

PUBLIC ACCOUNTS COMMITTEE
(1967-68)

TWENTY-SEVENTH REPORT

(FOURTH LOK SABHA)

[Appropriation Accounts (Civil) 1965-66, Audit Report (Civil), 1967 and Audit Report (Commercial), 1967 relating to the Ministries of Information and Broadcasting ; Works Housing & Supply (Department of Works & Housing) and Food, Agriculture, Community Development & Cooperation (Deptts. of Agriculture and Food)]



LOK SABHA SECRETARIAT
NEW DELHI

April, 1968/Chaitra, 1890 (Saka)

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CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE	(iii)
INTRODUCTION	(v)
CHAPTER I. Ministry of Information and Broadcasting	1
CHAPTER II. Ministry of Works, Housing & Supply (Department of Works & Housing)	19
CHAPTER III. Ministry of Food, Agriculture, Community Development & Co-operation (Department of Agriculture)	53
CHAPTER IV. Ministry of Food, Agriculture, Community Development & Co-operation (Department of Food)	84
APPENDICES	
I. Extracts of the agreement dated 29.2.65 signed between the film producer and the President of India	131
II. General Balance Sheet of All India Radio as at 31st March, 1965 and Revenue Account for the year 1964-65	133
III. Statement showing the value of printing work given to private and Government Presses during the years 1963-64 to 1966-67	136
IV. Note on Para 61 of Audit Report (Civil), 1967 re : delay in execution of works	137
V. Statement showing the works which the Bharat Sewak Samaj failed to execute within the stipulated time and the action taken or proposed to be taken against the Samaj	140
VI. A Chronological History of the case of M. S. Delhi Grain Syndicate	151
VII. Note explaining the steps taken to improve matters in the discharge of foodgrains at the various ports	159
VIII. Note on payment of notional wages for discharging bulk arrears at Bombay	166
IX. Statement showing quantum and percentage of storage losses region-wise during the years from 1964-65 to 1966-67	170
X. A note on the expenditure on staff establishment at the Institute of Hotel Management, Catering and Nutrition, New Delhi	172

(ii)

	PAGE
XI. Statement showing the ratio of teaching staff to students during the last three years in the Institute of Hotel Management, Catering and Nutrition, New Delhi	175
XII. Summary of main Conclusions/Recommendations	176

PART II*

Minutes of the sitting held on 26.10.67 (AN).

Minutes of the sitting held on 23.10.67 (FN & AN).

Minutes of the sitting held on 21.10.67 (FN & AN).

Minutes of the sitting held on 10.4.68 (AN).

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PUBLIC ACCOUNTS COMMITTEE

(1967-68)

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22. Shri B. K. P. Sinha

SECRETARIAT

Shri Avtar Singh Rikhy—Deputy Secretary

Shri R. M. Bhargava—Under Secretary.

*Declared elected on the 30th November, 1967 vice Shri Mohammed Yunus Saleem
ceased to be a Member of the Committee on his appointment as Deputy Minister.

**Ceased to be a Member of the Committee with effect from 1-4-68.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, do present on their behalf this Twenty-Seventh Report (Fourth Lok Sabha) on Appropriation Accounts (Civil), 1965-66, Audit Report (Civil), 1967 and Audit Reports (Commercial), 1966 and 1967 relating to the Ministries of Information & Broadcasting; Works, Housing & Supply (Department of Works & Housing); and Food, Agriculture Community Development & Co-operation (Departments of Food and Agriculture).

2. The Appropriation Accounts (Civil), 1965-66, together with the Audit Report (Civil), 1967 were laid on the Table of the House on 7th April, 1967. The Audit Reports (Commercial), 1966 and 1967 were laid on the Table of the House on 17th May, 1966 and 20th June, 1967 respectively.

3. The Committee examined these at their sittings held on 21st, 23rd and 26th October, 1967. The Committee considered and finalised this Report at their sitting held on 10th April, 1968. Minutes of the sittings of the Committee form Part II* of the Report.

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

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

6. The Committee would also like to express their thanks to the officers of the Ministries of Information & Broadcasting, Works, Housing & Supply (Department of Works and Housing) and Food, Agriculture, Community Development & Co-operation (Departments of Food and Agriculture) for the co-operation extended by them in giving information to the Committee.

NEW DELHI:

April 11, 1968.

Chaitra 22, 1890(S)

M. R. MASANI

Chairman,

Public Accounts Committee.

*Not printed. One cycl styled copy laid on the Table of the House and 5 copies placed in Parliament Library.

CHAPTER I

MINISTRY OF INFORMATION AND BROADCASTING

Non-utilisation of services of staff for the intended purpose, para 42 (C) (i) Page 59.

1.1 Exhibition trains—Defence/Plan publicity through exhibition trains. In November, 1963, it was decided that two Defence exhibition trains, each consisting of eight coaches earmarked for Defence publicity and two coaches for Plan publicity would be commissioned by the Directorate in collaboration with the Ministry of Defence, and the expenditure thereon would be shared in the ratio of 80:20 by the Ministry of Defence and the Ministry of Information and Broadcasting. Though the project was originally estimated to be completed in about 1½ years at an estimated cost of Rs. 14.57 lakhs the estimated expenditure on the project was revised in September, 1966 to Rs. 37.17 lakhs. Only 50 per cent of the work was completed upto October, 1966. It was, however, noticed that the work remained suspended twice, once from September, 1964 to December, 1964, and again from August, 1965 to June, 1966, and the expenditure on staff specifically engaged for this purpose amounted to Rs. 34,612.

1.2. The Committee desired to know the broad analysis for the increase in the cost of the project from Rs. 14.57 lakhs to Rs. 37.17 lakhs. The Ministry of Information & Broadcasting have stated that:

“On the basis of the estimates agreed to in June 1966, the total expenditure for a running period of one year would come to Rs. 31.75 lakhs (It would be Rs. 37.17 lakhs for 1½ years run) as against a total anticipated expenditure of Rs. 14.57 lakhs according to the estimates drawn up in June 1963. The reasons for the variation are:—

Non-Recurring:

(a) Increase in conversion charges	—9,67,200
(b) Cost of generators	—3,57,200
(c) Expenditure to be incurred by the Ministry of Defence not included in the June 1963 estimates.	—1,42,747

Recurring:

(a) Expenditure to be incurred by Defence Ministry not included earlier	—2,04,000
(b) Increase in haulage	—46,855
Total:	17,18,002

1.3. In reply to a question as to why the progress of work was slow as only 50 per cent of the work was completed upto October 1966, the Ministry have stated:

“Work on the project was suspended twice—first in November-December, 1964 because of increase in Railways’ costs and again from September, 1965 to June, 1966 because of the Indo-Pakistan conflict. Excluding these two periods of suspension, the overall progress upto October, 1966, was not slow.”

1.4. It has been added that: “the services of the staff specially recruited for the trains project were dispensed with in December, 1965.

The broad-gauge train was commissioned on October 4, 1967 and the meter-gauge train was to be commissioned towards the end of December, 1967.”

1.5. The Committee find that the estimated expenditure on the Defence Exhibition Trains Project increased from Rs. 14.57 lakhs in November, 1963, to Rs. 37.17 lakhs in September 1966. The Committee consider that the estimates of expenditure were not prepared realistically. The Committee deprecate this tendency to get sanction for such projects on the basis of grossly under-estimated figures of expenditure. They desire that estimates for such projects should be prepared more realistically.

1.6. The Committee also notice that the projects have been delayed for more than 2½ to 3 years as compared with the original targets. The Committee need hardly emphasise that in carrying out such schemes meant for publicity adhering to the time-schedule is of the utmost importance as any abnormal delay is apt to make publicity out of date thus making the projects ineffective. The Committee would like the Ministry to give their special attention to this aspect in implementation of future projects,

D. (ii) Miscellaneous, Page 60.

1.7. The expenditure incurred on advertisement on behalf of autonomous bodies is being initially met from the Consolidated Fund of India and later on recovered from these bodies. A sum of Rs. 10.90 lakhs was outstanding in February, 1967. Out of this, the amount outstanding prior to 1964-65 amounts to Rs. 6.60 lakhs.

1.8. The Committee desired to know the present position of recoveries from autonomous bodies. The Ministry have indicated that the position as on 1.12.1967 was as follows:

Year	Amount of Recovery	Amount outstanding as on 23-2-67	Amount outstanding as on 1-12-67	Percentage of outstandings against recovery due
	Rs. p.	Rs. p.	Rs. p.	
1950-61	9,53,901.25	40,223.69	21,376.91	2.2%
1961-62	10,95,622.04	63,415.59	35,501.93	3.3%
1962-63	10,78,422.63	50,971.36	36,605.23	3.4%
1963-64	13,45,135.84	5,05,474.45	2,06,663.87	15.3%
	44,73,081.76	6,60,185.09	3,00,147.94	6.8%
1964-65	10,24,776.63	2,66,906.74	1,16,974.14	11.4%
1965-66	24,39,377.44	1,62,595.31	77,661.56	0.3%
Progressive Total	79,37,235.83	10,89,687.14	4,94,783.84	6.3%
1966-67	22,24,960.57		1,16,940.72	5.4%
Grand Total	1,01,62,196.33		6,11,724.36	6.02%

1.9. In reply to a question whether the Directorate had examined the feasibility of getting advance payments from the Autonomous Bodies along with the requests for publicity work, it is stated in the note that:

"the feasibility of obtaining a lump sum deposit from the Autonomous Bodies at the beginning of the financial year for meeting the anticipated expenditure on their requirements for the whole year is being examined. This arrangement would be more convenient as the exact amount payable to newspapers will not be known to the Autonomous Bodies when they send their requests."

1.10. The Committee note that a sum of about Rs. 6-12 lakhs is outstanding for recovery from Autonomous Bodies as on 1.12.1967. The Department should pursue the matter with the autonomous bodies in order to recover these long outstanding amounts expeditiously. They also desire that an early decision should be taken on the proposal for obtaining a lump sum deposit in advance from Autonomous Bodies so that such arrears are not allowed to accumulate in future.

Financial assistance to a film producer—Para 119—Pages 151-152.

1.11. In September, 1960 Government entered into an agreement with a film producer for the production of a Hindi feature film on 'Untouchability'. The agreement provided for the payment of a loan of Rs. 1.50 lakhs to the producer who was to get the detailed script of the film approved by the Government and complete the picture within one year of the date of approval of the script. According to the terms of the agreement as modified in October, 1960, the interest payable on the loan by the producer upto the end of one year from the date of payment of last instalment is to be paid back to him in the form of subsidy.

A sum of Rs. 15,000 being the first instalment of the loan was paid to the producer in October, 1960.

The final script submitted by the producer was approved by the Government in September, 1964, after four scripts submitted earlier had been rejected. The actual production of the film has not yet commenced (January, 1967).

Government stated (January, 1967) that the request of the producer for increasing the loan amount to Rs. 2.5 lakhs had been turned down and the question of termination of the agreement was under consideration in consultation with Ministry of Law

1.12. The Committee desired to know how the producer was selected for this purpose and what feature films were produced by him before this contract was given to him? The Ministry in their note have stated that for production of a feature film on 'Untouchability' in Hindi, a number of producers were contacted.

1.13. It has been further stated, "It had been decided that Government should give loan to the selected producer to partially cover the production expenses. It was contemplated that the remaining expenses on production and distribution of the film were to be borne by the producer. Most of the producers were not interested in such terms—their point being that the entire financial

responsibility should be that of the Government. Considering the synopses/scripts submitted by them and the terms and conditions offered, Shri was considered to be the most suitable producer for the film. It was considered advisable to associate an established producer with this venture to improve its chances of success from the social and commercial point of view."

1.14. The note further states that the producer had to his credit seven pictures and had also written stories and dialogues for some of the well-known pictures. He had also produced for the Films Division, a documentary on a national hero which had been very well received.

1.15. As regards the dates on which the first four scripts were submitted by the producer and the dates on which these were returned to him, the Ministry have stated that "the scripts, which were submitted by the producer from time to time, were examined in consultation with the Ministry of Home Affairs (later Deptt. of Social Security) and the Office of the Commissioner for Scheduled Castes and Scheduled Tribes, both in writing and through personal discussions.

1.16. The producer submitted the first script in the third week of January, 1961. Suggestions to improve the script were communicated to him on 28th March, 1961. He submitted the second script with his letter dated 7th October, 1961. Comments on this were conveyed to him on 15th November, 1961. He submitted the third script with his letter dated 2nd July, 1962. Comments were conveyed to him with letter dated 4th August, 1962. He submitted the fourth script with his letter dated 13th November, 1962. Comments were conveyed to him with letter dated 7th March, 1963.

1.17. In reply to a question whether the agreement provided for any penalty in the event of delay to complete the production of the film within the stipulated time and, if so, whether Government examined the feasibility of invoking this clause, the Ministry have stated as under:

"Yes. Clauses 1, 7, 14, and 20 of the Agreement are relevant in this connection" (Appendix I.)

"Approval of the fifth and final script was conveyed to the producer on 5th September, 1964 and he was asked to start work on the production of the film immediately.

His attention was also drawn to the agreement under which he was bound to complete the picture within one year from the date of approval of the script. However, on receipt of approval of the final script, he urged that a decision should first be taken on his request made earlier for an increase in the amount of the loan, before he started the actual production of the picture. This request was considered in consultation with the Ministry of Finance. That Ministry did not agree. The producer was informed that the amount of the loan could not be increased. He refused to proceed with the production of the film with the meagre funds at his disposal. His point was that the amount which was sufficient in 1960-61 was utterly inadequate in 1964-65 because the cost of production of films had gone up. He made alternative suggestions for proceeding with the production of the film but these were not found acceptable by Ministry of Finance."

"The Law Ministry, who were consulted as to the line to be adopted in the face of the producer's demand to refer the matter for arbitration under clause 19 of the agreement, advised that the Government could terminate the agreement and claim repayment of the instalment already made to the producer. On the whole, however, that Ministry thought that this matter might be settled with the producer".

1.18. Regarding payment of subsidy to this producer, the Ministry have stated: that "initially, the producer had, *inter alia*, proposed that the loan should be without any financial charges for a period of one year from the date of payment of the last instalment. But under the financial rules, Government could not advance a loan without charging interest. Therefore, a provision had to be made in the agreement that the producer would pay interest on the loan. On the other hand, the producer was not agreeable to pay any interest till after a lapse of one year from the date of drawal of the last instalment of the loan."

"Clause 14 of the agreement dated 29-9-1960 therefore, *inter alia*, provided that the interest accruing during 12 months next commencing from the date of receipt of the last instalment of the loan would be paid back by Government to the Producer by way of subsidy within 60 days of the date of the payment of such interest for 12 months by the producer. By implication, no interest was payable by the producer for the period from the date of drawal of the first instalment to the date of drawal of the last instalment. At

the suggestion of the Accountant General, Maharashtra, this implication was reconsidered in consultation with the Ministry of Finance and it was decided that interest would be payable by the producer from the date of drawal of the first instalment of the loan and the interest paid by him upto the first anniversary of the date of drawal of the last instalment would be re-imbursed to him in the form of subsidy."

1.19. The Committee desired to know the present position with regard to the termination or otherwise of the agreement and whether Government also considered the question of recovery of the amount of Rs. 15,000/- advanced to the producer as the first instalment of the loan. The Ministry have stated: "It was informally proposed to the producer that he might agree to the termination of the agreement on the basis that he paid back to Government the amount of Rs. 15,000/- with interest. He has not agreed to this suggestion. The matter is under consideration."

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

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

Audit Report (Commercial), 1967

ALL INDIA RADIO- SECTION XXVI- PAGES 284-285

I. Introduction

1.22. The All India Radio has at present 34 radio stations, 17 auxiliary centres and 26 transmitters for providing Vividh Bharti services to its listeners. In addition, there are four auxiliary studio centres and one television centre.

2. Working results

The table below indicates the working results of the Department for the last three years ending March, 1965:—

(Rupees in lakhs)

	1962-63	1963-64	1964-65
(a) Government capital at the Close of the year	2,810.70	3,018.70	3,040.80
(b) Licence revenue (Net)	418.32	545.57	553.18
(c) Total receipts (including licence revenue)	463.51	631.68	757.63
(d) Total expenditure	570.17	635.71	728.23
(e) Loss (—) / Profit (+)	(—)76.66	(—)4.03	(+)29.49

For the first time after 1946-47 the Department earned a profit of Rs. 29.40 lakhs in 1964-65. Revenue Account for the year 1964-65 and General Balance Sheet as at 31st March, 1965 of All India Radio are at **Appendix II**.

1.23. In reply to the Committee's query as to what are the working results of All India Radio for the years 1965-66 and 1966-67, were the Ministry in their note have stated:

"due to the yet unresolved discrepancy in the figures shown by the Accountant General, Posts and Telegraphs, as income from Licence fees during 1965-66 it has not been possible to consolidate the proforma Accounts of All India Radio for that year which has also resulted in delay in the consolidation of the Proforma Accounts for 1966-67. The Accounts for 1965-66 are being consolidated and are yet to be submitted to Audit, as such it is not possible for the years 1965-66 and 1966-67."

It is understood from Audit that proforma accounts for 1965-66 have since been finalized which show an excess of income over expenditure amounting to Rs. 37.04 lakhs.

1.24. The Committee hope that the proforma accounts for the year 1966-67 will be finalised at an early date. They consider that, if the proforma account is to serve a useful purpose, it should be prepared in time. The Committee expect that the proforma accounts for the last year (1967-68) would be consolidated and finalised before December, 1968 and that in future no avoidable delay would be allowed to occur in the finalisation of these accounts.

1.25. The Committee find from the Appropriation Accounts relating to Grant No. 134 that under Group Head 'A.I. Works' there was a saving of Rs. 38.84 lakhs during the year.

The saving was explained as mainly due to non-availability/delay in acquisition of sites for works in respect of Television installation and Receiving Centre, Delhi (Rs. 17.47 lakhs), Broadcasting Station, Simla (Rs. 3 lakhs) and Broadcasting Station, Calcutta (Rs. 9.97 lakhs). A part of the saving was stated to have been accounted for by slow progress of certain works by C.P.W.D. (Rs. 3.20 lakhs) and delay in awarding the Works by C.P.W.D.—Prototype Unit and Research Department (Rs. 1.65 lakhs).

1.26. The Committee desired to know as to why the provision was made in the budget in the absence of suitable sites and enquired of their present position. The Ministry of Information and Broadcasting in their note have stated as under:

1.27. 1. *Television* (Amount of savings Rs. 4,97,300/-):

At the time *i.e.* in September 1964, the budget provision for 1965-66 was made, Anand Parbat had been tentatively selected as the site for locating the Television transmitter and studios. The clearance to the siting of the transmitter at this location from various departments concerned, including Civil Aviation took much more time than anticipated. The formal clearance, received in February, 1966, was also withdrawn almost immediately thereafter and finally accorded only in September, 1967. The site could not therefore be taken over in 1965-66. The present position is that the area finally offered by Delhi Development Authority at Anand Parbat is not suitable for studios, but only for the transmitter. Alternative sites for the studios are being looked for in cooperation with Delhi Development Authority.

2. *Delhi Receiving Centre* (Amount of saving Rs 12,50,000/-):

1.28. The site had already been finalised when the Budget provision was made. The question of according expenditure sanction was under correspondence with Ministry of Finance since August, 1964. The sanction was received in February, 1966. The saving is due to delay in completing acquisition proceeding.

The acquisition proceedings were finalised in June, 1967 and payment was made to Land Acquisition Officer on 7th July, 1967 (by authorising him to draw the amount from the Treasury for further payment to owners). The site is expected to be taken over shortly.

3. *100 KW MW Transmitter, Simla* (Amount of saving Rs. 3,00,000/-):

1.29. A decision was taken in April, 1965 to divert the transmitter meant for Simla to Dibrugarh. Consequently, the site at Simla

was not acquired although budget provision had been made earlier for the purpose.

Selection of a site near Simla has now been finalised and State Government has undertaken development of the site before it is handed over to Central Public Works Department for construction of the transmitter building.

4. 1000 KW SW Transmitter at Calcutta (Amount of saving Rs. 9,96,600/-):

1.30. Although the site was taken over by All India Radio under the Defence of India Rules, in October, 1965 the State Government had delayed acquisition proceedings with the result that payments could not be made during the year.

1.31. The present position is that the funds have now been placed at the disposal of the Land Acquisition Officer and a substantial amount has been disbursed to the landowners.

1.32. The Committee also desired to know the achievements of the All India Radio as compared to the financial and physical targets envisaged in the Third Plan. The Ministry of Information and Broadcasting have stated in a written note that the physical targets and achievements in the Third Plan were as follows:—

1. *Physical Targets :*

	Provided for in 3rd Plan	Actually Commissioned
(i) Radio Stations	6	5
(ii) Auxiliary centres	21	15
(iii) Vividh Bharati centres	30	24
(iv) Auxiliary studios	Nil	Nil
(v) TV Centre	Augmentation of facilities at TV centre, Delhi, e.g. Addl. Studio, Addl. eqpt. and one TV OB van. Acquisition of site for new set up.	Partially completed. Studio in Auditorium completed. Addl. eqpt. and TV OB van ordered but yet to be received. Site not acquired & work now proposed to be carried out as a new scheme of 4th Plan.
(vi) No. of transmitters	Internal Service External Service	87—57 8—3

2. Plan Expenditure :

(Rupees in lakhs)

Year	Capital Budget (A1 Works to A4 T&P)		Community Listening Scheme		Total	
	BE	ACTUAL	BE	ACTUAL	BE	ACTUAL
1961-62	350.01	117.30	1.11 (a)	5.06	495.11 (b)	196.63 (c)
1962-63	213.17	157.20 (d)	8.00	7.10	221.17	164.30 (e)
1963-64	192.00	173.78	8.00	8.72	200.00	182.50
1964-65	124.81	126.03	25.00	21.48	149.81	147.51
1965-66	136.47	121.24	40.00	25.84	176.57	147.08
TOTAL	1016.55	695.55 (f)	82.11 (g)	68.20	1098.67 (h)	763.75 (i)

According to Audit the figures (a) Rs. 8.00 lakhs (b) Rs. 358.01 lakhs (c) Rs. 122.36 lakhs (d) Rs. 157.24 lakhs (e) Rs. 164.34 lakhs (f) Rs. 695.59 lakhs (g) Rs. 89.00 lakhs (h) Rs. 1105.56 lakhs (i) Rs. 763.79 lakhs.

3. Reasons for shortfall:

1.33. "(a) Though the Five Year Plan as a whole is approved by the Planning Commission the projects are taken up for implementation in a phased manner on a year to year basis approved through annual plans submitted to the Planning Commission and the capital budgets for the year approved by the Ministry of Finance. Since most of the projects of All India Radio require about 3 to 4 years for execution, it will be obvious that only such projects as are taken up for implementation in the first two years of the Plan period have a reasonable chance of getting completed within the Plan period. This imposes a limit to the achievements during the Plan period, and if the entire Plan proposals are reckoned as targets for the Plan the achievements would naturally be of the order of 50 per cent to 60 per cent only".

1.34. "(b) The Third Plan was originally approved for an outlay of Rs. 11 crores only. The size was subsequently enhanced to Rs. 14.07 crores at a late stage in the Plan period. Consequently some major schemes like installation of super power mediumwave transmitter, high power short wave transmitter for External Services, high power transmitter at Kohima etc., could be taken up for implementation only towards the end of the Plan period when Foreign Exchange for the same was made available and hence spillover of bulk of the expenditure on these schemes to the Fourth Plan period was inevitable."

1.35. "(c) Besides this, the period of execution of some projects got unduly elongated due to certain special circumstances; buildings at Gulburga and Parbhani had to be constructed through State Governments as the normal agency of CPWD were not able to execute the work; at Bhagalpur and Agartala too CPWD encountered special problems in execution of work including heavy floods; installation of a transmitter in a mountainous terrain at Simla presented its own problems in development of a site of adequate dimensions and in the wake of aggression on our borders it was decided in 1965-66 to divert the equipment to the more urgent project at Dibrugarh."

1.36. The Committee regret that there was a shortfall both in financial terms as well as in physical achievements in the Third Plan concerning All India Radio as compared with the targets envisaged. The Committee consider that these shortfalls were unfortunate as the need for strengthening the transmission services of All India Radio is widely recognised. The Committee would like All India Radio to adopt more businesslike methods for implementing schemes so that the targets envisaged are achieved on schedule. They suggest that blue prints of the schemes should be prepared well in ad-

vance to facilitate their timely execution. The Committee also stress that the Budget estimates should be framed on a realistic basis to avoid inflated demands being included, for these not only result in heavy surrenders but also have the effect of denying much needed funds for more urgent schemes.

3. Inventory.

1.37. The following table will show that the Department is carrying a heavy inventory which is disproportionately large as compared with its actual requirements:—

(Rupees in lakhs)			
Year	Consumption of stores and spares	Closing stock	Inventory in terms of months, con- sumption
1962-63	19.00	118.12	75
1963-64	16.47	137.58	100
1964-65	15.94	147.48	111

Out of stores valued at Rs. 29.43 lakhs held by the Maintenance Engineer as on 31st March, 1965, stores valued at Rs. 6.48 lakhs did not move from April, 1963.

The Ministry have stated (February, 1967) that to ensure a dependable continuous service an unavoidable minimum of spares is to be maintained as insurance against break-downs irrespective of the fact whether such break-downs actually materialise or not. "Most of these spares are imported and the manufacturers also advise stocking of such spares."

1.38. The Ministry have furnished the following figures of closing stock and consumption of stores and spares during the years 1965-66 and 1966-67, in regard to All India Radio:

	Consumption of Stores and spares	Closing stock
1965-66	Rs. 22.14 lakhs	Rs. 151.30 lakhs
1966-67	The figures of closing stock and consumption of stores and spares for the year 1966-67 are not available as the accounts for the year have not been compiled as yet.	

The Ministry have stated that in considering the apparently heavy stock of spares held by All India Radio as compared to their consumption, the following important factors have to be taken into consideration.

1.39. The increase in stock of spares is to be considered not only against the figures of consumption but against the increase in the assets of All India Radio. During the period under review the assets have increased from Rs. 662 to 892 lakhs. The transmitters and other equipment in use are also of many different varieties requiring as many varieties of spares to be kept on stock. All India Radio is a service where continuity is of utmost importance. In order to ensure hundred per cent dependable continuous service the entire equipment will have to be duplicated. However, as all these equipments are imported and keeping in view the heavy cost, which, keeping standbys will involve, an unavoidable minimum stock of spares is kept, irrespective of whether such spares are continuously consumed or not.

1.40. In addition, as explained in detail below, the recommendations of the manufacturers and the experience gained in the working of various equipments are also kept in mind in ordering spares. Another factor which is to be remembered is that with very fast progress in electronics equipments become fast obsolete and as we are not in the happy position of being able to replace our transmitters and other equipments with new ones, it is necessary to stock spares, which, if they do not go completely out of market, will get priced exorbitantly.

1.41. The spares stocked by All India Radio cannot also be considered by the same standards that are applied to materials in stock in C.P.W.D. as these materials are such, as are in continuous consumption, like cement, bricks etc.

1.42. In reply to a written question about the procedure followed by the department to ensure that items whose shelf life is limited are not accumulated beyond the normal requirement and are utilised before their life expires and whether "the department analysed the stock on hand as on 31st March, 1967" and if so, what was "the value of expired items as also obsolete and surplus items held in stock", the Ministry have stated "No item with limited shelf life is stocked in the Central Stores. Magnetic recording tapes, which are prone to deterioration in high temperatures are stored in air-conditioned space. Procurement of tapes is also suitably staggered so that long period of storage is not involved. Transmitting

valves are subject to deterioration due to occlusion of gases if stored out of circuit for long periods. The requirements of these valves are, therefore, always kept limited to 2 years stock level, which is necessary at present because most of these are imported items involving considerable delay for procurement. This period may get reduced when indigenous manufacture starts. Moreover, to prevent failures of valves due to occlusion of gases they are periodically used. Other items like dry batteries are also stocked keeping in view the immediate and urgent requirements."

"As has been stated above, as the accounts for the year 1966-67 have not yet been compiled the value of spares as on 31st March, 1967 cannot be given now. However, the following remarks regarding the procedure followed are offered in this connection."

"Stores are verified once a year. The closing balance of stores are split up and shown under the following six categories:—

- (i) Valve-transmitting type.
- (ii) Transmitter spares (electrical and frequency sensitive equipment).
- (iii) Control Room and Receiving Centre spares.
- (iv) Power Plant spares.
- (v) Tools, machine, instruments and batteries.
- (vi) Capital stores and components."

"At the time of physical verification of stores, action is taken in respect of shortages and damages as well as unserviceable stores."

"In so far as Central Stores is concerned, no items, obsolete, surplus or those whose life has expired, were in stock on 31st March, 1967. Items of stores are, however, in stock which according to the manufacturers of transmitters installed several years back are now obsolete from their point of view but since these transmitters continue to be kept in service in All India Radio, they are not obsolete from our point of view."

"In so far as items which may be considered surplus to actual needs, at various stations and other engineering offices are concerned, their list is prepared annually by the stations and circulated to all other units to ascertain their requirements, if any, for such items. The items requisitioned by other stations are thereupon transferred to the station requiring them. Should any items be not required by any station, their disposal by public auction is authorised. Such disposals constitute a very small fraction of the stock levels."

1.43. In reply to another question whether apart from the advice of the manufacturers, how does the experience of the department in the matter of consumption of stores affect their policy regarding provisioning and procurement of stores? The Ministry have *inter-alia* stated:

“When new transmitters and equipment are ordered, since the department has no previous experience of the failure pattern, initial set of spares is procured on the recommendations of the manufacturers. However, the list so furnished by the manufacturers is scrutinised and the items of which equivalents are available or likely to be available in the near future indigenously are deleted...”

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

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

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

4. *Uneconomic record processing plant*

1.47. In order to preserve the speeches, messages and addresses of important and well-known personalities, the Department purchased in November, 1953 a plant of the rated capacity of 1,200 stampers and 25,000 prints per annum from the U.S.A. at a cost of Rs. 2.5 lakhs.

The plant started regular production in April, 1954. The operation of the plant was examined in 1959-60 by the Special Re-organisation Unit of the Ministry of Finance which observed that the plant was operating at a capacity of only 21·9 per cent. in stampers and 34·4 per cent. in prints and that the cost per disc worked out to Rs. 21·49 as compared with the prevailing market rate of Rs. 3·75 per disc. The suggestion of this Unit that the work could be got done more economically through a commercial firm was not accepted at that stage by the Department. In August, 1966, Government, however, decided to close the plant and dispose of it.

During the years 1962-63 to 1964-65 (data for earlier period not available) the operation of the plant resulted in an extra expenditure of Rs. 2.22 lakhs subsequently amended to Rs. 2.15 lakhs as compared with what would have been incurred had the work been got done through a commercial firm. In February, 1967, the Ministry however, intimated that the question regarding the continuance or otherwise of the unit was still under consideration.

1.48. The Committee asked the Ministry to indicate the reasons for the decision to retain the plant in 1959-60 notwithstanding the facts brought out by the special Reorganisation Unit. The Ministry in their note have stated as under:—

“The only reasons why the Special Reorganisation Unit recommended the closure of the Record Processing Plant was that it was uneconomical. The primary purpose of acquiring the plant was preservation of speeches, messages and addresses of important and well-known personalities. The smallest available unit was purchased after considering the feasibility of entrusting the work to a commercial concern. It was felt that entrusting such a precious material to a partly foreign-owned monopolistic concern in which 100 per cent. safety from unauthorised use cannot be guaranteed, could not be in the national interest. It was also felt that for preserving such valuable materials cost should not be the only or primary concern.”

1.49. On being asked when the department could not utilise the plant to its maximum capacity, whether they at any time examined the feasibility of executing some job for private concerns so that a part of the extra expenditure could be met, the Ministry have stated in their note:—

“The feasibility of executing some jobs for private concerns was considered, but had to be given up due to some legal

complications. However some jobs were undertaken on cost basis on behalf of the External Affairs, Education and Defence Ministries. The quantum of these works was so low that it did not produce any, appreciable effect on the working economy of the unit."

1.50. The Ministry have also stated, "The decision has been taken to close down the unit."

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

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

CHAPTER II

MINISTRY OF WORKS, HOUSING AND SUPPLY

(DEPARTMENT OF WORKS AND HOUSING)

*Large scale acquisition, Development and Disposal of land in Delhi—
Para 54—Pages 72-74.*

2.1. In paragraph 3.9 of their Forty-second Report (Third Lok Sabha), the Public Accounts Committee had observed that the progress of development of land acquired by Government under the Scheme of "Large scale acquisition, development and disposal of land in Delhi" was very slow and had suggested that Government should immediately undertake a review of the whole scheme so that the targets fixed for the development of the land were achieved and the developed plots were made available to the public early.

2.2. (a) The Housing Commissioner had acquired 22,926 acres of land (including 581 acres from the Custodian of Evacuee Property and 23 acres under the subsidized Industrial Housing Scheme) at a cost of about Rs. 25.90 crores upto December, 1966. Out of this, 15,449 acres had been allotted to various authorities (e.g. Delhi Development Authority, Delhi Municipal Corporation, Co-operative Societies, Government, Semi-Government and private institutions etc.) for development and/or disposal. The cost of 7,477 acres of land left undisposed of with the Housing Commissioner amounted to Rs. 8.44 crores.

