utilisation, the Committee are concerned to note that the manner of drawing and testing samples by the laboratories is admittedly faulty and there is also lack of effective follow-up action by the Extension Agencies. During the course of evidence the Secretary, Department of Agriculture expressed his helplessness in the matter as the laboratories were working under the control of the State Governments. The Ministry of Agriculture are not aware even about the actual figures of utilisation of facilities provided by these laboratories. The Committee consider this as regrettable state of affairs. They would urge Government to take necessary steps to establish better coordination with the State Government in the matter of utilisation of the soil testing laboratories. The Committee cannot over-emphasise that improvement in soil testing facilities and their full utilisation are essential for increase in consumption of fertilisers, particularly P_2O_5/K_2O of which there is deficiency in certain parts of the country.

[S.No. 25 (Para 2.20) of Appendix VIII to 28th Report of PAC (5th L.S.)].

Action Taken

The role of soil testing in efficient use of fertilisers was recognised by the Government of India as early as 1952 when a scheme on the determination of "Soil Fertility and Fertiliser Use" was initiated at the I.A.R.I. under Indo-U.S.A. Operational Agreement No. 4. Under this Agreement and its two supplements, provision was made to establish 24 soil testing laboratories in the country. The U.S. Government provided assistance through the supply of equipments necessary in addition to making available the services of expert technicians and in arranging for the training of personnel abroad. In 1956, eight laboratories were set up and 16 more were added later on to make the total number of 24 laboratories distributed throughout the country. Under the A.I.D. Programme, 9 more laboratories were set up for providing the necessary soil testing facilities in the package programme districts were the package practices including the input of fertilisers had a dominant role to play in increasing the agricultural production. The importance of these facilities was realized by the State Governments and a number of laboratories were set up by the Governments on their own. Presently, there are 105 soil testing laboratories working in the different States rendering service to the cultivators in efficient and balanced use of fertilisers.

These laboratories were functioning at different rates of utilisation varying from 20 per cent to 15 per cent. The laboratories in the Eastern and Central States are operating at a low level; whereas the laboratories in the Southern and Northern States have been operating satisfactorily during recent years and some of the laboratories have been exceeded their rated capacities.

The Department of Agriculture has a small Cell for coordinating the working of the different laboratories and reviewing the progress of the various laboratories. For the above purpose, the State Governments have been requested to arrange for sending the monthly reports of the various laboratories so that the coordination of the work could be done at the Central level. The Department is following-up the action taken by the various State Governments on the suggestions made by this Department and as consequence, there has been improvement in the working of the laboratories during the current year. The overall performance of all the laboratories has been worked out for 1970 and 1971 (January to August) which is of the order of 77 per cent and 80 per cent respectively. The original performance is shown in a tabular form below:—

Zone	States	Percentage utilisation of capacity 1970	1971 (Jan. to Aug.)
Eastern . . .	Assam, Bihar, Orissa, West Bengal, Manipur, Tripura.	31·0	43·1
Western	Gujarat, Maharashtra.	56·4	82·2
Southern	Andhra Pradesh, Tamil Nadu, Kerala, Mysore, Pondicherry	75·0	88·8
Northern .	Punjab, Haryana, J & K. Himachal Pradesh	152·6	127·9
Central . . .	U. P., M. P., Rajasthan, Delhi. . .	71·6	56·0

The Department has also a scheme for fabrication of 34 units of Mobile Soil Testing Laboratories for supplementing the existing soil testing facilities and rendering service at the doorsteps of the farmers. Seventeen Mobile Laboratories have already been supplied to the major States a few of which are functioning. Reports from the States indicate that there has been considerable impact of these facilities on the cultivators and soil-test consciousness has been aroused. It is expected that the facilities provided will augment the fertiliser consumption and that farmers will resort to balanced use of ferilizers by including P_2O_5 and K_2O in their fertiliser use schedule.

In order to strengthen the soil testing laboratories in the States, necessary provision has been made for strengthening 70 soil testing laboratories during the remaining two years of the Fourth Five Year Plan, with equipments and a jeep. It is also proposed to provide atomic absorption specto-photometer to each State for analysis of soil samples for the deficiency of micro-nutrients such as zinc, boron etc. Steps are also being taken to train the officers of the soil testing laboratories on the latest techniques of soil testing at I.A.R.I. on a regular basis.

The soil testing programme of the State Governments are being continuously reviewed by visits to the States so that the quality of the laboratories is maintained and improvements are effected.

[Department of Agriculture D.O. No. 1-28/71-MAI, dated 25th February, 1972].

Recommendation

As on 1st April, 1969, there was an accumulation of 11.53 lakh tonnes of fertilisers valued at Rs. 200 crores. The quantity that remained unsold for more than two years on the 1st April, 1970 in States (except Assam, Bihar, J. & K., Orissa and U.P. who had not furnished their reports), was of the order of 2 lakh tonnes and the loss/damage sustained on account of long storage was Rs. 0·78 lakh during the 2 years ending 1st April, 1970. In addition considerable expenditure had to be incurred on long storage. In view of this position, the Committee would emphasise the need for realistic provisioning based on the actual consumption of each kind of fertilisers. In this connection the Committee wish to add that Government should devise a proper scientific machinery to collect the data regarding actual consumption of fertilisers for the accurate assessment of future needs as at present they are not in the know of the extent of actual consumption of potassic and phosphatic fertilisers throughout the country.

[S. No. 26 (Para 2.34) of Appendix VIII to 28th Report of PAC (5th Lok Sabha)].

Action taken

Stocks of Fertilizers as on 1-4-1969

The total value of stocks of all kinds of fertilizers with the Central Pool, State Government agencies, manufacturers and dealers as on 1st April, 1969 was about Rs. 200 crores. But a stock of this order is not too large or excessive in view of the very large requirements of fertilizers during 1969-70, especially those of Kharif season. During the Zonal Conferences held in March|April, 1969, the States had indicated their requirements of fertilisers for 1969-70 totalling up to 18.00 lakh tonnes of nitrogen, 6.22 lakh tonnes of P_2O_5 and 3.25 lakh tonnes of K_2O_5 The value of these requirements was about Rs. 473 crores. Of this the value of requirements of Kharif, 1969, which was only one month away—was about Rs. 270 crores. Building up of a stock worth Rs. 200 crores just one month in advance of Kharif season in the circumstances, was indispensable. Moreover, some accumulation of the stocks was the result of lack of sales on account of unsatisfactory weather conditions in some of the States in the year 1968-69.

The storage losses in some of the States are unfortunate, and the States were regularly requested during the bi-annual conferences to make the best use of the stocks. Allocation of freshly imported fertilisers were made only after assuming that all the stocks in hand were fully used. But in some States the cooperative system could not dispose of the stocks with them: unfortunately, they did not undertake the additional expense of rebagging these old stocks and transporting them to those areas where fertilisers were in demand. The losses have occurred due to additional financial and storage expenses. The State Governments are urged to make adequate arrangements to move and utilize the surplus stocks in one district in other districts in their State after due rebagging and transportation. They have been requested to do the needful.

The Government are aware of the need of a scientific system of data-reporting so as to assess accurately the actual consumption of fertilisers and the future needs. The existing practice is to collect data regarding fertiliser consumption and stocks etc. in a series of Zonal conferences which are held twice a year, once before Kharif and again before Rabi, and attended by representatives of all State Governments, Union Territories and manufacturers. The data so received is cross-checked with the information compiled in the Ministry on the basis of data received from manufacturers, Food Corporation (handling agent of the fertilisers), S.W.C. & C.W.C. and every care is taken to reach correct estimates. But despite these checks and cross checks, there is room for improvement. In fact, to put the system of data reporting on a regular firm footing, several steps are being taken by the Government. These are briefly summarised below:—

(i) In 1969, the Indian Institute of Management, Ahmedabad was asked by the Government to study the data reporting system as it existed in the country at that time and suggest improvements. The team of the Indian Institute of Management studied the existing system. It visited four States namely, Maharashtra, West Bengal, Punjab & Tamil Nadu and on the basis of its findings, recommended a scheme, sometimes towards the end of 1969, to be tried on pilot basis in the States of Tamil Nadu and Punjab. The broad features of the scheme briefly, as it was to be tried in these two States were:—

(a) The data of fertiliser stocks and sles by wholesalers and retailers will be collected by the respective A.E.O. (Agriculture) and consolidated by the District Agricultural Officer and sent to Director of Agriculture, who would consolidate it for the entire State.

(b) The data of the sales and stocks etc. from the cooperative sector would be collected by the A.E.O. (Coops.) and consolidated by the B.D.O. at the block level and forwarded to the Assistant Registrar at district level.

(c) The form of report was streamlined with a view to avoiding double counting, and to facilitate computerisation at New Delhi. Advance copies of the reports were to be received in Delhi and computerised so as to give monthly picture of sales and stocks enabling continuous planning for import of fertilisers at optimal levels.

(d) The idea, however, was that if the scheme proves successful in these two States, it will be extended to other States also. However, the scheme has been working satisfactorily in Punjab, though there were initially certain practical difficulties in Tamil Nadu and the scheme with some alterations could be installed there only in 1971 and it is hoped that the data reporting system will improve in the State. Meanwhile, other States have also been asked to try the scheme. Replies from certain States have already been received and other States have been asked to expedite the replies.

(ii) An Inter-Ministerial Committee, consisting of representatives of the Departments of Chemicals, Economic Affairs, Expenditure, Planning Commission and Indian Council of Agricultural Research has been set up with the Secretary, Agriculture Department as the Chairman to watch the trends of further consumption twice a year and to scrutinise the import proposals of Agriculture Department. This Committee also examines the statistical accuracy of the consumption and stock figures given by the States.

(iii) The State Governments have also been asked to form Standing Committees on Fertilisers in each State. These Committees would consist of representatives of the State Government, manufacturers, distributors and cooperatives and discuss various related matters including the ways and means of improving the fertiliser statistics. Eight States, namely Punjab, Uttar Pradesh, Madhya Pradesh, Rajasthan, Gujarat, Orissa, Haryana and Bihar have already set up these Committees and other States are being persuaded to go ahead with the scheme.