2.3. The table below indicates that the progress of development of land allotted to various authorities has continued to be slow:

Name of Authority	Land allotted	Targets for development of land		Area developed (in acres)
		During III Plan period	During* IV plan period	
1	2	3	4	5
(i) Delhi Development Authority	8,041	4,000	4,041	1,921
(ii) Co-operative societies and industrial estates	1,675	850	825	300

*Targets for development of land during the IV Plan period are stated to be provisional.

1	2	3	4	5
(iii) Delhi Municipal Corporation	2,305	1,950	355	1,050
(iv) (a) C.P.W.D. (Ministry of Works, Housing and Urban Development)	1,095	1,200	No target fixed.	
(b) Other Government, Semi-Government and private institutions	1,333	No targets fixed		
Total	14,449**	8,000	5,221	3,271

**Apart from 14,449 acres, 1000 acres of land was allotted to certain parties on temporary lease.

2.4. The Delhi Administration have intimated that apart from 3,271 acres of land, which has been fully developed, 7,928 acres of land is at various stages of development (February, 1967).

2.5. It has been stated in a note furnished by the Department of Works and Housing that the year-wise break-up of the land acquired by the Delhi Administration under the scheme of "Large scale acquisition, development and disposal of land in Delhi (including area taken over by book transfer) upto 31st August, 1967 was as under:—

Year	Acres
1961-63	10,018·89 (Separate figures in respect of 1961-62 and 1962-63 are not available).
1963-64	5,477·42
1964-65	3,757·43
1965-66	1,661·70
1966-67	4,720·72
1967-68 (from 1st April, 1967 to 31st August, 1967).	277·37
TOTAL	25,908·53

2.6. The Ministry have further stated in their note that the land acquired has been allotted to/allotted (earmarked) for various agencies as follows:

S. No.	Name of Authority	Land Allotted (in acres)	Land allocated (in acres)	Total (in acres)
1.	Delhi Development Authority	8,200.03	6,342.68	14,542.71
2.	Cooperative Societies and Industrial Estates	1,674.84	2,175.16	3,850.00
3.	Delhi Municipal Corporation	2,305.49	694.51	3,000.00
4.	Government, Semi-Government and private institutions	2,428.28	1,087.54	3,515.82
5.	Temporary Leases	1,000.00	..	1,000.00
TOTAL		15,608.64	10,299.89	25,908.53

The area developed by the different agencies is indicated below:-

Delhi Development Authority	3,089 acres
Co-operative House Building Societies, Industrial Estates	841 acres
Delhi Municipal Corporation	1,050 acres
TOTAL	4,980 acres
Area not to be developed for residential or industrial purposes	1,000 acres

2.7. The Ministry have further stated: "3107 residential plots of various sizes (measuring from 200 to 800 sq. yards) were disposed of by the Delhi Development Authority through auction. It is not possible to indicate specifically the acreage in respect of the plots sold by auction because in those localities a large number of small size plots were allotted by draw of lots, and land was earmarked for shopping centres, community centres, educational institutions, electric sub-stations and other public utility services and parks, and some area was taken up by roads, berms and storm water drains etc."

Average Time for the Development of Land

2.8. "The scheme for 'Large scale acquisition, development and disposal of land in Delhi' envisages that the land allotted for various uses should be developed within a period of three years from the date of allotment and constructed upon in the next two years."

Development by Delhi Development Authority

2.9. It has been stated by the Ministry that, "It is not possible to indicate the average time taken in the development of land as the progress depends on the type of soil (including rock cuttings), the level of sub-soil water (for laying under ground sewerage), difficulties created by owners of pockets (through court injunctions) etc. Further, development is a continuing process in certain cases, for instance, some area in Pankha Road Colony was developed and even disposed of within 2½ years of allotment but still some areas in the same scheme are under development."

Development by Co-operative Societies

2.10. Out of 37 co-operative societies (to whom land was allotted) 14 societies have already completed the development of 841 acres of land. In the case of 15 societies who have been allotted 340 acres, the prescribed period of three years has not yet expired. 8 societies, who were allotted 337 acres of land and have defaulted were served with notices of resumption of land, 6 of them were able to give satisfactory reasons and they have been given time to complete the development by 31st December, 1967.

The cases of two societies are stated to be under consideration.

Development by Delhi Municipal Corporation

2.11. In the case of Delhi Municipal Corporation, the land has been allotted mainly for the implementation of Jhuggi & Jhonpri Removal Scheme and Slum Clearance Scheme. The land is developed according to the availability of funds provided by the Centre and to meet the requirements of the squatters etc. from the area to be cleared.

2.12. The Ministry have further stated that the following steps have been taken to develop land expeditiously:

"The machinery for development of land is being geared up. The Delhi Development Authority is in the process of setting up its own Engineering Organisation to meet its expanding activities. The work of preparation of zonal development plans has also been expedited."

"The purposes for which the Revolving Fund can be used have been enlarged and bottle necks in the use of the fund have been removed so that larger number of development schemes can be sanctioned and executed."

2.13. During evidence, the Secretary, Department of Works & Housing stated that out of the total acquired land of 25908 acres 4,980 acres had already been fully developed and 4,311 acres were under development. Out of 4,311 acres 1,757 acres would be developed before March, 1968, making a total of 6737 acres fully developed by March, 1968. He admitted that there was a shortfall as compared to 8,000 acres which were planned to be developed during the last plan period. This shortfall was due to various reasons viz. difficulty in acquisition, court cases and the development of land through another agency (D.D.A. got the lands developed through the C.P.W.D.).

2.14. The Committee were informed in reply to a question that most of the land acquired was agricultural land but after its acquisition, it has not been used for agricultural purposes. In some stray areas, lands were leased out but the experience had shown that when authorized or unauthorised squatters were allowed, it became extremely difficult to take possession again. Instead of repeating that experiment, the Ministry was trying to expedite development and disposal of lands.

2.15. In reply to a question the witness stated that the land prices now had fallen partly due to lack of money with the people and partly due to a large number of plots becoming available due to the developmental activities of the Delhi Development Authority.

2.16. As regards the development of 1095 acres of land allotted to C.P.W.D. during the Third Plan, the witness stated that nothing had been developed and the land already developed for Government colonies in Mehrauli and Masjid Moth area had not been built upon due to the shortage of funds. In reply to a further question the witness stated that this land was acquired in 1963 by the Delhi Development Authority and two years it had remained undeveloped with C.P.W.D. Asked whether the procedure suggested by the P.A.C. in para 3.28 of their 42nd Report (Third Lok Sabha) that; "Normally the period of development should not exceed two years from the time the land is taken in hand for that purpose. Since development should include provision of all services viz., water supply sewerage, and electricity and roads etc. cases where the period of development exceeds two years, should be reported by the D.D.A. to the Ministry with necessary explanation," was being followed. The witness explained that they were in constant touch with the Municipal Corporation and other Municipal bodies on the subject for provision of municipal services. Sometimes Municipal Corporation and

other Municipal bodies were in difficulty and the targets previously indicated were not being adhered to but they were arriving at more realistic targets. The witness added that the Ministry was kept informed of the position by progress reports but not specifically about the cases where the period of two years had exceeded.

2.17. The Committee desired to know whether the division of power and responsibility were responsible to a large extent for the long process involved. The Vice Chairman, Delhi Development Authority stated, "This is our personal view. We have reiterated it many times that it will certainly be a much more desirable arrangement to have one authority dealing with all these services as an integrated arrangement. At present, we have to look upon them and their good offices to give us all these services in time. In spite of all the co-ordination, we are trying to achieve through monthly meetings and personal discussion, the effect is not as much as could be desired."

2.18. The Committee desired to know whether there was a permanent co-ordinating body of the Housing Commissioner, the Corporation and the Delhi Development Authority which met at regular intervals to straighten out the difficulties or whether they contented themselves with written communication only. The representative of the Department of Works and Housing stated "It is an informal *ad-hoc* Committee but they meet normally once in a month."

2.19. The Committee asked if it was possible to draw up an integral programme of development so that time-lag in acquisition of land and development was reduced. The Secretary, Department of Works & Housing stated: "There are two distinct features—one is to develop it and the other to provide municipal services. The D.D.A. are now contemplating to provide their own municipal services like water supply, sewage disposal and so on, without waiting for the DMC to come round, and in due course when the D.M.C. reaches those areas then it can take over."

2.20. The Ministry have intimated subsequently: "It has also been decided that where the Delhi Municipal Corporation is not in a position to provide municipal services like water supply and electricity, the Delhi Development Authority will make arrangements on temporary basis by digging tube wells and installing electric generators so that development is not held up."

2.21. The Committee regret to observe that, as against the target of 8,000 acres for the development of land during the Third Five Year Plan (i.e. upto 1965-66), only 4,980 acres were fully developed upto August, 1967, and another 1,757 acres were expected to be developed by March, 1968.

2.22. The Committee would urge that the pace of development should be accelerated by effecting close coordination between the Delhi Development Authority, the CPWD and the Delhi Municipal Corporation. The Committee note that the Delhi Development Authority have decided to make arrangements on a temporary basis by digging tubewells and by installing electric generators where water and electricity services cannot be provided early by the Delhi Municipal Corporation. The Committee would like to watch through future Audit Reports the progress made by the Delhi Development Authority and other agencies to develop the land fully and make it available for construction to the general public at reasonable rates.

2.23(b) The Scheme provides that in all cases where undeveloped land is allotted, the allottees should be required to complete its development within a period of three years, failing which the land should be resumed and the premium originally paid refunded to them after deducting 10 per cent thereof as penalty for not carrying out the development within the stipulated period. The Public Accounts Committee in paragraph 3:17 of their Forty-Second Report (Third Lok Sabha) had recommended that condition regarding development of land within a specified period should be strictly enforced. It was, however, observed that in seven cases, where undeveloped land was allotted to co-operative societies on payment of premium of Rs. 199.32 lakhs, although the stipulated period of three years expired during July, 1965 to July, 1966 this condition was not enforced by the Housing Commissioner. The penalty recoverable in these cases amounted to Rs. 19.93 lakhs.

2.24. The Committee were subsequently informed that eight societies who had defaulted were served with notices of resumption of land. Six of them were able to give satisfactory reasons and they had been given time to complete the development by 31st December, 1967. The cases of two societies were under consideration.

2.25. The Committee enquired whether there was any machinery to keep a watch on the development and to ascertain reasons for the non-development of land. The representative of Delhi Administration stated,

“When we give the land to the co-operative societies we ask them to give us periodical reports. In the first year we only ask them whether they have got the lay-out and service plans sanctioned; in the second year we ask them to send us quarterly reports on the progress of development, and if they point out any difficulties, wherever they are justified, we take it up with the concerned authorities. In certain cases, the zonal plan is not ready; in such cases

we request the D.D.A. to let us know what the position with regard to the zonal plan is. The D.D.A. has its own difficulties because it has to finalise the zonal plan under the statutory provision of the Act, and it has to give notices, invite objections, hear people and so on, and all this will take some time. So, we are constantly pursuing the matter with the co-operative societies and with the concerned authorities.

We have been able to develop 841 acres of land through the co-operative societies whereas the target for the Third Plan was 750 acres of land. In our opinion, this is itself an indication of the fact that the matter has been properly pursued.

As regards the six co-operative societies to whom we gave time, 3 were such that they have given this reason that the zonal plan was not ready. We took up the matter with the D.D.A. and we found that there were some important roads, the alignment of which had to be fixed by the Transport Ministry on technical considerations because some of them came along the river beds and so on. So, we gave them time because we found that these societies had not been able to get their plans sanctioned due to these reasons. We took into consideration the period which was taken by the different authorities and then give them more time. We also considered the state of development which the society had done. If they had done 70 or 80 per cent of their work we gave them extension because they had genuinely tried to develop the land. In certain areas the problems of development are such that they cannot complete it within a period of 3 years."

2.26. The Committee referred to para 3.17 of their 42nd Report (Third Lok Sabha) wherein it was suggested that the condition regarding development of land by Co-operative Societies within a special period should be strictly enforced and asked if that was being done. The witness *inter alia* stated, "The three-year limit should not really be varied, because if things are normal, that limit is the proper limit. Similarly, enforcement should be made as we have done in the case of 2 Societies."

2.27. The Committee suggest that the condition regarding development of land by cooperative societies within the specified period should be strictly enforced. A periodical review should also be made so that any defects noticed in the system of development of land through cooperative societies are remedied. Government should also,

wherever possible, try to help cooperative societies in the expeditious development of plots.

2.28. (c) The Housing Commissioner had collected a sum of Rs. 37.71 lakhs upto 31 March, 1965 as additional charge over and above the cost of acquisition and development of land. The additional charge was levied with the intention of making a contribution to the low-income group housing schemes and to cover administrative charges on similar other projects. No expenditure has, however, been incurred out of this fund in this behalf so far (February, 1967).

2.29. The Delhi Administration have stated that the money realised by way of premium (which *inter alia* includes the element of "additional charge") is being utilised towards the expenditure on the Scheme in the course of operation of the Revolving Fund (February, 1967).

2.30. The Committee referred to para 3.20 of their 42nd Report (Third Lok Sabha) and enquired if separate accounts were being maintained as recommended by the Public Accounts Committee, the representative of the Delhi Administration stated that they were maintaining separate accounts for the additional charge. In reply to another question the witness informed the Committee that they were now spending the collection made from the additional charge amounting to Rs. 37.71 lakhs exclusively for the purpose of low income group.

2.31. Explaining further the witness stated that the Lt. Governor, who operated on this fund, had taken a decision that a beginning should be made with this amount and multistoreyed tenements should be constructed which would benefit about 300 to 400 persons belonging to the low-income group. A locality had been selected provisionally by him and the idea was that money would be utilised in subsidising the rental of the houses. Asked if it was not a violation of the original purpose, the witness stated, "The purpose is the same, only the name is different".

2.32. The Committee enquired about the Schemes of the Delhi Development Authority for allotment of land to low income and middle income groups. The representative of the Delhi Administration explained that as a part of the scheme a number of plots were being developed. A certain number of plots had been developed specifically for low income and middle income groups. For the low income group the size of the plot is 125 sq. yards. A fixed price is announced to the public, applications are invited and they were allotted plots on the basis of a draw of lots. Previously there was no provision for allotment of plots to middle income groups.

They had to participate in the open auction. At the time of the view of the scheme it was decided that the middle income group should also be allotted plots at a fixed price. This had been done and for the first time it had been advertised that 1,600 plots would be available for middle income group at a price ranging from Rs. 32 to Rs. 38 per square yard in two areas which had been developed—Wizirpur and Pankha Road.

2.33. When pointed out that they must do something for Government servants who were transferred out of Delhi at periodical intervals, the witness stated that they would keep this in view and see what concessions could be given to them.

2.34. The Committee note that a decision has been taken by the Delhi Administration to build multi-storeyed tenements with this fund for the benefit of the people falling within low-income group and that sites have also been selected for such construction. In order that these schemes become popular amongst members of the low income groups, it is desirable that sites are suitably and widely located. The Committee hope that the proposed scheme will go a long way to meet the rising needs of the metropolitan population and will at the same time produce a healthy effect in reducing the high rental charges now prevalent in the Capital.

2.35. The Committee are glad to note that the Delhi Administration have taken steps to allot residential plots by drawing of lots to low and middle income groups in the Capital. The Committee feel that this scheme should be stabilised and a large number of plots should be offered to low and middle income groups of people. The Committee feel that a similar scheme may also be launched for the benefit of low and middle income groups of Government employees who comprise a sizable proportion of the population of the Capital and who, being a fixed income group, suffer from the handicap of low purchasing power.

Delay in the assessment/recovery of dues—para 55, pages 74-75

2.36. Orders for printing and manufacturing of stationery articles are placed by the various offices under the Chief Controller of Printing and Stationery on private printers, etc. For the execution of the orders, paper and other basic material are issued to the firms free of cost and only charges for services rendered are paid to the firms. It was noticed that in several cases, the firms did not return the papers and other basic material rendered surplus with

them and that the recovery of their cost had been in arrears, as shown below:—

Name of the office placing the order	Amount due for recovery at the end of September, 1966 (In lakhs of rupees)	Remarks
Period of orders		
Assistant Controller, (Outside Printing), Calcutta. (Prior to 1956-57).	8.70	Three firms alone account for Rs. 7.40 lakhs. One of the firms which owe Rs. 3.11 lakhs are stated to be under liquidation. In respect of another one which owe Rs. 1.64 lakhs, a demand for recovery of the amount is stated (November, 1966) to have been placed on the firm; this firm had earlier been permitted to adjust Rs. 5,000 per month from their future bills, but the amount of monthly bills was found to be less than Rs. 5,000. Of the remaining 7, which owe in aggregate, an amount of Rs. 1.30 lakhs, 6 are either under liquidation or defunct.
Government of India, Stationery Office, Calcutta. (1952-53 to 1958-59).	0.59	
Government of India, Form Store, Calcutta. (Prior to 1951-52).	0.27	

2.37. In the case of orders placed by the Assistant Controller (Outside Printing), Calcutta, it was also noticed that there were considerable arrears in the completion of accounts of various firms in 44 cases, accounts in respect of paper/other basic material released

to the private printers against orders placed from March, 1952 to March, 1958 were not yet (September, 1966) finalised, leading to the non-assessment of the dues against, and to their non-realisation from, the firms.

2.38. The Committee pointing out that a sum of Rs. 9.56 lakhs had remained outstanding for recovery from 14 firms on account of surplus paper and other basic material, the bulk of which related to the period prior to 1956-57, enquired why no precautions were taken in the beginning to see that these moneys or materials were not lost. The Secretary of the Department of Works and Housing stated "These are prior to 1956-57, beginning from 1948. They are very old cases, and it has to be admitted that there was not proper fool proof arrangement to ensure that the material supplied was properly used and accounted for. There was a special audit of these cases in 1953. Since then efforts to make recoveries have been going on. Even in 1955 or so when the matter was reported to Government it was anticipated that about 6½ lakhs would be irrecoverable. For these 10-11 years efforts have been made, and even today the situation is that Rs. 6½ or Rs. 7 lakhs may have to be written off. Subsequently, very adequate procedures have been laid down to see that nothing of this sort can happen." The Committee enquired why no security was taken from these presses in respect of Government material handed over to them. The Chief Controller of Printing and Stationery stated "These are old cases and the persons concerned have been punished. In the past papers and materials were given on trust, because they were supposed to be firms of standing."

2.39. The Committee enquired whether the arrears related to periods prior to 1948 also, the chief Controller of Printing and Stationery stated that there was some back log even from War time.

2.40. Explaining the scheme that had been introduced to prevent such a lapse in future the witness stated that the private printer was now asked to have an insurance cover equal to the value of paper of three months' requirements that were to be issued to them. In reply to a query, the witness stated "We can have insurance coverage only against pilferage or fire or theft, not against misappropriation."

2.41. The Committee were informed that paper was issued from different sources to the presses and some paper was also directly issued from the mills to the private printer. The witness further stated "The accounts of these were maintained jobwise and not firm-wise, with the result that if a particular job was completed and the

paper account of that job rendered by the press, the firm's bills were passed, although he may have misappropriated paper in other jobs for which he had not submitted any bills. So, a procedure was devised that firm-wise accounts should be maintained and that paper will be supplied from one central store. Adequate security is also taken from the printers now, it is 10 per cent of the total value of the printing to be done, plus insurance cover for three months' supply of paper."

2.42. In reply to a question whether the price of the paper was fully covered by insurance now, the witness stated "If we supply Rs. 30,000 worth paper every month the party has to insure for three months supply i.e. Rs. 90,000."

2.43. In regard to 44 cases for which the Assistant Controller (Outside Printing), Calcutta had not finalised or submitted the accounts from 1952 to 1958 and which have resulted in the non-realisation of dues, the witness stated that actually these were not 44 presses but 83 presses. He added ".....the paper accounts had to be collected from the mills, the Government of India Stationery Office and various other places. Now, presswise accounts are being maintained for the old transactions. They are checking up the accounts. Of the 83 presses, the accounts of 65 have been settled. The total number of jobs were 4,362. Now only 438 jobs, pertaining to 18 presses are to be settled, the main difficulty being to find out exactly how much paper was sent and by whom." Asked whether that happened because the procedure obtaining then was faulty or because of the laxity of the officers concerned, the witness stated "Partly because of laxity, for which people have been punished in the past, and partly because of not having proper procedures. Since then the procedures have been tightened up."

2.44. The Committee have been informed in a written note that "The 18 presses accounted for 2,412 jobs. Of these 2,342 have been reviewed and they disclosed an over-payment of only Rs. 100 which is being recovered. There is a balance of 70 jobs yet to be reviewed and these relate to 10 presses which originally accounted for 1,720 jobs. Unless the remaining 70 jobs are reviewed no clear indication can be given as to the amount, if any, over-paid to the firms requiring settlement. It may take about 3 months more to complete the job."

2.45. In regard to the present position, the witness stated that the accounts were being now settled quickly. Normally, these works went only to Government presses and very rarely they went to private presses.

2.46. The witness also informed the Committee that in the case of two firms only discrepancies in paper accounts had been found. In the case of one firm, Government had adequate security, which would be adjusted. The other firm owed about Rs. 20,000 and efforts to recover this amount were being made.

2.47. Asked whether any of the firms have been blacklisted, the witness stated that all of them were blacklisted. He also stated "When we come across such cases, we always blacklist them."

2.48. Asked whether responsibility had been fixed in regard to old cases, the witness stated "19 men were punished, including removal of a person of the rank of Manager, and compulsory retirement, removal, suspension and so on of others. During the last few years we have not had any major case of this type."

2.49. Explaining the case of the firm which owed Rs. 1.64 lakhs to the Government, the witness stated that in 1959 the amount outstanding against the firm was about Rs. 3,50,000. This amount was sought to be recovered from this press. The press agreed to hypothecate its machinery and superstructure on the land as well as the leasehold land. The hypothecation was accepted although the value of machinery and superstructure was not as much as that. An agreement was arrived at with the press that it would give Rs. 10,000 a month. But after two years it was found that in two years it had given only Rs. 13,000. In 1961 the firm represented that it was unable to pay Rs. 10,000 a month and that if it was Rs. 5,000 a month it might be able to pay. Revised hypothecation deed was entered into. Since then recoveries to the extent of about Rs. 1,93,000 had been made. Government also held assets of the firm, about Rs. 60,000 of bills which were under scrutiny and Rs. 22,700 of security money. The hypothecation of the machinery as well as the superstructure might account for Rs. 1 lakh. So, they were covered to the extent of about Rs. 1,80,000. The witness added that they were examining whether they should go in for fore-closure of this mortgage or allow the firm to do business with them. In the new contract for which open tenders were invited, this firm was the lowest in some cases. They wanted to award a contract to this firm and asked them to deposit the security amount and also to take the insurance coverage for paper etc. The firm had not been able to do so. The firm was also pleading inability to pay even Rs. 5,000 a month. The witness further added that it was under consideration whether to foreclose and sell away the property of the firm and realise what they could get or whether to allow the firm to continue in business.

2.50. The Committee desired to know whether there was anything patently wrong with the agreement or contract because of

which the printers could get away with paper stocks of such value without attracting civil liability.

2.51. The Chief Controller of Printing and Stationery stated "In some cases civil suits are pending. Certain firms had been liquidated. Proof of debt has been filed with the official liquidator. In some cases we are getting dividends. Total outstanding as per Audit Report is Rs. 8.70 lakhs. We have recovered about Rs. 60,000." The witness further stated that in case of any shortage, it was deducted at the time of passing the bill. They did not have any running payment in these cases. It was only after the job was completely handed over to the indenter that the bill was settled.

2.52. The Committee have also been informed in a written note (Appendix III) that the percentage of the value of work entrusted to the private presses was 12.9 of the total value of printing done in 1963-64 and 8.5 and 5.6 in 1964-65 and 1965-66 respectively.

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

2.54. The Committee also stress that the accounts of the remaining ten presses should also be settled expeditiously and a limit should be fixed for their completion. The Committee would like to be apprised of the progress made in this regard.

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

Para 60 (B) & (C) pages 80-81

2.56. Overpayments in respect of 186 cases aggregating Rs. 2.30 lakhs were accepted by the Central Public Works Department during 1965-66, involving over Rs. 10,000 each in 3 cases mentioned in sub-para (C), between Rs. 500 and Rs. 10,000 each in 66 cases, and less than Rs. 500 each in the remaining 117 cases. The position of re-

covery of these overpayments and those accepted during the earlier years is reported to be as follows:—

Period during which overpayments detected reported for recovery	Overpayments accepted by the C.P.W.D.		Overpayments not recovered upto March, 1966	
	No. of cases	Amount (In lakhs of rupees)	No. of cases	Amount (In lakhs of rupees)
January, 1957 to December, 1960	731	19.13	91	5.38
January, 1961 to March, 1963	788	14.65	110	5.64
April, 1963 to March, 1964	401	4.81	96	1.60
April, 1964 to March, 1965	291	4.22	140	2.87
April, 1965 to March, 1966	186	2.20	149	2.02
TOTAL	2,397	45.11	586	17.51

2.57. The broad categories of overpayments under which the cases relating to the three years ended with 1965-66 fall, are detailed below:—

Category	1963-64		1964-65		1965-66	
	No. of cases	Amount (In lakhs of rupees)	No. of cases	Amount (In lakhs of rupees)	No. of cases	Amount (In lakhs of rupees)
(1) Sub-standard execution of work	321	3.64	234	3.18	132	1.23
(2) Incorrect measurements	23	0.67	20	0.07	13	0.54
(3) Short recovery of cost of material issued to contractors departmentally	49	0.26	34	0.47	16	0.14
(4) Other miscellaneous irregularities	36	0.24	18	0.50	41	0.39

2.58. (C) A few important cases in which overpayments pointed out by the Chief Technical Examiner were accepted by the C.P.W.D. during 1965-66, the recovery of which is still (December, 1966) pending, are detailed below:—

Sl. No.	Name of work Total cost	Nature of irregularities leading to overpayments	Amount involved (in lakhs of rupees)
1	2	3	4
1	Construction of barracks for Army Units at Gangtok (Rs. 20.59 lakhs)	The number of G.I. bolts and C.G.I. sheets used were less than those specified in the contract; the side overlap of C.G.I. sheets provided in the work did not conform to the specifications.	0.38

1	2	3	4
2	Earth filling for horticultural works in New Delhi (Rs. 5.42 lakhs)	The prescribed deduction of 1/13 from the quantity measured not made.	0.27
3	Construction of shell type food-grains godowns at West Patel Nagar, New Delhi. (Rs. 40.48 lakhs)	Shell roofs not vibrated and only rodding was done ; rendering or plastering of the exposed surface of shell roofs not done; cement mortar in brick work in the super-structure did not develop the requisite strength at certain places	0.30

2.59. The Committee enquired whether in 297 cases involving an overpayment of Rs. 12.62 lakhs detected/reported for recovery prior to 31st March, 1964, the C.P.W.D. had delayed the examination and acceptance of over-payments for recovery from the contractors. The witness stated that the position had subsequently improved very much. Giving the present position regarding "overpayments not recovered upto March, 1966" the Secretary of the Department stated that:

"for January, 1957 to December, 1960, against Rs. 5.38 lakhs only Rs. 1.45 lakhs remain and the rest has been recovered; 1961-63 against Rs. 5.64 lakhs only Rs. 1.84 lakhs remain and the rest has been recovered; 1963-64 against Rs. 1.60 lakhs only Rs. 26,000 remain; 1964-65 against Rs. 2.87 lakhs only Rs. 52,000 is outstanding and in 1965-66 against Rs. 2.02 lakhs only Rs. 42,000 is outstanding. Against a total of Rs. 17.51 lakhs outstanding only Rs. 4.49 lakhs, are still outstanding and the rest has been recovered. Out of this Rs. 4.49 lakhs, Rs. 3.91 lakhs refer to cases which are under arbitration where we have to wait until the award is received. So the balance which is outstanding is only Rs. 58,000 and efforts are going on to clear that."

Asked how long efforts will go on, the witness replies:

"It is a continuous process. At the rate at which we have recently been receiving I hope we will be able to clear in a short time."

2.60. Asked whether the three cases mentioned in sub-para (C) involving over Rs. 10,000/- each had been investigated with a view to fix responsibility and to ascertain the circumstances under which overpayments occurred, the witness replied that "out of these three

cases, in the first case the actual recovery that had to be effected was Rs. 26,635 against Rs. 38,000/- which has been shown. This has been verified by the Chief Technical Examiner. That is the actual recovery. The *ad hoc* recovery made was Rs. 38,000. The second case relates to earth filling for horticultural work. In this case the actual recovery that has been made is Rs. 26,726/- against Rs. 27,000/-. In the third case recovery amounting to Rs. 29,836/- has been made". The witness further stated that the question of fixing responsibility had also been considered. He, however, added: "there is no occasion for it because in these cases, there has been some difference of opinion regarding interpretation." The recoveries had been made after the Additional Chief Engineer had gone into the objections raised in each case.

2.61. Asked how the sub-standard execution of work took place when Government engineers were supposed to supervise the work of contractors, the witness stated that as per instructions as the work was going on checks were exercised and sub-standard work was rejected. The Chief Technical Examiner was also making inspections and sending inspection memos. Action was simultaneously taken as the work progressed.

2.62. The Committee enquired whether any disciplinary action had been taken against the officers responsible where over-payments were made, the witness stated; "If there was a case of incorrect measurement or of short recovery such cases are followed up" and disciplinary action was also taken against the persons concerned.

2.63. The Committee regret to note that over-payment amounting to Rs. 45.11 lakhs had been made in 2,397 cases during the period January, 1957, to March, 1966. The Committee note that a substantial part of this amount has been recovered and at present a sum of Rs. 4.49 lakhs, including cases involving Rs. 3.91 lakhs in arbitration, is outstanding.

2.64. The Committee consider that, apart from taking steps to recover the remaining amount on account of over payments, Government should take suitable measures to ensure that cases of overpayment do not occur in the first instance. Government may also consider, in consultation with the Chief Technical Examiner, the question of issuing comprehensive instructions in the matter for the guidance of all concerned so as to eliminate cases of overpayment.

2.65 *Delay in the completion of works para 61 pages 82—84.* The following two works in connection with the extension of runway at Santacruz Airport were awarded to Bharat Sewak Samaj on the basis of tenders:—

Name of the work	Estimated cost	Tendered cost as accepted	Percentage of accepted cost over the estimated cost	Date of invitation of tenders	Date of award of contract	Time of completion
(In lakhs of rupees)						
Earth filling beyond 1000 feet	11.66	16.23	39.26	31 October 1963.	25 August 1964.	12 months.
Earth filling of further 400 feet	9.84	16.57	68.50	11 June 1964.	25 September 1964.	6 months.

The Samaj could not complete the works by the due dates as indicated below :—

	Total value of the work	Stipulated date	Value of work done up to the stipulated date	Value of work done up to 31 March, 1966
		(In lakhs of rupees)	(In lakhs of rupees)	(In lakhs of rupees)
1st work	16.23	24 August, 1965	1.57	8.62
2nd work	16.57	24 March, 1965	0.92	7.33
			(Upto October 1965).	

2.66 The question of extension of time and the quantum of compensation which the Samaj is liable to pay on that account have not been decided so far (November, 1966). In the meantime, however, Rs. 0.74 lakh and Rs. 0.70 lakh have been deducted from the running bills of the Samaj and kept in deposit.

2.67. While accepting the offer of the Samaj for the second work, the offer of another contractor to execute the work for Rs. 14.41 lakhs (involving a saving of Rs. 2.16 lakhs), in 12 months as against 6 months offered by the Samaj, was ignored on the ground that the work of filling, on its completion, would be subjected to at least one monsoon rain before payment was laid. This, however, did not take into account the fact that:—

- (i) the stretch of 400 feet involved in this work could be used only after the stretch of 1000 feet involved in the first work was completed; and
- (ii) the scheduled date of completion of the first work was August, 1965, nearly 5 months after the completion of the second work, and it was not possible to subject the work of filling involved in it, to monsoon rains as contemplated in the case of the second work.

Government have stated (November, 1966) that:—

- (i) tenders in the first case had been invited six months earlier than in the second case and the work was expected to be awarded earlier than the second, but this expectation did not materialise because of the time taken in obtaining the approval of the Ministry of Transport for the excess over the sanctioned estimate and references had to be made twice to the Central Works Advisory Board; and
- (ii) fresh tenders would have had to be called if, due to this delay, the time of execution of the second work had been changed.

2.68. At the time of inviting tenders in the second case in June, 1964, no decision had been taken on the tenders received in the first case in December, 1963. It is not clear why, despite this delay of six months which had already occurred, it was not possible for the Department to revise the time of completion before the notice inviting tenders in the second case was issued with six months only as the stipulated period of completion, and why, in the contract with the Samaj, no provision was made for the recovery of the

difference in the tendered cost (Rs. 2.16 lakhs) if the Samaj failed to complete the work within the prescribed period of six months.

2.69. Explaining the latest position of the execution of the two works, the Secretary of the Department stated that 96 per cent of the first work and 99 per cent of the second work had been completed. It would take another year to finish the rest of the work. Asked when the works were not completed according to schedule, if any penalty was levied on the Samaj the witness stated that "10 per cent penalty, as per the terms of the agreement, had been levied on both the works" and the final recovery would be adjusted on completion of the works. So far as the defects were concerned the Chief Technical Examiner stated that the works were periodically examined and the defects, if any, were brought to the notice of the Department.

2.70. At the instance of the Committee, the Department of works and housing have furnished a note (Appendix IV) indicating the details of the defects found by the Chief Technical Examiner in the two works awarded to the Bharat Sewak Samaj. This note *inter alia* states about the first work as under:—

"The first inspection of the work by a Technical Examiner was done on the 14th November, 1964. The following defects were noticed by him and brought to the notice of the Executive Engineer on the 26th November, 1964:

1. According to the specifications attached with the agreement, moorum for filling should not contain more than 20 per cent earth, but it was seen from the register maintained to keep the record of the tests carried out in this respect that most of the moorum did not conform to the specifications and contained earth more than 20 per cent.
2. At a few places quarry rubbish had been brought to the site instead of moorum.
3. Conditions attached with the agreement specify that the soil shall be accepted as compact only when its density is not less than 95 per cent of the density at optimum moisture contents as determined in the laboratory but it was seen that at some places the filled up earth was loose and was not compacted properly. The register maintained at site to keep the record of compaction results also confirmed that the filled up moorum has not been compacted to obtain the specified density."

"The Bharat Sevak Samaj were informed (in that letter) that moorum not upto the stipulated specifications was

being brought to site and that quarry rubbish and stone metal were mixed with moorum. They were instructed not to bring any moorum not conforming to the samples, shown by the Asstt. Engineer and to get the substandard moorum removed from the site of the work. The Bharat Sevak Samaj was also informed in Executive Engineer's letter No. 54(64)/4291 dated the 13th November, 1964 that field tests conducted to determine the density of soil after compaction showed insufficient compaction and that immediate arrangements should be made to improve the compaction. But, in spite of repeated instructions and notices issued by the Executive Engineer, the Bharat Sevak Samaj continued their defective work and the Executive Engineer had to ask the Bharat Sevak Samaj eventually on the 26th November, 1964 to stop the work. The work was stopped on the 30th November, 1964. On the representation of Bharat Sevak Samaj, the C.T.E. was requested by the Ministry of Home Affairs as well as the Ministry of Works, Housing and Supply to look into the disputes regarding the quality of the moorum used and the workmanship of Bharat Sevak Samaj. At a meeting held on the 10th December, 1964, in which the Additional Chief Engineer, Chief Technical Examiner, Director of C.R.R.I. and representatives of Bharat Sevak Samaj were present, it was agreed that the specifications laid down in the contract for compaction must be adhered to as far as the runway and shoulder portions were concerned. Regarding filling under the side strips, it was felt that certain relaxation of standards might be possible and that the Additional Chief Engineer should examine the feasibility of lowering the standards of composition of moorum and the degree of compaction in order that work could be expedited. It was also agreed that the filling already done in a length of 200 ft. of the central portion would be removed and utilised in the filling for the side strips after the work done on the side strips was properly levelled and satisfactorily compacted."

"After issue of several notices the contractor recommended work in October, 1965. The sub-standard work done in the central width was removed by the Bharat Sevak Samaj at their own cost. As regards the side strips, it was decided to pay reduced rates as the moorum used

was not of stipulated quality and the compaction fell short of the specified degree. A reduced rate of Rs. 188.77 per 1000 cft. against the agreement rate of Rs. 220/- per 1000 cft. was sanctioned by the competent authority on the 16th September, 1965. A report on the rectification of defects was sent by the Executive Engineer, Aviation Construction Division to the Chief Technical Examiner on the 19th January, 1966."

2.71. As regards the second work, the note *inter alia* states:

"In this work the Bharat Sevak Samaj were found executing substandard work as detailed in the case of the first work and several notices were issued by the Executive Engineer to the Bharat Sevak Samaj from the 16th November, 1964, onwards, asking them to rectify the defects. But they persisted with substandard work. The work was eventually stopped by the Executive Engineer on the 26th November, 1964. This work was also examined at the meeting held on the 10th December, 1964 under the chairmanship of the C.T.E. and the decisions reached at that meeting for the first work were to apply to this work also. Several notices were issued by the Executive Engineer to the Bharat Sevak Samaj for rectification of the defective work in accordance with the decisions taken at the meeting held on the 10th December, 1964, but the B. S. commenced the work of rectification only on the 5th June, 1965. The substandard work done in the central width was removed by the Bharat Sevak Samaj at their own cost and for the side strips it was decided to pay at reduced rate. A lower rate of Rs. 194/- per 1000 cft. was sanctioned on the 10th May, 1965."

2.72. In reply to a question, regarding the reasonableness of the rates at more than 39 per cent over the estimated cost in the first work the witness stated: "This was earth filling work on a mass scale and there was no similar work which had been recently carried out on that scale." The witness added that the rates of the contractors were thoroughly gone through and the Central Works Advisory Board, to whom these were referred.

2.73. In reply to a question it was stated satisfied themselves and awarded the work. "While we framed the estimates, we go by the schedule of rates." Only when the tenders were to be justified the prevailing trend of prices and prevailing trend of tender were taken

into account and then recommendation was given whether the rate was reasonable or not.

2.74. The committee desired to know the reasons for:

- (i) the delay in finalising the first contract when tenders were invited six months earlier and the work was expected to be awarded earlier than the second contract.
- (ii) why the date of completion of the second contract was not suitably revised; and
- (iii) why the advantage of a lower quotation from another tenderer in the second contract was not availed of.

The witness stated that in the second case, tenders were called on six months basis. The decision to complete the second contract in 6 months was taken because in those six months the lower portion could have been filled and well settled and subjected to at least one monsoon rain before the pavement was laid. But the lowest tenderer offered to do it in 12 months. If the work had not been given in the hope of getting a lower rate, fresh tenders would have been necessary and that meant 3 to 5 months and loss of monsoon on the field.

2.75. The Committee enquired why the department did not provide in the agreement that in the event of non-completion of the contract in 6 months, difference between the rates put up by the Bharat Sevak Samaj, and the second tenderer would be recovered from the Samaj. The witness stated that the penalty for non-completion was 10 per cent. There was a clause in the contract under which they could terminate the contract and get the work done at the risk and cost of the contractor. The additional expenditure thus incurred in getting the remainder of the work done through another agency could be recovered from the contractor even if the expenditure exceeded 10 per cent or whatever it was. The witness stated "we were hoping that they would be able to do that within time. If we terminated their contract, that would mean working out schedules and inviting tenders and deciding on them."

2.76. The Committee desired to know the reasons why the Department took 3-1/2 months (11th June, 1964 to 25th September, 1964) to take a decision in the second tender when there was urgency and the work was to be completed in six months. The representative of the Ministry stated that the tenders were opened on 9th July, 1964 and after scrutiny in the office of the Executive Engineer, Superintending Engineer and Additional Chief Engineer were sent to

Works Advisory Board on 19th August, 1964. It took so much time as the tenders had to be scrutinised in a number of offices.

2.77. Asked whether Government tried to negotiate with the Bharat Sevak Samaj to reduce their tender because the other tenderer had demanded Rs. 2.16 lakhs less than the Bharat Sevak Samaj, the witness stated: "This was done, but they refused to lower the rate."

2.78. In reply to another question, the witness stated: "We never anticipated that Bharat Sevak Samaj, would not be able to do the work in that period of 6 months. We became wiser after they defaulted...." The Committee were also informed that in case of New Block of Willingdon Hospital, the full penalty as per rules had been levied on Bharat Sevak Samaj, for defective work.

2.79. In response to a query, it was stated that the Department had security deposits in the case of normal contracts but the Bharat Sevak Samaj was exempted from giving security deposit. Asked whether there were any Government instructions in that regard, the witness stated: "There is provision like this and no security deposit need be taken from them." The witness further added "Since 1965, all facilities and the special considerations given to them have been withdrawn. Now, if they have got any job, that is purely competitive and on their merits."

2.80. The Committee were informed that the Bharat Sevak Samaj had their own organisation in which they had engineers etc. and that they were registered contractors of Class I category.

2.81. At the instance of the Committee the Ministry of Works, Housing and Supply (Deptt. of Works & Housing) have furnished a statement (Appendix V) showing the other works which the Bharat Sevak Samaj have failed to execute within the stipulated period and the action taken or proposed to be taken against the Samaj. This note states as under:

"Besides the work of Extension of runway at Santa Cruz Airport, which was the subject of Audit para No. 61, 60 other works were allotted to the Bharat Sevak Samaj between 1959 and 1966. There was delay in the execution of work in all the cases. A statement giving the details of the cases and the action taken against the contractors is attached. In two cases the maximum compensation of 10 per cent was levied. In eleven other cases, token compensation was levied. The total compensation recovered in these 13 cases is Rs. 1,35,658.90. It was decided not to levy any

compensation in 27 cases. The remaining 20 cases are still under consideration for reasons given in the accompanying statement."

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

2.83. In the present case, the Committee find that the first work was awarded to the Bharat Sevak Samaj at 29.26 per cent over the estimated cost. The second work was awarded to the same organisation at 68.50 per cent over the estimated cost in preference to another contractor who had quoted Rs. 2.16 lakhs less than the Samaj on the plea that the latter wanted twelve months for completing the work against six months offered by the Samaj. The Committee regret to note that even though the first work was expected to be completed by August, 1965, and the second by March, 1965, both the Works have not yet been completed by the Bharat Sevak Samaj. As the Bharat Sevak Samaj have not been able to complete the second work within six months as stipulated in the contract, the purpose for which their tender was accepted at an additional cost of Rs. 2.16 lakhs was not realised.

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

Extra expenditure in the purchase of cables—Para 62—Page—84:

2.85. In September, 1964, the Director General, Supplies and Disposals, entered into ten rate contracts with different firms for supply of VIR/TRS cables, etc. to cater to the needs of various Government/Semi-Government indentors; the rate of each item varied with the supplying firm—the lowest rates being from firm 'A'.

2.86. The Executive Engineer, Central Electrical Stores Division, New Delhi did not avail himself of the cheaper rates of this firm and placed supply orders worth Rs. 3.25 lakhs on three other rate contract-holders during April, 1965 to June, 1965, involving an extra expenditure of Rs. 65,500.

2.87. The Superintending Engineer, however, did not approve of the action of the Executive Engineer and directed him (July, 1965) to avail himself of the cheaper rates of the contract with firm 'A'. In disregard of these instructions, the Executive Engineer again ignored firm 'A' and placed orders worth Rs. 1.10 lakhs on the other rate contract firms, involving an extra cost of Rs. 5,500 during November, 1965 and June, 1966.

2.88. In a note furnished to the Committee, it has been stated:

"The firm, M/s. represented to the Additional Chief Engineer (II) on the 22nd May, 1965. The Additional Chief Engineer (II) called for a report from the Superintending Surveyor of Works (Electrical), on the 28th May, 1965, asking him to ascertain the facts of the case from the Executive Engineer. The Superintending Surveyor of Works (Electrical) asked for a detailed report from the Executive Engineer on the 3rd June, 1965. The Executive Engineer submitted his detailed report to the Superintending Surveyor of Works (Electrical) on the 9th June, 1965, explaining why orders could not be placed on this firm. The reasons advanced by him against placement of orders on this firm were that it was new in the field, had not built up any reputation for its manufactures and, therefore, was not dependable for quality and timely supplies. On the 10th June, 1965, the Additional Chief Engineer (II) again wrote to the Superintending Surveyor of Works (Electrical) forwarding certain documents received from M/s. Corporation and called for his comments. On the 15th June, 1965 the Superintending Surveyor of Works (Electrical) wrote to the Executive Engineer stating that his explanation was not considered satisfactory, and asked to explain the case further and to intimate what action he proposed to take in view of the representation of the firm about their competitive rates. The Executive Engineer offered further explanation vide his letter dated the 6th July, 1965 in which he stressed the importance of prompt delivery of stores which, in turn depended upon the capacity of the firm. On the 26th July, 1965, Superintending Surveyor of Works (Electrical) finally advised the Executive Engineer to remove the temporary ban imposed by the Executive Engineer on the firm and to consider placement of orders as far as practicable, particularly in respect of sizes where the rates were specially low. This was followed by a letter from the Additional

Chief Engineer II dated the 30th July, 1965 to the Superintending Surveyor of Works (Electrical) in which he expressed his strong disapproval of the action taken by the Executive Engineer."

"The limit of placing supply orders with M/s. had been raised by the Director General of Supplies and Disposals in July, 1965 from Rs. 30,000 to Rs. 60,000/-. It was reported that the amendment letter issued by the D.G.S. & D. in July, 1965 was not received in the Divisional Office. The D.G.S. & D. rate contract includes several hundred Direct Demanding Officers to whom all communications relating to the rate contract are endorsed. The possibility of loss of a few of these communications in postal transit cannot be ruled out. The Superintending Surveyor of Works (Electrical) had carried out a thorough search of the Divisional Office records, including the Diary Register, and had satisfied himself that the letter in question had actually not been received in the Divisional Office. The firm had, however, written to the Executive Engineer on 30th July, 1965 enclosing a copy of the D.G.S. & D. letter of July revising the limit from Rs. 30,000 to Rs. 60,000. The executive Engineer did not take notice of this on a purely technical ground that he had not received the letter issued from D.G.S. & D. nor did he make an attempt to verify from Director General of Supplies and Disposals."

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

when the higher authority had expressly asked him not to ignore the cheaper rates of firm 'A'.

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

Loss due to demolition of quarters—para 63, pages 84-85.

2.91. Instructions were issued by the Chief Engineer, Central Public Works Department in December, 1962 that no construction in Delhi should start without the prior approval of the plans by the local bodies. Failure to observe these provisions in respect of certain buildings constructed for the Employees State Insurance Corporation resulted in a loss of Rs. 56,563.

2.92. The work of construction of 64 type-II quarters at village Basai-Darapur (Delhi) was awarded to a contractor on 12 November, 1965 at 12.96 per cent above the estimated cost of Rs. 6.63 lakhs. The work was actually started on 15 December, 1965, although the approval from the Municipal Corporation of Delhi, of the plans which had been sent to them on 4 November, 1965 was still awaited. On 14 March, 1966, the Corporation served the Department with a notice requiring the latter to explain why the construction which had been undertaken without their sanction and which "fouled" with a road proposed in the draft development plan for the village Basai-Darapur should not be demolished. This was later followed by an order issued by the Municipal Corporation of Delhi on 7 April, 1966 to demolish the construction within five days. Consequently, 24 quarters over which the work of the value of Rs. 56,563 had been done were demolished by the Municipal Corporation on 13 and 15 May, 1966.

2.93. The Committee desired to know the reasons why 24 quarters over which the work of the value of Rs. 56,563 had been done were demolished by the Municipal Corporation. The witness explained that they submitted the lay-out plan on 14th October, 1965 and later on received certain queries from the Town Planner on 5th November, 1965. The replies were sent on 15th December, 1965.

2.94. According to Section 337 of the Municipal Corporation Act 1957, if no reply was received from the Corporation within a period of 60 days, after they had sent the replies to the queries, the plans stood approved. In addition to these lay-out plans, they had also submitted the building plans. Those could not be approved by the Delhi Municipal Corporation because they said that unless the layout plans were approved, they would not approve these plans. The period of 60 days expired on the 13th February, 1966. On the 15th February, 1966,

a notification was received from the Corporation that the layout fouled with a development of road of the Basai-Darapur Development Scheme. The witness added that when this came to their notice, they informed the Corporation that the Delhi Development Authority was being approached for revision of the plans and they took it up with the Delhi Development Authority who sent the draft plan of the re-development of the Basai-Darapur showing the alignment of the road to the Municipal Corporation for their taking cognizance of it and to furnish their comments. It was still being processed in the D.D.A. when the Corporation served a notice on the 7th April, 1966 that the quarters which were coming in the way of the road near the Basai-Darapur should be demolished within five days. The matter was taken up with the Commissioner of the Corporation who was requested not to take this action till the D.D.A. had finalised the alignment in the Plan. The Corporation did not wait for it and on 12th May, 1966 ordered the demolition of the quarters.

2.95. The witness stated that they were taking up with the D.D.A. the question of altering the alignment of this road by another 10' towards the Basai-Darapur Village where the land was available and that would enable them to retain the plinths. It would reduce their loss by Rs. 25,000. The present loss was Rs. 56,563.

2.96. In reply to a question the witness stated that they started construction in the month of December itself considering that the plot was ear-marked for the Employees State Insurance Corporation by the D.D.A. In reply to a question the Secretary, Department of Works & Housing stated *inter-alia*: "... His objection came two days after the expiry of 60 days period.* The Committee asked if the Department could not have waited for the completion of 60 days after submitting the plans to the Delhi Municipal Corporation the witness stated "Urgency was being expressed by the Director General of Employees' State Insurance Corporation. Since area was earmarked by the D.D.A. for the Employees' State Insurance Corporation we started the work."

2.97. Asked about action taken against the officer who sanctioned the construction of the building before the statutory permission was obtained, the witness stated that the matter would be examined.

2.98. The Committee regret to note that a loss of Rs. 56,563 took place due to demolition of 24 partly constructed quarters. The Committee are unable to understand why the Central Public Works

*but the fact is that we also did not wait for 60 days; we started in between otherwise, nothing could have happened.....
So they are at fault and we are at fault."

Department did not wait till the lay-out plan was sanctioned or the period of 60 days was over as prescribed in the Municipal Act. The Committee have no doubt that action will be taken against the officials responsible for overlooking this statutory provision.

2.99. The Committee hope that, learning from the experience in this case, the Central Public Works Department will take effective measures to ensure that work is not started without approval of plans by the local bodies wherever necessary.

Avoidable extra expenditure -- para 65, p. 86.

2.100. The construction of residential quarters in Ramakrishna-puram, New Delhi was undertaken by the Central Public Works Department in 1958-59. No anti-termite treatment was, however, given to the soil in the foundations at the time of, or prior to, the construction, with the result that extensive damage to wood work was caused by white ants. The extent of the total damage has not been assessed so far (November, 1966). An expenditure of Rs. 39,800 was, however incurred up to March, 1965 on replacement of wood work damaged by white ants in respect of the quarters in NH-I to NH-IV.

2.101. On a survey of the damage caused, in March, 1964, a decision was taken by Government (January, 1965) to accord post-anti-termite treatment to the quarters in NH-V and NH-VII. Accordingly, the work for anti-termite treatment to 2,844 quarters (with a total area of 7.52 lakh sq. feet) was awarded to four specialist firms in August, 1965 at Rs. 48 per 100 sq. feet involving a total cost of Rs. 3.61 lakhs. As post-anti-termite treatment is costlier than pre-anti-termite treatment, the failure to accord anti-termite treatment before the work of construction, resulted in an extra expenditure of Rs. 60,000, computed on the basis of the rate of Rs. 4.29 per sq. metre (Rs. 40 per 100 sq. feet) at which the work of pre-anti-termite treatment was awarded by the Department in September, 1965 in respect of certain quarters in NH-VIII.

2.102. In respect of the quarters in NH-I to NH-IV, involving an aggregate area of 15.48 lakh sq. feet, the cost of post-anti-termite treatment was estimated by the Department in March, 1964 at Rs. 7.25 lakhs. On the basis of the difference in the cost of post-anti-termite treatment and pre-anti-termite treatment, the extra expenditure in this respect would work to about Rs. 1.20 lakhs.

2.103. The Committee enquired whether it was not possible to find out by conducting soil tests that the area was prone to termite infestation and whether any soil analysis was done before embarking on large scale construction, in an area where Government had not

constructed quarters earlier. The witness stated that in the areas adjacent to Ramakrishnapuram, they had constructed in Moti Bagh, Nanakpura and Netaji Nagar and no termite menace was noticed at all. In 1958, when construction in Ramakrishnapuram NH I to IV was started, the Department had no knowledge of any termite infestation in that area. Government had given contracts for about 4,852 quarters by November, 1959. It had to be treated only after the degree of infestation had become known. Large scale infestation came to notice in 1962-63. By that time, they had taken up construction in Sectors V to VII. So, pre-treatment was out of question. After a survey had been conducted in 1964, post-treatment was given on a large scale. After that whatever construction was taken up in NH XII, pre-treatment was done.

2.104. The Committee enquired about number of quarters constructed before 1959 and after 1959. The witness stated that 34 contracts for 4,852 quarters were let out before November, 1959, and in 1961, construction of 2,844 quarters had been taken in hand, and in all these quarters only post-treatment against termites was done. In the quarters which were taken later in Sectors XI and XII pre-treatment against termites had been given as by that time they knew that the infestation was on a large scale.

2.105. In reply to a question whether the quarters were safe after the post-treatment, the witness stated that they had noticed considerable improvement. Further damage had been arrested. The pre-treatment was technically considered to be much more effective because the poison barrier that they built in the process of pre-treatment was better.

2.106. The Committee desired to know whether it was not possible to treat the floor and the foundation in such a way as to prevent termites getting into the basement, the witness informed the Committee that they were doing so now by pre-treatment.

2.107. In reply to a query, it was stated that in four sectors wood work had been replaced at an expense of Rs. 39,800/-

2.108. The witness added that it was incorrect that pre-treatment was always cheaper than post-treatment because they had on record that the rates for pre-treatment were higher than the post treatment.

2.109. The Committee find that the failure to give anti-termite treatment to the soil in the foundations at the time of or prior to the construction of NH-I to NH-IV quarters in Delhi resulted in extensive damage to woodwork by white ants. For this lapse Government had to incur extra expenditure of Rs. 39,800 upto March,

1965 on replacement of woodwork. Further in the case of NH-V and NH-VII quarters Government had to incur extra expenditure of Rs. 60,000 on account of post-anti-termite treatment to 2,844 quarters.

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

APPROPRIATION ACCOUNTS, 1965-66

MINISTRY OF WORKS, HOUSING & SUPPLY

(DEPARTMENT OF WORKS & HOUSING)

2.111. Grant No. 146, page 200—Other Capital Outlay of the Ministry of Works & Housing.

D-2—Grants to Municipal Bodies in Union Territories for Slum Clearance.

	Total Grant	Actual expenditure	Saving
		in lakhs rupees	
O 95.40			
R:—64.40	31.00	30.00	—1.00

Nearly 67 per cent of the savings (Rs. 65.40 lakhs) were under the head "D. 2-Grants to Municipal Bodies in Union Territories for Slum Clearance Scheme" and were mainly due to slow progress in execution of certain works undertaken by the Delhi Municipal Corporation during the year. During 1964-65 also, a sum of Rs. 36.50 lakhs (48 per cent of the original provision) remained unutilised under the head.

2.112. The Committee desired to know the reasons or slow progress in execution of works. The witness stated that nearly 67 per cent of the original provision remained utilised mainly due to the slow tempo of progress in execution of certain works like slum clearance works undertaken by the Delhi Municipal Corporation. Asked if any steps had been taken to accelerate the progress of such works, the witness stated:

“So far as the Corporation is concerned, quite a large number of funds are being given to it under Jhuggi-Jhonpri and Slum Clearance Scheme. Because of this unsatisfactory state of affairs, a review of the scheme has been undertaken and a study group has been appointed. But the Corporation as you know, is an independent body and all that can be done is to withhold future grants.”

2.113. The Committee asked the witness as to why allotments are being made when the Corporation was not able to spend the amount. The witness stated that the slums had to be cleared and only the Corporation could do that. Allotments were being made with the hope that the scheme would be executed. The Committee asked if lesser amount could not have been provided, the witness stated that the proper decision would be taken on this point after the report of the Study Group was received by Government.

2.114. The Committee are surprised that funds to the extent of 48 per cent in 1964-65 and 67 per cent in 1965-66 under the head ‘Grants to Municipal Bodies in Union Territories for Slum Clearance’ should have remained unutilised due to the slow tempo of slum clearance. As the problem of slums in Delhi is acute and extensive the Committee suggest that Government should devise a well thought out plan to clear the slums and provide funds on a realistic basis in order to obviate large surrenders at the end of a financial year. The Committee understand that a Study Group is now going into this problem. The Committee have no doubt that Government will take suitable action on receipt of the Study Group’s recommendations to speed up the work of slum clearance.

CHAPTER III

MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND CO-OPERATION

(Department of Agriculture)

Audit Report (Commercial), 1966

Delhi Milk Scheme—Section XXIII, pages 240-252

INTRODUCTION

The Delhi Milk Scheme started functioning in November, 1959. The object of the Scheme is to reorganise the milk supply in Delhi city with a view to increasing milk production by assuring a remunerative market to the milk producer on the one hand and supplying good whole-some milk at a reasonable price to the consumer on the other. The Scheme is a public utility undertaking and is to run more or less on 'no-profit—no-loss basis'.

Working results—Para 2

3.2. (a) The working results of the Scheme for the three years ending with March, 1965 are given below:—

	1962-63	1963-64	1964-65
	<i>(Rupees in lakhs)</i>		
Government capital at the close of the year	164.68	159.56	187.71
Turnover	288.18	343.59	305.70
Losses	10.64	23.09	97.77
Interest on capital	6.34	6.26	8.32
Percentage of Losses on turnover	3.69	6.72	32.26
Percentage of losses (excluding interest on capital on turnover)	1.49	4.90	29.17

3.3. The increase in losses during 1964-65 was mainly on account of increases in the purchase price of milk, establishment charges (Rs. 6.44 lakhs), stationery and printing (Rs. 2.74 lakhs) and excess consumption of bottles and stores (Rs. 18.88 lakhs).

3.4. The rates of depreciation of the plant and equipment have been fixed on an *ad hoc* basis without correlating these rates with the useful life of each asset. Moreover, the depreciation has been charged by reducing the value of the assets *pro rata* on the basis of the utilisation of the rated capacity of each machine during a year instead of on the full valuation of the asset, the underprovisioning on this account being Rs. 64,281 per annum (approximately). The expert team which examined the working of Delhi Milk Scheme during the period from 27th July, 1964 to 5th September, 1964 also considered the depreciation provision to be inadequate.

3.5. The Management have stated (January, 1966) that the rates of depreciation have been adopted provisionally with reference to the available technical information and the experience of the technical officers of the Scheme and that approval to the rates of depreciation is under the consideration of Government.

3.6. (b) The Scheme has been incurring losses since its inception and the cumulative losses up to 31st March, 1965 amounted to Rs. 140.68 lakhs. The main reason for the continued losses is the high cost of procurement, processing, distribution, etc., as compared with the selling prices, as indicated below:—

(Figures in paise per litre)

	Selling price as on 31st March, 1964	Cost price as on 31st March, 1964	Selling price as on 31st March, 1965	Cost price as on 31st March, 1965	Selling price effective from 12th Nov. 65	Estimated cost
Buffalo milk	62	67	70	89	84	89
Cow milk	62	69	70	95	84	87
Toned milk	42	(Not worked out)	44	62	54	67

(with effect from 5th May, 1965)

NOTE 1. Buffalo milk was discontinued with effect from 9th June, 1965 and supply of standardised milk with 5 per cent to 5.05 per cent fat and 8.5 per cent solids-not-fat was introduced.

2. In the case of cow milk the handling and processing cost alone amounted to 50.44 paise per litre during 1964-65 as against the cost of 44.35 paise per litre paid for the raw milk. The Management have stated (January, 1966) that cow milk is being obtained from a long distance i.e. from Bikaner because of its availability at a low cost there.

3.7. The Committee enquired whether the Ministry of Food, Agriculture, Community Development and Co-operation (Department of Agriculture) have reviewed the working of the Delhi Milk Scheme with a view to finding the possible ways to minimise the losses. The Secretary of the Ministry of Food, Agriculture, Community Development and Co-operation (Department of Agriculture), stated that the scheme was intended to work at no-profit-no-loss basis. The purchase of milk had to be decided according to the prevailing market price. The Chairman, Delhi Milk Scheme, had been given the right to fix the rates of purchase of milk after going through the prevailing market rates and ascertaining the requirements. The fixation of the selling price had to be done by a long time-consuming process. He added 'First of all the matter has to be placed before the Advisory Committee. Then it has to be brought before the Management Board and finally after all this Government fixes the price. It has been our experience that the price fixation at a fair rate always lags behind the market rate of purchase. Now, unless the scheme has got the authority to fix its sale price, on an economic basis, according to accepted principles, the loss is one of difference between the price paid for the milk and what we are able to get for the product sold in the market.'

3.8. The witness stated that the sale price of buffalo milk in 1963-64 was 62 paise per litre. This price was maintained till 30th November 1965, when it was revised to 70 paise per litre. As regards the selling price of milk in market, the witness stated that, as reported by the Economic Statistical Bureau of Delhi, it was 85 paise per litre in 1963-64. It went upto Rs. 1.10 per litre in 1964-65. In 1965-66, it had gone upto Rs. 1.20 to Rs. 1.25 per litre. In 1966-67, it had remained at Rs. 1.20 to Rs. 1.25 per litre. In 1967-68, the selling price of milk in the market was Rs. 1.50 per litre. The Delhi Milk Scheme was still maintaining it at 84 paise per litre. The Delhi Milk Scheme was able to meet only 30 per cent of the demand of Delhi.

3.9. The witness added, "We have gone up for revising, the price..... We wanted the price of 96 paise per litre for standard milk, 72 paise per litre for toned milk and 60 paise per litre for double toned milk. It was felt that this would probably enable us to balance our budget. The Advisory Committee which included members of the various parties recommended 90 paise per litre for standard milk 60 paise per litre for toned milk and 50 paise per litre for double toned milk. A straight loss according to our calculation was of 10 paise per litre for all milk supply. It will straightaway mean the loss of about Rs. 70 lakhs without any return."

3.10. The witness further stated that in 1964 due to floods, the Scheme could not get enough milk and therefore the ghee, butter

etc., which were profitable items, could not be manufactured. In addition, every year, because of the pressure of demand, they increased the number of cards for supply of milk. To maintain the supplies on the cards they issued more toned milk. In toned milk, the loss was very heavy because they had to put in skimmed milk powder for toning.

3.11. In 1965, on the basis of the economic return, the witness stated, the Delhi Milk Scheme wanted to fix the sale price of standardised milk at 90 paise per litre and of toned milk at 60 paise per litre, but the price of standardised milk was fixed at 84 paise per litre. The increase in price of toned milk from 54 paise to 60 paise was not accepted. In 1966, they supplied more of standardised milk and cut down all toned milk as losses were less in standardised milk. In this way, they were able to bring down the losses to about Rs. 14 lakhs in 1966-67. He added that in 1967-68, the purchase price of milk had further gone up while the sale price had remained the same.

3.12. In view of high prices prevailing for milk, he pleaded that they had to review the pricing of milk in the Scheme. He added "It is always necessary to consider subsidising of a material like this to the vulnerable sections. But there again our experience has been this. We have this double toned milk for the vulnerable sections. But as regards standardised milk which is bought by everybody and toned milk which is also part of the general supply, theoretically, there seems to be no reason for subsidising this milk particularly against prevailing prices in the rest of the country."

3.13. The Committee pointed out that the Advisory Committee was meant to be Advisory and that it was not a rate fixing statutory Committee with a right to decide the prices. The Secretary of the Ministry stated, "It is not, it is an Advisory Committee." The Committee desired to know why when the Scheme was based on no-profit-no-loss basis, their proposals of fixing the selling price of milk, even though they were reasonable, were given up. The witness stated, "Ours was based on an economic price. And when it was decided not to raise it, we have to presume that the decision was to subsidise it."

3.14. The Committee drew the attention of the witness to the fact that the Scheme was conceived to be run on a no-profit-no-loss basis. Yet from the very inception, it had been running at a loss in spite of the repeated increase allowed in the sale price of milk. The Secretary, of the Ministry stated, "Every time the rise in prices did not cover the loss already made during the previous years. We start the operation for fixing the price, and it takes a certain time, say, 6 months or 8 months or 10 months and during this period we are losing regularly."

3.15. In reply to a question, the witness stated, that the Delhi Milk Scheme had to be given the authority to revise the selling price of milk according to the situation. He added that there might be a "strong Board to look after the interests of the consumer and to ensure that there is no profiteering". The witness added that the price of the milk should be determined commercially and not administratively.

3.16. On being asked whether all the milk scheme run by Government elsewhere were incurring losses, the witness stated "Yes, because the price is never an economic price and it never reaches that level in time."

3.17. In reply to a question, the witness stated that the Aarey Milk Scheme was also running at a loss but Kaira District Co-operative Milk Producers' Union Ltd., Anand, was working well. The Kaira Union had not incurred any loss because they were supplying milk at an economic price. The Kaira Union were also making milk powder and baby food, whole milk powder, cheese and butter. Out of all these, the most profitable item was baby food. He added, "We also took note of this and our planning was that in 1968, we would have our spray milk powder unit in operation, and we hope that this year we would at least make some money out of our butter and ghee and also out of our roller milk powder where we would get some profit. We do propose to make whole milk powder next year, but we have to go in for baby food if we are to make profit."

3.18. The Committee have been informed that the following action was taken in pursuance of the recommendations of the expert Committee which had gone into the working of Delhi Milk Scheme in 1964-65:

- (i) Maintenance of the equipment, building and transport by enforcing proper maintenance schedules and by putting back into work as much of the equipment and plant as possible by obtaining essential spare parts on a priority basis. Except two items of machinery, they had put everything back into working shape.
- (ii) Intensive drive for improving the sanitary conditions of the plant. The witness stated that they had acted on this suggestion.
- (iii) Gradual replacement of the system of procurement through contractors by a system of procurement through milk producers' co-operatives. The witness stated that they had not been successful in this direction in Punjab and U.P. They had, therefore, tried departmental collection

in one centre in jalmana near Karnal and in Bikaner and that had proved successful.

- (iv) To raise the quality of raw milk accepted by the D.M.S. and ensure that good quality milk was distributed by tightening quality control and fixing responsibility. The witness stated that they had implemented this suggestion.
- (v) Improvement in arrangement for distribution of milk to consumers by fixing responsibility at various levels and replacement of the prepayment system by a system of cash and carry. The witness stated that they had followed this suggestion and after 1965 they were not having any arrears in the accounts of the various depots. They had also cleared a lot of the old arrears under the previous system.
- (vi) Delhi Milk Scheme should be converted into a public limited company. This had not yet been done as there were various difficulties particularly with the staff who did not want to go into a public limited company. The witness stated whether such a private limited company, with Government being the sole share holder, would have freedom to fix the prices, was not clear. A public company, might also find it difficult to develop milk sheds as it might not be able to get cooperation to the extent necessary from the State Governments.