(iv) In a Conference of the Officers of State Government called on 21st January, 1971, they were asked to improve the system of statistics which they were furnishing to the Government of India and to be vigilant about the data reporting system in their respective States. However, on a request from the State Governments, the manufacturers have been asked to report to the State Governments the despatches made to the States, so as to enable them to cross-check the figures which they gather from retailers onwards. This is likely to improve the efficiency of the Data Reporting System.

(v) Finally officers from the Ministry were also sent to different States to study the Data Reporting System there and point out the weaknesses existing in the State and suggest them the steps to improve the system.

To sum up then, it may be said that the Government is aware of the need of a scientific system of data reporting and is taking steps to improve the existing system

It is hoped that with the various measures being taken, the system would improve.

[Department of Agriculture D.O. No. 1-28|71-MAI, dated 25th February, 1972].

Recommendation

The Committee note that Government have spent Rs. 597.20 crores in the import of fertilisers during the 4 years 1966-67 to 1969-70. During the three years ending 1968-69 the import of nitrogenous fertilisers was much more than even the targets envisaged in spite of the actual availability of stocks being in excess of the requirements. The quantity of imported fertilisers accumulated as on 1st August, 1970 was 11.08 lakhs metric tonnes costing Rs. 187 crores. The targets fixed for the import of fertilisers during the revised Fourth Plan show that the imports will be increasing every year. From 8.94 lakhs tonnes of fertilisers imported in 1969-70, the imports during the last year of the plan, *viz.*, 1973-74 is expected to increase to 26.74 lakh tonnes. In view of the fact that increasing imports of fertilisers involve considerable foreign exchange expenditure, the Committee would like to caution Government against importing fertilisers far in excess of requirements which has resulted in over-stocking in the past. The Committee would also stress that concerted efforts should be made to develop indigenous capacity for production of fertilisers so as to obviate dependence on imports in this crucial sector of our economy.

[S. No. 27 (Para 2.35) of Appendix VIII to 28th Report of PAC (5th Lok Sabha)].

Action taken

The Committee's recommendations for minimising fertiliser imports have been noted.

In regard to self-reliance in fertiliser production, both capacity and production of fertilisers have been increasing over the years. Fertilisers are included in the core Sector and the larger industrial houses are also permitted to contribute and participate in the building up of capacity in the fertiliser industry. A note entitled "Fertiliser Programme in the Fourth and Fifth Plan" which gives information regarding the capacity and production of fertilisers is enclosed as Annexure I.

Recognising the need for rapid increase in capacity in production of fertilisers, Government had reviewed in 1965-66 the policy for licensing capacity in fertilisers and as a result certain facilities were offered to intending entrepreneurs for establishing new fertiliser factories, and simultaneously certain procedural changes were made to deal expeditiously applications for letters of intent/industrial licences in fertilisers. A high level committee of secretaries, called the special Committee of Secretaries for fertiliser projects was constituted to function as a single focal point for dealing with all negotiations involving the foreign collaboration in fertiliser industry, for considering applications for letter of intent/industrial licences, for expediting necessary clearances etc. Since then a good number of letter of intents/licences were issued. Some of the letter of intents granted did not, however, materialise as the parties did not implement the projects. Details of the licences issued since 1966 and which have been implemented and which are being implemented are given below:—

Licences issued	Date of issue of licence	Capacity		DAP
		N	P_2O_5	
Public Sector—				
1. Cochin Phase I	7-6-1966	152,000	...	
2. Durgapur Fertiliser Project. . .	30-7-1966	152,000	..	
3. Madras Fertiliser Project. . .	17-12-1966	164,000	85,000	
4. F.A.C.T. (IV Stage Expn.) .	29-10-1966	22,000	10,000	
5. Sindri Rationalisation Scheme .	27-4-1968	..	156,000	
6. Namrup Expansion. . . .	6-8-1969	152,000	..	
7. Barauni Fertiliser Factory . .	21-10-1969	152,000	..	
8. Indian Farmers Fertilisers Co-operative Ltd. . . .	28-5-1970	215,000	127,007	
9. Ramagundam Fertiliser Project. .	19-1-1971	229,000	..	
10. Talchar Fertiliser Project. . .	19-1-1971	229,000	..	
11. Trombay Expansion . . .	1-6-1971	132,000	132,000	
12. Haldia Fertiliser Project. . .	27-12-1971	152,000	75,000	
Private Sector—				
1. D.C.M. M/s. Shriram Fertiliser Chemicals, Kotah. .	22-9-1966	110,000	..	
2. Indian Explosives Ltd., Kanpur. .	28-3-1966	200,000	..	
3. Mangalore Fertiliser Project Mangalore.	8-12-1966	160,000	..	

Licences issued	Date of issue of licence	Capacity N	P_2O_5	DAP
4. Zuari Agro-Chemicals, Goa.	12-12-1966	1,75,000	42,000	
5. Gujarat State Fertilisers.	17-12-1967	2,16,000	50,000	
6. Coromandal Fertiliser, Vizag and Expansion Phase I.	14-1-1971	235,000	73,000	
7. Southern Petro-Chemical Industries Corporation Ltd., Tuticorin.	4-8-1971	258,000	52,000	
8. Dharamsi Morarji Chemicals.	30-8-1971	45,000	11,200	115,000
9. Delhi Cloth Mills Co., M/s. Shriram Chemicals (Expansion)	11-1-1972	42,000	..	
Letter of intents issued				
1. Tata Fertiliser Project, Mithapur.	25-7-1970	166,000	138,000	
2. Maharashtra Cooperative Fertilisers and Chemicals Ltd., Bombay.	13-10-1969	66,000 tonnes Soda Ash. 66,000 tonnes Amm. Chloride		

In regard to the incentive given to private entrepreneurs for establishing fertiliser factories, it may be stated that Government assistance is given for arranging the foreign exchange cost of the project which forms a substantial part of the total cost of the project. Recently, U.K. Project Loans have been granted to three new fertiliser projects. Yen credit is also being arranged for two projects. Besides, every assistance is given to the industry to solve the various problems which arise from time to time. For example allocation of Steel, allocation of foreign exchange for essential imports etc. are recommended. Rail Transportation difficulties faced by the industry are also taken up with the Ministry of Railways.

[Department of Agriculture D.O. No. 1-28 71—MAI dated 25-2-72].

Recommendation

The Committee regret to find that indigenous production of such a vital commodity like fertilizers had been far below the needs of the country and that 69 per cent to 85 per cent of the requirements of Nitrogenous fertilizers and 36 per cent to 100 per cent of the requirement of phosphatic fertilizers had to be imported during the 3 years 1967-68 to 1968-69, while the entire consumption of potassic/ substantial drain on limited foreign exchange resources of the country. This phenomenon is partly due to persistent shortfall in the utilisation of installed capacity of the fertilizer factories. From the data relating to last three years ending 1969-70 furnished to the Committee, they find that while the percentage of production of nitrogenous fertilizers to the installed capacity has increased from 62.7 in 1967-68 to 70 in 1969-70 the production of phosphatic fertilizers has shown a decline from 69 per cent in 1967-68 to 48 per cent of production capacity in 1969-70. The production of triple superphosphatic was only 33 per cent of the capacity and that of complex fertilizers was 58 per cent in 1969-70. The Committee urge upon Government to take necessary steps to ensure that the built-up capacity of the industry is fully utilised.

[S. No. 28 (Para 2.47) of Appendix VIII to their 28th Report (5th Lok Sabha)]

Action taken

The utilization of capacity for production of various types of fertilizers showed a distinct improvement in 1971-72 as compared to the previous year. The relevant details are given below:—

	Capacity (000 tonnes)		Production (000 tonnes)		Percentage Utilisation of capacity	
	1970-71	1971-72	1970-71	1971-72	1970-71	1971-72
Nitrogen Phosphate	1300	1300	830	910	63·8	70·00
Complex Phosphate	207	207	129	144	62·3	69·6
Single Superphosphate	208	208	100	120	48·1	57·7

NOTE :— (1) The production from Madras Unit has not been taken into account for the above calculations, as the Unit went in to production in the later part 1971.

(2) Ammonia used for purposes other than for fertilizer production has been taken into account in the calculations.

Notwithstanding the above improvement, it is recognised that capacity utilization is still on the low side. This is mainly due to the fact that some of the plants like those at Sindri and certain sections of FACT being old, suffer from technological and other difficulties. A few other plants like those at Rourkela, Neyveli have difficulties in optimizing their production because of the difficulties like non-availability of coke-even gas and maintenance and operational problems, design and equipment deficiencies. If performance of aging plants and others based on old processes is excluded, the overall capacity utilization in respect of others presents a fairly bright picture. For example, the Kota factory has been operating at about

100 per cent of its installed capacity; the Gorakhpur, GSFC and Coromondal have also been working between 85-90 per cent of their capacity. The Nangal Unit is also capable of operating at about 100 per cent of the capacity provided adequate power, which in this case is raw-material for Ammonia Synthesis, is available but unfortunately, as a result of power cut at Nangal, the capacity utilization was of the order of 70 per cent in 1971-72.

2. The capacity utilization of single superphosphate factories remained low mainly due to lack of demand for the high prices and low analysis single superphosphate and the growing competition from low cost and high nutrient complex fertilizers, imported or locally manufactured. However, some of the superphosphate units like the DMCC, Bombay and Ambarnath, and Adarsh Chemicals showed a very high capacity utilization of over 100 per cent. A study Group set up by FAI, at the instance of the Ministry of Petroleum and Chemicals, has made certain suggestions to help improve the working of these units by setting up plants for granulation etc. This is a long term programme and would, among other things, require intensive promotional effort reinforced by adequate finances to rehabilitate the units which are in financial straits. There is also the wider question whether the units producing straight fertilizers like SSP, will at all be able to maintain their competitive position *vis-a-vis* the other modern plants which in the context of increasing emphasis on balanced fertilization are going in for the production of complex fertilizers in a big way. All these issues are under consideration, in consultation with other concerned Departments/Ministries and in the meanwhile, the State Governments are being persuaded to lift a certain percentage of their P_2O_5 requirements in the form of single superphosphate. In view, particularly, of the present uncertainty about the availability of imported TSP or DAP it is expected that this measure will help boost up demand for local superphosphate and thereby push up production resulting in better utilization of capacity in these units. The utilization of capacity of single superphosphate factories in 1970-71 and 71-72 has been given above.