3.19. At the instance of the Committee, the Department of Agriculture have furnished a note giving the following figures of handling and the processing cost (per litre) of cow's milk during 1965-66 and 1966-67 and the average procurement price of different varieties of milk during 1966-67:—

	1965-66	1966-67
	(Paise per litre)	
1. Collection & Freezing and Transportation to Central Dairy.	26.74	
2. Processing and Bottling at Central Dairy.	6.26	Accounts under compilation and hence cost figures not yet ready.
3. Distribution charges	4.55	
4. Overhead charges	3.14	
5. Interest charges.	1.48	
	42.17	

"The above costs are worked out on the quantity of milk procured, received at Central Dairy and finally processed for Distribution as cow milk."

3.20. "The average procurement price of cow milk at Bikaner (flat rate) was 43 paise per Kg. upto 20th November 1966, 50 paise per Kg. from 21st November 1966 to 31 December 1966 and from 1st January 1967 was 55 paise per Kg."

3.21. "The average procurement price of buffalo milk during 1966-67 was Rs. 69.773 per quintal exclusive of commission of milk of 6.5 per cent fat and 9 per cent SNF."

3.22. In the note, the Ministry have also stated that a comparative analysis has been made of cost of procurement, processing, distribution, etc., of buffalo/standard milk and cow milk per litre for the past three years viz., 1963-64 to 1965-66 and this is as under:

(Figures in Paise)

	1963-64	1964-65	1965-66
<i>Buffalo Standard Milk:</i>			
Procurement charges	4.44	6.40	5.05
Processing & Bottling	4.59	5.66	6.26
Distribution charges	4.00	4.43	4.55
Overheads	1.82	3.16	2.64
Interest charges	1.18	1.81	1.25
Total handling cost	16.03	21.46	19.75
<i>Cow Milk :</i>			
Procurement charges	19.45	33.81	26.74
Processing & Bottling	4.59	5.66	6.26
Distribution charges	4.00	4.43	4.55
Overheads	1.87	3.34	3.14
Interest charges	1.22	1.92	1.48
Total handling cost	31.13	49.16	42.17

3.23. The amount of overheads per litre of milk during the aforesaid three years is as follows:—

(a) Overhead percentage on factory cost including distribution expenses.	2.852%	3.77%	3.524%
(b) Overhead cost per litre on buffalo milk/standard milk.	1.82	3.16	2.64
-do- for cow milk	1.87	3.34	3.14

3.24. The reasons for the higher cost of procuring cow milk from Bikaner are:—

- (i) Cow Milk is collected from remote villages in the desert area of Bikaner District in Rajasthan.
- (ii) While Buffalo Milk is chilled at Delhi Milk Scheme chilling centres, cow milk is frozen in a hired ice factory.
- (iii) Unlike Buffalo Milk which is transported to Delhi from Chilling Centres in insulated tankers, cow milk is transported from Bikaner Railway Station by passenger train to Delhi.
- (iv) Low procurement from Bikaner has also an adverse effect on the procurement charges per litre of cow milk.

3.25. The Committee desired to know the annual financial turnover of the Delhi Milk Scheme for the last three years. The witness stated that the turnover in 1964-65 was Rs. 3 crores, in 1965-66 Rs. 5 crores and in 1966-67 Rs. 6.7 crores.

3.26. The witness also informed the Committee that the Delhi Milk Scheme suffered a loss of Rs. 39.21 lakhs in 1965-66 and Rs. 14.66 lakhs in 1966-67. The attention of the witness was drawn to the general complaint that the persons at the distribution centres were in the habit of not keeping handy small change which was to be paid back to customers with the result that the customers had to undergo this loss. The witness stated that the Delhi Milk Scheme would take steps to keep small change in the milk depots.

3.27. As regards the rates of depreciation commented upon in the Audit Para, the Department of Agriculture have intimated that stright line method has since been adopted as the basis for determining the rates of depreciation with effect from the accounts for the year 1967-68.

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

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

Target and achievements—Para 3, pages—242—245: Sub-para (a), pages—242-243:

3.30. Establishment of centres.—(i) The table below indicates that the opening of milk collection and chilling centres, milk depots and all-day milk stalls has fallen short of the anticipation based on the targets laid down in 1957—1959 by the *ad hoc* Milk Board appointed by Government:—

Particulars	Number to be opened by 31st March, 1961	Position as on	
		31st March, 1961	31st March, 1965
Milk collection and chilling centres.	30 (Subsequently reduced to 20 for the period upto 31st March, 1961)		
	(i) In operation	6	14*
	(ii) Installation completed but not functioning owing to inadequate supply of milk.	—	3
	(iii) Work regarding installation of machinery, etc. in progress.	9	4
	Total	15	21
Milk depots	1,000	357	703
All-day milk stalls	50	2	11

3.31. (ii) The particulars of 8 milk collection and chilling centres on which a capital investment of Rs. 18.30 lakhs had been made but which were not functioning as in January, 1966 are indicated below:—

*Includes (i) the centre at Ballabgarh, which had to be closed on 16th January, 1965 for want of sufficient quantities of milk (it has, however, been re-started from 27th November, 1965) and (ii) the centre at Bahadurgarh, which was closed down on 16th January, 1965 for want of sufficient supply of milk.

Name of the centre	Date when C.P.W.D. intimated completion of the building	Date when machinery was installed	Date of final completion/ commissioning	Capital cost (rupees in lakhs)	Reasons for not functioning
1	2	3	4	5	6
Bahadurgarh . . . . .	..	..	October, 1962	2.76	Closed on 16th January, 1965 owing to lack of milk.
Alipur . . . . .	..	..	1961-62	2.76	} Uneconomic operation
Najafgarh . . . . .	..	September, 1959	1961-62	2.76	
Bawana . . . . .	..	May, 1960	1961-62	2.76	
Sonepat	December, 1963	May, 1964	..	2.76	Want of electrification
Sardhana	November, 1964	February, 1965	..	2.76	} Installation of machinery in progress.
Newari	May, 1965	..	..	0.87	
Sampla	December, 1963	..	..	0.87	Civil work in progress.

3.32. The Committee asked why the opening of milk collection and chilling centres, milk depots and all-day milk stalls had fallen short of the anticipation and whether any remedial measures had been taken. The witness stated that some of the chilling centres which they had started nearabout Delhi did not get the milk as people were able to sell milk directly to clients in Delhi. This happened in the case of centre at Ballabgarh near Faridabad. They had also to close down five centres at Bahadurgarh, Alipur, Najafgarh, Bawana and Ballabgarh because they were not getting sufficient milk. They now establish a chilling centre if it came upto 150 quintals level in the flush season. With regard to chilling centre at Sampla the witness stated that though the building had been completed but they did not install the equipment because they feared that they would not get milk there.

3.33. In reply to a query, the witness stated that Newari and Sonepat centres, had since been commissioned.

3.34. The Committee enquired why a centre should be opened at a place where milk was not available. The witness stated that milk was available in those areas but they were not able to get it as it was being sold directly by the milkmen to consumers in Delhi.

3.35. With regard to shifting of machinery from non-functioning centres to other places, the witness stated "They will be shifted, we have to develop not only the chilling centres but we have also to develop the Central collection Centre, the pasteurising centre, for which the work has just started this year and before 1969, it will be ready."

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

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

Milk procurement—Sub-para (c), pages 244-245.

3.38. The Plant has an installed capacity of 7,000 maunds (2.55 lakh litres) of wholesome milk per day in double shift. The actual procurement of milk during the last 3 years was as follows:—

(Quantity in lakhs of litres)

Year	Buffalo milk	Cow milk	Total	Average procurement per day
1962-63	429.94	18.96	448.90	1.23
1963-64	462.71	20.60	483.31	1.32
1964-65	379.54	10.58	390.12	1.07

3.39. The Management have attributed the fall in procurement during 1964-65 to heavy floods, disease among the cattle and heavy increase in the prices of foodgrains and cattle feed. It has further been stated (January, 1966) that the installed capacity of 2.55 lakh litres is now planned for achievement after the Third Plan period.

3.40. The Committee were informed that the Delhi Milk Scheme had planned procurement of 7,30,000 quintals of buffalo milk and 69,580 quintals of cow milk in 1966-67 but the actual quantities purchased during the year were 6,43,419 quintals of buffalo milk and 25,226 quintals of cow milk resulting in a shortfall of 86,581 quintals of buffalo milk and 44,354 quintals of cow milk. This shortfall in milk procurement was one of the main reasons for the loss of Rs. 14.66 lakhs sustained by the Delhi Milk Scheme in 1966-67.

3.41. The Committee enquired about the average procurement of milk per day during the year 1966-67. The witness stated that the average procurement in 1966-67 was 1,77,695 litres. The maximum quantity handled on any one day was 2,35,472 litres. There was no appreciable improvement in the supply of milk in 1967-68 also.

3.42. At the instance of the Committee, the Department of Agriculture have furnished a note about the measures taken to develop milch cattle in the area supplying milk to the Delhi Milk Scheme and the steps taken to enlist the cooperation of the State authorities in implementing the programme.

3.43. "Like the Package Programme in agriculture, a scheme called Intensive Cattle Development Project has been formulated to step up milk production in the milk sheds of dairies. Each project will eventually cover 100,000 breedable cows or she-buffaloes; the artificial insemination programme is to be stepped up; proper attention is to be paid to feeds and fodder development. Provision has been made for granting loan to farmers to buy good quality milch cattle. The Government of India have recently sanctioned 4 Intensive Cattle Development Projects one each in Bikaner, Gurgaon, Karnal and Meerut Districts. These are Centrally sponsored projects for which the pattern of assistance is 75 per cent grant and 25 per cent loan. Sanctions from the State Governments, which have to follow the Government of India's sanction orders, have issued. For 1967-68, Rs. 6.25 lakhs have been sanctioned for the Bikaner Project, Rs. 13.48 lakhs for the Gurgaon and Karnal Projects, Rs. 3.27 lakhs for the Meerut Project. The Meerut Project was sanctioned in the year 1964-65 by the Government of Uttar Pradesh under the Crash Programme. From the current year this will continue as a centrally sponsored scheme. In the model scheme the provision for these projects for the Fourth Plan period is Rs. 313.52 lakhs (Bikaner Rs. 120.00 lakhs; Gurgaon Rs. 57.07 lakhs; Karnal Rs.65.90 lakhs; and Meerut Rs. 70.55 lakhs; total Rs. 313.52 lakhs)."

3.44. "The World Food Programme will provide annually for three years under Project No. 348, 2,500 tonnes of maize and serghum (i.e. 7,500 tonnes in all) free of cost which will be utilised in manufacturing cattle feed to be distributed to farmers in the Intensive Cattle Development Project area of the Meerut district. The sale proceeds constituting the counter-part funds, will be utilised for further development of milk supply."

3.45. "The State Veterinary and Animal Husbandry Department provide the basic service of developing milch cattle and disease control. The Delhi Milk Scheme acts in close cooperation with the Department of Cooperation and purchases milk from the milk co-operative wherever possible....."

3.46. In reply to a question, the witness stated that they had asked for a cattle colony to be located round Delhi like Aarey Milk Scheme. The Ministry of Works, Housing and Supply would have to allot the land, but not much headway had been made in that direction.

3.47. The Committee have been informed in a written note by the Department of Agriculture that the Milk Producers' Coopera-

tive Societies in the area from which the Delhi Milk Scheme collects milk are not functioning satisfactorily. The State Cooperative Departments look after these societies. It has been stated in response to another question that information is being obtained from Gujarat State about the measures taken by Kaira District Cooperative Milk Producers' Union at Anand to develop milk resources on cooperative basis.

3.48. The milk supplied by the cooperative societies to the Delhi Milk Scheme during the last three years is as follows:—

1964-65	..	25,533 quintals
1965-66	..	35,318 quintals
1966-67	..	*48,017 quintals

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

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

* 38,017 quintals according to Audit.

*Utilisation of plant and machinery—Para 4—Pages 245-246.**Sub-para (a)—Page 245.**Under-utilisation.*

3.51. The table below indicates the extent of under-utilisation of the various groups of plant and equipment:—

Name of the plant	Rated capacity	percentage of capacity achieved		
		1962-63	1963-64	
Milk processing plant	2.73 lakhs litres a day of double shift.	48.42	52.26	50.57
Butter manufacturing plant	8,000 kgs. a day of double shift.	12.05	5.23	10.55
Ghee manufacturing plant	1,000 kgs. a day of double shift.	73.30	48.10	19.87
Roller dried skimmed milk powder plant	18,000 litres a day of double shift.	34.69	30.03	17.70
Bottling plant	4.80 lakhs bottles per day.	(Not available)		57.00
Ice-cream plant	57.60 lakh cups and bars per year.	3.6	4.1	3.4
Milk sterilisation plant	Lying idle since September, 1964.			

3.52. The Committee pointed out that there was a large short-fall in the utilisation of plants during 1964-65 and enquired why the ice-cream plant remained idle. The witness stated that as milk was not available they could not utilise the ice-cream plant.

3.53. The Committee enquired reasons for the low percentage of utilisation as compared to the rated capacity. The witness replied that in the milk processing plant the average capacity had gone up. In 1965-66, it was 64.2 per cent and in 1966-67, it reached 78.92 per cent. He added "But these figures are deceptive because in flush season the maximum has to be handled. The capacity will have to be judged on the basis of flush season maximum. The average will be below 100 per cent. We came upto 2.35 lakhs litres

in 1966-67. We should not take the average in this plant, but allow for the fluctuation between summer and flush season and we can increase the flush capacity by putting in a little more work. But we cannot increase butter, ghee and roller dried skimmed milk powder. They are dependent upon our getting sour cream from the collecting centres."

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

Sub-para (b) (i)—Page 245:

Non-utilisation

3.55. Plant and machinery valued at Rs. 4.62 lakhs, purchased between 1961 and 1964, have not been used so far (January, 1966).

3.56. "With regard to this sub-para, the Department of Agriculture has furnished a note stating that the Audit pointed out that Plant & Machinery worth Rs. 4.62 lakhs is lying unutilised. At present the following machines remained unutilised from the dates mentioned against each:

1. Alfa Laval Plate Milk pasteuriser	Rs. 30,570.66	22-3-61
2. Milk Evaporating Plant	Rs. 1,68,194.00	1962-63
	Rs. 1,98,764.66	

3.57. The reasons for non-utilisation of the plants as given by the Ministry are as follows:—

1. *Alfa Laval plate Milk Pasteuriser:*

The Milk Pasteuriser in question is 'Ultra High Temperature' type and operates with heating of milk upto 135°C as compared with 75°C on H.T.S.T. (High Temperature Short Time Plants). The 'Ultra High Temperature' equipment was installed as it was expected that quality of milk to be received in summer would require high temperature treatment. Actual experience showed that the quality of the milk procured in the milk shed area of Delhi even in summer did not require treatment at so high a temperature as 135°C. Action is being taken to

modify this pasteuriser into H.T.S.T. type. The modification cost would amount to Rs. 3,400.00. Orders for the additional equipment for modification have been placed.

2. Milk Evaporating Plant:

Operation of this plant has been examined by Mr. F. Westerduin, FAO Dairy Expert and technical officers of the scheme. The plant requires about 8500 gallons per hour of water for its operation which cannot be spared from our present sources. It has now been decided on the advice of the engineers mentioned above to shift this plant to the new wing for use along with the milk powder plant after installation of a cooling pond to conserve water. Orders for the necessary equipment have been placed."

3.58. The Committee regret to note that the Alfa Laval Plate Milk Pasteuriser, which was purchased at a cost of Rs. 30,570, remained unutilised for more than 7 years. The Milk Evaporating Plant purchased at a cost of Rs. 168,194 has not been utilised from 1962-63.

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

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

Sub-para (b) (ii)—Page 246:

Defective planning

3.61. An order was placed in April, 1964 for the import of eight automatic decrating and recrating machines along with crate stackers and other spares valued at Rs. 7.43 lakhs.

3.62. While examining the working of similar machines (which had not been put into operation) fixed on one of the existing bottling plant an expert team reported in September, 1964 that the stacking machines should be eliminated and the process done by manual labour. In view of this recommendation the question of

the purchase of the machines was reviewed in November, 1964 and an attempt was made without success to get the purchase order cancelled.

3.63. The machines which were received in April, 1965 have been lying idle; efforts made to dispose of these machines have also not met with success so far (October, 1965).

3.64. In the note furnished to the Committee, it has been stated:

"The recreating and de-crating machines were imported as the automatic equipments were labour saving and considered to be more efficient than manual operations."

"It was found that the crates get knocked out of shape in handling and cannot be used successfully in these automatic machines. In 1964 the Expert Team advised against automatic recreating and de-crating machines. Accordingly, efforts were made to cancel orders which had been pending for four sets of these machines. The suppliers did not agree. Action has already been taken to resale these machines through the manufacturers. In their latest communication they have offered to circulate to their dealers in different countries about these equipments available for sale. The Management Committee directed that the working of one set of recreating and de-crating machines which had already been installed on one of the bottling lines should be studied further by using plastic crates."

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

Process losses—Para 5—Pages 246—248.

Sub-para (b) (i)—Page 246.

3.66. The following paragraphs indicate that the losses and wastages are still on the high side.

Breakage of bottles:

The table below indicates the breakage of bottles during the period from 1959-60 to August, 1965:—

Period	Value of bottles broken	Percentage of breakage
	Rs.	
1959-60 to 1962-63	8,47,237	0.77
1963-64	Not available.	Not available.
1964-65	5,29,754	1.065
April, 1965 to August, 1965	2,79,827	1.235

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

3.68. At the instance of the Committee, the Department of Agriculture has furnished a note which *inter-alia* states:

“Purchase of poor quality bottles was one of the reasons for breakage. This was taken up with the supplier and also the D.G.S. & D. which inspects the bottles purchased. But the question of fixing responsibility was not taken up.

Steps taken to reduce breakages are as under: —

- (i) Educating the staff handling bottles as also incentives to drivers for efficient handling of bottles during distribution.
- (ii) Proper maintenance of machines such as bottle washers, fillers, crates, etc.
- (iii) Mechanical improvements such as introduction of new stillage type trolleys and stillage frames carrying 30/36 crates at a time instead of only 5 crates.
- (iv) Tightening security.”

3.69. The Committee regret to note that the percentage of breakage of bottles has increased from 0.77 between 1959 and 1962-63

to 1.235 between April, and August, 1965. In a period of five months (April 1965 to August, 1965) the value of bottles broken was as high as Rs. 2.80 lakhs. One of the reasons for breakages is stated to be the poor quality of bottles purchase.

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

Sub-para (b)(iii), page—247:

3.71. *Admixture of cow milk for the preparation of toned milk.*—In the preparation of toned milk a certain quantity of buffalo milk is mixed to attain 3 per cent fat. During the period from October, 1964 to September, 1965, 2.41 lakh litres of cow milk was mixed instead of buffalo milk for the preparation of toned milk. As the cost of procurement (on the basis of fat content) of buffalo milk is less than the cost of procurement of cow milk, the use of cow milk resulted in an extra expenditure of Rs. 64,057 (approximately).

3.72. The Management have stated that the cow milk used for the purpose of toned milk was either substandard or procured in excess of requirement.

3.73. In a note the Department of Agriculture have stated:

“In Bikaner, Delhi Milk Scheme purchases milk directly from individual producers. Every producer brings his milk to the collection centre in the village, where it is tested for purity by lactometer only—an easy but approximate test. This test works fairly well in most of the cases. However, the test not being very accurate and the milk being received from a large number of individuals, there have been occasions when sub-standard milk could not be detected before it was pooled. Steps have been taken to make the testing more effective and milk received from various individual producers in each can is now tested at Bikaner before pooling. Responsibility for substandard milk is fixed whenever possible, and suitable action taken against the supplier. The fat testing and other dairy tests would not be practicable or worthwhile at village level and would add very much to the cost of milk collection.”

3.74. "The practice of admixture of cow milk for preparation of toned milk continues. The level of distribution of cow milk as such is decided on the basis of the quantity available on the average during the lean season. Otherwise, the Delhi Milk Scheme runs into difficulties if it accepts a commitment of sale of more cow milk to customers than it can collect during the lean period. So far during the flush season for cow milk, the Delhi Milk Scheme has not put out more cow milk in the market because experience shows that malpractices develop when milk is sold without token. Further, imported skim milk powder which currently costs Rs. 3,300 per tonne is saved by using cow milk. 100 Kgs. of cow's milk would yield 9 Kg. of solids-not-fat corresponding to that quantity of skim milk-powder."

3.75. "Unlike 1964-65 when the landed cost of cow milk was six paise per litre more than buffalo milk, the position reversed in 1965-66 when the average cost per litre of buffalo milk (80.19) was two paise more than landed cost per litre of cow milk (78.19). In 1965-66, 3.67 lakh litres of cow milk was used for standardising and 1.68 lakh litres for toning. It was necessary to utilise cow milk to this extent for standardising in order to maintain the level of distribution and as such cannot be regarded as a loss."

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

Stores—Para 6—Page 248:

3.77. The table below indicates the value of stores and spares (consumable items, spares for dairy equipment, transport and workshop, fuel, etc.) at the close of the last three years vis-a-vis the consumption for those years:—

	(Rupees in lakhs)		
	1962-63	1963-64	1964-65
Closing balance of stores and spares at the end of the year.	10.30	17.72	39.2
Consumption during the year	24.51	32.57	51.53
Closing balance in terms of months' consumption	5.0 months'	6.5 months'	9.1 months'

3.78. No minimum and maximum limits for the stocking of various items of stores have been laid down so far (October, 1965).

3.79. In a note, the Department of Agriculture have given the following upto date position of fixation of minimum and maximum limits for stocking of various items:—

1. No. of items for which limits had to be fixed as in September, 1966.	7900
2. Subsequent additions (new items) to (1) above as on 18-11-1967.	1285
TOTAL.	9185
3. No. of items for which limit has been fixed	5339
4. No. of items for which limits have to be fixed and work on which is in progress.	1993
5. No. of items for which fixing of limits is considered impractical/unnecessary.	1853*
TOTAL.	9185

* Includes the items of a casual nature, e.g. building materials, spares and accessories received along with machinery, special tools, items required direct consumption such as ice, furniture, etc. and the items linked with the production programme (ghee tins, ice cream cups etc.) drawn up from time to time.

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

Uneconomic working of a centre—Para 7—Sub-para (a)—Page—248:

3.81. In 1962 procurement of cow milk was started from Bikaner. Against the economic quantity of 21,816 litres a day, the average daily procurement from the centre during the last three years was nominal as indicated below:—

Year	Average procurement in litres per day.
1962-63	3,209
1963-64	5,088
1964-65	2,624

3.82. The low procurement has adversely affected the cost of handling the milk upto Delhi as it amounted to 34.34 paise per litre in 1964-65 against 19 paise per litre estimated by the Management on the basis of minimum supply of 8,726 litres per day. The average handling charges for other centres are 6.46 paise per litre.

3.83. The Committee desired that a note might be furnished stating the daily average procurement of milk during the year 1966-67

from Bikaner centre and the cost of handling the milk during this year and how did that compare with cost of handling for other centres. They also desired that the steps taken to ensure that the Bikaner centre worked on economic lines might also be indicated.

3.84. The note has been received. The Department have stated that:

"The daily average procurement of milk from Bikaner Centre in 1966-67 was 6,704 litres. There has been improvement in procurement since. The daily average for July, 1967 which was the highest, rose to 14,129 litres.

The cost of handling milk in the Bikaner Centre and other centres in the year 1966-67 is not yet available. However, taking the previous year 1965-66, the average daily procurement was 5,862 litres per day. The handling charges, on the actual quantity received and processed for distribution as cow milk during 1965-66 amounted to 26.74 paise per litre only as compared to 34.20 paise per litre in 1964-65 as pointed out by Audit in the Audit Report.

The handling charges of buffalo milk procured from other centres were 6.86 paise per litre in 1965-66.

In 1965-66 the daily average price of cow milk was 51.45 paise per litre as against 73.34 paise per litre for buffalo milk at other places with the result that the landed cost at the Central Dairy was 78.19 paise per litre for the cow milk as against 80.19 paise per litre for buffalo milk. The economy depends on level of procurement, efforts have been made to increase the procurement at Bikaner Centre to make it more economic. The handling charges of Bikaner milk are higher because the milk is frozen and transported in that condition by brake vans to Delhi. Government have sanctioned the setting up of a Balancing Station at Bikaner and a chilling centre at Mahajan which in the first stage will handle upto 50,000 litres of milk per day. Milk would be chilled at a much lower cost instead of being frozen. This will be transported to Delhi in rail tankers."

3.85. The Committee note that the cost of handling milk from the Bikaner area fell from 34.34 paise per litre in 1964-65 to 26.74 paise per litre in 1965-66, but it is still higher than the original estimated cost of 19 paise per litre. The Committee note that Government have sanctioned a Balancing Station at Bikaner and a Chilling Centre at Mahajan and that these are expected to help in bringing down the handling costs. The Committee stress that, apart from using a

cheaper method of chilling. every effort should be made to increase the procurement of milk from the Bikaner area so that the cost of handling can be appreciably reduced as a result of economies of scale.

Sinking of tube wells—Para 8, page—249:

3.86. In order to ensure the supply of 4 lakh gallons of water per day for operating the dairy it was planned in 1957 to sink 2 tube wells each with a capacity of 10,000 gallons per hour at an estimated cost of Rs. 60,068. The supply of water from the tube wells was not only considered dependable but also economical as it was estimated to cost only 1/5th of the Municipal rates. The approval of Government was obtained in September, 1958 and May, 1959 and the tube wells were completed by June, 1961 and March, 1962.

3.87. The Scheme started supplying milk from November, 1959. As the tube wells were not completed by that date, the entire supply of water was procured from the Municipal mains at a cost of Rs. 93,966 upto August, 1961.

3.88. Even after completion of the tube wells their utilisation has been insignificant for the purpose of the central dairy. These were operated for 2½ hours per day during the period from January/ March, 1962 to July, 1963 and their operation was completely stopped from August, 1963. Thereafter the entire water supply was obtained from the Municipal mains. During 1964-65, the expenditure on water supply from Municipal mains amounted to Rs. 2 lakhs (approximately).

3.89. The Management have stated that the tube wells are being kept as stand-by and used for horticultural purposes. As the requirement of water for horticulture is about 8 to 10 thousand gallons per day only and as the object of sinking the tube wells was to supply water to the central dairy, the expenditure of Rs. 60,068 (approximately) incurred on their sinking has become unproductive. The chemical analysis of water from the tube wells indicated that water is suitable for both drinking and the boiler feed purposes.

3.90. At the instance of the Committee, the Department of Agriculture has furnished a note on this para stating that according to original proposal, the tube-wells were sunk mainly for the Dairy. In 1957, the Dairy Development Adviser proposed and it was agreed, that nearly 3 lakh gallons of water would be required daily for the Central Dairy itself and for residential quarters, etc. The total requirement was likely to exceed 4 lakh gallons a day. The Municipal water was very costly and a dependable source of water supply was essential for the Dairy.

3.91. Data regarding occasions involving utilisation of tube wells due to failure, interruptions, or low pressure of municipal supply during 1965-66 and 1966-67 is indicated below:—

1965-66	11 occasions	Total running hours 70 hours 45 minutes.
1966-67	12 occasions	Total running hours 158 hours 5 minutes.
1st April 1967 to 31st October 1967.	39 occasions	Total running hours 418 hours 30 minutes.

3.92. In addition to the above, one tube well was run for an average of 6 hours every day for horticulture purposes.

3.93. The expenditure incurred on municipal water during 1966-67 was Rs. 2.21 lakhs.

3.94. In the note it is also stated that it would be cheaper to use tube well water instead of municipal water. The cost of municipal and tubewell water are Rs. 1.75 and Re. 0.51 per 1,000 gallons respectively.

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

Losses, write-off, etc.—Para 9, page 250.

3.96. A total loss of Rs. 83,145 was incurred in the following cases:—

Sl. No.	Particulars of loss	Amount involved	Management's reply/ Departmental action
1	2	3	4
1	The Scheme suffered a loss of Rs. 21790 on account of deterioration of skimmed milk powder (11.86 M. tons 'B' grade indigenously produced and 2.4 M. tons imported in 1962) resulting from long storage. The indigenous powder was buried underground in July, 1965 and the imported stuff had not been disposed of (October, 1965).	Rs. 21,790	The Management have stated (January, 1966) that the indigenous powder was in reality a trade waste accumulated over a number of years and retained in the hope of finding a suitable market for it. In the absence of any purchaser, this had to be buried underground after obtaining approval of Government. No one was considered responsible for it.

1	2	3	4
		Rs.	
2	On 13th August, 1965 6750 packets of 100 grams of butter were produced and passed on to the distribution section, but that section acknowledged receipt of 1750 packets only.	5,000	The Management have stated (January, 1966) that the discrepancy in question is under investigation and that responsibility will be fixed in due course.
3	On 6th January, 1965, 9384 cups of 125 (cc) and 4296 bars of ice-cream melted in cold storage.	4,613	The Management have stated (January, 1966) that the matter is under investigation and that suitable action will be taken in due course.
4	850 kgs. of ghee received by the all-day milk stalls agencies were not accounted for.	6,769	The Management have stated (January, 1966) that the discrepancies are being pursued and that responsibility will be fixed in due course.
5	In December, 1963, Audit pointed out certain discrepancies in the maintenance of stock accounts of cans. A departmental investigation established a shortage of 954 cans.	44,973	The Management have stated (January, 1966) that the Special Police who investigated the case have closed it for want of evidence and have not been able to fix responsibility. They have further stated that the matter is still being pursued to establish the exact shortage and to regularise it.

3.97. The Department of Agriculture have stated the position in respect of each of the five cases as follows:—

As regards the first-case, it has been stated that

'In the process of production of skim milk powder we get some burnt chippings, solid rolls and sweepings, which are kept apart from good quality skim milk powder. These are trade waste in production of skim milk powder. In the beginning when the D.M.S. started manufacturing skim milk powder, the power was not being properly graded and these arisings also were taken on stock book charge as 'B' Grade skim milk powder.'

'Efforts were made to deliver these arisings as 'B' Grade powder to the various purchasers, but the purchasers declined to accept this as 'B' Grade powder.'

The accumulation over a number of years was about eleven tonnes. This had decomposed and created a sanitation hazard.

Efforts were made to sell the arisings as animal feed and for that purpose a number of Government organisation and private parties were approached. No satisfactory response was received.

The matter regarding disposal of the 11.86 tonnes of powder was placed before the Management Committee on 18th December, 1964. The Management Committee felt that there was real danger of deteriorated 'B' Grade skim milk powder being used for adulteration of milk and milk products and that it would be desirable to destroy it effectively if it could not be sold to Government pig-gery farms or for use as manure in Government farms. Further, efforts to sell the entire lot of 11.86 tonnes of skim milk powder to Government Organisations were made but were not successful. The powder was finally buried under ground in July, 1965.

As regards the other lot of deteriorated off grade imported **Australian skim milk powder (2.4 M. tonnes)** referred to by Audit the same was sold in the usual course in January, 1966 at Rs. 1.50 per kg., the highest offer received in response to open tender, thereby reducing the loss on this account by Rs. 3600.

3.98. As regards the second case about the non-accountal of 5,000 packets of butter it has been stated:

"After conducting formal enquiry, the matter was reported to the Special Police Establishment on 14th October, 1965 and after considerable correspondence with them final reply from S.P.E. was received on 16th May, 1966 wherein they suggested only departmental enquiry against the official concerned. Accordingly on 22nd July, 1966, A.M.D.O. was charge-sheeted. Departmental enquiry is in progress."

3.99. With regard to the third case, it has been stated that

"The loss was on account of 8868 melted ice-cream cups and 140 bars valued at Rs. 3676.00 only was caused to the D.M.S. in January, 1965."

3.100. "The loss was due to the leakage of ammonia. The Assistant Chargeman was charge-sheeted. The Enquiry Officer came to the conclusion that the Assistant Chargeman was not responsible for the loss. The loss has been written off by the Government."

3.101. As regards loss arising out of non-accountal of 850 Kgs. of ghee received by the All Day Milk Stalls/Agencies, it has been stated that "This is regarding the loss of 850 Kgs. of ghee at the All Day Milk Stall Central Dairy. The examination of the various records maintained in the Central Dairy, All Day Milk Stall/Central Dairy has already been completed and orders have been issued to charge-sheet the concerned officials."

3.102. As regards the shortage of cans, the Ministry have explained that "shortage of cans was reported to the Central Bureau of Investigation who registered a preliminary enquiry under No. 22/64. The C.B.I. did not find evidence to hold anyone responsible. Thereafter, attempts were made by the D.M.S. to fix responsibility for the losses by calling for explanation for the shortages from various officers holding the cans. In the absence of proper documentary evidence, it has not been possible to fix responsibility. Necessary account adjustment on account of the lost cans has been made in the proforma accounts for the year 1965-66. The loss will be finally regularised by obtaining the sanction of Government for write off of the amount involved."

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

CONCLUSIONS

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

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

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

3.107. The Committee would also like the Delhi Milk Scheme to tighten up its distribution and supervisory arrangements to eliminate complaints from consumers about the failure to supply milk and/or to return the balance amount in full.