The Ministry is paying close and continuing attention to these and other problems which inhibit optimum production in different units and their performance is also reviewed from time to time with a view to helping them to improve their production efficiency to the extent possible. As already mentioned, capacity utilisation in 1971-72 was on the whole very much better than that in 1970-71 and the picture is expected to be even better in the current year.

[Ministry of Petroleum and Chemicals O.M. No. Ferts. I-20(6)|71 dated 9-10-71].

Recommendation

The Committee note with concern that the price of fertilizers is the highest in India as compared with other countries. The high cost of production of fertilizers in the country has been attributed partly to small size of factories and non-use of new technology and partly to under-utilisation of the existing capacity. The Committee wish to emphasise that concerted measures should be taken to bring down the cost of production and sale price so that a farmer finds it economic to use fertilizers.

[S. No. 29, (Para 2.48) of Appendix VIII to their 28th Report (5th Lok Sabha)]

Action taken

Higher prices of fertilizers in India are due to factors like high cost of machinery both imported and indigenous, raw materials and acquisition of latest process know-how from abroad. The cost of the imported machinery becomes high because of customs duty and ocean freight and other charges. The cost of indigenous machinery is often very high compared even to the landed cost of the imported machinery. The longer time taken for setting up fertilizer plants in India due to various reasons adds to the investment on the plant and therefore to the burden of interest and depreciation charges which get reflected in the price of the fertilizers. Continuing efforts are being made to bring down the fertilizer prices through (a) maximum utilisation of installd capacities; (b) establishing production in large sized units dictated by economics of scale; and (c) adoption of the latest production techniques which in turn would ensure high levels of production efficiency.

Comparative prices of fertilizer in India, U.K., Japan, U.S.A. and Pakistan are given below:—

Country	(Rupees per M. T. of plant nutrient content in the material)			
	Ammonium Sulphate N	Urea N	Single Superphosphate P_2O_5	Muriate of Potash K_2O
India (1968-69)	2390	1870	2077	[illegible]
U. K. (67-68)	1342	.	1132	[illegible]
Japan (67-68)	1920	1687	1792	[illegible]
U.S.A. (1967-68)	2160	1800	1740	[illegible]
Pakistan (67-68)	1627	1649	1934	.

In Pakistan and U.K. fertilizer prices are subsidised.

It may be mentioned here that the price of Urea was reduced by Rs. 20/- per tonne last year in spite of increasing costs of production. The action taken by Government in maximising the capacity utilisation of the existing units has been desecribed in detail under Recommendation No. 28 (Para 2.47).

[Ministry of Petroleum and Chemicals O.M. No. Ferts. 1-20(6) 71 dated 9-10-71)]

Recommendation

From the data furnished by the Ministry, the Committee find that during the three years ending 1969-70, Government of India have reimbursed road transport charges to the tune of Rs. 10.45 crores to various States. Out of this amount Rs. 9.42 crores *i.e.* 89 per cent pertained to four States, namely Andhra Pradesh (Rs. 3.51 crores), Maharashtra (Rs. 2.61 crores), Mysore (Rs. 1.99 crores) and Tamil Nadu (Rs. 1.31 crores). The Committee suggest that on the basis of the findings of the Public Accounts Committee Andhra Pradesh, it should be examined whether there is any loophole in the matter of claim and payment of transport charges which require plugging in any of the remaining states.

[S. No. 32 (Para 2.64) Appendix VIII to 28th Report of PAC (5th Lok Sabha)]

Action taken

(Please see para 2.65 and action taken by the Government thereon.)

[The Deptt. of Agriculture D.O. No. 1-28/71-MAI dated 25-2-72]

Recommendation

The Committee note that the Government of India have since appointed an inter-departmental Committee comprising the representatives of the Ministeries of Food and Agriculture, Finance and Transport and Shipping, Railway Board, Food Corporation of India and a representative of the State, to go into the whole question of transport and distribution of fertilisers. The Committee understand that pursuant to a suggestion from the Committee during evidence, a representative of the Comptroller and Auditor General of India was also associated with the inter-departmental Committee to evolve a fool-proof procedure to prevent malpractices. They would like to be informed of the remedial measures taken and their efficacy in putting a stop to these malpractices.

[S. No. 33 (Para 2.66) of Appendix VIII to 28th Report of PAC 5th Lok Sabha]

Action taken

The Committee on Road transport of Fertilisers has since submitted its report. The Government have also accepted all the recommendations made by the Committee. The following recommendations made by the Committee provide suitable safe-guards against recurrence of mal-practitices as were brought to light by the Andhra Pradesh P.A.C.:—

1. The form for submission of bills by the consignee while claiming reimbursement of road transport charges should be revised to improve it and incorporate a clear certificate from the consignee regardig these actual transportion of the fertilised before the bill is forwarder by the State Government to the Centre. The revised form recommended is at Annexure 'A'.

2. The Committee recommends that each claim of reimbursement should be accompanied by a certificate by a Gazetted Officer nominated by the State Governments verifying:—

(i) Actual transportation of the fertiliser by road between two points;

(ii) Correctness of the distance by the shortest route;

(iii) Reasonableness of the road transport charges claimed.

In this context, the Committee feels that in reference to item (i) above, the verification of the actual transportation of the consignment will have to be on the basis of inspection of documents and stocks of the conginee. The proposed form for this certificate is indicated in the Annexure 'B'.

3. In order to check mal-practices, it is necessary to introduce the system of random sample check of individual cases by inspecting parties of the State Governments and the Central Government during which existing records maintained at Octoroi, Sales-tax Forest Posts etc. should be made use of.

4. The Committee also recommends that the fact that random sample checks are being conducted, should be widely publicised in order to create a deterrant fear in the minds of anti-social elements

The recommendations at 1 and 2 above have already been implemented (*vide* copy of circular enclosed). The proforma of the bill and the certificates to be attached thereto have been prescribed after a great deal of deliberations by the Committee. It is hoped that the certificates required to be furnished along with the bill would provide sufficient safe-guards against mal-practices in road transport of fertilisers.

Regarding the recommendations of the Committee at Sr. Nos. 3-4 above, it has already been decided to depute Inspection Squads of the Ministry to various States to conduct random checks of the claims in respect of transport of fertilisers by road. The first such team has already conducted the random check in Andhra Pradesh. Similar checks are proposed to be conducted in other States also. Action is being taken to have the fact of the random checks suitably publicised.

[Department of Agriculture D.O. No. 1-28/71-MAI dated 25-2-72]

Recommendation

The Committee note that in order to provide for compulsory spraying when necessary a Model Pest Act was framed and circulated by the Centre to all State Governments and Union Territory Administrations. As some of the State and Union Territories have yet to enact Pest Acts, the Committee desire that the desirability of enacting necessary legislation early should be impressed upon them.

[S. No. 36, (Para 2.97) of Appendix VIII to the 28th Report of the P.A.C. (5th Lok Sabha)].

Action taken

The State Governments Union Territories have been asked to take action for the enactment of requisite legislation (copy enclosed).

[Deptt. of Agriculture D.O. No. 10-16/71-PPS dated 13-7-72].

Copy of letter No. 90-40/71-PP&L dated 21-2-72 from Ministry of Agriculture (Department of Agriculture) Directorate of Plant Protection Quarantine and Storage, Faridabad to All States and Union Territories.

SUBJECT: *28th Report of the P.A.C. (5th Lok Sabha) on Audit Report (Civil) 1971-72.*

The Public Accounts Committee in his 28th Report (5th Lok Sabha) has suggested that in order to provide for compulsory spraying when necessary some States|Union Territories have not so far enacted their Pest & Disease Acts. The Committee desired that the necessary legislation should be enacted early on the lines suggested in the Model Pest and Disease Act circulated by the Government (copy enclosed). You are, therefore requested to consider the enactment of the requisite legislation in your State/Union Territory. Action taken in this regard may kindly be intimated to this Directorate.

Recommendation

The Committee were informed that the Government spraying Unit which consisted to 10 aircraft as against a strength of 47 aircrafts in the private sector, was started as an experimental measure. However, the possibility of expanding the public sector unit was not ruled out. The Committee find that the Government aircraft have become obsolete and that these would be gradually phased out and replaced by modern specialised agricultural aircraft. The Committee desire that the exact role of the Government unit should be decided upon early and steps taken to augment the fleet by including helicopters also. In this connection the Committee would commend the suggestion of entrusting the plant protection work to a commercial organisation in the public sector.

[S. No. 37 (Para 2.98) of Appendix VIII to 28th Report of PAC (5th L.S.)].

Action taken

An agricultural aviation unit was established under the Directorate of Plant Protection, Quarantine and Storage in 1957 for anti-locust operation and aero-chemical operations on crops. On 18th January, 1971, consequent on the expansion of its activities this unit was converted into a separate subordinate office known as Directorate of Agricultural Aviation, under the Department of Agriculture. The various functions of the Directorate are as under:

(i) Anti-locust operation.

(ii) Training of agricultural pilots and engineers.

(iii) Limited aero-chemical operations.

(iv) Demonstration to farmers, operators, scientists etc.

(v) Liaison with world technical bodies on matter connected with the development of agro-aviation not involving policy matters.

(vi) Ancillary activities, *viz.* marine reconnaissance for the detection of fish shoals, geophysical survey, cloud seeding for artificial stimulation of rain, etc.

(vii) Technical advice on agro-aviation to Department of Agriculture|Defence Production.

2. The Directorate of Agricultural Aviation has at present 4 helicopters and 9 fixed-wing aircrafts including 7 beavers. The policy of import of agricultural aircraft is currently under review by Government.

3. On the basis of the existing fleet strength aerial operation work is farmed out to the Directorate of Agricultural Aviation and private operators. Meanwhile, Hindustan Aeronautics Limited has developed a specialised agricultural aircraft called Mark II and they are going into commercial production from 1973-74. It is after strengthening the fleet of the Directorate with acquisition of 100 aircraft from H.A.L. and consultation with States that the question of entrusting to a commercial organisation in the public sector would be considered.