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

Audit Report (Commercial), 1967:

Forest Department, Andamans—Section XXVIII—Page 293

3.109. A fleet of heavy vehicles lying idle. The Divisional Forest Officer, Middle Andamans acquired between April, 1953 and August, 1962 one locomotive and 11 tractors at a cost of Rs. 9.48 lakhs for reclamation work. The locomotive and 5 tractors have been lying idle for want of repairs for long periods as indicated below:—

Period	Number and type of vehicles
For over a year but less than 2 years	1 tractor
For 2 to 3 years	2 (one tractor and the locomotive)
For 3 to 5 years	3 tractors

3.110. The Divisional Forest Officer has stated (January, 1966) that the vehicles were of American make and could not be put into

operation for want of spares for whose importation foreign exchange had not been released.

3.111. As a result 15 operational staff employed on them remained idle for a total period of 529 months up to December, 1965; their pay and allowances for the period amounted to about Rs. 73,000.

3.112. The Department of Agriculture has stated in a note* that according to the Chief Commissioner, Andaman Administration, the reserve stock of spare parts is always maintained by the Andaman Forest Department but in respect of idle tractors under reference certain spare parts which did not happen to be in stock, could not be obtained in time as they had to be imported from foreign countries and their procurement involved foreign exchange, all the tractors of the Department being of American make. Arrangements for such spare parts had necessarily to be made through the agencies of the D.G.S.&D. and the Director General, Shipping, and were therefore beyond the control of the Andaman Administration and the Department of Agriculture.

3.113. The total amount of foreign exchange required by the Andaman Forest Department for procurement of spare parts for the idle tractors was Rs. 55,756 only.

3.114. No specific report, that the locomotive and tractors were lying idle due to non-release of foreign exchange, was received from the Andaman Administration by the Government of India.

3.115. Out of five idle tractors, two have been put into operation with effect from 1st November 1966. The remaining three tractors are still lying idle for want of spare parts. The locomotive has already outlived its utility period and has been considered to be beyond economical repairs. The case for the write off of the locomotive is being put before the Condemnation Board constituted by the Andaman Administration, for final decision.

3.116. It is also stated in the note that tractors are used by the Andaman Forest Department for haulage of logs and not for reclamation of land. There has, therefore, been no retardation in the progress of reclamation work, on account of the tractors remaining idle.

3.117. With regard to the amount spent on pay and allowances of idle staff after December, 1965, it is stated in the note that after December, 1965, the operational staff of the idle tractors were engaged on five tractors released by the Ministry of Rehabilitation and on other maintenance works. The services of the driver of the idle

* Not verified by Audit.

locomotive were utilised mainly as fitter-cum-mechanic in Tractor Workshop and occasionally as spare locomotive driver against vacancies. There was, therefore, no idle staff after December, 1965.

3.118. The Committee are concerned that three out of five tractors are still out of operation and that it is only after a delay of more than two years that proceedings for condemning the over-aged locomotive have been started. The Committee stress that steps should be taken to put the remaining tractors to use and to ensure that in future repairs and replacements of parts of tractors are undertaken expeditiously to obviate loss on account of idle machinery and manpower.

CHAPTER IV

DEPARTMENT OF FOOD

Non-recovery of outstanding dues—Para 34—Page 49.

4.1. Mention was made, in paragraph 18 of the Audit Report, 1954 of the erstwhile State Government of Delhi, of certain irregularities committed by the Delhi Grain Syndicate, who were appointed by the State Government in 1944 as agents for the procurement, storage and distribution of the rationed food-grains in the State. The State Public Accounts Committee in their First Report (1956) decided to postpone the discussion on these irregularities as the case was already being tried in a court of law and was *sub-judice*. In a note dated 20 November, 1964 the Ministry informed the Public Accounts Committee that three further cases of fraud involving a sum of Rs. 16·79 lakhs had since come to notice and that in one case the Directors of the Syndicate were being criminally prosecuted in the court while in the other two cases the matter was being examined to see whether criminal proceedings should be started against the Directors or not. The Ministry intimated in January, 1967 that the criminal case filed in the court had since been decided resulting in the acquittal of all the accused, while out of the remaining two cases, one was being tried in the court.

(ii) The functions of the Delhi Grain Syndicate were taken over by Government on 23rd September, 1952. The position regarding recovery of Government dues was reviewed by the Delhi Administration in August, 1960 and it was found that a sum of Rs. 43·39 lakhs was recoverable from the Syndicate, as detailed below:—

	(in lakhs of rupees)
(i) Sale proceeds not deposited by the Syndicate with Government	17·73
(ii) Shortages in stores :	
(a) Noticed prior to 23 September, 1952	Rs. 9·31 lakhs.
(b) Noticed after 23 September, 1952	Rs. 9·96 lakhs.
	19·27

(iii) Commission not due but wrongly paid to the Syndicate	7.29
(iv) Interest on unauthorised withdrawals from the Bank by the Syndicate.	0.83
(v) Unloading charges wrongly paid to the Syndicate	0.53
(vi) Amounts realised against railway claims but withheld by the Syndicate.	0.12
(vii) Overpayment of railway freight	0.12
	45.89
Less amounts due to the Syndicate	2.50
	43.39

4.2. On a reference from the Delhi Administration, the Ministry of Law advised in November, 1960 that (i) the claim for Rs. 9.96 lakhs in respect of shortages in stores noticed after 23rd September, 1952 would not be maintainable in the court due to the State Government's omission to make a stock-taking of the stores on that date; and (ii) the claim for Rs. 0.83 lakh was also untenable because of the omission to prefer a formal demand giving notice to the Syndicate that interest would be charged from the date of such demand until refund of the amounts unauthorisedly withdrawn by it from the Bank. Accordingly, the Ministry of Law suggested filing of a suit against the defunct Syndicate for Rs. 32.60 lakhs only (i.e., after excluding the amounts of Rs. 9.96 lakhs and Rs. 0.83 lakh from the total claim). Subsequently in 1964, another amount of Rs. 0.19 lakh was found to be due against the Syndicate on account of certain cheques dishonoured by banks.

4.3. The civil suits for the recovery of the amounts of Rs. 32.60 lakhs and Rs. 0.19 lakh have not been filed against the defunct Syndicate so far (February, 1967).

4.4. The Ministry stated in January, 1967 that subsequent investigations about the assets of the ex-Directors of the Syndicate showed that they did not own sufficient assets and that, as such, there were very poor chances of realising the decretal amount, in the event of a decree in favour of the Government, out of any assets of the defendants. In February, 1967, they further stated that "a decision regarding filing of a civil suit against the Directors for the recovery of the amounts from their personal property would depend on the

judgment of the court on the criminal cases pending against them, besides the question as to whether the Directors own sufficient property for realising the decretal amount."

4.5. The Committee desired to know whether Government had conducted a detailed enquiry into the tardy manner in which the Delhi Administration had looked into the case regarding recovery of Government dues and initiating criminal action against the office bearers of the Delhi Grain Syndicate. The Secretary, Department of Food, giving the background of the case stated that the Syndicate was established in 1944. The circumstances which led to the setting up of the Syndicate and whether the credentials of the office bearers thereof were properly investigated were not precisely known. The Agreement entered into with the Syndicate was defective in many ways inasmuch as "it did not provide adequate safeguard and coverage of Government interests or money placed at the disposal of the Syndicate" and even the arbitration clause in the agreement was defective as it could not be invoked.

4.6. Several irregularities of a very serious nature came to light when audit of the accounts of the Syndicate was conducted in 1952. The case was handed over to police for investigations. The witness stated that the following three types of actions were possible at that point of time:—

- (i) criminal action;
- (ii) civil action; and
- (iii) departmental action.

4.7. The Committee were informed that criminal prosecutions were launched fairly promptly against the Chairman, the Directors and the officials of the Syndicate. The first case was launched in October, 1952, and after that about 15 cases were launched in 1952 and 1953. Though in many cases convictions were obtained in the Sessions Court, these were not upheld by the Supreme Court. Even though departmental inquiry against the officials was instituted immediately charges could not be established after inquiry. Explaining the reasons for the delay of six years in launching civil proceedings, the witness stated that a number of criminal cases had been launched against the Syndicate, which involved placing of records at the disposal of the court as exhibits. The witness stated "that may possibly be one of the reasons why civil proceedings could not be started earlier", and "probably the factor which postponed consideration of taking civil proceedings was that the administration was

anxious to see what the result of the criminal cases was going to be." Round about 1959 the question of taking civil action against the Syndicate was considered. After the irregularities were noticed, Government raised a claim against the Syndicate for Rs. 40 lakhs but the Syndicate also put forward a counter claim for Rs. 43 lakhs. Initially, it was proposed to invoke the arbitration clause so that disputes regarding recovery of the amounts due to Government from the Syndicate could be referred to an arbitrator. The Chief Commissioner of Delhi who was mentioned as the arbitrator in the agreement pleaded inability to discharge the functions of the arbitrator due to other preoccupations. Efforts to get another arbitrator were not successful.

4.8. The opinion of the Solicitor General was sought which, however, took some time. The Solicitor-General advised that under the agreement arbitration could not be forced on the party and suggested in 1959 that a civil suit could be filed not arising out of the agreement but purely under the general law. The Chief Secretary of Delhi considered the different aspects of the opinion of the Solicitor General and it was decided to file a civil suit. The judicial department of the Administration, however, pointed out that the stamp fee involved in this case would be to the tune of Rs. 31,000. The agreement did not provide for the mortgage of the property of the members of the Syndicate and subsequent enquiries made by the Delhi Administration revealed that the members of the Syndicate had little or no assets, "obviously they had transferred them to other people in the meanwhile. As a result of that, the view seems to have prevailed that it was throwing good money after bad if we wanted to pursue the question of civil proceedings."

4.9. At the instance of the Committee the Department have given a detailed note in this case (Appendix VI). This note *inter alia* states that the scheme of rationing was introduced in Delhi in 1944 and two agreements were entered into with M/s Delhi Grain Syndicate—Wheat agreement in 1944 and Rice agreement in 1948 (with retrospective effect from 4th March 1946). The Accounts of Directorate of Civil Supplies were audited by the Audit Party of the A.G.C.R. As a result thereof, grave discrepancies and irregularities in the operations of the above agreements were noticed. Accordingly, the matter was handed over to the Police who registered a case against the then Rationing Officer (Accounts), a clerk of the Accounts Branch of the Civil Supplies and the Chairman and the General Manager of the Syndicate. The Rationing Officer was convicted on 7th September 1955 but this sentence was reduced by the

High Court on 6th May 1958. On his appeal in the Supreme Court he was acquitted on 30th April 1962.

4.10. The Syndicate was suspended and its functions were taken over by the Delhi Administration w.e.f. 23rd September 1952. The Agreements were finally terminated on 19th January 1953.

4.11. "The Ministry of law submitted detailed note (in August 1958) on the various legal aspects of the case to the Solicitor General of India for his opinion. His opinion was received on 30th December 1959. The Solicitor General, after the examination of the Agreements, opined that the contracts with the Syndicate did not conform to the legal requirements and as such arbitration clause contained therein was incapable of enforcement. He further advised that a civil suit should be filed against the firm."

4.12. It was decided to request the Government of India to examine the Government claims in the light of the advice of the Solicitor General in consultation with the Ministries of Law and Finance so that the Delhi Administration could take further necessary action in the light thereof. The Food Ministry got examined the case and forwarded to Delhi Administration with their letter dated 5/6th December 1960. Accordingly, the claim of interest was dropped and claim for shortages was reduced from Rs. 19,27,194-15-11 to Rs. 9,31,484-10-1 resulting in the reduction of the total claim from Rs. 43,38,822-14-2 to Rs. 23,60,100-0-0 and the Government advocate was asked to file a suit against the Syndicate on 25th January 1961 on 23rd October 1961 he informed that a sum of Rs. 30,526:80 would be required on account of Court Fee and, therefore, requested for sanction of the Delhi Administration. On receipt of his request, the case was referred to the Judicial Department for their concurrence.

4.13. The note further states that in accordance with the advice of Judicial Department in February 1962, the Collector, the Commissioner of Income Tax and the Registrar of Joint Stock Companies were requested to intimate the details of available assets of the persons connected with the Syndicate.

4.14. The Deputy Commissioner, Delhi, on 7th March 1962 reported that information regarding the immovable property held by S|Shri 'A' and 'B' "can only be given by the Municipal Corporation of Delhi which keeps the requisite record."

4.15. Enquiries made from the Income-Tax authorities Registrar Joint Stock Companies, New Delhi Municipal Committee etc., and

investigations carried out by police revealed that Shri 'A' had transferred all his moveable and immovable properties to his daughter and Shri 'B' had no property.

4.16. As regards the departmental action taken against the officials of the Rationing and the Civil Supplies Department, the Department have stated that a number of cases were registered against the then Rationing Officer, a clerk, the then Accounts Officer, and the then Director Civil Supplies.

4.17. The Rationing Officer who was convicted by the lower court and High Court was acquitted by the Supreme Court, on appeal on 30th April 1962. On the advice of the Solicitor General, the cases against the Government officials were dropped.

4.18. Departmental enquiries were, however, conducted against the then Director Civil Supplies and the then Accounts Officer. Both the officers were fully exonerated by the Enquiry Officer.

4.19. The Department have further stated that there is no chance of recovering the outstanding amount from the persons connected with the affairs of the Delhi Grain Syndicate. The enquiries made through police and municipal bodies have revealed that no immoveable property stands in their names and their moveable assets are also negligible. The civil suit if filed against S/Shri 'A' and 'B' will, therefore, become infructuous as it would not be possible to recover the decretal amount from them even in case the suit is decreed against them. The spending of large sums of money on court fee, remuneration of lawyers etc., would, therefore, be highly inadvisable. A separate deference is being made to the Government of India to write off the losses.

4.20. The Committee regret to note that a large number of lapses, were committed in this case which have resulted in the non-recovery of a sizeable amount of Rs. 43.58 lakhs from M/s. Delhi Grain Syndicate. It is rather surprising that Government have not been able to investigate whether the antecedents and the standing of the Directors of the Syndicate were verified before appointing them as agents for procurement, storage and distribution of foodgrains.

The contract entered into with the Syndicate was also defective inasmuch as it did not provide adequate safeguards and coverage of Government interests or money placed at the disposal of the Syndicate. The Solicitor General had also opined in 1959 that "the

contracts with the Syndicate did not conform to the legal requirements and as such arbitration clause contained therein was incapable of enforcement."

4.21. Further out of the amount of Rs. 43.58 lakhs due from the Syndicate, Rs. 17.73 lakhs were on account of sale proceeds not deposited by the Syndicate with Government while another amount of Rs. 7.29 lakhs was wrongly paid as commission to the Syndicate. The Committee are perturbed to note that Government did not exercise a proper check at the time of taking over of the functions of the Delhi Grain Syndicate on 23rd September, 1952, for if stocks and accounts had been thoroughly checked at that juncture, it should have been possible to settle all outstanding issues without delay.

4.22. The Committee suggest that, learning from this costly lesson, Government should issue standing instructions about verification of the antecedents of a party before it is entrusted with work as a Government agent and that adequate security should invariably be taken to safeguard default in payment. Meticulous care should be taken in drafting the agreement to guard against Government's interests. Proper arrangements should also be made to ensure that the checking of accounts is done simultaneously and thoroughly so that irregularities are brought to notice for remedial action without delay.

4.23. The Committee are not able to appreciate why it has taken Government more than eight years to decide whether a civil suit should be filed against the Syndicate and its directors as advised by the Solicitor General in 1959. The Committee cannot help feeling that if the matter had been pursued vigorously and decisions taken promptly it should have been possible to recover at least some part of the money through judicial processes.

4.24. The Committee stress that Government should investigate the delays which have occurred in this case at various stages with a view to fix responsibility and to take adequate remedial measures to ensure that such lapses do not recur. The Committee would like to be informed of the action taken in the matter.

Scheme for the purchase of foodgrains—Para 70—Page 89.

4.25. The State Trading Scheme for the purchase of foodgrains introduced in 1943-44 continued during the year 1965-66. A State-

ment showing cumulative profit/loss from 1943-44 to end of 1965-66 is reproduced below:—

(in rupees)			
Name of Grain	From 1943-44 to 1964-65	Profit(+) Loss(-) during 1965-66	To the end of 1965-66
Wheat	(-)28,41,18,385	(+)63,59,34,319	(+)35,18,15,924
Wheat Flour	(+)3,80,53,625	..	(+)3,80,53,625
Rice	(-)86,31,54,803	(+)2,68,78,869	(-)83,62,75,934
Milo Corn Etc.	(+)4,61,24,939	(+)1,39,68,390	(+)6,00,93,329
Barley	(-)1,66,65,070	..	(-)1,66,65,070
Maize	(+)2,61,54,881	(+)61,58,387	(+)3,23,13,268
Paddy	(+)1,27,052,539	|| (-)83,783	(+)26,21,756
Oats	(+)1,04,492	..	(+)1,04,492
Gram	(-)6,72,245	..	(-)6,72,245
Bajra	..	(+)22,88,764	(+)22,88,764
TOTAL	(-)1,05,14,67,027	(+)68,51,44,946	(-)36,63,22,081
Deduct indirect expenses not classifiable grainwise	(-)51,21,53,917	(-)6,37,43,664	(-)57,58,97,581
Interest on Capital	(-)42,25,38,917	(-)6,13,87,470	(-)48,39,26,738
GRAND TOTAL	(-)1,98,61,59,861	(+)56,00,13,812	(-)1,42,61,64,049

NOTE:—A sum of Rs. 18.26 crores being the instalment for the year 1965-66 for the loss incurred on the sale of foodgrains outstanding in the Food Trading Scheme was adjusted by transfer to revenue. The total loss charged to revenue to date amounts to Rs. 104.86 crores leaving a net surplus of Rs. 10.64 crores excluding interest on capital.

The scheme for the purchase of foodgrains resulted in net profit of Rs. 56.00 crores (after taking into account interest of Rs. 6.14 crores) as shown below :—

			Quantity (in lakhs tonnes)	Value (In crores of rupees)		Quantity (In lakhs tonnes)	Value (In crores of rupees)	
1	2	3	4	5	6	7	8	9
Opening stock :					Sales		87.70	448.85
Book balance (excluding damaged grain)	6.10				Miscellaneous receipts		..	0.95
Damaged grain	0.23				Closing Stock :			
Grain in transit	1.05				Book balance (exclu- ding damaged grain)	5.62		
Storage losses awaiting write off	0.25	7.63		44.01	Damaged grain	0.27		
Purchases (including freight incidental and direct ch- arges)		87.96		378.06	Grain in transit	1.47		
Deduct cost of shortlanded quantity charged to in- surance (net)				(-)-1.83	Storage losses await- ing write off	0.23	7.59	38.95
Indirect expenses				6.37*				

1	2	3	4	5	6	7	8	9
Interest on capital					6.14			
Gross profit			57.35					
Less :								
Loss in distribution :								
Storage losses								
Written off	0.06							
Transit losses	-0.24	(-)	(-)					
Net Profit		0.30	1.35		56.00			
TOTAL		95.29			488.75	Total	95.29	488.75

*Mostly represents expenditure on the Directorate General and the Regional Directorates of Food and expenditure on the maintenance of godowns. The figures under these heads during the three years ending with 1965-66 are given below :-

(In crores of rupees)

	1963-64	1964-65	1965-66
Directorate General of Food	0.36	0.39	0.42
Regional Directorates of Food	3.06	3.55	3.57
Maintenance of godowns	2.20	1.81	1.70
Miscellaneous	0.49	0.91	0.68

The cumulative loss in the scheme to the end of 1964-65 was Rs. 156.36 crores (excluding interest amounting to Rs. 42.25 crores), of which Rs. 69.76 crores awaited write off to revenue at that time. Of this, an amount of Rs. 18.26 crores was written off to revenue during 1965-66 leaving a balance of Rs. 51.50 crores. Taking into account the gross profit of Rs. 62.14 crores during 1965-66, a net cumulative profit of Rs. 10.64 crores as at the end of 1965-66 has been shown in the accounts.

4.27. The following points were noticed:—

(a) *Working results*:—The profit in the scheme is accounted for mainly by decrease in the average landed cost from Rs. 438.95 per tonne during 1964-65 to Rs. 414.21 per tonne during 1965-66 in the case of imported wheat, and from Rs. 661.36 per tonne during 1964-65 to Rs. 640.57 per tonne during 1965-66 in the case of imported rice and increase in their issue prices as shown below:—

	Issue prices (in rupees per tonne)	Increases in the prices	Increases effect- ive from
Wheat	375.10	104.90	January, 1965
	..	20.00	November, 1965
	428.70	91.30	January, 1965
Rice	to	to	
	803.80	264.20	

4.28. During evidence the Committee desired to know why expenditure on the Directorate General of Food and Regional Directorates had increased from Rs. 3.42 crores in 1963-64 to Rs. 3.94 crores in 1964-65 and Rs. 3.99 crores during 1965-66 despite progressive transfer of work to the Food Corporation of India and to what extent the work had been transferred to the Food Corporation of India. The Secretary Department of Food stated that the Food Corporation of India was set up on 1st January, 1965, and the work

relating to the Southern Region comprising of the States of Andhra Pradesh, Mysore, Madras and Kerala was handed over to it on 1st April, 1965.

4.29. He added that there was no scope for any reduction in the expenditure on the Directorate General of Food and Regional Directorates on account of the following reasons:—

1. The establishment of the Food Corporation itself involved additional work in the Directorate General of Food. A cell had to be created there as the Food Corporation being a new venture required a great deal of supervision.

2. During 1965-66, due to drought, the Directorate was subjected to increased pressure of work.

3. Beginning from 1964, handling of foodgrains was departmentalised in certain ports and this expenditure was reflected in the accounts of the Regional Directorates.

4.30. The Committee were informed that in the Southern Region, where the work was transferred to the Corporation in 1964-65, the expenditure was Rs. 73.49 lakhs which came down to Rs. 42.52 lakhs in 1965-66, resulting in a saving of Rs. 30 lakhs. He added that in the Southern Region, even though the Central depots were handed over to the Food Corporation, the ports still continued to remain with the Department of Food.

4.31. In a written note **the Department of Food have furnished the following particulars regarding the quantity of foodgrains handled by them in the Southern region during the period 1961-62, 1962-63, 1963-64, 1964-65 and 1965-66 and the expenditure incurred in handling thereof.

1. *Quantity handled in the Southern Region :—*

Year	Quantity handled at the Ports. M.T.	Quantity handled at the Depots. M.T.
1961-62	6,27,939	8,01,110
1962-63	9,08,948	8,54,971
1963-64	8,68,654	8,63,270
1964-65	17,93,835	9,84,271
1965-66	16,91,435	85,106

** Not vetted by audit.

2. *Expenditure incurred on handling etc.*

	1964-65*	1965-66*
(i) Expenditure on establishment .	Rs. 75,95,369/-	Rs. 42,51,010/-
(ii) Other expenditure on handling at ports, depots, inland transport including railway freight, rent on godowns, insecticides etc. .	Rs. 3,54,73,303/-	Rs. 3,46,85,878

*The Department have stated that the expenditure figures relating to handling etc. in the Southern Region are being booked separately, only from August, 1963 onwards and as such information regarding handling expenses and establishment charges incurred has been given only for the two complete years 1964-65 and 1965-66.

4.32. The note of the Department of Food further states:—

“The saving of Rs. 30 lakhs made by the Department of Food during 1965-66 in the Southern Region mainly represented the saving in the cost of expenditure on pay and allowances of establishment of the personnel transferred to the Food Corporation of India in that Region. The main function of this establishment before its transfer to the Food Corporation was looking after the Central Storage godowns, receiving supplies in and issuing food-grains from these godowns to the recipients under allocation from the Central Government.”

“After taking over of the Central godowns by the Corporation in this Region, the Corporation staff not only performed these limited functions but also took over procurement of food grains both on Central and State Government accounts, conversion of wheat into wheat products and distribution thereof; procurement of paddy in Andhra Pradesh and Madras under the Paddy Levy Scheme of the respective State Governments; distribution of food-grains (locally procured and brought in from other States or abroad) in Andhra Pradesh and Kerala and movement of gram and gram dal from Punjab and Rajasthan to the Southern States. These functions of the Corporation covered a sales turn over of about 24.4 lakh tonnes of food-grains during the year out of which roughly 19.8 lakh tonnes represented the sales turn over on account of

the Central Government and 4.6 lakh tonnes on account of the State Governments. On the basis of this turn over the rough allocation of expenditure on establishment of FCI on Central transactions and other transactions is as under :

(Rupees in lakhs)

Central transactions	Other transactions	Total
68.14	27.92	96.06

From the above it will be seen that even in respect of transactions on account of the Central Government for which the Corporation incurred an expenditure of about Rs. 68.14 lakhs, many of the functions performed by the Corporation were in addition to those which were being performed by the establishment of the Department of Food prior to its transfer to the Corporation."

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

4.34. Asked whether consequent on the creation of the Food Corporation of India and in view of increase in the administrative cost, there had been any corresponding improvement in the handling, storage, and distribution of foodgrains, the witness stated that the Corporation was established with a view to be the biggest single wholesaler so far as foodgrains were concerned so as to "assume a commanding role". For this purpose it was necessary for the Corporation to procure foodgrains, to move them from point to point and to store the same. Soon after the creation of the Corporation the storage depots were transferred to it. Unfortunately

during 1965-66 and 1966-67 as a result of severe drought and famine, the Food Corporation of India had not been able to function in a manner which was originally visualised for it. The witness, however, added that in respect of functions which had been assigned to them like storage, handling, procurement etc. "they have functioned as well as, say, the Food Department functioned while in many respects they have even been more economical in the sense that they have functioned both for the Centre and the States; therefore the storage places which were previously engaged separately by the State and the Centre for storing foodgrains and the separate staff required for that was cut down and so some of the overheads are cut down. I think, we will be able to pass a really considered judgment on the functioning of the Corporation only after a year or two".

4.35. Asked whether the functions of the Department and the Corporation had been clearly demarcated, the witness stated:

"Before the establishment of the Food Corporation the Ministry maintained in the country a large number of central storage depots. Secondly, it performed certain procurement operations, that is, procurement of foodgrains on Central account. Thirdly, it handled the grain that was being imported at the ports. These were the three broad functions of the Food Department before the establishment of the Food Corporation. With the establishment of the Food Corporation, initially in the South all the central depots were handed over to the Food Corporation as also the procurement of foodgrains in that region. In other words whereas previously we had our own set-up in Andhra Pradesh for the procurement of foodgrains, that got automatically transferred to the Food Corporation."

"So far as the ports are concerned, it is only Cochin, Mangalore, Tuticorin—the Kerala ports—that were handed over to the Food Corporation. So far as the other ports are concerned, they still continue to be with the Food Department. This is the position so far as 1965-66 is concerned."

"As to the division of functions and work transferred to the Food Corporation upto-date, the Central storage godowns, in the States of Andhra Pradesh, Madras, Mysore, Kerala, Orissa, Rajasthan, Punjab, Haryana, Uttar Pradesh, Madhya Pradesh and Delhi covering a capacity of roughly about 1.1 million tonnes along with the stock of food-

grains and the personnel employed have been transferred in various stages since the establishment of the Food Corporation. So far as procurement is concerned, the extent to which procurement operations are being undertaken by the Food Corporation depends on the agreement which they reach with the State Government. As I explained, because of the existence of drought the scope for the Food Corporation operating in the manner originally envisaged has been considerably restricted, but in the matter of purchase of foodgrains they are operating fully in the South. So far as procurement is concerned, they are operating in Rajasthan, Orissa, Punjab, Haryana, Assam and Madhya Pradesh. Last year they were also entrusted with the procurement of foodgrains in West Bengal."

4.36. In reply to a question, the witness stated that for the year 1965-66, the overhead charges for the Corporation worked out to Rs. 155 lakhs for a total purchase of 26.12 lakh tonnes of foodgrains. The Committee desired to know whether this amount of Rs. 155 lakhs and the sum of Rs. 3.99 crores incurred by the Department during 1965-66 had been passed on to the consumer or treated as subsidy, the Secretary of the Department stated that in arriving at the economic cost of foodgrains whether imported or locally procured, all the elements of cost incurred whether on staff or other items were taken into account. "Therefore, the expenditure on staff incurred by the Directorate or by the Food Department would ultimately be taken into account in working out the economic cost of foodgrains."

4.37. Asked whether the expenditure on the Directorate General of Food was treated like any other administrative expenditure of Government or it was treated as a commercial department and expenditure was incurred with the expectation of its being recovered, the witness stated "It is part of the *proforma* accounts and therefore, it is part of the commercial operation."

4.38. The Committee desired to be furnished with a statement showing the incidence of cost per tonne of foodgrains handled by the Department of Food and the Food Corporation of India from 1965-66 onwards:—

4.39. In a note furnished to the Committee the Department have stated that a reasonably accurate comparison of the incidence of cost per tonne in respect of foodgrains handled by the Department

of Food and the Food Corporation of India is somewhat difficult because, *inter alia*, of the following reasons:—

- (i) The account of the Food Corporation are prepared strictly on commercial lines on a liability basis while the *pro forma* account for the Food Department is prepared generally on the basis of actual expenditure incurred
- (ii) The expenditure incurred by the Food Corporation includes also the expenditure on procurement of foodgrains on behalf of the Central and the State Governments.
- (iii) Depreciation on assets is an item of expenditure in the profit and loss amounts of the Food Corporation. There is no corresponding item in the *pro forma* account of the Food Department.
- (iv) Interest on capital in the case of Food Corporation is calculated on the basis of actual interest paid or payable; for the Food Department, however, interest on capital is calculated on a *pro forma* basis.
- (v) In the case of Food Corporation, there is no incidence of cost on account of gunnies in respect of foodgrains handled at the ports, Food Department supplies the gunnies to the Food Corporation of India for bagging the foodgrains received in bulk at the ports by the Food Corporation of India.
- (vi) The year 1965 was the year of commencement of operations by the Food Corporation. They started handling foodgrains at some of the ports only with effect from 1st October 1965. The incidence of cost per tonne for the Food Corporation for the year 1965-66 cannot, therefore, be taken as representing the true average for the whole year as in the case of the Food Department where the operation continued throughout the year.

4.40. However, the overall incidence of cost per tonne in the case of Food Department and the Food Corporation for 1965-66, excluding depreciation from the side of the Food Corporation and the expenditure on gunnies from the side of the Food Department, worked out as follows:—

Department of Food	.. .. .	Rs. 39.47
Food Corporation of India	.. .. .	Rs. 29.77

4.41. The incidence of cost of the constituent items of the Food Corporation of India and the Department of Food were as follows:—

	Food Department	Food Corporation of India
	Rs.	Rs.
(i) Godown rent	3.00	3.09
(ii) Establishment	4.60	5.46
(iii) Interest on Capital	7.00	4.53
(iv) Handling at depots	2.50	2.47
(v) Inland freight	17.90	12.45
(vi) Handling at Ports	9.00	13.99*

*(calculated by adopting the P. & A.O's figures of quantity handled at the Tuticorin port and other ports of Kerala).

4.42. The Department have further stated in the note that the total of itemwise incidence of cost will not work up to the overall incidence of cost due to the following factors:—

- (i) In working out the overall incidence of cost, the actual expenditure incurred is reduced by the amount of receipts during the year.
- (ii) *Godown rent*: For this purpose, in addition to the rent actually paid by Government for the hired godowns, the assessed rently value of Government-owned godowns is also taken into account, whereas for calculating the overall cost of incidence only the rent actually paid is taken.
- (iii) *Interest on Capital*: For this purpose, the Food Corporation of India has also taken into account the interest on Equity Capital paid by Government whereas in computing the overall incidence of cost of the Corporation only the interest actually paid on borrowed funds is taken.
- (iv) *Handling at Ports*.—For this purpose, only the quantity of foodgrains handled by the Food Department at the ports is taken whereas for working out the overall cost the entire quantity purchased during 1965-66 is taken into account. Similarly, for working out the unit cost of 'Handling at Ports' in the case of the Food Corporation of India,

the quantity handled by them from 1st October, 1965 to 31st March, 1966 at the Kerala Ports as well as the Tuticorin has been taken into account.

4.43. The Audit have given the following observations on this note of the Ministry :—

“It is seen from the data given in the note that the cost per tonne in respect of operations of the Food Corporation is higher than that in the case of the Food Department in respect of major items of expenditure viz., establishment, godown rent and handling at ports; the interest on Capital and inland freight which are comparatively higher in the case of the Food Department are not of much significance in judging the economics of handling by the Food Department *vis-a-vis* the Food Corporation as the interest on Capital would depend upon the period for which the Capital remains locked taking into account the pace of clearance of food grains; and the inland freight rate would depend upon the distances over which the foodgrains had to be moved and would vary with the internal food situations”.

4.44. The Committee note that even though the two sets of figures are not exactly comparable, the incidence of cost per tonne in respect of foodgrains handled by the Department of Food and the Food Corporation of India works out to Rs. 39.47 and Rs. 29.77 respectively. They, however, find that the incidence of cost per tonne in respect of operations of the Food Corporation is higher than that in the case of the Department of Food in respect of major items of expenditure, viz., establishment, godown rent and handling at ports. The Committee, therefore, feel that there is a great scope for the Food Corporation of India to reduce further the incidence of the cost of handling foodgrains. They hope that the Food Corporation of India will try to reduce the cost of handling food-grains so as to achieve one of the main objectives underlying its establishment.