[Deptt. of Agriculture D.O. No. 10-16/71-PPS dated 13-7-72]

Recommendation

According to the information furnished by the Ministry, foreign exchange was allowed to the extent of Rs. 192 lakhs to the private sector to import aircrafts and spare parts during 1966 to 1970. In view of the possible expansion of the spraying units both in private and public sectors, the Committee feel that development of indigenous manufacture of suitable aircrafts for the purchase should receive priority.

[S. No. 38 (Para 2.99) of Appendix VIII to 28th Report of P.A.C. (5th L.S.)]

Action taken

The recommendation has been noted. The Hindustan Aeronautics Ltd. (Bangalore Division) has already taken in hand the design and development of an agricultural aircraft. The first prototype did not meet the users requirements. The development of an improved prototype was therefore taken up by H.A.L. This prototype was successfully test flown on 30-3-1972.

A.G.C.W. & M. has seen.

[Ministry of Defence u.o. No. F. 15(2)/71/D(HAL-I) dated 16-8-72]

CHAPTER III

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

Recommendation

The Committee note that the fact that an area of 92.77 acres of the estate was not included in the waste land grants and 'pattas' during second resettlement operations was not brought to the notice of Government at the time of purchase of the estate. They would like to know how this fact was overlooked and how far the price actually paid for the estate was justified in the absence of this information.

[S. No. 12 (Para 1.71) of Appendix VIII to 28th Report of PAC (5th L.S.)]

Action taken

At the time of purchase of the estate, the various title deeds of the property were examined by the Government Solicitors. The Second resettlement operations by which an area of 92.77 acres of the estate in the waste land grants was excluded was concluded only in 1968 and therefore this could not have been brought to the notice of the Government at the time of purchase of the estate, i.e., 1966. At the time of purchase of the garden the area of 92.77 acres was included in the leases and pattas which were being renewed. However, an area of 92.77 acreas having been excluded on the basis of the second resettlement operation; the management filed an objection petition in 1968 which is still pending.

The price paid for the estate was based on the offer that had been earlier received by the Pathini Tea Co., London, from the intending buyer when the estate was originally put up for sale. The Tea Board had examined the offer by the private party for this estate and had found it reasonable.

[Ministry of Foreign Trade O.M. No. 7(6)-B&A/71 dated 24-2-72]

Recommendation

The Committee were informed that the waste tea was either sold to the caffeine manufacturers or destroyed. As research results have shown that 'tea waste mixed with cattle manure may be applied with advantage without composting provided it is tried at least one year before planting of tea', the Committee would suggest that Government might examine as to how far the quantity of tea waste at present disposed of by burning can be utilised with advantage.

[S. No. 14 (Para 1.89) of Appendix VIII to 28th Report of PAC (5th L.S.)].

Action taken

The Recommendation of the Tea Research Association referred to by the Committee, on the subject of 'denaturing of tea waste' has been withdrawn by them.

Apart from the fact that the recommendation of the TRA has been withdrawn, the quantity of tea waste destroyed by burning was only 992 kgs during 1968 and 1047 kgs. in 1969. These quantities if used for the purpose earlier suggested by TRA, could hardly be sufficient for 1/3 of a hectare. Also cattle manure is not freely available at the garden and has to be purchased and as such it is not economical to adopt this practice.

[Ministry of Foreign Trade O.M. No. 7(6)-B&A/71, dated 24-2-72].

Recommendation

From the particulars for the year 1967-68 furnished to them the Committee find that allotment of fertilisers was made in an unplanned manner involving substantial avoidable expenditure on transport. To quote only an instance, 4795 tonnes of Urea were allotted to Assam and 2500 tonnes to West Bengal from a distant port at Madras, whereas 149409 tonnes of the same variety of fertiliser were allotted in the same year to Andhra Pradesh from Calcutta. A number of such instances have been mentioned earlier in this section of the Report. The Committee cannot too strongly stress that such ill-planned movement should be stopped forthwith and allotment of fertilisers to the various regions made from the nearest port or factory.

[S. No. 34 (Para 2.66) of Appendix VIII to 28th Report of PAC (5th L.S.)].

Action taken

The movement of imported fertiliser from the ports is governed by the Rationalisation Scheme drawn up by the Ministry of Railways keeping in view the operational convenience of the railway transportation system. According to this schheme, the ports were divided into 4 groups and their hinter lands earmarked. Under this scheme, Calcutta, Visakhapatnam, Haldia and Paradeep constiuted Group 'B' ports which were allowed to serve broadly West Bengal, Assam, Tripura, Bihar, Orissa and Eastern U.P., (Broad Gauge). The statement showing the zone-wise and factory-wise allotment of fertiliser for the year 1967-68 is attached at Annexure 'C'. It will be seen from this that 4,795 tonnes of Urea were allotted to Assam to be supplied from Calcutta and not from Madras. As far as 149,409 tonnes of Urea allotted to Andhra Pradesh are concerned, this was to be done from Madras and not from Calcutta. It seems that there has been some misunderstanding in reading these figures against certain columns because of their proximity to each other. With regard to supply of 2,500 tonnes of Urea to West Bengal, it is correct that these were allotted for being supplied by the Regional Director of Food, Madras. The supply was, however, to be made not from Madras Port but from Visakhapatnam Port which also fell under the jurisdiction of the then Regional Director of Food, Madras.

[Department of Agriculture D.O. No. 1-28/71-MAI dated 25-2-72].

29-1-1972

ANNEXURE I

FERTILISER PROGRAMME IN THE FOURTH AND FIFTH PLANS

The targets of consumption, capacity and production of fertilisers as envisaged in the Fourth Plan and the revised targets as in the Mid-term appraisal are given below:—

(in lakh tonnes)

	1973-74 Consumption		1973-74 Capacity		1973-74 Production	
	Fourth Plan	Mid-term appraisal	Fourth Plan	Mid-term Appraisal	Fourth Plan	Mid-term Appraisal
Nitrogen . .	32·00	26·00	30·00	23·91	25·00	18·00
P_2O_5 . .	14·00	8·10	12·00	5·66	9·00	4·58
K_2O . .	9·00	5·20	..	..	..	..

2. The attached statements I and II show the existing capacities, capacities under implementation, capacities approved and capacity under consideration, in respect of Nitrogen and P_2O_5.

3. *Nitrogen*.—Capacity of nitrogen at the beginning of Fourth Plan *i.e.*, 1969-70 was 10.24 lakh tonnes, which increased to 13.44 lakh tonnes by 1970-71. During the current year (1971-72) two new units—Madras and FACT IVth Stage Expansion have gone into production, making an addition of 186,000 tonnes to the existing capacity. Cochin and Durgapur projects are under trial runs, which will go into commercial production in early 1972-73. The Goa project is scheduled to commence production in the second half of 1972-73. Barauni, Namrup Expansion and Kota Expansion are expected to commence production in 1973-74. The total capacity by the end of 1973-74 may be around 23.35 lakh tonnes.

4. P_2O_5.—The capacity of P_2O_5 which was 4.21 lakh tonnes at the end of 1970-71, increased to 5.06 lakh tonnes in 1971-72 with the

commencement of production in Madras. Phosphatic part of FACT IVth Stage Expansion and Goa will be going into production in 1972-73. The total capacity at the end of 1973-74 will be 5.66 lakh tonnes, as targetted in the Mid-Term Appraisal.

5. As between Public Sector and Private Sector, the capacities at the end of 1973-74 will be as under:—

		(lakh tonnes)
	Nitrogen	P_2O_5
Public Sector	14·78	2·084
Private Sector	8·57	3·576
	23·35	5·660

6. Prodution:—Despite many constraints, the production of nitrogenous and phosphatic fertilisers has increased considerably over the years as will be seen from the following table:—

		(in '000 tonnes) PRODUCTION	
		N	P_2O_5
1st Five Year Plan . .	1951-52 . .	16	11
	1955-56 .	80	12
2nd Five Year Plan .	1956-57 . .	79	15
	1960-61 . .	98	52
3rd Five Year Plan . .	1961-62 . .	145	66
	1965-66 . .	233	111
	1967-68 . .	367	190
	1968-69 . .	548	210
IVth Five Year Plan	1969-70 .	716	222
	1970-71 . .	830	229
	1971-72 (Estimates)	1028	307
	1972-73	1405	395
	1973-74	1800	458

7. The production at the end of IVth Plan would have been higher but for the fact that some projects got delayed and would commence production only in the Vth Plan period.

8. *Projects in the Vth Plan period*:—The targets of consumption envisaged at the end of the Vth Plan period *i.e.*, by 1978-79 were

52.00 lakh tonnes of nitrogen and 21.00 lakh tonnes of P_2O_5. Considering that the consumption has not been picking up as envisaged in the IVth Plan and consequently the targets of consumption by the end of 1973-74 have now been fixed at a lower level as per the Mid-Term Appraisal from 32.00 lakh tonnes of nitrogen to 26.00 lakh tonnes and from 14.00 lakh tonnes of P_2O_5 to 8.00 lakh tonnes—the original targets at the end of Vth Plan period, as mentioned above, are now out of step.

So far as production is concerned, the projects which are either under construction or to be taken up for implementation shortly but would contribute production only in Vth Plan are expected to contribute about 13.64 lakh tonnes of nitrogen and 2.30 lakh tonnes of P_2O_5 per annum. The total capacity and production by 1978-79 from the various units which are almost firmed up as now would be about 37.92 lakh tonnes and 34.47 lakh tonnes respectively in respect of nitrogen and 13.17 lakh tonnes and 11.91 lakh tonnes respectively in respect of P_2O_5. If projects planned but yet to be firmed up are also taken into consideration, the total likely capacity and production at the end of 1978-79 will be as under:—

(Lakh tonnes)

	Capacity			
	N	P_2O_5	N	P_2O_5
Public Sector	31.08	9.07	28.44	8.16
Private Sector	16.68	5.80	17.18	5.15
	47.76	14.87	45.62	13.31

There is however the need for planning about 1.2 million tonnes of N and 1.0 million tonnes of P_2O_5 in time, if the target levels of consumption envisaged earlier are to be achieved.

ANNEXURE 'A'

No. 1-39|70 MAIII|RM

GOVERNMENT OF INDIA

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

New Delhi, the 29th April, 1971.

To

All State Governments.

SUB: *Movement of fertiliser by road—Reimbursement of transport charges.*

Sir,

I am directed to invite a reference to this Ministry's circular letter No. 2-13|64 MAI dated 24-6-1964 laying down procedure for payment of claims on account of expenditure on movement of fertiliser by road.

2. The Committee on Road Movement of Fertilisers, which, met in this Ministry in August last, had recommended that each claim of reimbursement should be accompanied by a certificate by the nominated Gazetted Officers of the State Government verifying—

(i) Actual transportation of the fertiliser by road between the two points;

(ii) Correctness of the distance by the shortest route;

(iii) Reasonableness of the road transport charges claimed.

3. For this purpose the Committee had also suggested the revised proformae for submission of bills as also for the certificate to be given by the authorised Officers of the State Government. for reimbursement of charges for road transport of pool fertilisers. These recommendations of the Committee have been considered in this Ministry and accepted. I am, accordingly, to enclose a copy each of the revised proformae for submission of bills and for the certificate, with the request that all concerned may please be directed to prefer their claims in the revised proforma which may be supported by the certificates to be obtained in the revised form. It is hoped that the

State Government would arrange for the verification of the Stocks etc., as provided in the revised certificate through their District Agricultural Officers or other authorised officers as and when road movement is authorised to State Government allottees|private ocn-signees, which is expected to be very rare.

4. The procedure for submission of bills etc., as already laid down in this Ministry's circular letter dated the 24th June, 1964, referred to above (copy enclosed) will remain unchanged except to the extent of the modification in the performae for bill and the certificate as indicated in the foregoing paragraphs.

5. The receipt of this letter may please be acknowledged.

Yours faithfully,
(Sd/-) C. S. RANGACHARI,
Under Secretary to the Government of India.

1. Copy forwarded for information on the F.C.I., all Zones.
2. Copy to all the State Accountants General.
3. Copy to J.C. (S. & M.). for information.
4. Copy to Pay and Accounts Officer, Akbar Road Hutments, New Delhi.

(Sd/-) C. S. RANGACHARI,
24-40
Under Secretary to the Government of India.

ANNEXURE 'B'

Proposed Performa for submission of bills for reimbursement of charges on road transport of pool fertilisers

BILL FOR THE REIMBURSEMENT TRANSPORT CHARGES ON FERTILISERS

1. Name and address of the payee.
2. Release Order No. and date of State Government.
3. Allocation No. and date of Ministry of Food and Agriculture.
4. Quantity released (M.T.)
5. Quantity delivered (M.T.)
6. Place at which delivered.
7. Place to which materials transported.
8. Rate of transport charges by road.
9. Actual transport charges incurred by the shortest and cheapest routes.
   Less deduction at the rate of Rs. 2 per tonne Net claim.
10. Receipt No. and date of the carrier of fertilisers by road attached herewith.
11. Amount due Rs. ——— (Rupees..........).
12. Certified:—

    (i) that....tonnes of....received at .... have actually been transported by me to ...... by lorries No. ...... on.......

    (ii) The amount now claimed has not been claimed previously.

Received a sum of Rs. ...... (Rupees ......) as specified above.

Signature of the payee.
(Stamp receipt)

Certified that a quantity of tonnes ..... of ...... was delivered to......against State Government's despatch instructions No......
Ministry's Release Order No. ...... dated......

FCI/Authorised Officer for and on behalf of F.C.I.

Proposed form for Certificate by the State Government official in connection with the reimbursement of charges for road transport of pool fertiliser.

Certified that after inspection of records and stocks, I am satisfied that———(quantity) of fertiliser noted in the Bill No——— presented by———(name of the party) delivered by Food Corporation of India|State Warehousing Corporation|Central Warehousing Corporation to the above party was actually transported by road from———(originating place to———destination).

Certified that the distance of———Kms indicated in the Bill is the shortest by road between the two points. Also certified that the rate of transportation charges at———per tonne per kilometer claimed for reimbursement on this account are reasonable.

Signature of the Officer
authorised by the State Government.

No. 2-13|64 MAI

GOVERNMENT OF INDIA

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

New Delhi, the 24th June, 1964

From

Shri K. G. G. Pisharodi,
Under Secretary to the Govt. of India,

To

The State Governments,
Andhra Pradesh, Mysore,
Madras, Maharashtra.

SUBJECT: *Movement of Fertiliser by road—reimbursement of transport Charges.*

1. No. 2-25|62-MA dated 1st January, 1954: addressed to R.D.F. Madras with copy to the States of Mysore, Madras and Andhra Pradesh etc.
2. No. 2-25|62-MA|part dated 4th February, 1964: addressed to R.D.F. Madras with copy to the States of Madras & Andhra etc.
3. 2-10|64 MAI dated 3rd April, 1964
4. 2-10|64 HAI dated 15th April, 1964, addressed to RDF Bombay with copy to Maharashtra Government.
5. 2-12|64 MAI dated 28th April, 1964: addressed to RDF Madras and copy to the State of Andhra, Mysore, and Madras etc.

Sir,

I am directed to refer to this Ministry's letters noted above and to prescribe the following procedure for payment of claims on account of expenditure on movement of fertilizer by road;

(1) Immediately on receipt of despatch instructions|Release orders, the State Government|Private parties will intimate to the R.D.F. concerned the quantity of fertilizer which they want to move to destination in respect of these despatch instructions|release orders by road. The R.D.F. will deliver the material locally to the State Governments|consignees along with a certificate as in Profroma I.

(2) The State Government/consignee will then move fertiliser by road within a radius of 500 Kilometres on their own account.

(3) The consignees will claim payment from the State Government by presenting a bill as in the proforma II. The State Government will then consolidate all the claims paid by them and immediately prefer a claim on the Pay & Accounts Officer through the weekly settlement account.

The Pay & Accounts Officer who has already got the sanction of this Ministry for movement of fertilizer by the State Governments concerned by road will on receipt of claims from the State Government reimburse the same under intimation to this Ministry. The claim on account of movement by road will be subject to a ceiling rate of 25 Np. per tonne per Kilometer.

The expenditure incurred will be debited by the Pay and Accounts Officer to the Head "124 Capital Outlay etc. Purchase of fertilizer, Gross expenditure".

This issue with the concurrence of the Ministry of Finance *vide* their U.O. No. 2722 A.F.II dated 4th June, 1964.

Yours faithfully,
Sd -
(K. G. G. PISHARODI)
Under Secretary to the Govt. of India.

Copy to:—

1. The Regional Director (Food), Bombay Madras.
2. The Pay and Accounts Officer, Ministry of Food and Agriculture, New Delhi, w.r.t. their U.O. Note No. Cent. FAA 11(13)c 1249 dated 19th June, 1964.
3. The A.G., C.W.& M., New Delhi.
4. The Director of Commercial Audit, New Delhi.
5. The Ministry of Finance, A.F.II., Branch, New Delhi.
6. Fertilizer Procurement Planning Distribution Sections.
7. UPASI|ICB.
8. Junior Accountant Shri
9. Shri H. R. Mehta D.D. (F.P.):
10. Guard File.
11. The Asstt. Director Food, Kandla.

Sd - UNDER SECRETARY.

ANNEXURE 'C'

Statement showing Zone-wise and Factory-wise allotment of fertilisere

S. No.	Name of State Others	Kind of Ferti-lisers.	R.D.F. Bombay	Madras	Calcutta	Sindri
1	2	3	4	5	6	7
1	Andhra Pradesh	S/A	56658	103471	..	5000
		Urea	34966	149409	..	.
		A.S.N.	..	2896	.	.
		Am Phos.	10750	28930	.	..
		D.Am Phos.	10000	43730	..	.
		C.A.N.	15000	12692	.	..
		Am Chl.	.	500	.	
2	Assam	S A	.	.	800	.
		Urea	.	.	4795	.
3	Bihar	S A		25943	57428	15810
		Urea		16000	30074	9511
		A.S.N.	..	..	..	3846
		C.A.N.	..	13765	8100	.
		D.A.P.	..	10000	33782	..
		M.C.P.	..	15000	5000	
		Am/Chl.	..	10000	..	..
4	Delhi	S/A	400	..	..	..
		Urea	225	..	.	
		C.AN	..	.	..	..
		D.A.P.	611	..	..	..
5	Goa	S A	2748	.	..	.
		D.A.P.	1196		.	..
		Urea	263	..	..	..
		Am Ph.	4000		..	.
		M.O.P.	500	.	..	

for the year 1967-68

(figures in tonns

FACT	Nangal	Rour-kela	Neyve-li.	Durga-pur	Bhilai	Tata Iron	Indian Iron	Trom-bay	Burra-kur
8	9	10	11	12	13	14	15	16	17
..	..	..	..	..	11071	..	..	..	
..	5000	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	676	..	1000	..	3000	3500	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	7220	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	5860	..	.	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..

2541 LS-72—8.

1	2	3	4	5	6	7
6	Gujarat	S/A	50842	..	..	..
		Urea	52394	..	..	..
		Am Ph.	5000	..	..	..
		B. Slag.	100	..	..	..
		C.A.N.	10000	..	..	..
7	Himachal Pradesh	S/A	1583	..	..	500
		Urea	1937	..	..	..
		C.A.N.	5523	..	..	..
		A. Ph.	1632	..	..	..
		D.A.F.	7196	..	..	..
		M.O.P.	408	..	..	..
8	Haryana	S/A	33705	..	..	3000
		Urea	16770	..	..	..
		C.A.N.	8231	..	..	..
		D.A.P.	33261	..	..	..
		M.O.P.	3000	..	..	..
9	J. & K.	S/A	25000	..	..	27495
		C.A.N.	3000	..	..	..
		D.A.P.	37428	..	..	..
		Urea	500	..	..	..
		M.O.P.	11000	..	..	..
10	Kerala	S/A	..	46318	..	..
		Urea	..	27783	..	..
		D.A.P.	..	21238	..	..
		C.A.N.	..	..	..	..
11	Madhya Pradesh	S/A	44405	5000	..	5000
		Urea	36693	5574	..	
		C.A.N.	..	..	..	..
12	Maharashtra	S/A	151166	..	..	..
		Urea	107103	..	..	
		C.A.N.	5000	..	..	
		D.A.P.	82574	..	..	