4.45. Asked why major ports like Bombay, Calcutta and Madras were not handed over to the Corporation, the witness stated that because of the large quantities of imports handled at these ports and because of the fact that during the last two years operations were being conducted on a 'ship to mouth' basis, it was decided that the Department of Food which was operating in these ports should continue to do the handling work till the crisis was over. As regards the ports of Kerala, the witness stated that the Department was experiencing considerable difficulties in regard to berths, labour and handling and therefore, it was decided not to saddle the Corporation with additional responsibility. The Department intended to hand over all the ports to the Corporation. It was a

question of time. Answering a specific query the witness stated that it was intended to hand over the ports at Bombay, Calcutta and Madras during the next year or two to the Food Corporation of India. After the transfer of these major and other minor ports, the work of the Department will be substantially reduced and the Department will be left with the work pertaining to the formulation of food policy and the overall supervision in regard to the arrangement of imports. Excepting the staff who will be required to deal with these items of work, others would be transferred to the Corporation. From a note furnished by the Department, the Committee find that so far 5914 employees comprising of 131 gazetted officers, 2810 non-gazetted officers and 2973 class IV staff have been transferred from the Department of Food to the Food Corporation of India along with the work they were doing in the Department on 'as is where is basis' and none of them has been declared surplus on this account.

4.46. The Committee were informed that the total quantity of foodgrains handled by the ports in 1964, 1965 and 1966 was 7 million tonnes, 8.5 million tonnes and 12.4 million tonnes respectively. On being pointed out by the Committee that between 1964 and 1965 the additional quantity handled was only 1.5 million tonnes and supervision could not have been a great difficulty, the witness stated that the work at the ports had to be handled with speed and it was not thought proper to hand over the work to the Corporation.

4.47. At the instance of the Committee, the Department has furnished a statement indicating the figures of foodgrains handled at the ports as under :

Quantity of Foodgrains handled at the Ports of India:

(a) *By Government*

Qty. (Million Metric Tons).

Year	Quantity
1962-63	3.90
1963-64	4.73
1964-65	6.66
1965-66	7.73 [exclusive of figures in (b) below].
1966-67	8.98 -do-

(b) By Food Corporation of India. The Kerala ports and the Tuticorin ports were transferred to the Food Corporation of India with effect from 1-10-1965. The quantity handled from 1-10-1965 onwards by the Corporation is given below :—

Year	Quantity
1965-66 (October, 1965 to March, 1966)	0.29
1966-67	0.89

4.48. The Ministry have further informed that the percentage of arrivals at major ports and minor ports from 1962 to 1966 in respect of foodgrains and fertilisers is as under :—

	1962	1963	1964	1965	1966
Major ports	95.3	91.8	90.1	89.5	88.8
Minor ports	4.7	8.2	9.9	10.5	11.2

4.49. The Department of Food have stated in a written note "One of the reasons why permanent improvements for handling of foodgrains cannot be taken up in a big way at minor ports is the uncertainty about the future need for using them. Efforts are, however, being made to use more and more of power tugs to improve turn round of barges and thereby improve the discharge. More effective supervision over discharge of boats and barges is also being ensured. The major ports are well-connected with hinterland with broad gauge railway and the availability of wagons etc. at these ports is also much more than at minor ports. Due to better discharge rate, the ocean freight for major ports is also less than the freight for minor ports. At most of the major ports, discharge and handling operations have been departmentalised and therefore, better control over the operation is ensured.

4.50. As the handling at minor ports is first in mid-stream from the parent ship to boats and barges and then from boats and barges on the wharf, this double handling results into some unavoidable wastage."

4.51. The Ministry have also furnished a note indicating the various steps taken to improve discharge of foodgrains at various ports. The Note is at (Appendix VII).

4.52. The Department of Food have also given the profit gained/loss suffered on the working of the Scheme for the purchase and

distribution of foodgrains during the year 1963-64 to 1965-66 as under:—

Year	Profits (+) or Loss (-) gained/suffered by Government in crores of rupees.
1963-64	(-) 33.87
1964-65	(-) 33.94
1965-66	(+) 56.00

4.53. The Committee are glad to note that the Department of Food was able to handle heavy imports of foodgrains at the ports and that the quantity of foodgrains handled increased from 4.73 million metric tonnes in 1963-64 to 6.66 in 1964-65, 7.73 in 1965-66 and 8.98 million metric tonnes in 1966-67.

4.54. The Committee find from the statement showing the cumulative profit/loss that from 1943-44 to 1965-66 State Trading in foodgrains has resulted in a loss of Rs. 142.61 crores. During the same period, there was a cumulative profit of Rs. 38.98 crores on wheat and wheat flour alone and a loss of Rs. 83.62 crores on rice.

4.55. The Committee suggest that Government should critically review the entire functioning of State Trading in foodgrains and in particular the grant of the subsidies for rice and other foodgrains in the light of the requirements of the country and the cumulative loss suffered so far in respect of each type of foodgrain.

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

4.57. (b) **Loss in voyage**—The table below shows the percentage of loss of imported foodgrains in voyage during the four years ended with 1965-66:—

Year	Quantity imported	Loss in voyage (in lakhs tonnes)	Percentage	Quantity imported in bulk in lakh tonnes)
1962-63	38.95	0.11	.28	35.42
1963-64	47.35	0.16	.34	41.86
1964-65	66.82	0.45	.67	60.06
1965-66	80.38	0.49	.61	73.92

4.58. No claim lies against the steamer agents in case of foodgrains imported in bulk. In respect of bagged cargo, however, claims for shortlandings are lodged against the steamer agents on the basis of the short-landing certificates issued by the port authorities. The following table shows the number of such claims notified to the steamer agents up to April, 1965, reported (February, 1967) to be pending settlement:

Region	Number of claims	Amount involved (in lakhs of rupees)
Eastern	64	21.29
Western	19	27.28
Southern	25	6.97

4.59. The Committee invited the attention of the witness to the figures in the Audit para which showed that loss of imported foodgrains during voyage was substantially higher during 1964-65 and 1965-66 and desired to know the reasons therefor. The witness stated that it was due to increase or decrease in moisture content of the grain. The grains coming from America passed through the tropical seas and there was increase or decrease in the moisture during voyage. The range of increase or decrease varied from 0.1 per cent

to 2.9 per cent during 1965-66, the percentage of increase was between 0.1 per cent and .7 per cent and it was the same in 1966. The range of decrease during 1965 was 0.1 per cent to 1.9 per cent and in 1966 it was 0.1 per cent to 1.4 per cent. After balancing the gains and losses, the net loss during 1964-65 was 0.39 per cent and during 1965-66 it was 0.29 per cent. The Department were trying to find out the causes for increase in percentage in the losses during the last two years. One of the possible reasons, the witnesses added, was that during this period large quantities of foodgrains were handled at minor ports as compared to major ports. In the minor ports, the ships could not be brought right up to the shore. The grains were removed in barges and then taken to the wharf side. In such cases loss was generally higher than in the major ports.

4.60. The Committee find that during 1964-65 and 1965-66 the percentage of net loss of foodgrains during voyages was 0.39 and 0.29 respectively and that an enquiry into the causes leading to it is now being made by the Department. The Committee would like to be informed of the findings of the enquiry and the steps taken to minimise such losses.

4.61. The Committee desired to know whether any satisfactory procedure had been evolved for enforcing Government's claim against the steamer agents. The witness stated that a decision was taken as far back as in 1952 that for short landing of bulk cargo it was not possible to make any claim because it was not possible to establish in a satisfactory manner, that short-landing had taken place. While the grain in America was loaded mechanically and there were other means of ascertaining the weight of the grains loaded, such facilities were not available in the Indian ports. As the weighing was done on scales in India, it was not possible to establish immediately on landing the exact weight of a consignment. An idea about the weight of the grains was available when the railway wagons carrying grains were weighed on the weigh bridge. The witness stated "So far as the bulk cargo was concerned we have not been able to devise the means for establishing or making any short landing claim".

4.62. As regards the bagged cargo, a tally was maintained by the Port Trusts and claims for shortlanding, when detected, were made. There were 138 claims in regard to bagged cargo, out of this 26 had been settled. An amount of Rs. 42.16 lakhs was involved in the remaining 112 cases. Out of the pending cases 75 per cent of the claims were either pending in the courts or were under arbitration.

4.63. From a note furnished by the Department, the Committee find that the number of claims repudiated by the Steamer agents

on account of losses having occurred while the foodgrains were in the custody of the Port Trust Authorities during 1963, 1964, 1965 and 1966 were as under:—

Year	Number of claims	Amount (in lakhs of Rs.)
1963	3	0.74
1964	7	4.53
1965	5	1.69
1966	5	2.22

Note: Out of these claims only one petty claim amounting to Rs. 780 has so far been dropped. Other claims are still being pursued with the shipping interests concerned.

4.64. The Committee drew the attention of the witness to the recommendation contained in para 4.14 of their 59th Report (Third Lok Sabha) and desired to know the progress made to improve the percentage of imports of foodgrains in Indian bottoms.

4.65. The Department of Food have stated in a written note that:

“Under P.L. 480 Agreement 50 per cent of the foodgrains are to be imported in American flag vessels. The balance 50 per cent available for carriage by non-U.S. flag vessels cannot be covered completely by Indian bottoms due to paucity of Indian tonnage. However, to the extent Indian vessels are available at the required time and position and at competitive rates, they are invariably utilised. The details of the quantities carried by non-U.S. flag vessels are as shown below:—

(Figures in tonnes)

Year	Indian vessels	Foreign vessels chartered by Indian companies	Non-US non-Indian vessels	Total	Percentage of 2 to 5
1965	..	42,000	37,10,000	37,52,000	..
1966	2,29,000	1,51,000	51,01,100	54,81,000	4.2%
1967 (up to 30-9-67)	6,09,900	..	28,82,100	34,92,400	17.5%

4.66. The percentage of foodgrains carried by Indian vessels has increased from 4.2 per cent in 1966 to 17.5 per cent during the first 9 months of 1967. Foodgrains (and other similar bulk cargoes) are mostly carried in tramp ships and not liners. The Indian tramp vessels in the overseas trade are employed not only for the carriage of foodgrains to India but also in international cross trades and on import of cargoes other than foodgrains to India. The total freight earnings during 1966-67 of Indian tramp vessels in these three types of employment are given below :

Import of foodgrains to India Rs. 3.54 crores.

Import of other cargoes to India Rs. 3.81 crores.

In cross trades i.e. (non-Indian trade Rs. 13.98 crores.

4.67. Since the availability of foodgrain cargoes to India under P.L.-480 depends upon the issue of purchase authorisations by the U.S. Authorities which are issued piecemeal on a month to month basis, the employment of our bulk carriers (i.e. large tramp ships) in this trade cannot be guaranteed on a long-term basis. Since the standing charges of bulk carriers are very high and keeping such vessels idle even for short periods would adversely affect their economics for the whole year, it is advantageous from the point of view of the shipowners as well as of the country that such bulk carriers secure, if possible, guaranteed employment by entering into long-term charters in cross trades thereby not only ensuring full employment but also earning substantial foreign exchange for the country. What is intended to convey is that the non-utilisation of some of the bulk carriers for the carriage of foodgrains under PL-480 cannot necessarily be interpreted as a loss of foreign exchange.

4.68. As regards tankers, it may be clarified that at present foreign tankers are carrying foodgrains from U.S.A. to India simply because they would otherwise have to come in ballast to carry petroleum from the Persian Gulf and Middle East areas. This does not, however, mean that in order to augment her foodgrain carrying capacity India has to build tankers. The ships normally built for carrying foodgrains are large tramp ships called bulk carriers. India already has 19 such bulk carriers aggregating 4.33 lakh GRT. and another 8 bulk carriers totalling over 3 lakh GRT are firmly on order. Some of these 8 bulk carriers would also be capable of carrying ore and oil when necessary.

4.69. As explained above, no Indian tankers have been built exclusively for the purpose of carrying food-grains. However, since

the Committee has asked for information regarding the tankers, the same is furnished below :—

4.70. India has at present 4 coastal tankers totalling 40,000 GRT and 5 overseas tankers of 1.40 lakhs GRT. All these are chartered out on long term basis to foreign oil companies or to the Indian Oil Corporation and are used for carriage of crude petroleum or petroleum products. In addition, 2 more tankers totalling 1 lakh GRT are firmly on order for being chartered to the public sector refinery at Madras when it starts functioning".

4.71. The witness stated during evidence that according to an intimation received from the Ministry of Transport the Shipping Corporation had placed orders for 2 tankers and 3 bulk carriers (total tonnage of 1 lakh 85 thousand tonnes) with Yugoslav Shipyards. The Corporation and the Indian Companies together were likely to acquire 3½ lakh tonnes of additional tonnage which would enable more food-grains being carried in Indian bottoms. Every effort was being made for maximum utilisation of Indian plied vessels to conserve foreign exchange. He however, added, "But whether all these vessels should be used for the carriage of food-grains or not would depend on the comparative earning of carrying other cargo and food-grains."

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

4.73. In reply to a question whether the Department had any administrative apparatus to make evaluation consignmentwise of the losses suffered due to moisture and for other reasons, the witness stated that there was no such apparatus for undertaking evaluation.

The Committee desired to know the steps that were being taken to introduce mechanisation for unloading food-grains at ports other than in Bombay. The witness stated that one of the biggest factors that checked further progress in the matter was the attitude of labour. He added that "So far as the tankers are concerned they (labour) have no alternative. So far as bulk carriers are concerned, they have raised objection. But we told them that they should not precipitate crisis on the condition of payment of notional wages. If we employ machinery on bulk carrier, they say that they should be paid notional wages.....".

4.74. Asked why the Department did not consider it worthwhile to bring the matter before the Parliament, the witness stated "When this question arose, really we had the alternative of either having a show down with labour and quite frankly. I must tell the Committee that we had to make some compromise on this question. The alternative was to allow the labour to work manually, the discharge would have been much less than what would have been otherwise and therefore, taking into account the overall thing even though some sort of notional payment had to be made. I do not think financially we lost very much". This was done with the agreement of the Ministry of Labour, Transport and Food. Notional wages were paid in the case of one or two vessels. The payment was, however, not made to labour individually, but it was credited to the Labour Welfare Fund.

4.75. The Committee pointed out that while unloading grains had been mechanised, weighing was not mechanised at Bombay Port. The witness stated "We have used as an experimental measure for weighing in Bombay and we are trying it out how effective it can be."

4.76. The Ministry have furnished a note (Appendix VII) indicating the notional wages paid so far to the dock labour at Bombay. This note states that a sum of Rs. 22,578 was paid in the case of S.S. PATMOS in 1965 handled on an *ad hoc* basis. The ship also earned the despatch money to the extent of about Rs. 12,200. It has also been stated in the note that as a result of the discussions between the Government and the labour leaders in August, 1967 "it was agreed that food-grains from bulk carriers would be discharged by grain discharging machines at Bombay and an *ex-gratia* payment at the rate of 75 paise per tonne would be made by the Government for the quantities of food-grains discharged by machines from bulk carriers at Bombay. The amount will be credited to Bombay Dock Labour Board initially, but the manner in which it would be credited and disbursed would be decided by a Committee consisting of representatives of labour and Bombay Dock Labour Board and Regional Directorate of Food, Bombay. The details are still to be sorted out and as such no payment has been made in this regard to Bombay Dock Labour Board so far".

4.77. The Committee find that a sum of Rs. 22,578 was paid to dock labour in Bombay in, 1965 on the basis of notional employment even though they did not handle the work of unloading the food-grains from the ship. It is also strange to note that Government had agreed in August, 1967, that foodgrains from bulk carriers would be discharged by grain discharging machines at Bombay and that an *ex-gratia* payment at the rate of 75 paise per

tonne would be made by Government to Bombay Dock Labour Board for the quantities of food-grains discharged by machines from bulk carriers in Bombay. This means that payment would be made without any work being actually done by dock labour. The Committee would like Government to examine the matter in all its aspects as they consider that the making of such notional payments without any return has far-reaching repercussions.

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

4.79. The Committee also note that even in respect of bagged cargo, out of 138 claims only 26 claims have been settled and that during the four years from 1963 to 1966 claims worth Rs. 9.18 lakhs were repudiated by the steamer agents on account of losses having occurred while the food-grains were in the custody of the Port Trust authorities. The Committee hope that through better supervision and improvement in handling facilities at the ports, such losses will be reduced to the minimum.

4.80. The Committee stress that suitable arrangements should also be made in consultation with the port authorities and steamer agents with a view to apportioning responsibility for such losses.

4.81. (d) *Losses in distribution.*—The following table shows the position of losses in distribution:—

(In tonnes)

Nature of loss	Quantity of loss awaiting regularisation at the beginning of the year	Quantity of loss during the year	Quantity of loss written off during the year	Quantity of loss awaiting regularisation at the end of the year
Storage losses	24,639	4,614	6,428	22,825
Transit losses	73,303	23,401	33,980	62,724

4.82. Besides, a quantity of 13,053 tonnes of foodgrains got damaged during the year. The quantity of damaged foodgrains which awaited disposal at the end of March, 1966 was 26,714 tonnes shown as part of the closing stock.

4.83. No consolidated record has been maintained to show the year in which the losses occurred or when the foodgrains got damaged, although it was stated by the Ministry in March, 1966 that instructions had been issued to maintain such a record.

4.84. Also, the damaged foodgrains have been valued at the same cost as applicable to sound grain, although in reply to an observation from the Public* Accounts Committee, it was agreed by Government in June, 1966 that valuation would be done on the basis of the sale proceeds of damaged grain realised during the preceding three years, etc.

4.85. The Committee pointed out that the Department of Food had informed Audit in August, 1967, that the quantity of storage and transit losses which occurred upto 1965-66, but awaited regularisation as on 31st May, 1967, was 23,952 tonnes and 42,060 tonnes respectively and that proper consolidated records were now being maintained by the Regional Directors. The Committee desired to know whether any responsibility had been fixed for the increase in the quantity of storage losses which was due to omission to include the figures of certain depots in the Eastern Region. The witness stated that from a preliminary enquiry it was found that "The failure to Communicate the storage losses which occurred in the Eastern Zone in respect of depots which are defunct or have closed down was partly due to a misunderstanding on the part of the Regional Director. A final picture of the stock position in respect of these depots was sent to the Pay and Accounts officer and he thought that was adequate and that it was not necessary to send every year a statement regarding the actual storage loss which had occurred". The matter was still being investigated whether any responsibility could be fixed. In reply to a question, the witness stated that a loss was established when the stock was completely issued. Once the loss was established the investigations started. In the Eastern Region, the number of cases pending regularisation was relatively large as compared to other regions. Two squads were appointed in 1966 to regularise these cases and about 9000 tonnes had been regularised. He added "So, I think there has been some improvement though I must admit that the performance should have been very much better."

4.86. Asked about the steps taken to minimise storage losses, the witness stated that part of the storage losses could be ascribed to unsatisfactory storage conditions in hired godowns, birds, rats

*Para 6-34 of the Public Accounts Committee's Forty-first Report (Third Lok Sabha).

pilferage and rains. The Department had constructed modern storage places to the extent of over 2 million tonnes which was a major step taken to reduce storage losses. Steps had been taken to treat the grains with insecticides. The need to minimise storage losses had also been impressed upon the Regional Directors. He added that the percentage of loss was decreasing. The percentage was 0.24 in 1962-63 and it had come down to 0.12 in 1966-67. From a statement (Appendix IX) received from the Ministry it is noted that the percentage of loss of food grains in storage during 1964-65, 1965-66 and 1966-67 was 0.26, 0.13 and 0.12 and the quantum of loss involved was 15,800 tonnes, 6,300 tonnes and 5,096 tonnes respectively.

4.87. As regards the disposal of damaged foodgrains, the Committee were informed that out of 26,714 tonnes which awaited disposal at the end of March, 1966, there remained only 1,060 tonnes on 30th September, 1967. The witness added that the valuation of the damaged foodgrains on the basis of their sale proceeds, during the preceding three years, could not be made in 1965-66 as the instructions in that regard had reached late. The system of calculation had been introduced, subsequently. As regards the percentage of damage of foodgrains in storage, the Secretary of the Department stated "very small percentage. There have been cases where they have only corrugated iron sheets and rain water comes in and grain does get damaged. I am told that last year only one tonne got damaged in storage." He also added that grains damaged in transit was salvaged in the godowns and it gave the impression that the grains were damaged in storage.

4.88. In response to another query the Committee were informed that the total number of claims pending with the Railways on 1-9-1967 was 4586.

4.89. The Ministry in response to Committee's query have furnished the following figures about quantity and amount involved in the 4586 claims against Railways:—

	Quantity (in tonnes)	Amount (in lakhs)
Food grains	15,810	95.43
Fertilisers	22	0.11
	15,842	95.54
Gunny bales	36	0.31
Total		95.85

4.90. The Committee note that there has been some improvement in storage conditions and the percentage of storage losses of food-grains has come down from 0.24 in 1962-63 to 0.12 in 1966-67. The

Committee also note that storage losses are mainly due to unsatisfactory conditions obtaining in hired godowns. They hope that with better supervision over these godowns and with the increase in the number of Government owned godowns, there will be further improvement in the matter.

4.91. The Committee find that as many as 4,586 claims of the value of Rs. 95.85 lakhs were pending against the Railways as on 1st September 1967. The Committee desire that the cases of pending claims should be pursued vigorously with the Railways. Action should also be taken to regularise/write off storage and transit losses where this has not been done so far.

4.92. *Delay in recoveries from the Food Corporation of India, Para 71, Pages 93-94.*—Consequent on the formation of the Food Corporation of India on 1 January, 1965, certain Central Food Storage Depots alongwith the stocks of wheat and rice held there were transferred to the Corporation from 1 April, 1965 and onwards. Besides, imported wheat and rice are also being separately supplied by the Department of Food to the Corporation. The procedure for the recovery of the cost of foodgrains from the Corporation was, however, finalised only in June, 1965.

4.93. According to the procedure laid down in June, 1965, recovery of the cost of foodgrains was to be made from the Corporation on the basis of weekly bills; bills were to be preferred on the day immediately following the end of the week to which the claim related and payment of the cost was to be made by the Corporation within one week. This procedure was modified in September 1965 to the effect that bills would be preferred within 4 days of the expiry of the week to which the claim related and payment would be made by the Corporation within another 10 days (as further extended to 15 days, in August 1966). Under the procedure, in the event of the failure of the Corporation to make payments within the prescribed period, the Corporation is liable to pay penal interest at 7½ per cent per annum.

4.94. The following points were noticed:—

- (i) There were abnormal delays in preferring claims against the Corporation as shown below:—

Period of delay	Amount of claims	
	Southern Region (in lakhs of rupees)	Eastern Region
15 days to one month	15,74.82	31.37*
One month to two months	609.91	21.02*
Two to three months	91.63	95.94**
Three to four months	34.31	..
Five to over six months	0.67	0.28*

*Bilaspur Sector.

**Rajpur Sector.

In the case of five depots in Rajasthan (Northern Region) also claim bills for Rs. 305.31 lakhs being the cost of the grain transferred with the depots on 1 January, 1966 were preferred against the Corporation only on 6 May, 1966, owing to delay in deciding the rates chargeable from the Corporation.

- (ii) In respect of bills in the Southern Region, preferred during August, 1965 to September, 1966, an amount of Rs. 30.90 lakhs has not been paid by the Corporation till 15 October, 1966. Of this, Rs. 7.98 lakhs relate to claims preferred during 1965 and another Rs. 9.75 lakhs to the half-year ended June, 1966.
- (iii) In the following cases, penal interest due from the Corporation has not been recovered so far (December, 1966):—

Region	Amount due for recovery (in lakhs of rupees)	Period to which the interest dues relate.
Southern	12.53	July, 1965 to August, 1966.
Eastern (Bilaspur Sector)	0.39	July, 1965 to September, 1965.
Northern (Rajasthan)	0.17	May, 1966.

A request from the Corporation for the waiver of penal interest is stated (December, 1966) to be under the Government's consideration.

- (iv) Penal interest amounting to Rs. 21,685 on belated payments of the cost, relating to October, 1965 in respect of the Raipur Sector was waived by Government in August, 1966.

4.95. As mentioned in para 99 (F) of the Central (Civil) Audit Report, 1966, the rates charged from the Corporation are the issue rates of foodgrains with a rebate to cover the expenditure likely to be incurred by the Corporation on handling inland freight, rent of godowns, establishment, interest on capital, storage losses, etc. The delay in the finalisation of the procedure regarding the recovery and the rate of recovery of cost from, and in preferring bills against, the Corporation has not only resulted in loss to Government of interest on the capital blocked up, but has also conferred an unintended benefit of interest to the Corporation as an element in the

rebate allowed to it on the cost of foodgrains sold to the Corporation. For the same reason, waiver of penal interest due from the Corporation also lacks justification.

4.96. Asked why claims could not be preferred in time against the Food Corporation, the witness stated that the Food Corporation was set up in January, 1965. On 1st April, 1965, the Southern region was transferred to Food Corporation. In the first place, the central depots in the southern region with stock were transferred, "apart from the question of procurement and so forth." The Department had then to decide the rates at which the foodgrains were to be issued to the Food Corporation for eventual issue on their part to the State Government and other ultimate consumers. This was a complicated exercise.

4.97. The witness added "It involved, in the first place ascertaining that incidentals should be allowed to the Food Corporation for this purpose. Previously when the Food Department was operating, it worked on the basis of certain incidentals on an all-India basis. Here the incidentals had to be assessed and calculated with reference to their operation within the Southern Region. In addition, there were different types of foodgrains—imported foodgrains, locally procured foodgrains, foodgrains moved from various parts of one State to another and so on. These were all complicated issues which required a considerable amount of investigation and examination, and calculation had to be done in consultation with the Ministry of Finance, Deptts. of Expenditure and Economic Affairs, and the Food Corporation. After all, we had to evolve a figure which was acceptable to all these parties. That was the main reason why this matter could not be finalised before June, 1965....."

4.98. In reply to a question why heavy amount remained unrealised from the Corporation even when a procedure for preferring bills and their payment within 15 days has been evolved, the witness stated that it took 2½ months to lay down the procedure as orders were finally issued in June, 1965. The arrears between March and June, had accumulated and the staff had to deal not only with bills relating to those arrears but also the new issue made to the Corporation after 1965. As a result of this certain amount of delay did take place. No responsibility had been fixed for delay in billing because the delay in finalising the procedure was valid reason. The Committee were also informed that now the procedure had been streamlined and there were no delays in making payments by the Food Corporation. He also added that the amount outstanding against the Corporation for the bills preferred during August 1965 to September 1966 had been reduced from Rs. 30.90 lakhs to Rs. 5 lakhs. As regards the payment of penal interest, the witness stated

that when the claim for penal interest was raised, the Corporation had asked for its waiver on various grounds. After considering the objections raised by the Corporation, orders were issued by the Department in August, 1967 asking the Corporation to pay penal interest. He added "We expect very shortly the penal interest will be made payable."

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

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

Loss due to excess issue of bags—Para 72, page 95

4.101. Mention was made in paragraph 69 of the Central (C.vii) Audit Report, 1964 of the losses due to non-filling of bags of food-grains to their capacity, which, under conditions of sale of foodgrains, are issued free to the purchaser of grain. In pursuance of the recommendations made (March, 1965) by the Public Accounts Committee in para 43 of their 35th Report (3rd Lok Sabha), the Ministry informed the Committee (November, 1965) *inter alia* that the question whether, in future, suitable provision could be made while fixing the issue price, under which the price of grain and the price of gunny bags might be recovered separately from the buyers, had been taken up for consideration.

4.102. The Ministry later informed Audit in August, 1966 that the proposal was not considered practicable as it involved certain disadvantages and that instructions for efficient standardisation of the bags at the ports of receipt had been issued in July, 1966.

4.103. It was noticed as a result of a review conducted by Audit that, during 1965-66, 47·97 lakh bags were issued by the Department with 44·27 lakh quintals of wheat (net weight) from the depots in the Northern Region alone, as against 46·98 lakh bags worked out on the basis of the prescribed capacity of a gunny bag, viz., 93 Kg. (95 Kg. in the case of consignments received ex-Kandla Port). This

resulted in 0·99 lakh gunny bags issued in excess to the recipients without the recovery of the cost of extra gunny bags. Government were thus put to a loss of nearly Rs. 1·48 lakhs in addition to the avoidable expenditure incurred on the handling of a larger number of extra bags at various stages.

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

4.105. The Committee were subsequently informed by the Department of Food and also by Audit that loss due to excessive issue of bags took place as under:—

Statement showing issue of excess gunny bags during 1965-66 in the Eastern, Western, Southern and Northern Regions

Region	Quantity of wheat issued for sale during 1965-66			No. of bags used.	No. of bags that should have been issued had the bags been standardised.	Excess issue of bags	Cost @ Rs. 1.50 per bag.	Remarks
	M. T.	Kg.	Gms.	No.	No.	No.	Rs.	
Eastern Region, Calcutta	16,23,216	412	664	1,92,11,457	1,70,85,488 (@ 95 Kgs. per bag)	21,24,969	31,78,453.50	
Western Region, Bombay	34,28,677	998	000	3,66,26,061	3,65,42,846	83,575	1,25,362.50	
Southern Region, Madras	10,17,375	695	000	1,24,10,204	1,07,00,217 (@ 95 Kgs. per bag.) (As worked out by the Ministry)	17,00,987	25,51,480.50	
Northern Region	44,26,829	83	988	47,97,138	46,98,166 (As worked out by the Audit)	98,962	1,48,443.00	
							60,12,739.50	

4.106. During evidence, the Committee desired to know whether the Ministry had examined why the ratio of bags issued in excess to the total number of bags required was much larger in the Southern and Eastern Zones as compared to Western Zone. The witness stated that standard bags were issued from Bombay and Kandla Ports. In other ports where standardisation had not taken place and handling was done by manual labour, the bags were not fully filled. This was the reason for the difference in the consumption of gunny bags in the eastern region (where standardisation had not been carried out) and in the western region (where standardisation had taken place). When pointed out by the Committee that non-standardisation was leading to extra expenditure in handling cost, the witness stated that there was certain increase in expenditure due to the large number of bags used and probably as a result thereof, in the payment of labour charges. But the difficulty with the Department was to get the labour conform to the discipline with regard to weighing and filling up of bags. In Madras the Department had succeeded in getting the bags filled to a greater extent than they were being done before by introducing some sort of incentives. Explaining the steps proposed to be taken to improve the position, the witness stated "In the case of Bombay, if the experiment of automatic weighing is successful that will be extended—we will try to do so in Calcutta and other ports."

4.107. At the instance of the Committee, the Department have furnished a note which states:—

"The cost of gunny bag is one of the incidentals taken into account for purposes of working out the economic cost of foodgrains. Upto 1964-65 the cost of gunny bag was being worked out on the basis of the expenditure incurred every year on the purchase of gunnies and the quantity of foodgrains received in bulk during that year. While doing so, the cost of gunny included in the Price Control Orders issued by the State Governments in respect of indigenous rice was also kept in view. However, in no case the element included in the economic cost was less than that worked out on the basis of booked expenditure and consequently the entire expenditure incurred on the purchase of gunnies stood included in the economic cost. For the year 1965-66, the cost of gunny worked out with reference to the purchase price (as intimated by the D.G.S. & D. in the various A/Ts for the quarter ending 31.3.1966) was adopted, as this rate was higher than the rate calculated on the basis of the procedure followed upto 1964-65".

"Food grains are, at present, being issued at subsidised rates and as the issue price is fixed at less than the economic cost on account of various factors, e.g. making the grain available to vulnerable sections of the population at reasonable prices etc., it is difficult to say as to what proportion of the cost of gunny or for that matter, of other incidentals is included in the issue price. Once the stage of issuing the foodgrains at economic cost sets in, the entire expenditure incurred on the purchase of gunnies will also stand recovered."

4.108. Asked about the difficulties in fixing the price of foodgrains exclusive of the cost of gunnies or recovering the cost of extra bags from the buyers, the witness stated that the matter had been examined but there were far too many practical difficulties.

4.109. The Department of Food have stated in a written note that the following practical difficulties would arise in fixing the price of foodgrains exclusive of the cost of gunny bags

- (i) In the case of rice the general practice is to have the price of the grain inclusive of the cost of gunny. The Price Control Orders issued by the various State Governments in this connection indicate the price inclusive of cost of gunny bags. While purchasing rice from abroad, we also do not negotiate price of gunny separately from that of the grain. It is only for wheat or milo which is received in bulk, that gunnies are provided by the Department separately. Thus, the Department will have to adopt two different procedures and this may result in confusion.
- (ii) Separate accounts will have to be maintained for the number of bags issued and the price recovered. This would make the grain account more complicated. It may also involve employment of sizable additional staff.
- (iii) The gunny prices are subject to wide fluctuations. This would mean revision of prices more frequently involving additional work all round.
- (iv) With the price of gunnies being separately fixed and extra gunnies being charged for, the recipients will insist on delivery of standardised bags or even for grains to be delivered to them in the gunnies provided by them. This will involve considerable work in rebagging and weighing, which may cost more ultimately and which will certainly result in delay in deliveries.

- (v) As, at present, the issue price is less than the economic cost, the question as to what proportion of the cost of gunnies should be recovered also comes up for consideration.

4.110. The Committee find that gunny bags were not filled to their standard capacity and as a result bags in excess of the prescribed standards had to be issued. The Committee regret to note that Government had to incur an additional expenditure of Rs. 60.12 lakhs due to issue of excess gunny bags in the year 1965-66 alone.

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

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

Extra expenditure in the purchase of barley—Para 73—Pages 96-97

4.113. On 3 November, 1965, the Chief Director of Purchase issued an advertised tender enquiry for the purchase of 2,000 tonnes of barley for Defence Services, from various stations; this was followed by a separate tender enquiry issued on the same day to 34 firms registered with the Organisation.