8	9	10	11	12	13	14	15	16	17
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	7702	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	44967	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	6878	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
22314	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	7890	..	..	..	..	..	..	..
..	..	1400	..	..	2000	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	69	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	24228	..
..	..	19108	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..

1	2	3	4	5	6	7
12	Maharashtra .	Am/Ph.	54230	..	..	..
		A.S.N.	9700	..	...	..
		Am/Chl.	15000	..	..	..
13	Manipur	Urea	..	..	857	..
		D.A.P.	..	..	815	..
14	Madras	S/A	..	116242	..	..
		Urea	..	94957	..	..
		A.S.N.	..	6308	..	..
		C.A.N.	..	13462	..	..
		D.A.P.	..	58838	..	..
		Am/Phos.	..	18200	..	..
		Am/Chl.	..	5000	..	..
		M.O.P.	..	10000	..	..
		N.P.K.	..	3000	..	..
15	Mysore	S/A	20589	81606	..	..
		Urea	21351	48623	..	..
		C.A.N.	10174	15738	..	..
		D.A.P.	15834	21870	..	..
		B/Slag.	10000	..	..	..
		Am/Ph.	9000	17518	..	..
		Am/Chl.	6000	5000	..	..
		A.S.N.	..	3500	..	..
		M.O.P.	10000	..	..	..
16	Nagaland	S/A	..	..	10	..
		Am./Ph.	..	..	20	..
17	Orissa	S/A	..	..	..	3000
		Urea	..	..	625	..
		D.A.P.	..	5374	..	..
		C.A.N.	..	..	..	..

8	9	10	11	12	13	14	15	16	17
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	31250	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
10000	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	9757	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	1295	2000	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	19563	..	..	..	..	..	..	..

1	2	3	4	5	6	7
17A.	Pondicherry. . . .	S/A	..	5571	..	..
		Urea	..	2229	..	..
		Am./Ph.	..	550	..	..
		D.A.P.	..	1700	..	..
		N.P.K.	..	500	..	..
		M.O.P.	..	750	..	..
18.	Punjab . . .	S/A	145768	—	—	19525
		Urea	53331	..	..	..
		C.A.N.	69758	..	—	..
		A.S.N.	2500	..	—	8241
		D.A.P.	73246	—	—	—
		S.O.P.	..	1950	—	—
		Am/Ph.	24750	..	—	..
		M.O.P.	20000	..	—	..
19.	Rajasthan . . .	S/A.	25470	—	—	—
		Urea	22761	..	—	—
		C.A.N.	14530	..	..	..
		A/Ph.	4675	..	—	—
		D.A.P.	12000	..	—	—
20.	Tripura . . .	Urea	..	—	125	96
		C.A.N.	..	..	—	..
		S/A.	..	..	43	..
		A/Ph.	..	..	50	—
21.	Uttar Pradesh .	S/A	101950	43604	32109	14236
		Urea	178926	39422	30753	100
		A.S.N.	..	..	..	17846
		D.A.P.	79000	28038	18054	..
		A/Ph.	24525	10000	10762	—
		C.A.N.	5000	2500	9900	..
		S.O.P.	..	2500	..	..
		A/Ch.	10000	3000	6000	—
		N.P.K.	12070	..	..	—
		M.O.P.	30000	5000	10000	..

8	9	10	11	12	13	14	15	16	17
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	89539	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	17714	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	600	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	8700	..	..	..	1500	3000	..	..
..	..	..	..	..	..	..	..	5000	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	5000	16078	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..

1	2	3	4	5	6	7
22.	West Bengal	S/A	..	..	16738	13173
		Urea	..	2500	77237	2376
		A. S. N.	..	..	3096	120
		D.A.P.	..	..	14002	..
		A/P.	..	..	9925	..
		A./Ch.	..	..	5900	..
		C.A.N.	..	..	..	..
23.	Andaman Nicobar	Urea	..	..	43	..
24.	Tea (NEI)	S/A.	..	21079	40845	39186
25.	Coffee Board	S/A	..	14779	..	..
		Urea	..	6017	..	..
		A.S.N.	..	5700	..	8978
		C.A.N.	..	3900	..	..
		S.O.P.	..	300	..	..
26.	Rubber Board	S/A.	..	7916	..	..
		Urea	..	200	..	..
		A.S.N.	..	827	..	420
27.	Cardamam Board	S/A.	..	1252	..	..
28.	UPASI	S/A.	..	33059	..	..
		Urea	..	6812	..	..
		A.S.N.	..	..	..	398
		C.A.N.	..	..	..	..
		S.O.P.	..	150	..	..
29.	CSF Suratgarh	S/A.	..	..	..	600
		Urea	..	..	..	100
		D.A.Ph.	100	..	..	..
30.	Indian Explosive Kanpur	Urea	11900	..	8000	..
31.	FCI Gorakhpur	Urea	..	..	..	..
32.	Kotah Fert. (D.C.M.)	Urea	10000	..	..	..
33.	FCI Durgapur	Urea	..	..	5000	..
34.	Coromandal	A/Ph.	..	40000		..

8	9	10	11	12	13	14	15	16	17
..	..	65	..	3860	..	..	..	..	15[illegible]
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	1000	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
5000	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	8700	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
1000	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
5250	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	12388	..	..	..	..	..	..	
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	..	.	..	..	..
..	..	..	..	..	..	..	..	..	..
..	..	..	..	..	.	..	..	..	..
..	..		.		.	..	..	..	..
..	..	..	.	.	.	.	.	890	..
..	..		..			..	..	..	..
..	..	..	.	.		.	..	..	..

1	2	3	4	5	6	7
35.	FACT Alwaye .	Urea	..	9000	..	..
36.	Madras Fert. Ltd. (Mysore) . . .	Urea	..	7861	..	..
		N.P.K.	..	6553	..	..
37.	FCI Trombay	Di A/Ph.	24781	..	..	..

8	9	10	11	12	13	14	15	16	17
• •	• •	▬	• •	• •	• •	• •	▬	▬	▬
• •	• •	• •	• •	• •	• •	▬	▬	▬	▬
• •	• •	• •	• •	▬	▬	▬	▬	▬	▬
▬	▬	• •	▬	• •	• •	• •	▬	▬	▬

Recommendation

The Committee got a depressing picture from the data available to them regarding the aerial spraying of pesticide. During the four years 1966-67 to 1969-70, actual coverage was only to the extent of 59 per cent of the target fixed. The performance during the year 1969-70 was particularly bad in as much as only 11.15 lakh acres were covered as against 30 lakh acres programmed to be sprayed. The total strength of public and private sector aerial spraying units during 1969-70 was 57 (33 fixed-wing aircraft and 24 helicopters). Taking the average work capacity of an aircraft as 35,000 acres per year as intimated by Government the performance hitherto has not at all been satisfactory. In view of the importance of aerial spraying of pesticides as a plant protection measure to maximise agricultural production, Government should investigate the reasons for the poor performance and take adequate steps to increase the coverage to 70 lakhs by 1973-74 as envisaged for the Fourth Plan period.

[S. No. 35 (Para 2.96) of Appendix VIII to 28th Report of PAC 5th L.S.)].

Action Taken

Agricultural Aviation, as set up in India, is a custom service, which is commissioned for aero-chemical operations as per requirements and inclinations of farmers. The industry has to thrive in a field of fluctuating business. Although aircraft can minister to the needs of various agricultural activities in this country, it is mainly harnessed to meet only agrarian emergencies, *e.g.*, pest control and treatment of crops when they are afflicted by plants diseases. Under such circumstances, the extent of operational effort possible in any particular year would depend mainly on the incidence of pest attack and plant diseases. If the incidence of such calamities is less in any one year, and if the annual targets for aerial operations are fixed on an empirical basis, keeping in view expected outbreak of pests and diseases, there would be some shortfall in the projected scale of operational effort. What has to be appreciated is that if the target was not achieved in 1969-70, it was solely because business available that year was severely limited. It was not as though work was available or it could have been achieved, but aircraft were not utilised through lack of effort or administrative mismanagement It is hardly possible that the private sector, the avowed business aim of which is to earn as much revenue as possible, would keep its air resources idle if it were not forced to do so as a corollary to business recession.

When the aerial operation programme was undertaken in 1969-70, it was based on expectations which have subsequently proved to be unrealistic. Experience over the years shows that the target was not commensurate with actual needs and expected achievement and that even afterwards the operational targets were pitched rather high. In the light of this experience, it has now been decided to scale down the targets and the target for 1973-74, which was originally set at 7 million acres, has now been revised to about 5 million acres on realistic basis.

The Committee has considered the performance of the private sector aerial spraying units to be unsatisfactory keeping in view the yardstick of 35,000 acres per year per aircraft. It is true that the designed capacity of the fleet is about 35,000 acres per aircraft per year, It is, however, not possible for the fleet to work to its full capacity in a lean year. If the work arising is less than the optimum than the task achievement would be correspondingly less. 1969-70 was such a year. It may be added in this connection that the USA's rate of effort was 12,774 acres per aircraft per year in 1962. it was 13,785 acres/aircraft/year in 1969. The figures for the USSR in 1969 is 26,404 acres/aircraft/year, Japan 27,266 acres/aircraft/year, and the UK 12,880 acres/aircraft/year. It would thus be seen that in this case also, then estimated work capacity per aircraft was on higher side compared to that even in the advanced countries. This has now been scaled down on the basis of feasibility.

[Department of Agriculture D.O. No. 10-16/71-PPC dated 13-7-72]

CHAPTER IV

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

Recommendation

The Committee find that while the National Textile Corporation is within the purview of audit of the Comptroller and Auditor General, the mills which received substantial financial assistance in the form of loans and guarantees from Central and State Governments/Corporation are not. As this is not a satisfactory arrangement, the Committee feel that the Comptroller and Auditor General should be empowered or requested on a consent basis by incorporating suitable provisions in the relevant agreements to audit the accounts of such mills. As it is already under consideration, the Committee would like Government to settle the matter early in consultation with the State Governments.

[Para No. 1.43 (S. No. 9) of Appendix VIII to 28th Report (5th L.S.)].

Action Taken

The question of audit by the Comptroller and Auditor General of India of the Accounts of the Cotton Textile Mills under Government management, to whom financial assistance is given by the Central Government National Textile Corporation has been examined in consultation with the concerned State Governments, State Textile Corporations and the National Textile Corporation, and taking into consideration all the *pros and cons* of the matter it is considered that it would not be feasible to accept the suggestion for subjecting the accounts of the mill company to audit by the Comtroller and Auditor General, especially due to the following reasons:—

(i) The accounts of the mills under Authorised Controllers are audited by the statutory auditors who are qualified Chartered Accountants well equipped with knowledge about accounts etc. Their appointments are made in the Annual General Meetings of the concerned companies with the approval of the share-holders.

(ii) If Government auditors are appointed, in addition to the auditors appointed by the shareholders of the companies, it would lead to duplication of audit work, creating confusion in audit notes and would delay submission of audited accounts to shareholders which have to be submitted within a prescribed period under the Companies Act.

(iii) The mill company would be burdened with additional expenditure of audit, apart from the difficulties in reconciling the discrepancies that may be pointed out by the two audit agencies.

(iv) Each mill placed under the Authorised Controller is a body corporate under the Companies Act and has independent audit arrangement, under the law.

However, it is proposed to create review-cum-appraisal teams in the National Textile Corporation to look into the performance of the mills in question periodically not only on the technical side, etc.. but in their financial aspects also and, for this purpose, the National Textile Corporation proposes to strengthen its staff by suitably qualified persons.

[Ministry of Foreign Trade O.M. No. 11021/136/71-Tex(G) dated 9-2-1972].

Recommendation

Incidentally the Committee find that no lease deeds have been got executed from labourers who are allowed to cultivate on fallow lands. Further the land rent is paid by the estate to the State Government but there appears to be only a nominal recovery of six paise from the labourers. The Committee would like Government to examine all aspects of the matter in order to safeguard their interest.

[S. No. 19 (Para. 1.117) of Appendix VIII to 28th Report PAC (5th L.S.)]

Action Taken*

In regard to lease deeds from labourers for areas cultivated by them it may be mentioned that land for cultivation is a perquisite enjoyed by the tea garden labour from time immemorial. In the district of Cachar it has been the practice of all tea gardens to allow the labour this benefit free of cost. In other parts of Assam, the practice has been to charge a nominal licence fee for the land given to them. It would, therefore, not be possible for Pathini to make any recovery from the labourers for the land they have been allotted in view of the prevailing practices. Similarly it will also not be possible to get any lease deeds executed by them. In the circumstances it is considered that the general practice followed in the area may be accepted.

[Ministry of Foreign Trade OM No. 7(6)-B&A/71 dated 24-2-1972].

Recommendation

The Committee would also like Government to throughly investigate the allegation that some of the people accused of defrauding Government were getting direct allotment of fertilisers from the Central Government. The Committee would like to know if there was any *mala fide* intention behind such allotment and the action taken against all those found responsible for indulging in malpractices.

[S. No. 31 (Para 2.63) Appendix VIII to 28th Report of PAC (5th L.S.)]

Action Taken

Prior to November, 1969, supply of fertilisers from the Central Fertiliser Pool was made only against allotments issued by the Government of India to the State Governments, manufacturers for market development programme, Commodity Boards etc., and no direct allotments were made to private distributors. Further, no supplies of even uncommitted stocks with the supplying units to private distributors or others without allotment from the Ministry were allowed. The State Governments, in turn, used to issue despatch instructions and on receipt of those, the supplying units of the Pool, mainly, the Food Corporation of India at the ports, used to despatch the material to the consignees like the Cooperative Societies or in certain States like West Bengal to private distributors as indicated by the State Governments.

During the latter part of 1969, due to failure of the State Governments etc. to take delivery of fertilisers indented by them, (which, in turn, was due largely to drought conditions and other reasons etc.) stocks of imported fertilisers accumulated with the Central Fertiliser Pool. There was, on account of this, heavy expenditure on storage, double handling, movement etc. and Government capital was also blocked up. It became essential to liquidate these stocks in the interest of the Government. It was, therefore, decided in November, 1969 that stock, which was with the Pool's supplying units like [illegible] Food Corporation at the ports and Central/State Warehousing Corporation at the internal depots and was not required by the [illegible]s like the State Governments etc., may be disposed of in [illegible] sale', *i.e.* without allotment from the Ministry, to any registered dealer on "first come first served" basis. At the same time, the licensing rules for undertaking fertiliser business were also liberalised [illegible] a system of simple registration introduced. As a result of these [illegible] and with vigorous sale efforts, it was possible to clear the [illegible] accumulated stocks with the Central Fertiliser Pool. The total stocks of fertilisers in the country which went as high as nearly 9,7[illegible],000 tonnes on the 1st July, 1970 gradually came down to 3,62,609 tonnes on the 30th November, 1971.

2. Even under the above procedure, there was no *direct allotment* of fertilisers from the Government of India to private distributors. Normally they were expected to contact the supplying units of the Central Fertiliser Pool, *i.e.* Food Corporation of India or the Central & State Warehousing Corporations godowns in different States direct for getting any "un-committed" stocks of fertilisers which may be available with them. Sometimes when the requests were received in the Ministry direct, they were guided or referred to the supplying units for issue of the stocks depending upon the information available [illegible] the Ministry.

3. [illegible] the accumulated stock of fertilisers was brought down as mentioned above, the system of direct sale of un-committed stocks of fertilisers without allotment by the Ministry was given up as far as private distributors were concerned, *w.e.f.* August, 5, 1971. Under the revised procedure issued on the 5th August, 1971 and modified on the 14th October, 1971 direct sale of "un-committed" stocks of fertilisers by the supplying units without allotment by the Ministry is confined only to the State Governments and their agencies, cooperative societies manufacturers for their market development programmes, Commodity Boards, Agro Industries Corporations, registered manufacturers and to such private distributors as are recommended by the State Agriculture Departments. The State Governments were also allowed the discretion to authorise the SWC/CWC to accept applications for fertiliser on their behalf. Only in one case so far i.e. in the case of Madhya Pradesh, the State Government have authorised the State Warehousing Corporation to entertain such applications direct on behalf of the Government.

4. As far as the question of "people accused of defrauding Gov- [illegible] getting direct allotment of fertilisers from the Central [illegible] concerned, it may be mentioned that no instances [illegible]

of this kind have come to the knowledge of the Ministry or reported to the Ministry. The Ministry did receive from the Andhra Pradesh Government in August, 1970 a list of 17 firms against whom prosecutions were proposed to be launched and which were to be blacklisted. This list was circulated to all the supplying units with strict instructions not to deal in respect of the Pool fertilisers with these firms.

[Deptt. of Agriculture D.O. No. 1-28/71-MAI, dated 25-2-1972].

CHAPTER V

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

Recommendation

The requirements for modernisation in respect of 22 mills as assessed by the National Textile Corporation work out to Rs. 15.73 crores. The Committee, were, however, informed that Government have accepted the need for about Rs. 3 crores worth of equipment immediately in respect of mills having export potential. The Committee would urge that the immediate requirements of other mills should also be examined by Government early.

[Sl. No. 6 (Para 1.40) of Appendix VIII to the P.A.C.'s 28th Report (5th Lok Sabha)].

Action Taken

At the end of January, 1972, the Government had taken over the management of 39 cotton textile mills under Industries (Development and Regulation) Act, 1951. Out of these mills, the cases of 2 mills are pending with the Delhi High Court and their possession has not yet been taken over by the Authorised Controller.

2. The National Textile Corporation has so far worked out modernisation programme for 23 mills at an estimated cost of Rs. 11.53 crores. Government have already approved modernisation programmes of 19 mills involving a total financial out-lay of Rs. 8.96 crores. The cases of remaining 4 mills are under active consideration of Government and are expected to be finalised shortly.

3. In addition, modernisation programmes for 5 mills in Tamil Nadu are currently being worked out by the National Textile Corporation in consultation with the Tamil Nadu Textile Corporation, who are the Authorised Controller of those mills. The management of most of the remaining mills has been taken over by Government recently and their cases will be examined by the National Textile Corporation and the Public Accounts Committee will be apprised of further development in due course.

[Ministry of Foreign Trade OM No. 11021|138|71-Tex(G) dated 22-4-1972].

Recommendation

From the particulars of authorised controllers of all the 23 mills taken over intimated by the Ministry, the Committee find that while 13 mills are managed by the respective State Textile Corporations the remaining are under Authorised Controllers appointed for individual mills. The Authorised Controllers are not all experts in the field. Further in a number of cases expert financial assistance is not available to them and the question of constitution of Advisory Board is under consideration. In this connection the Committee wish to observe that the States which at present do not have Textile Corporations of their own should be urged to set up one so that rehabilitation and management of the mills taken over could be done jointly by the State and the Centre. They would also like Government to ensure that the assistance of an expert in finance, accounts and audit is available to the management of each mill.

[Sl. No. 7 (Para 1.41) of 28th Report of P.A.C. (5th Lok Sabha)].

Action Taken

State Textile Corporations have already been set up in Gujarat, Madhya Pradesh, Maharashtra, Madras and Uttar Pradesh. The Governments of Andhra Pradesh, Kerala, Mysore and Rajasthan have been addressed again on the 26th October, 1971, urging upon them the desirability of setting up State Textile Corporations. The Government of West Bengal found it difficult to set up a State Textile Corporation mainly due to lack of necessary financial resources. The problem of closed and sick textile mills in this State is, however, being tackled by the Industrial Reconstruction Corporation of India. The remaining States have only a few cotton textile mills each and, as such, it is felt that it is not necessary for them to set up separate State Textile Corporations of their own. If any cotton text.le mill closes down in these States and it is felt necessary that the management of that mill should be taken over by Government, under the Industries (Development and Regulation) Act, the National Textile Corporation could be appointed as the Authorised Controller and the financial liability involved shared between the National Textile Corporation and the State Government concerned.

2. As regards experts in finance, accounts and audit for mills under Authorised Controllers, all the Authorised Controllers have been advised to take necessary action immediately to appoint whole time Financial Advisers and Chief Accounts Officers for their mills in consultation with the National Textile Corporation. The Public Accounts Committee will be apprised of further development in this regard in due course.