Nine tenders received from registered firms only, were opened on 10 December, 1965, offering supplies from various stations, at rates ranging from Rs. 83.66 to Rs. 96.97 per quintal (inclusive of freight at military tariff rates up to the railway siding of the consignee, Military Grain Depot, Lucknow). On this basis, three orders were placed on three firms on 20 December, 1965 at a total cost of Rs. 19.25 lakhs. The table below shows the prices paid and the reasonable prices worked out (November, 1966) by the Ministry on the basis of

market rates at the time of purchase, obtained from the Directorate of Economics and Statistics/Press Reports, and taking into account the incidental charges such as freight, transport, handling etc. and the premium for the quality required in Defence specifications:—

Firm	Quantity (In tonnes)	Rate per quintal paid (Rs.)	Reasonable rate per quintal (Rs.)	Station	of despatch
'A'	300	83.66	85.60	Raisinghnagar	
	800	83.69	81.28 to 83.05	Kanpur, Ajmer	Kishangarh and
'B'	600	83.67	68.82 to 71.70	Sitapur	City.
'C'	600	83.68	81.28	Alwar.	

4.114. It would appear that the rates accepted ex-Sitapur were much higher than the market rates, involving an extra expenditure of Rs. 72,000 in a contract of Rs. 5.02 lakhs for a quantity of 600 tonnes.

4.115. It was noticed that only one tenderer, the successful firm 'B', had offered to make supplies ex-Sitapur. No attempt was, however, made to secure a reduction in the prices.

4.116. It is also not clear why tenders for the purchase of barley, pulses etc. are invited on the basis of f.o.r. Military Grain Depot, Lucknow when these food-stuffs are required for distribution to various units scattered all over the country, thus resulting in avoidable expenditure on their movement.

4.117. The Committee were informed by the witness that "normally the difference in price between Sitapur and Kanpur should not have been more than Rs. 1 or Rs. 2. He added that from the statistics furnished by the Statistics Directorate, the prices between Sitapur and Kanpur were more or less the same up to the end of November, 1965. In December, when the tender was scrutinised, "for some reason there was quite an appreciable variation with prices as reported between Kanpur and Sitapur." He added, "By January, 1966, the prices started, coming together again between Sitapur and Kanpur. We have not been able to know the reasons for this particular variation." He also added that out of several tenders received the three lowest tenders were chosen. Asked why the Department did

not negotiate when it was known to them that the prevailing market rate was low, the witness stated that there was no other alternative," and added, "we cannot negotiate with one party only, we have to negotiate with all other parties."

4.118. Asked whether it would not be economical to have more grain depots on a regional basis, the witness stated that the "suggestion, I believe, has been considered by the Defence Ministry and the Army authorities. They feel that if they established depots in various regions, their expenditure on staff, buildings and ancillaries that go with the establishment of such a depot, would far outweigh the saving that would accrue by way of freight. However this is a matter which, I feel, we can and should pursue a little further with the Army authorities, namely, whether one or two more depots situated in the west or east or south might not result in an overall savings."

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

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

*Institute of Hotel Management, Catering and Nutrition, New Delhi--
Para 113, Pages 143-44.*

4.121. The Institute was set up in 1962 as a society under the Registration of Societies Act (XXI of 1860), with a view to train men and women in the fundamentals of hotel management, general food management and catering technology. The Institute derives the bulk of its income from Government grants. The total recurring grants paid by Government of India up to the end of 1965-66 was Rs. 8.11 lakhs in addition to capital grants for equipment and building aggregating Rs. 21 lakhs during this period.

An account of the income and expenditure (excluding capital receipts and expenditure) for the period ending 31 March, 1966 is reproduced below:—

Income and Expenditure statement of the Institute of Hotel Management, Catering and Nutrition, New Delhi.

(In rupees)

(In rupees)

Income	1962- 63	1963- 64	1964- 65	1965- 66	Expenditure	1962- 63	1963- 64	1964- 65	1965- 66
Fees from students	19535	25690	39705	38035	Staff establishment	64262	115915	232330	298682
Collection for students' activities	1805	2600	3925	4190	Maintenance and repair	43789	6167	9571	8337
Charges recovered for food consumed as part of training	15991	24870	59843	46533	Students activities	210	1268	1954	3628
Sales of books, journals and prospectus	1319	1533	3776	2551	Operational costs	10315	8074	25629	30826
Miscellaneous receipts	1264	7889	17951	6175	Expenditure on training food	15729	24452	76997	121538
Balance being excess of expenditure over receipts	115919	113361	244551	417762	Miscellaneous academic expenditure	1200	2240	6967	17897
					Office expenses	19072	16613	15045	17262
					Miscellaneous	1205	1214	1258	17075
TOTAL	155783	175943	369751	515246	TOTAL	155783	175943	369751	515246

126

4.122. The table below will show that the cost per trainee has been considerably increased during 1965-66:—

Year	Total expenditure.	Receipts (other than Governments) on account of fees and charges for food etc.	Net expenditure.	Average number of students	Gross average cost per trainee	Net average per trainee
	(In lakhs of Rs.)				Rs.	Rs.
1962-63 . . .	1.56	0.40	1.16	89	1,750	1,302
1963-64 . . .	1.76	0.63	1.13	105	1,676	1,080
1964-65 . . .	3.70	1.25	2.45	145	2,550	1,687
1965-66 . . .	5.15	0.97	4.18	153	3,368	2,730

Government have stated (December, 1966) that the increase is due to the general rise in prices of food materials, to the increase in the expenditure on staff owing to the increase in dearness allowance, etc., and that steps have been taken to reduce the cost per trainee.

4.123. The Committee brought the following facts to the notice of the Ministry and desired to know the reasons therefor:—

- (i) the expenditure on staff establishment during 1965-66 was four and a half times that in 1962-63 while the number of students did not even double itself during the period;
- (ii) according to the data supplied by the Department to Audit, the net average cost per trainee in respect of a similar institute in Bombay was only Rs. 877 in 1962-63 and this was progressively reduced to Rs. 646 in 1965-66 whereas the cost of training in the Delhi Institute had been consistently rising during the last three years;

- (iii) the ratio of staff to students during each of the last three years in the Delhi Institute and steps taken to ensure that the staff is the minimum necessary.

4.124. The Ministry have in their note (Appendix X) stated "It has been stated that the expenditure on staff establishment during 1965-66 was over 4½ times that in 1962-63, while according to the table at page 144 of the Audit Report (Civil) 1967 the average number of students did not even double itself during that period. In this connection it may be stated that the Institute was actually started in September, 1962 only and the expenditure during 1962 referred to therefore, reflects only the amount spent during 7 months i.e. from September, 1962 to March, 1963, and not for the whole year.

4.125. A statement showing the ratio of staff to students during each of the last 3 years is enclosed (Appendix XI). The question of the scale of teaching staff to be appointed in the institutes of Catering Technology and Applied Nutrition had been under consideration of the Government and it was decided in the middle of last year that the requirements of teaching staff should be based on the criteria of 22 teaching hours per teacher per week. This matter has again been recently reviewed and in view of the present economy, it has been decided that the number of contact hours per teacher per week should be increased from 22 to 30. The requirements of teaching staff, therefore, is not determined on this revised basis. In regard to clerical and other staff, although no specific criteria has been prescribed, the requirement of additional staff if any is carefully scrutinised to ensure that only the minimum staff is sanctioned.

* * * * *

"The position in regard to the higher cost of training in the New Delhi Institute as compared to the other institutes is explained below—

4.126. The Institute at Bombay was being run by the All India Women's Central Food Council until 1st January, 1963 when it was taken over under the centrally sponsored scheme with all the assets and liabilities. Since the Institute had been established in 1954 that is 13 years ago, its set up had reached a certain determined pattern while the others which started 8 to 10 years later have yet to develop. The main reason for increased cost of training in the Delhi Institute particularly in 1965-66 was that Mr..... Awho was specially brought to India from U.K. to work as Principal of the Institute introduced new methods of training using different proportions of foodstuffs as an experimental measure. He also introduced certain changes for improvements in raising the standards of

courses involving a variety of foodstuffs and western dishes which were costly, resulting in increased expenditure on training food. It may also be stated that in the Delhi Institute there is an advanced 4th Year course which is not available in the other three Institutes a Bombay, Calcutta and Madras. The entire question of the increased cost of training food has been reviewed by Government and it has been decided that the Government will bear only a portion of expenditure on training food on a specified pattern namely 10 paise per student per class for the First and Second year students and 25 paise per student per class for the 3rd and 4th year students. This is expected to bring down expenditure on training food considerably in the Delhi Institute. The Delhi Institute has already taken steps to reduce the expenditure on these items by reducing the size of dishes, eliminating avoidable items, rationalisation in processes, cost control etc., without sacrificing the standard of training. The net training cost per student in each of the 4 institutes during 1966-67 is indicated below:—

Delhi	. . . . .	Rs. 1,760
Bombay	:	Rs. 682
Calcutta	. . . . .	Rs. 1,514
Madras	:	Rs. 1,348*

4.127. It will be observed that the cost of training during 1966-67 has been reduced to Rs. 1760 as against Rs. 2,730 during 1965-66 in the Delhi Institute. It is hoped that by the time the other three Institutes are fully developed with the maximum intake of students, the cost of training will come down."

4.128. The Committee find that the expenditure on staff establishment has increased from Rs. 1,15,915 in 1963-64 to Rs. 2,98,682 in 1965-66. The Committee note that Government have now increased the number of hours of training per teacher from 22 to 30 hours per week. The Committee suggest that the strength of staff should be reduced to the minimum consistently with requirements.

4.129. The Committee also find that expenditure on food used in the process of training has increased from Rs. 24,452 in 1963-64 to Rs. 1,21,538 in 1965-66. The Committee note that Government have now decided that they will bear only a portion of this expenditure on food on a specified pattern, namely, 10 paise per student per class for the first and second year students and 25 paise per student per class for the third and fourth year students, and that action has also been taken to eliminate avoidable items and to introduce cost control.

*Rs. 1,297 as per data subsequently supplied by the Ministry to Audit.

The Committee hope that with these measures it will be possible to effect economy consistently with requirements in the expenditure on food.

NEW DELHI;

April 10, 1968.

Chaitra 22, 1890 (Saka).

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

APPENDIX I

(Ref. Para 1.17 of the Report)

MINISTRY OF INFORMATION AND BROADCASTING

EXTRACTS FROM AGREEMENT DATED 29TH SEPTEMBER, 1960 SIGNED BETWEEN
SHRI VISHRAM BEDEKAR AND THE PRESIDENT OF INDIA.

Clause 1.—For this purpose the Producer agrees to submit a detailed script pertaining to the said picture to the Government within ninety days of the signing of this agreement. In the event of any changes/modifications being suggested by the Government, the Producer shall make available to the Government a revised script incorporating the alterations and modifications suggested by the Government if any, and in accordance with the instructions of the Government or any authority acting on its behalf within thirty days of the date on which instructions are communicated to the producer. The Producer hereby agrees and undertakes to complete the said picture within one year of the date of approval of the script by the Government and to get the same passed by the Censors immediately afterwards. In the event of the Producer failing from whatever cause to complete the work within the period aforesaid, it shall be lawful for the Government to terminate this agreement on that account and take any other action which it may deem necessary.

Provided that on an application being made by the Producer, the Government may grant from time to time and at any time or times in writing such extensions of time either prospectively or retrospectively and to assign such other day or days for completion as it may deem reasonable. Any extension of time so granted by the Government shall be held to supersede and be substituted for the date referred to above.

Provided however that it is hereby agreed that the Government shall not be bound to advance any further amounts for completion of the said picture.

Clause 7.—In case of breach of any of the terms and conditions of this agreement, by either party, the party aggrieved may terminate this agreement under a notice in writing specifying the breach

committed and claim damages suffered on account of such a breach. In case of a breach by the Producer the Government reserves a further right to complete the said picture engaging any other producer or producers and get the same distributed and exploited as best as they can, without in any way affecting the rights of third parties with whom the Producer, by that time may have entered into commitments pertaining to the production, publicity and/or distribution of the said picture. For this purpose the Producer agrees to submit a copy of each commitment made by him with third parties pertaining to the Production, Publicity and Distribution of the said picture.

In the event of the picture being left incomplete by the Producer, or the agreement being terminated by the Government in respect of any portion of the work executed by the Producer and approved by the approving authority, the Government may at its discretion fix such charges as it may deem fit and pay the same to the Producer.

Clause 14.—Notwithstanding anything contained in this agreement the said Loan is agreed to be repaid in full by the Producer to the Government within a period of three years from the date of commercial release of the picture or immediately on termination of this agreement under clause (1) hereof, whichever is earlier, with interest thereon at the rate of 4 per cent per annum computed from the date of the receipt of the last instalment of the said loan by the Producer from the Government under clause (1) hereof. Provided, however, that the interest accruing during 12 months next commencing from the date of receipt of the last instalment of the said loan will be paid back by Government to the Producer by way of subsidy within 60 days of the date of payment of such interest for 12 months by the Producer.

Clause 20.—If at any time during the continuance of this agreement the Producer shall commit any breach on the observance of any of the Agreements covenants and conditions herein contained or do any act or thing which may prejudice the Government's rights as Lenders and their remedies herein contained, or if a writ of attachment is issued against the Producer or any of the assets of the Producer or if the Producer shall fail to complete the said picture and get the same passed by Censors within the period mentioned herein or if the Government are not satisfied with the progress of the said picture or if the said picture shall be rejected by the Board of Film Censors or the same constitutes an infringement of existing copyright, the Government shall be absolved from all their responsibilities under this agreement and shall become entitled to immediate payment and recovery of the amount due to Government and to exercise all their rights to enforce such recovery.

APPENDIX II

(Ref. Para 1.22 of the Report)

MINISTRY OF INFORMATION & BROADCASTING

ALL INDIA RADIO

General Balance Sheet as at 31st March, 1965

Liabilities	1963-64	1964-65	Assets	1963-64	1964-65
	Rs.	Rs.		Rs.	Rs.
Government Capital	12,79,49,189	13,90,96,355	Fixed Assets:		
Government Current Account	17,39,20,779	16,49,84,133	(i) As per Capital account	12,79,49,189	13,90,96,355
			(ii) As per Revenue account	18,64,918	19,44,429
	<u>30,18,69,968</u>	<u>30,40,80,488</u>		<u>12,98,14,107</u>	<u>14,10,40,784</u>
Sundry Creditors	64,47,779	70,90,198	Stores and Spares	1,49,20,259	1,60,61,434
Cash Security Deposit	16,618	14,718	Stores in Transit	1,41,977	1,20,347
<i>per contra</i>			Sundry Debtors	3,36,474	1,06,285
Depreciation Reserve	3,88,96,677	4,48,41,142	Cash Security Deposit	16,618	14,718
Undischarged liability—Audit			<i>per contra</i>		
Fee	8,00,670	11,39,295	Prepaid Expenses	97,061	89,786
			Cash in Hand	35,401	24,483
			Service Stamps	34,249	47,657
			Excess of Expenditure over In-		
			come from 1933-34 to 1964-	20,26,35,566	19,96,69,347
			65		
TOTAL	34,80,31,712	35,71,74,841	TOTAL	34,80,31,712	35,71,74,841

ALL INDIA RADIO

Revenue account for the year 1964-65.

Dr.			Cr.		
Expenditure	1963-64	1964-65	Income	1963-64	1964-65
	Rs.	Rs.		Rs.	Rs.
To			By		
Salaries, Allowances, Honora- ria, etc	1,82,26,382	2,22,81,003	Licence Fees	6,27,83,724	7,52,11,717
Payments to Performing Right Society, News Agen- cies, Publicity Programmes, Artists, etc.	1,15,00,430	1,30,71,298	Miscellaneous receipts	3,84,574	5,51,545
			Excess of Expenditure over Income	4,03,187	..
Power, Lighting, Telephone and other Miscellaneous - Expenditure	73,40,287	92,27,442			
Purchase of Gramophone records	1,10,180	1,01,531			
Maintenance and Repairs including hire of furniture and equipment	43,22,338	33,40,179			
Royalty	1,99,355	2,18,813			
Pension and Gratuity	22,34,710	20,07,413			
Depreciation	58,21,773	1,63,15,935			

Audit charges	2,37,181	3,38,625		
Interest on Capital	33,22,061	37,80,458		
Head Quarter charges	20,30,247	22,46,161		
Collection charges on Licence Fees and charges for Antipiracy work paid to Posts and Telegraphs Department	82,26,541	98,93,958		
Excess of Income over Expenditure . . . . .	..	29,40,446		
TOTAL	6,35,71,485	7,57,63,262	TOTAL	6,35,71,485 7,57,63,262

APPENDIX III

(Ref. Para 2.52 of the Report)

MINISTRY OF WORKS, HOUSING AND SUPPLY

(DEPARTMENT OF WORKS AND HOUSING)

Statement showing the value of printing work given to private and Government Press during the last four years (year-wise)

Year	Value of work entrusted to the Private presses.	Value of work done in Government of India Presses.		Total value of printing in Col. 2+4	Percentage of figures in Col. 2 to Col. 5.
1	2	3	4	5	6
	Including cost of paper.	Excluding cost of paper.			
	Rs. (Lacs)	Rs. (Lacs)	Rs. (Lacs)	Rs. (Lacs)	
1963-64 . . .	43·67	563·81	294·26	337·93	12·9%
1964-65 . . .	30·49	626·23	329·28	359·77	8·5%
1965-66 . . .	19·20	630·00*	325·00*	344·20	5·6%
1966-67 . . .	10·90	**	**		

*Includes appropriation figures in respect of two presses.

**Proforma accounts not prepared as yet.

N.B.—Figures in Column 2 represent the actual expenditure on account of payment made to private presses during these years. Figures in Column 4 and 5 represent the expenditure booked in the Government of India Presses for printing jobs.

APPENDIX IV

(Ref. Para. 2.70 of the Report)

MINISTRY OF WORKS, HOUSING AND SUPPLY

(DEPARTMENT OF WORKS AND HOUSING)

Para 61 of the Audit Report, 1967—Delay in completion of works

I. The first work of earth filling beyond 1000 ft. was awarded to the Bharat Sewak Samaj on the 25th August, 1964. The due date of commencement of the work as per agreement was the 10th September, 1964 but the work was actually commenced on the 8th October, 1964. The first inspection of the work by a Technical Examiner was done on the 14th November, 1964. The following defects were noticed by him and brought to the notice of the Executive Engineer on the 26th November, 1964:

"1. According to the specifications attached with the agreement, moorum for filling should not contain more than 20 per cent earth, but it was seen from the register maintained to keep the record of the tests carried out in this respect that most of the moorum did not conform to the specifications and contained earth more than 20 per cent."

"2. At a few places quarry rubbish had been brought to the site instead of moorum."

"3. Conditions attached with the agreement specify that the soil shall be accepted as compact only when its density is not less than 95% of the density at optimum moisture contents as determined in the laboratory but it was seen that at some places the filled up earth was loose and was not compacted properly. The register maintained at site to keep the record of compaction results also confirmed that the filled up moorum has not been compacted to obtain the specified density."

(ii) The above mentioned defects had, in fact, been already brought to the notice of the Bharat Sewak Samaj by the Executive Engineer, before C.T.E's inspection, *vide* Executive Engineer's letter No. 54(2)/64-4234 dated the 11th November, 1964. The Bharat Sewak Samaj were informed in that letter that moorum not upto the stipulated specifications was being brought to site and that quarry rubbish and stone metal were mixed with moorum. They were instructed not to bring any moorum not confirming to the samples shown by the Asstt. Engineer and to get the substandard moorum removed from the site of the work. The Bharat Sewak Samaj was

also informed in Executive Engineer's letter No. 54(64)/4291 dated the 13th November, 1964 that field tests conducted to determine the density of soil after compaction showed insufficient compaction and that immediate arrangements should be made to improve the compaction. But, in spite of repeated instructions and notices issued by the Executive Engineer, the Bharat Sewak Samaj continued their defective work and the Executive Engineer had to ask the Bharat Sewak Samaj eventually on the 26th November, 1964 to stop the work. The work was stopped on the 30th November, 1964. On the representation of Bharat Sewak Samaj, the C.T.E. was requested by the Ministry of Home Affairs as well as the Ministry of Works, Housing & Supply to look into the disputes regarding the quality of the moorum used and the workmanship of Bharat Sewak Samaj. At a meeting held on the 10th December, 1964, in which the Additional Chief Engineer, Chief Technical Engineer, Director of C.R.R.I. and representatives of Bharat Sewak Samaj were present, it was agreed that the specifications laid down in the contract for compaction must be adhered to as far as the runway and shoulder portions were concerned. Regarding filling under the side strips, it was felt that certain relaxation of standards might be possible and that the Additional Chief Engineer should examine the feasibility of lowering the standards of composition of moorum and the degree of compaction in order that work could be expedited. It was also agreed that the filling already done in a length of 200 ft. of the central portion would be removed and utilised in the filling for the side strips after the work done on the side strips was properly levelled and Examiner on the 19th January, 1966.

(iii) After issue of several notices the contractor recommended work in October, 1965. The substandard work done in the central width was removed by the Bharat Sewak Samaj at their own cost. As regards the side strips, it was decided to pay reduced rates as the moorum used was not of stipulated quality and the compaction fell short of the specified degree. A reduced rate of Rs. 188.77 per 1000 cft. against the agreement rate of Rs. 220/- per 1000 cft. was sanctioned by competent authority on the 16th September, 1965. A report on the rectification of defects was sent by the Executive Engineer, Aviation construction Division to the Chief Technical examiner on the 19th January, 1966.

(iv) The next inspection of the C.T.E. was carried out on the 24th April, 1967 by Technical Examiner and his observations are given below:—

“Construction of sub-grades.—It was observed that at some places the dry density was much lesser than required. The bigger neddles of

moorum, soft rock, etc., were not powdered and consolidated at some places. The Executive Engineer will confirm that 95% compaction was obtained before further layers of earth were deposited."

In compliance, the areas which had shown lower density at the time of inspection, were got compacted fully to the required limit before further layers of filling was allowed. A report was sent to the C.T.E. on the 17th June, 1967 and the observations of the C.T.E. were dropped vide his Memo No. 32(71)67-V/CTE dated the 10th August, 1967.

II. The second work of extension of SE end by 400 Part I Earth-work was awarded on the 25th September, 1964. The due date of commencement of the work as per agreement was the 10th October, 1964. But the work was actually commenced on the 16th November, 1964. In this work the Bharat Sewak Samaj were found executing substandard work as detailed in the case of the first work and several notices were issued by the Executive Engineer to the Bharat Sewak Samaj from the 16th November, 1964, onwards, asking them to rectify the defects. But they persisted with substandard work. The work was eventually stopped by the Executive Engineer on the 26th November, 1964. This work was also examined at the meeting held on the 10th December, 1964 under the chairmanship of the C.T.E. and the decisions reached at that meeting for the first work were to apply to this work also. Several notices were issued by the Executive Engineer to the Bharat Sewak Samaj for rectification of the defective work in accordance with the decisions taken at the meeting held on the 10th December, 1964 but the B.S. commenced the work of rectification only on the 5th June, 1965. The substandard work done in the central width was removed by the Bharat Sewak Samaj at their own cost and for the side strips it was decided to pay at reduced rate. A lower rate of Rs. 194 per 1000 cft. was sanctioned on the 10th May, 1965.

(ii) The next inspection of the C.T.E. was carried out on the 24th April, 1967, by a Technical Examiner. His observations were identical with those made after inspection of the first work on the same date (eg:-Sub para (ii) of para I).

Here also, the areas showing lower density at the time of inspection were got compacted fully to the required limit before further layers of filling were allowed. A report was sent to the C.T.E. on the 17th June, 1964 and the observations of the C.T.E. were dropped vide his Memorandum No. 32(72)67-V/CTE, dated the 10th August, 1967.

APPENDIX V

(Ref. Para 2.81 of the Report)

MINISTRY OF WORKS, HOUSING & SUPPLY

(DEPARTMENT OF WORKS AND HOUSING)

Pages 82—84—Para 61—Delay in completion of works [Audit Report (Civil) 1967].

Please furnish a statement showing other works which the Bharat Sevak Samaj have failed to execute within the stipulated period and the action taken or proposed to be taken against the Samaj.

Besides the work of Extension of runway at Santa Cruz Airport, which was the subject of audit para No. 61, 60 other works were allotted to the Bharat Sevak Samaj between 1959 and 1966. There was delay in the execution of work in all the cases. A statement giving the details of the cases and the action taken against the contractors is attached. In two cases, the maximum compensation of 10 per cent was levied. In eleven other cases, token compensation was levied. The total compensation recovered in these 13 cases is Rs. 1,35,658.90. It was decided not to levy any compensation in 27 cases. The remaining 20 cases are still under consideration for reasons given in the accompanying statement.

Statement showing other works which the Bharat Sevak Samaj have failed to execute within the stipulated period.

S. No.	Name of work	Amount of agreement	Date of start as per agt.	Date of completion as stipulated in the agreement	Actual date of completion	Action taken or proposed to be taken against the Samaj
1	2	3	4	5	6	7
1.	Construction of new O. P. D. at Willingdon Hospital, New Delhi.	9,39,421	6-1-63	5-1-64	31-7-65	Full 10% compensation amounting to Rs. 78,506-90 has been levied.
2.	Construction of M. S. office Building at No. 1, Dr. Rajindra Prasad Road, New Delhi Phase I.	84,62,884	12-12-63	11-12-65	Work is nearing completion.	Question of levy of compensation will be decided after the work is completed.
3.	Construction of drain from National Highway to Power House near Jamuna.	7,19,598	14-12-63	14-1-65	Work is nearly complete.	Question of levy of compensation will be decided after the work is completed.
4.	Covering of open drain from Delhi Gate to covered portion of Nallah near National Highway.	9,88,995	15-12-63	15-2-65	Work is nearing completion.	Do.

1	2	3	4	5	6	7
5.	Development of 218.3 Acres of Residential Colony near Kalkaji for displaced persons from East Pakistan. S. H. :—Levelling 170 acres of land.	5,73,452	26-7-62	25-5-63	31-8-65	Full 10% compensation amounting to Rs. 47,004/- has been levied.
6.	Construction of 200 'H' type quarters in N. H. VII at R. K. Puram, New Delhi.	5,56,197	15-6-62	14-8-63	31-3-66	The case is under consideration.
7.	Construction of 104 'H' type qrs. in N. H. VII at R. K. Puram, New Delhi.	2,89,194	27-10-62	26-10-63	31-3-66	The case is under consideration.
8.	Construction of 1150 Qrs. of various types for Central Govt. Employees at Faridabad + S. H. Constn. of 600 Type II Qrs. (Group 'A')	8,82,804	15-12-63	14-12-64	29-4-67	Compensation of Rs. 1500/- levied.
9.	Constn. of 1150 qrs. of various types for Central Govt. Employees at Faridabad + S. H. Constn. of 600 Type II Qrs. (Group 'B').	9,50,712	15-12-63	14-12-64	29-4-67	Extension of time case has not so far been decided.

10.	Constn. of 1150 qrs. of various types for Central Govt. Employees at Faridabad S. H. Constn. of 50 type V qrs.	8,78,350	15-12-63	14-12-64	12-12-66	Compensation of Rs. 300/levied.
11.	Constn. of Govt. of India Office Bldg. at NHIV Faridabad.	18,06,677	30-1-64	29-4-65	21-2-67	Extension of time case awaited.
12.	Constn. of 250 Addl. Qrs. for Central Govt. Employees at Faridabad. S.H.—Constn. of 2 type V Qrs.	35,134	9-3-65	8-5-65	12-12-66	Extension of time case is yet to be decided.
13.	Constn. of Govt. of India Office Bldg. at Faridabad—SH. Constn. of Garrage to Accommodate Cars, Scooters, (b) Constn. of cycle sheds.	1,53,871	4-3-65	3-11-65	15-5-67	Do.
14.	Constn. of a new Airfield at Hindon. SH. Constn. of Perimeter Read & Roads in residential & Tech. Arch.	4,30,133	14-4-64	13-7-64	30-4-65	Extension of time including upto 30-4-65 without levy of compensation sanctioned
15.	Do.	11,65,660	27-7-64	26-11-64	30-4-65	Do.
16.	Constn. of Building for extension Centre at Varanasi.	84,699	14-6-62	23-12-63	28-2-67	Extension of time is under consideration.
17.	Addition and Alteration (Extension) to All India Radio Building at Lucknow.	1,92,451	15-12-63	14-6-64	..	No compensation levied.

1	2	3	4	5	6	7
18.	Constn. of Central Training Institute at Sion, Bombay (Development of site) remaining work (1st stage).	70,980	31-1-60	3 months	4-7-60	No compensation levied.
19.	Constn. of Central Labour Institute at Sion, Bombay—Development of site.	2,47,624	9-10-60	3 months	16-5-61	} No compensation levied.
20.	Constn. of Central Training Institute at Sion, Bombay—Development of site (Second stage).	5,64,538	9-10-60	5 months	16-5-61	
21.	Earthwork in filling for levelling of 43 acres of Salt Pan land, Koliwada, Bombay—Phase I	23,76,400	24-7-61	8½ months	24-2-64	
22.	Constn. of Central Training Institute at Sion, Bombay external water supply.	62,898	8-4-62	4 months	31-12-63	
23.	Providing Internal Sanitary and water supply to student's Hostel at C. T. I. Sion, Bombay	50,205	10-6-62	4 months	31-12-63	

24.	Constn. of Addl. Floor over New Laboratory Building at C. T. I. Matunga, Bombay.	99,247	6-10-62	7 months	30-11-63	No compensation levied
25.	Constn. of 16 Nos. Type V and 4 Nos. Type VI Qrs. for staff of Central Labour Institute at Sion, Bombay (Super structure).	6,45,682	6-4-66	12 moths		Application for extension of time has not yet been received from the Samaj. The question of levy of compensation is under consideration.
26.	Constn. of Hostel Bldg. at ITI, Arab-Ki-Sara!, New Delhi.		16-6-61	16-5-62	Work completed but defect of original nature not yet rectified. The work is treated as incompletd.	Question of levy of compensation is under consideration.
27.	Constn. of Administrative Block Ph. II at III Pusa.		15-1-62	14-3-63	Left incompletd is being executed at another agency.	The Question of levy of compensation will be considered after the work is completed by the second agency.
28.	Dev. of 65 acres of Land at Najafgarh Rd. SH. Roads (Supply of Soling Stone & Metal) Agt. No. 5/EE of 1962-63.		15-7-62	14-11-62	31-12-62	No compensation levied.

1	2	3	4	5	6	7
29	Dev. of land along Rly. line to Rewari to South West of Ring Road for an Indl. Colony (SH Supply of Soling Stone & Metal).		20-8-62	19-2-63	16-5-63	No compensation levied.
30.	Dev. of land near Rampura village for an Indl. Coly. SH. Supplx of Soling Stone & Metal).		20-8-62	18-2-63	28-5-63	
31.	Constn. of Rd. running parallel to Cantt. Rly. line to its West & connecting Jail Roads (SH. Supply of Soling Stone & Metal).		20-8-62	19-2-63	1-6-63	
32.	Dev. of land for Indl. Scheme near Okhla Marshalling Yard Ph. I—SH. Levelling & Dressing or Bock 'B'.		27-9-62	26-9-63	15-9-65	
33.	Dev. of 99.91 Acres of land near Jhilmilla-Tahirpur for Indl. Coly. SH. Constn. of Sump Well & Pump House for Sewerage.		5-10-61	5-10-63	Not completed.	The question of levy of compensation will be considered after the work is completed by the Samaj.

34.	Constn. of road connecting Mathura Rd. with the proposed Rd. from Mehrauli Rd. to Chiragh Delhi Kalkaji Rd. on the West of Okhla Indl. Estate—SH. Earth Work.		16-12-62	15-3-63	9-10-63	No compensation levied.
35.	Constn. of 41 Sports Goods Factories, Okhla.	17-12-62	17-12-62	16-12-63	20-11-65	Compensation of Rs. 1822 - recovered for delay in completion.
36.	Dev. of 153 acres of land near Jhilmilla-Tahirpur for Resdl. Coly., Ph. I—SH. S. W. Drains & Culverts.		26-1-63	26-7-63	5-4-65	
37.	Dev. of land for Indl. Estate near Okhla Marshalling Yard—Ph. I—SH. Drains & Culverts.		3-2-63	2-8-63	Not completed.	The question of levying compensation will be considered after the completion of the work.
38.	Dev. of land for Indl. Estate at Okhla Marshalling Yard—SH. Sewerage (Block A, B&C)		18-2-63	17-8-63		The question of levy of compensation will be considered after the work is completed.
39.	Dev. of 163 acres of land for Resdl. Coly. SH. Supply of soiling Stone & Ballast Rd. work.		12-3-63	12-9-63	6-7-64	No compensation levied.