Recommendation

The Committee further note that an area of 144.82 acres is occupied by a foreign Government since 1962-63. The garden manager of the Estate appeared to have reported the encroachments in writing to the Government of Assam only in May, 1967. The Committee are distressed to note the serious lapse on the part of Government in having overlooked the illegal occupation of a part of the estate by a foreign power which remained undetected for a long time and for which no effective steps seem to have been taken for recovery. The Committee would like to be apprised of the action and the result thereof.

[Sl. No. 13 (Para 1.72) of Appendix VIII to 28th Report of PAC (5th Lok Sabha)].

Action Taken

A reply will follow.

[Ministry of Foreign Trade OM No. 7(6)-B&A/71, dated 24-2-72].

Recommendation

The Committee feels greatly concerned over the mal-practices disclosed in the Third Report (1969-70) of the Public Accounts Committee of Andhra Pradesh regarding the claims of charges for transportation of fertilisers by road which are ultimately reimbursed by the Government of India. The charges for movement of fertilisers from various ports/factories to the points of distribution/consumption in the Andhra State paid initially by the State Government to the District Cooperative Marketing Societies and private firms during the 3 years ending 1968-69 amounted to Rs. 3.77 crores. But the check exercised on the claims is not uniform and fool proof. Payment of transport charges was made without the transport really having been made. The Committee on Public Accounts of Andhra Pradesh have recommended that the Central Government should "made a thorough probe into the whole question in detail without any loss of time by entrusting it to the C.B.I." The Committee would like to know the action taken in the matter.

[Sl. No. 30 (Para 2.62) of Appendix VIII to 28th Report of PAC (5th Lok Sabha)].

Action Taken

The Public Accounts Committee of Andhra Pradesh Legislature for 1969-70 had noticed that bogus road transportation claims had been preferred by Distt. Cooperative Marketing Societies, private dealers etc. The matter had been a subject of discussion in the both Houses of Parliament. After consulting the State Government it was decided to entrust the investigation to the Central Bureau of Investigation. On 23rd June, 1970 a formal complaint was filed by the Ministry of Agriculture. The matter has since been under investigation.

2. The preliminary scrutiny and selection of cases by the C.B.I. showed that the total number of road transportation claims received during the period 1966-67 was about 3,000. After scrutiny of the records, the C.B.I. decided to take up for investigation in the first instance, only paid road transportation claims tendered by private traders and parties. As the verification of the large number of transportation claims was time-consuming and would take several months, the C.B.I. decided to take up the cases of some selected suspect firms for intensive and concentrated investigation in the first instance. The C.B.I. has since completed investigation into 33 paid road transportation claims tendered by 7 firms of Cuddappah and Hyderabad and these claims have been found to be false either partially or in entirety. Appropriate legal action is proposed to be taken against the parties concerned.

3. Further investigations are being conducted into similar paid claims tendered by other firms.

[Deptt. of Agriculture D.O. 1-28/MAI, dated 25-2-1972].

Recommendation

Spraying by private sector aircraft was subsidised to the extent of two-third of the cost of Rs. 8 per acre in the case of fixed-wing aircraft and Rs. 10 per acre on helicopters upto 31st March, 1968 and 50 per cent thereafter. The Committee learn that Government do not keep a check on the actual cost of operation. As the cost of operation of Government units ranged between Rs. 15.18 and Rs. 7.60 as against Rs. 3.27 per acre estimated in the project report, the reasonableness of the rate charged by the private sector should be examined before releasing the subsidy in future.

[Sl. No. 39, (Para 2.100) of Appendix VIII to the 28th Report of the P.A.C. (5th Lok Sabha)].

Action Taken

Ministry of Finance have undertaken a detailed costing to determine the operational charges of private sector aircraft. This is expected to be finalised soon. The Public Accounts Committee will be informed about further development in the matter.

[Department of Agriculture D.O. No. 10-16|71-PPS dated 13-7-72].

NEW DELHI;
December 14, 1972
Agrahayana 23, 1894 *(S)*.

ERA SEZHIYAN,
Chairman,
Public Accounts Committee.

APPENDIX

(Summary of main Conclusions/Recommendations)

S. No.	Para No.	Ministry/Dept't concerned	Main conclusion/recommendation
(1)	(2)	(3)	(4)
1	1.4	Foreign Trade and Deptt. of Agriculture	The Committee hope that final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.
2	1.7	Foreign Trade	The Committee note that out of the sick textile mills (23 minus one mill since returned to its owner) referred to in their Twenty Eighth Report the examination of 12 mills have been conducted by the National Textile Corporation and that Government have taken action on their recommendations in respect of 7 mills. The cases of the remaining 5 mills are at an advanced stage of consideration. Further, reports of Authorised Controllers in respect of 4 more mills are being examined. The Committee find that decision has been taken to reconstruct only one mill during more than one year after the presentation of their 28th Report. They do not appreciate the slow progress in the matter. They would urge that action in respect of the

			remaining mills on the lines suggested earlier, should be taken without further loss of time and reported to them.
[illegible]	1.10	Do	The Committee had suggested that while modernising the mills, Government should take into account the trends of consumer requirements within the country and the export market. They had also suggested that Government should see how far the production in the mills taken over could be sustained and stepped upto meet the requirements of common varieties of cloth which were in demand by the public and that it should be ensured that the cloth was produced at competitive rates so as to hold the price line. These suggestions have been noted by the Ministry. The Committee would like to know whether any specific assessments were made and concrete steps contemplated in pursuance thereof.
4	1.13	Do	The Committee observe that all the Authorised Controllers have been advised to take necessary action in consultation with the National Textile Corporation to appoint whole time financial advisers and Chief Accounts Officers immediately. The action taken by the Authorised Controllers in this regard may be intimated to the Committee early.
5	1.14	Do	The Committee may also be informed of the progress made by the Governments of Andhra Pradesh, Kerala, Mysore and Rajasthan in setting up their own textile corporations.

1	2		3
6	1 17	Foreign Trade	The Committee are unable to agree with the Ministry that it is not feasible to accept the suggestion of empowering the Comptroller and Auditor General of India to audit the accounts of the mills. The argument that it would mean duplication of audit work conducted by the Chartered Accountants and additional expenditure of audit is unacceptable. The Committee, therefore, wish to reiterate that in view of the large financial stake of Government in these mills, the Comptroller and Auditor General of India, who is an independent authority, should be empowered to conduct a supplementary or test audit so that Parliment and the Legislatures may be made aware of the working of the mills through his Reports. The matter is of sufficient importance to merit an early action. The Committee may be informed of the action taken in this regard.
7	1 20	Do	The Committee observe that Government have not as yet succeeded in leasing out the Pathini Tea Estate on a long term basis. They, however, note that the agreement entered into with the Agents of the previous owners for the management of the Estate has since been revised in order to give an incentive to the agent to show net profit. The existing arrangement which is continued on a year to year basis does not provide incentive necessary to take up re-plantation and new plantation. The Committee, therefore, wish to emphasise that the management of the Estate should be taken over by the proposed Tea Corporation early.

8	1.23	Do	The Committee had taken serious notice of the lapse on the part of Government in having overlooked the illegal occupation of a part of the Estate by a foreign power since 1962-63 which came to light only in 1967 a year after the purchase of the Estate and in not taking effective steps for its recovery. In their note the Ministry of Foreign Trade have stated that a reply will follow. This can scarcely be considered as satisfactory; indeed to put it mildly it indicates indifference. The Committee would impress upon the Ministries of Foreign Trade and Exeternal Affairs the necessity to expeditiously intimate their explanation as also the action taken in the matter.
9	1.26	Do	From the reply of the Ministry, the Committee note that rules regarding stipulation of time limit for utilisation of grants, existed even earlier. The Committee deem it necessary that action should be taken for the omission to follow the rules in not laying down specific time limit within which the grant given to the Indian Jute Industries Research Association, Calcutta, should have been utilised.
10	1.29	Agriculture	The Committee had already taken note of the fact that there has been a steady increase in the fertilisers consumption year after year which however fell far short of the targets fixed. From the reply of the Ministry it is seen that the consumption during 1970-71 was only to the extent of 21.45 lakh tonnes as against the target of 31.30 lakh tonnes. At this rate it appears to be almost an impossible task to achieve the target of consumption of 55 lakh tonnes at the end of Fourth Plan period. The Committee would like to be informed of the level of consumption in 1971-72. They desire that Government

1	2	3	
			should critically examine all aspects of the problem so as to take concerted steps to step up substantially the consumption in the remaining years of the Fourth Plan period. They also desire that the targets for consumption of fertilisers should be fixed realisatically.
11	1.30	Agriculture	In this context, the present position of the implementation of fertilisers promotion programme may also be intimated.
12	1.32	Do	The Committee note that, in pursuance of their recommendation, the C.B.I. have been entrusted to investigate the bogus road transportation claims preferred by parties in Andhra Pradesh and that the investigations are in progress. The Committee desire that the probe should be expedited and its outcome as well as the action taken thereon be intimated to them early.
13	1.36	Do	The Committee wanted Government to investigate thoroughly the allegation that some of the persons accused of defrauding Andhra Government were getting direct allotment of fertilisers from the Central Government. The Ministry have stated that no instance of this kind has come to their knowledge or reported to them. In view of this the Committee would suggest that this matter also should be covered by the C.B.I. probe which has been referred to in the preceding recommendation in this Report and the results intimated to them.

14	1.39	Do	The Committee would like to know the result of random checks carried out on the basis of the findings of the PAC, Andhra Pradesh with a view to examining whether there is any loophole in the matter of claims and payments of transport charges in any other States. The action taken to plug the loopholes if any may also be reported to the Committee.
15	1.42	Do	The Committee observe that the State Governments|Union Territories have been asked to consider the enactment of a Pest Act with a view to ensuring compulsory spraying of pesticides on crops. The Committee desire that the matter should be pursued closely so as to ensure compliance by all the States|Union Territories.
16	1.45	Do	The Committee note that the Ministry of Finance have undertaken a detailed costing to determine the operational charges of private sector aircraft for the purpose of releasing the subsidy for aerial spraying. In view of the recurring financial implication, the Committee urge that this should be finalised and the action taken to revise the basis for the release of subsidy, intimated to them within three months.

MGIPND—LS II—2541 LS—21-12-72—1250.