1	2	3	4	5	6	7
40.	Constn. of Mental Hospital at Shahdara.		17-3-63	16-6-64	Still in progress.	Work is still in progress & the Question of extn. of time is under consideration. The quantum of compensation will be decided after the work is completed.
41.	Raising & Strengthening of Marginal Bund at Shahdara.		30-3-59	29-7-59	13-6-60	
42.	Regarding & Desilting of Najafgarh Nallah.		5-4-59	19-7-59	8-9-59	
43.	Constn. of two Workshop Sheds for Training-Cum-Work Centre at Arab-Ki-Sarai.		23-2-60	22-12-60	9-2-62	No compensation
44.	Constn. of Hr. Sec. School at Model Town.		4-6-60	3-3-61	28-8-63	
45.	Const. of 8 'A' type Factories at Okhla.		25-6-60	24-2-61	1-4-64	
46.	Constn. of Training-Cum-Work Centre at Arab-Ki-Sarai (Phase I) Administrative Block.		17-6-61	16-4-62	31-1-64	

47.	Constn. of Model Trg. Instt. Workshop Wvrk-cum-Centre at ITI Pusa.	18-9-61	17-5-62	5-7-65	A compensation of Rs. 100/- levied.
48.	Extn. to Workshop and Workshop-cum-Training Centre II at ITI Pusa.	18-9-61	17-2-62	5-7-65	A compensation of Rs. 109/- levied.
49.	Constn. of Hostel for 310 students Hostel at ITI Pusa.	29-12-61	28-6-63	30-7-65	Do.
50.	Constn. of Addl. accommodation at Police Post Nizamuddin.	30-12-61	29-6-62	24-3-64	Do.
51.	Constn. of Nurses & Trg. Centre and Sister Qrs. at LHMC.	19-1-62	18-11-62	12-11-64	Do.
52.	Constn. of ITI Arab-Ki-Sarai-Phase II-Administrative Block.	3-3-62	2-2-63	28-7-64	No compensation levied.
53.	Constn. of Staff Qrs. at ITI Pusa. (a) 12 'H' type Quarters.	14-3-63	13-9-63	1-9-64	A compensation of Rs. 50/- levied.
	(b) 4 'D' II type quarters.	14-3-63	13-12-63	1-9-64	A compensation of Rs. 100/- levied.
54.	Constn. of Employment Exchange at ITI Pusa.	14-3-63	13-3-64	6-11-65	No compensation levied.
55.	Constn. of ITI Sahdara.	16-3-63	15-3-64	31-12-64	

1	2	3	4	5	6	7
56.	Constn. of Food Grain Godown at Varanasi Phase II.	2,25,992	27-10-63	8 months (26-4-64)	4-12-66	The matter is under examination with the E. E. The case will be decided on merits when received from E.E.
57.	Constn. of Food Grain Godown at Azamgarh.	6,74,640	17-9-63	6 months 16-3-64	Works in progress.	Do.
58.	Widening of Road for Grain Godown Ph. II, Boriv lli.	83,186	28-12-62	27-7-63	18-6-66	Compensation of Rs. 876/- levied.
59.	Constn. of portion of runway, apron and taxi-track at Purnea Aerodrome.	1,11,78,883	5-9-63	31-3-64	31-8-65	A compensation of Rs. 5,000/- levied.
60.	Provision of Addl. works services at Purnea Aerodrome.	55,00,065	28-1-64	11-2-65	31-10-66	The question of levy of compensation is under consideration.

APPENDIX VI

(Vide para. 4.9 of this Report)

Chronological History of the case of M/s. Delhi Grain Syndicate.

S. No.	Date & Year	Brief
1.	1944.	Scheme of Rationing was introduced in Delhi.
2.	9.5.44.	Wheat Agreement executed with Messrs Delhi Grain Syndicate.
3.	26.7.46.	Clauses 23 to 26 regarding carting for grains to godowns added to the Agreement.
4.	1.10.48.	Clauses 27 regarding unloading for grains added to the Agreement.
5.	6.12.48.	Rice Agreement with retrospective effect from 4-3-1946.
6.	16.2.52 to 28.4.52.	The Accounts of Directorate of Civil Supplies were audited by the Audit Party of the A.G.C.R. As a result thereof, grave discrepancies and irregularities in the operations of the above agreements were noticed. Accordingly, the matter was handed over to the Police who registered a case i.e., FIR 310 dated 6-10-1952 u/s 409/120-B/420/468/471/477/IPC & 5(2) Prevention of Corruption Act (II), 1947 in P.S. Civil Lines against Sarvasri Shyam Chandra the then Rationing Officer (Accounts), O. P. Tyagi a Clerk of the Accounts Branch of the Civil Supplies and the Chairman and the General Manager of the Syndicate. Shri Shyam Chandra was convicted on 7-9-1955 u/s 477A, 468/IPC to 3/3 years R/I. under each section and 1/1 year u/s 120B. His sentence was reduced by the High Court on 6-5-1958 from 3/3 years to 1/1 year R/I whereas one year was reduced to 6 months u/s 120B. On his appeal in the Supreme Court he was acquitted on 30-4-1962. In addition, 15 more cases were registered by the Police. A copy showing particulars of all cases registered with Police is enclosed.
7.	23.9.52.	The Syndicate was suspended and its functions were taken over by the Delhi Administration w.e.f., 23-9-1952. The Agreements were finally terminated on 19-1-1953.

- 8 17.11.55. A notice u/s 80 CPC was received from Shri D. P. Bhandari Advocate on behalf of the Delhi Grain Syndicate, alleging that the Accounts of the Syndicate were never reconciled and calling upon the Government to render accounts, etc. In reply to the notice, the Delhi Administration by their letter No. F.6(33)/55-CS, dated the 14th January, 1966, prepared certain claims to the aggregate value of Rs. 40,67,232-5-11.
- 9 16.3.56. The Syndicate then preferred counter claims by their letter dated 16-3-1956 for the value of Rs. 43,16894-6-9 which were examined and found to be untenable and finally repudiated. They further requested the Chief Commissioner to take up the arbitration proceedings in respect of the Government and the Syndicate claims. The Chief Commissioner however, expressed his inability to take up the case owing to pressure of urgent public business and suggested that the party may take necessary action to appoint an agreed arbitrator.
- 10 21.10.57. Thereafter, a notice u/s 8 of the Arbitration Act was served on the Delhi Grain Syndicate requiring them to concur in the appointment of Shri Pritam Singh, the then Commercial Sub-Judge, Delhi.
- 11 6.11.57. By their letter dated 6-11-1957 the Syndicate replied that they did not concur in the appointment of Shri Pritam Singh as an arbitrator.
- 12 22.8.58. The matter was referred to the Government of India, Ministry of Law by letter No. F.6(33)/58-CS, dated 22-8-1958 to move an application u/s 8 of the Arbitration Act for the appointment of an alternative Arbitrator so that the recovery of the Government dues from the Syndicate could be enforced through the legal process. The Ministry of Law submitted detailed note on the various legal aspects of the case to the Solicitor General of India for his opinion.
- 13 30.12.59. His opinion was received alongwith letter No. 4982/59-V.B., dated 30-12-1959. The Solicitor General, after the examination of the Agreements, opined that the contracts with the Syndicate did not conform to the legal requirements and as such arbitration clause contained therein was incapable of enforcement. He further advised that a civil suit should be filed against the firm.

14. 27.1.60. The then Director, Civil Supplies, by his D.C. No. F.6(56)/60/95, dated 27-1-1960 to the then Law and Judicial Secretary requested him to examine the case in the light of the advice of the Solicitor General and then to discuss the case with him and the Finance Secretary in a meeting

15. 26.8.60. A meeting was held in room of the Chief Secretary on 26-8-1960, to discuss the claims of the Government amounting to Rs. 43,38,822-14-2. The various aspects of the case were discussed at length in that meeting and it was decided to request the Government of India to examine these claims in consultation with the Ministries of Law and Finance so that the Delhi Administration could take further necessary action in the light thereof. The Food Ministry got examined the case and forwarded to this Administration by their letter No F. 14(9)/60-BFCL, dated 5/6-12-1960, a note dated 9-11-1960 of the Ministry of Law for taking necessary action. The Law Ministry had advised that the claim for interest and for shortage debited after 23-9-1952—the date on which functions of the Syndicate were taken over by the Department should be dropped as untenable and the rest of the claim should be included in the suit to be filed against the Syndicate. Accordingly, the claim of interest was dropped and claim for shortages was reduced from 19,27,194-15-11 to Rs. 9,51,484-10-1 resulting in the reduction of the total claim from Rs. 43,38,922-14-2 to 32,10,100-0-0.

A debit of Rs. 19,492-9-6 relating to non-recovery of dues from Muslim ARDS who migrated to Pakistan was, however, raised in the year 1964 in pursuance of Government of India letter No. F. 17(15)/54/BFC, dated 4th May 1963 thus raising the total recoverable sum of Rs. 32,79,529.60 P. The Advocate, who was appointed to conduct cases against the Syndicate, was asked by letter No. 6/56/60, dated the 25th January, 1961 to file a suit for the recovery of the outstanding dues. On 23rd October, 1961, he informed that a sum of Rs. 30,526.80 would be required on account of Court Fee and, therefore, requested for sanction of the Delhi Administration. On receipt of his request, the case was referred to the Judicial Deptt. for their concurrence. The Judicial Deptt. by their U.O. note No. F. 12(34)/62-Judl., dated the 23/24th January, 1962 which was also seen by the then Chief Secretary, advised as under:—

“As far as the legal aspect is concerned, the case hardly requires any further exami-

nation because the Law Ministry have already given their opinion. Armed with it, the Administrative Department is taking steps to file a suit for the recovery of the amount as advised by the Law Ministry, but at the same time the present financial position of the defendants be ascertained. If the claim is decreed and decretal amount can not be recovered or realised from the Judgement debtors, it will not be worthwhile to throw good money after bad one."

16. 22.2.62.

In pursuance of the advice of the Judicial Deptt., the Collector, the Commissioner of Income Tax and the Registrar of Joint Stock Companies were requested to intimate the details of available assets of the persons connected with the Syndicate.

The Deputy Commissioner, Delhi, by his letter No. F. 3 ()/60-Misc(M)/7018, dated 7th March, 1962 reported that information regarding the immovable property held by S/Shri 'A' and 'B' "can only be given by the Municipal Corporation of Delhi which keeps the requisite record". He further intimated that he was requesting S.P. (Crime) to enquire into the matter and furnish his report.

On 30th April, 1962 the Income Tax authorities, asked this Admn. to depute one of our officials to discuss the matter personally with them. Accordingly, the Inspector Civil Supplies, who was deputed to gather the requisite information, reported as under on 7th May, 1962:—

"In view of letter No. SIB/CBR/(89)/61/1279, dated 30th April, 1962 received from the Commissioner of Income Tax, New Delhi I visited the Income Tax Office and contacted Shri..... Officer on Special Duty. Since all the matters relating to assesses are by law to be kept confidential Shri..... gave me the following few facts about the financial position of Sarvashri 'A' and 'B' the persons who were managing the affairs of the Syndicate.

Shri 'B' is occupying 15 Keeling Road, New Delhi which does not stand in his own name. No information was available as to who was the actual owner of this bungalow.

Shri 'A' is bed ridden with paralysis. He can neither walk nor speak. He has no independent income but depends on his son-in-law who is a well known physician in Bengali Market. He possesses a few shares (amount not disclosed) in Rohtak Delhi Transport and Traders Bank. Shri "A" has already disclosed these assets in Income Tax Returns and would therefore be adjusted towards Income Tax dues which run into lakhs".

The Registrar Joint Stock Companies intimated, in his letter No. SC/757/4601, dated the 9th March, 1962 that the last document submitted by the company and taken on record by him was the annual return as on 31st December, 1952, "and it appears from this document that whole of the authorised capital had been subscribed and paid up. As the Company has not filed any Balance Sheet, the position regarding assets and liabilities of the Company cannot be ascertained".

On 31st May, 1962 the Collector and Assessor, Municipal Corporation of Delhi, was requested to intimate the assets of the Syndicate and the persons mentioned above. The Deputy Assessor and Collector of MCD, by his letter No. Tax/HQ/3817/HQ/G, dated the 18th July, 1962 informed that "no such properties exist in the name of Shri "A" and Shri "B" in the jurisdiction of the Municipal Corporation of Delhi.

On 29th August, 1962 another meeting to discuss all the litigation cases was held. A list of discussion in regard to the cases is enclosed. The Government of India was apprised of the whole position which emerged as a result of these enquiries vide this Admn. letter No. F. 16(12)/60-F&CS, dated the 17/24th September, 1962 and their directions were solicited whether the proposed suit should be filed or not in view of risk involved as ultimately the claim and costs may not actually be realised from the judgement debtors who did not have any worthwhile assets. The Government of India, in consultation with the Ministry of Law advised Delhi Administration, by their letter dated 6th November, 1962—

- (i) to inquire into the financial position of D.G.S. from Registrar of Companies and Police Authorities etc., and
- (ii) to find out the terms of the mortgage deed executed by the Syndicate.

The Superintendent of Police (South) who was requested by the Deputy Commissioner on 9th November, 1962 to enquire about the assets of these two persons intimated in his letter No. 52350/SD, dated the 17th August, 1963 as under:—

“Enquiries made reveal that Shri “A” is putting up at No. Todar Mal Road; New Delhi, with his son-in-law. All the moveable and immoveable property has since been transferred to his daughter except 32 bore revolver and Motor Agency somewhere in Ambala. Shri “B” is putting up at Char Chaman Karnal. Further enquiries may please be made from the Superintendent of Police, Karnal”.

On receipt of the above report, the Deputy Commissioner, Ambala and Karnal were requested on 12th December, 1963 for a detailed investigation into the matter. After protracted correspondence i.e. after the issue of reminders dated 21st January, 1964, 7th February, 1964, 22nd February, 1964, 20th March, 1964, 8th April, 1964, 13th May, 1964, 20th May, 1964, 30th June, 1964, 29th July, 1964, 12th August, 1964 the D.C., Ambala informed, vide his letter No. 13403, dated the 24th August, 1964, that “the Tehsildar, Ambala has not been able to trace out the defaulter for want of correct address and, therefore, the present address of the defaulter may be supplied for necessary verification.”

On receipt of this communication, the S.P. (South) was requested to make further enquiries about the location of the property of Shri “A” who informed in letter No. 47866, dated 1st May, 1965 as under:—

“Further enquiries revealed that no motor agency exists in the name of Shri “A” at present. This also disposes of your office D.O. No. F 6(56)-Col. I/1193, dated 9th April, 1965”.

As regards the assets of Shri “B”, the Deputy Commissioner, Karnal, informed on 28th August, 1964 that he has no moveable or immoveable property in Karnal. Enquiries were also made by Delhi Administration from NDMC and Cantonment Board, on 9th August, 1966 about the assets of S/Shri “A” and “B”. These bodies informed in their letters dated 12th August, 1966 and 24th September, 1966 that no immoveable property stood in the names of these persons. The

date of transfer of property by Shri "A" to his daughter was, however, not made known to this Administration from any quarter.

Besides, the question of taking departmental action against Officers through whose negligence the Government had suffered heavy losses, was also examined. In para 10 of their letter No. 14 (2)/63-BFC. I, dated the 9th September, 1963 the Government of India, Ministry of Food and Agriculture observed as under:—

"It may please be reported whether any departmental action was taken against any officer of Rationing and Civil Supplies Department particularly those in-charge of accounts for the various lapses on their part. If so details of the action may please be reported. If no action was taken, the reason therefore, may please be reported".

In this connection it is added that a number of cases were registered against the then Rationing Officer (Accounts), Clerk, the then Accounts Officer and the then Director Civil Supplies.

The Rationing Officer (Accounts) who was convicted by the lower court and High Court was acquitted by the Supreme Court on appeal on 30th April, 1962.

It is further added that on the advice of the Solicitor General, the cases against the Government officials were dropped.

Departmental enquiries were, however, conducted against the then Director, Civil Supplies and the then Accounts Officer. Both the officers were fully exonerated by the Enquiry Officer. The enquiry report in respect of these officers is, however, not available either with the Police or the Director of Vigilance, as is evident from their letters dated 8th April, 1965 and 14th May, 1965 respectively.

It would be observed from the above that there is no chance of recovering the outstanding amount from the persons connected with the affairs of the Delhi Grain Syndicate. The enquiries made through police and municipal bodies have revealed that no immovable property stands in their names and their movable assets are also negligible. The civil suit if filed against Sarvashri "A" and "B" will, therefore, become

infructuous as it would not be possible to recover the decretal amount from them even in case the suit is decreed against them. The spending of large sums of money on court fee, remuneration of lawyers, etc. would, therefore, be highly inadvisable. A separate reference is being made to the Government of India to write off the losses.

APPENDIX VII

(Vide para 4.51 of this report)

A note explaining the steps taken to improve matters in the discharge of Foodgrains at the various Ports.

With the very heavy increase in the quantum of imports since 1964, the problem of grain handling at Indian ports assumed serious importance as heavy congestion developed at most ports, particularly Bombay towards the middle of 1964. Two Expert Committees, one headed by the Port Development Adviser, Government of India and the other comprising U.S. experts headed by Mr. Howard Marsden made a number of recommendations for improvement of grain handling capacity at the major ports. By March 1965, these suggestions were implemented along with a series of measures to increase operational efficiency in grain handling at ports. These measures included (a) increased grain discharging capacity by over 600 tonnes/hour by import of a number of small pneumatic discharging machines (PNT&D and DK-168 vacuator machines) of up to 30-40 tonnes/hour capacity for Bombay and Kandla; (b) taking over grain discharging responsibility by the Government of India from the shippers who were previously responsible for such discharge; (c) modifications in the transit sheds at Bombay and Kandla ports to improve grain discharge and clearance; (d) completion of installation of a marine leg with 3 SKTs to be used for grain discharge into the 19,000 tons silo (comprising of 32 bins 20 of metal and 12 of concrete) at Calcutta Port; (e) increase in foodgrain labour gangs at the ports, improvement in their terms of employment and introduction of an incentive piece-rate scheme for such labour; and (f) maximum coordination not only in respect of chartering of vessels so as to avoid bunched arrivals but daily meetings at each port to ensure that grain discharge and clearance were maximised as far as possible and that all necessary facilities including rail wagons and trucks were available every day to the extent required.

2. Various operational and procedural improvements were also effected at various ports with a view to increasing bulk grain handling as far as possible. In the absence of high-speed unloading equipment and bulk storage facilities at the major ports, the improvements could not give full results; nevertheless very substantial

increase in efficiency and in the grain-handling capacity at the different ports has been achieved. The Marsden Team assessed peak performance at the various major ports at 7,80,000 tonnes per month while the expected normal capacity was estimated at 6,50,000 tonnes. As a result of improvements effected and increased operational efficiency, the peak performance estimated by the Marsden Team was exceeded in most of the ports, particularly Bombay, where the heaviest grain imports take place. During the calendar year 1965, the total imports handled amounted to 8.783 million tonnes comprising of 7.544 million tonnes of foodgrains and 1.239 million tonnes of fertilisers; during 1966, 12.55 million tonnes comprising 10.54 million tonnes of foodgrains and 2.01 million tonnes of fertiliser, were handled. The figures of imported foodgrains and fertilisers have to be taken together as they are handled simultaneously by the same agency viz. the Food Deptt. and its Regional organisations. The arrangements for vessel discharge, filling and stitching of gunny bags, road transport and indents for railway wagons, besides movement of both imported grain and fertiliser are handled together and the capacities at each port are to be gauged in the context of both foodgrains and fertilisers.

3. With the acute food situation resulting severe drought conditions affecting various parts of the country, the extent to which the handling capacity at ports could be increased, was reviewed again in detail towards the end of 1965.

4. An Expert U.S. Team headed by Mr. C. R. Eskilsden, Associate Administrator of U.S. Foreign Agricultural Service, visited Indian ports from the 16th to 24th January 1966 and had detailed discussions with Food, Transport and Railway Ministry officials, various port authorities and other concerned agencies regarding grain handling capacity at ports and allied matters. The Eskilsden Team came to the conclusion that upto 1.2 million tonnes of grain could be handled at Indian ports during the non-monsoon months, this figure could even be stepped up to 1.3 million tonnes per month should this become necessary. It was recognised, however, that the discharge of milo would be considerably slower than that of wheat. The Team also recommended the import of various items of modern port handling equipment.

5. By April-May 1966, most of the recommendations of the Eskilsden Team had been implemented and from March 1966, it became possible to handle larger imports. A statement is enclosed at Annexure 'A' which gives the figures of discharge and clearance month-wise during 1966 and upto October, 1967. It will be seen that the total imports handled during the year 1966 amounted to 12.55 million

tonnes comprising 10.54 million tonnes of foodgrains and 2.01 million tonnes of fertilisers.

6. Pneumatic Grain Discharging Machines and other Port Handling equipment:

With the procurement of additional pneumatic grain discharging machines and other port handling equipment in the wake of the recommendations of the Eskilsden Team, the Department is now equipped to handle food imports, efficiently and in considerable quantities. The table below gives an idea of the pneumatic discharging machines we have at the different ports:--

Port	Description & No. of discharging machines.	Other port handling equipment.
Bombay	Vacuators : PNT-2D (Buhlers)	61 Chain Conveyors 15 48 Bagging & stitching machines . 21 (4 have been installed & commissioned)
Kandla	Vacuators	31 Bagging and stitching plants with SKTs for discharging . 2
Calcutta	Vacuators 2 grainveyors 1 PNT-2D (Buhlers) 10	Fork lifts : 15 Bagging Plants 18 (5 have been installed at Silo). Marine leg with belt conveyors for feeding silo bins of 19,000 tonnes.
Madras	Vacuators 1 Grainveyors 14	Fork lifts . 7 Bagging plant . 2 (To be sent from Calcutta)
Marmagao		Grabs . . . 5

Some of the improvements in increasing the discharging capacities at the various ports by installing mechanical equipment are indicated in brief below:—

Bombay: Three berths have been mechanised. Here grain discharging machines have been installed and they directly discharge

grain on the 1st floor with the help of chain conveyors and the grain is carried with the help of conveyor belts to various hoppers provided in the sheds having spouts for facilitating bagging. This composite method of discharging foodgrains mechanically has considerably improved the handling capacity and the out turn of the labour in bagging has also gone up. The installation of bagging and stitching machines in these sheds is also in hand. On completion of this process of mechanical handling of foodgrains from the point of discharge the point of stitching we shall have taken a big stride towards achieving mechanical handling of foodgrain at the Bombay Port.

Kandla: Mechanisation has been carried out in four sheds at this port also by installing cyclones of vacuator machines (grain discharging plant) on the roof of the shed. Pneumatically discharged grain falls into the shed through the cyclones where it is bagged manually. To facilitate bagging experimental measures tins have also been constructed in the shed. Two bagging and stitching plants have also been provided.

Madras: Pneumatic discharging machines have also been provided at this port to discharge grain from the tankers. The grain is discharged by the machines in 'Chute' wagons kept on wharf and bagging is done manually thereafter. Use of Fork lifts is being made for removing bags for loading into the wagons.

Calcutta: The mechanical discharge operations are now being done at two berths. From one berth the stocks are directly moved through conveyor belt into the 19,000 tonnes silo and at another berth the grain is discharged directly into shed in bulk and bagging done manually. Bagging of discharged grain is done mechanically at the silo. To facilitate handling of bags a few forklofts have also been supplied at the Port. They are employed for stacking and loading of wagons and trucks to improve clearance.

7. Labour:

Grain and fertiliser handling is still being done manually in several Ports. Besides shore operations such as filling and stitching of bags, standardisation, loading into trucks and wagons is being done manually at all the ports. A great deal naturally depends on the attitude of labour. Handling at Bombay Port has been completely departmentalised and similarly at Kandla except stevedering. At other ports viz. Madras, Vizag. and Calcutta also certain (handling) operations have been departmentalised. Benefits of Wage Board awards for like increase in D.A. and interim relief have been given

to the departmental labour. A number of additional concessions and benefits have been extended to foodgrains labour from time to time, such as:

1. Provident Fund Contributions.
2. Attendance Allowance.
3. Paid Holidays.
4. Paid Leave.
5. Minimum Guaranteed shifts.
6. Medical Benefits.
7. Children's Education Allowance.
8. Paid Weekly off.
9. Ex-Gratia (Bonus) payment.
10. Canteen Subsidy.

The incentive piece rate scheme which was introduced in Bombay in August, 1964, has resulted in improved performance. A scheme similar in principle has also been introduced at Calcutta by the Calcutta Port Commissioners. Various other incentive schemes to improve the out-put and to increase the earnings of the labour have also been introduced at other ports. It has been the endeavour of the Food Deptt. to see that the earning of the labour should improve with the increase in out-put.....

The Labour Unions have, except on a few occasions, taken a fairly constructive attitude in the matter of grain discharge and clearance and while they have strongly pressed their demands from time to time there have been very few major dislocations at the ports.

8. Use of super-tankers and vessel to vessel discharge:

With a view to accelerate the rate of import as also to avail of the saving in freight in terms of foreign exchange and improve the handling capacity of Indian Ports, we have utilised a number of super tankers for bringing foodgrains from U.S.A. during the years 1966 and 1967. Since for obvious reasons, these supertankers could not be berthed at all our ports, they had necessarily to be discharged in mid stream mostly into 'Liberty' type vessels which proceed to the final port of discharge after lightening where required, as in the case of Calcutta. In contingencies created by bunching of vessels at Bombay, which received the major part of the foodgrains imported discharge into lighters/barges from tankers by double banking the tankers as arranged so that apart from the normal discharge on the wharf, off side discharge into lighters and barges could also proceed simultaneously.

ANNEXURE 'A'

Statement showing the Total Quantities of Discharge/Clearance of Foodgrains and Fertilisers at Various Ports During 1966-67.

(Figures in '000 tonnes)

Month	Discharge			Clearance		
	F. Grains	Fert.	Total	F. Grains	Fert.	Total
1	2	3	4	5	6	7
January 1966	538.7	134.7	674.4	538.5	131.8	670.3
February 1966	560.2	38.7	598.9	540.2	42.7	582.9
March 1966	924.4	68.4	992.8	808.2	67.9	876.1
April 1966	1,127.4	132.5	1,259.9	1,127.0	119.2	1,246.2
May 1966	1,095.5	157.2	1,252.7	1,106.0	144.8	1,250.8
June 1966	1,003.4	174.7	1,178.1	1,044.2	160.2	1,204.4
July 1966	904.6	194.9	1,099.5	931.8	180.2	1,112.0
August 1966	916.6	232.1	1,148.7	919.3	213.9	1,133.2
September 1966	808.3	179.6	987.9	811.2	197.1	1,008.3
October 1966	943.8	230.5	1,174.3	906.2	226.6	1,132.8
November 1966	916.5	195.0	1,111.5	913.1	200.0	1,113.1
December 1966	801.8	274.8	1,076.6	829.3	276.7	1,106.0
TOTAL	10,541.2	2,013.1	12,554.3	10,565.1	1,961.1	12,526.2

101

1	2	3	4	5	6	7
January 1967	576.2	280.8	857.0	574.6	288.1	862.7
February 1967	719.1	138.8	857.9	705.0	129.2	834.2
March 1967	797.2	94.3	891.5	822.5	99.2	921.7
April 1967	712.4	82.4	794.8	714.9	80.8	795.7
May 1967	686.8	89.0	775.8	709.0	68.2	777.2
June 1967	715.1	177.1	892.2	708.0	190.9	898.9
July 1967	801.6	100.5	902.1	750.5	116.2	866.7
August 1967	818.8	227.8	1046.6	778.8	224.1	1,002.9
September 1967	836.1	262.3	1,098.4	837.1	259.5	1,096.6
October 1967	904.4	260.9	1,165.3	900.3	259.9	1,160.2
TOTAL	7,567.7	1,713.9	9,281.6	7,500.7	1,716.1	9,216.8

APPENDIX VIII

(Vide para. 4.76 of this report)

Payment of National Wages for Discharging Bulk Carriers at Bombay

In the wake of the Suez crisis in June, 1967 and the likelihood of the Suez Canal remaining closed for a considerable time, the problem of arranging shipping for grain imports to India assumed serious proportions. The ISM, Washington intimated that tankers have mostly been booked by oil companies at very high freight rates and, in the circumstances, it was difficult to arrange such tankers for bringing grain to this country. They suggested that in view of the non-availability of tankers, except to a very limited extent, the only practical alternative was to ship the grain in bulk carriers, which were still available. The Chief Controller of Chartering also suggested that, in the circumstances, there was no alternative but to agree to fixture of bulk carriers till the end of the year.

2. Before the Suez closure, grain used to be brought in tankers bulk carriers and smaller dry cargo vessels. At Bombay, the entire quantity of grain used to be discharged from tankers as manual unloading at this port was an extremely slow process and as the rate of discharge through pneumatic discharging machines had been geared up considerably during the last 2 years. At Kandla grain was brought mostly in tankers, though some bulk carriers were also handled at this port each month. At Madras, only one or two tankers were handled each month, besides lightening vessels proceeding to Calcutta. As for the smaller dry cargo vessels, these were discharged at Calcutta, because of the draft restrictions on bigger vessels, at Vizag and at minor ports.

3. The problem posed by the replacement of tankers by bulk carriers was that this would inevitably necessitate handling of bulk

carriers at Bombay also in the place of tankers. The handling of bulk carriers at Bombay by pneumatic machines was stoutly opposed by the Labour Unions on the grounds that the stevedores gangs who would otherwise have been employed on bulk carriers would lose employment. This argument cannot be applied in case of tankers where manual discharge is not possible and the grain has necessarily to be discharged by pneumatic machines. The fact that bulk carriers would be temporarily replacing the tankers on which the stevedore gangs were in any case, not employed was not acceptable to the Labour Unions at Bombay. At Kandla and Madras also, it was likely that with heavy arrivals of bulk carriers and the use of machines for discharging such vessels, respective Unions would press for extension of whatever settlement was arrived at with the Bombay Unions on this question.

4. In view of the difficulties with the Union on the question of using machines on bulk carriers, the Food Department had avoided the handling of bulk carrier vessels carrying grain at Bombay as far as possible. Nevertheless, in one or two cases this became essential owing to operational reasons. For example, in March, 1965, one bulk carrier SS PATMOS brought in 15,000 tonnes of wheat at Bombay and the clearance had to be arranged within 7 days. Because of the exceptionally heavy demurrage that would otherwise have been involved on this vessel a decision was taken to discharge this bulk carrier by machines along with slings. In negotiations with the Labour Union, it was decided in consultation with Finance (Food) that, as a special case, the workers and the cranemen would be given payment on the basis of notional employment and a sum of Rs. 22,578.43 was paid to labour, besides payment to cranemen. This arrangement was entered into in the very special circumstance of this particular vessel and only in order to avoid foreign exchange payment in respect of the specially heavy demurrage charges involved on this ship. In fact, the ship earned despatch to the extent of about Rs. 12,200.

5. In December, 1966, the question of mechanical discharge from open hatch vessels cropped up again. This happened in the wake

of the proposition to bring super-sized bulk carriers with stipulation that they would discharge in mid-stream into dry cargo coastal vessels and these would be discharged mechanically on the wharf. The Labour Union demanded that discharge from the open hatches whether from super-size bulk carriers or from small vessels should be done manually and not through mechanical device. The labour contended that if the discharge was done mechanically, they would lose a great volume of work. In the case of one particular vessel WHITE CLIFF where the super-tanker owner had chartered a dry cargo vessel as a sub-vessel, the problem was somehow managed as the understanding then reached was that as a matter of policy only tankers would be chartered for Bombay. A claim for Rs. 6,513.94 in this regard is under consideration.

6. It was in the above context that a view had to be taken as to how this issue was to be tackled when bulk carriers alone were available. There was little doubt that, in view of the serious shipping position, there was no alternative but to charter a number of bulk carriers for carrying grain and that consequently arrangements for discharge of these vessels through pneumatic discharging machines would have to be made at Bombay, Kandla and Madras. It might be possible that the Unions at Kandla and Madras might be persuaded to allow use of machines on these ships in addition to use of cranes. In the case of Bombay, however, there was little hope in getting the Union to accept this position unless an understanding was arrived at in respect of any payment to be made on the basis of notional employment.

7. Accordingly, the matter was discussed by Minister, Food and Agriculture with the labour leaders at Bombay on the 26th August, 1967. This was followed up by further discussion between the Food Secretary and labour leaders on the 28th August, 1967. During these discussions, it was agreed that foodgrains from bulk carriers would be discharged by grain discharging machines at Bombay and an *ex gratia* payment @ 75 paise per tonne would be made by the Government for the quantities of foodgrains discharged by machines from bulk carriers at Bombay. The amount will be credited to

BDLB initially, but the manner in which it would be credited and disbursed would be decided by a Committee consisting of representative of labour and BDLB and RDF, Bombay. The details are still to be sorted out and as such no payment has been made in this regard to BDLB so far.

8. The replies to the specific points raised by the PAC are as follows:

- | | | |
|--|---|--|
| <p>(a) the amount so far paid to the dock labour in the form of notional wages:</p> | } | <p>Rs. 22,578.43 in case SS PATMOS in 1965 handled on <i>ad hoc</i> basis. But no payment has been made so far after the agreement reached with labour in August 1967.</p> |
| <p>(b) the amount credited to welfare fund of the labour on account of these notional wages:</p> | } | <p>No payment has been made so far.</p> |
| <p>(c) the facilities provided out of this fund to the dock labour:</p> | } | |

APPENDIX IX

(Vide para. 4.86 of this report)

Note for the Public Accounts Committee on Item No. 15 of the list of the points on which further information was desired by the P.A.C. in their meeting held on 21st October, 1967.

A statement may please be furnished showing total losses suffered in regard to foodgrains while in storage in the different centres, during the last three years. The percentage of loss in storage may also be indicated year-wise and Centre-wise.

REPLY

For purposes of administration the country has been divided into 4 Regions: (i) Northern; (ii) Western; (iii) Eastern and (iv) Southern.

A statement showing the quantity and percentage of storage losses Region-wise during the last three years, i.e. from 1964-65 to 1966-67, is enclosed

(Sd.) J. A. DAVE.

*Director-General of Food and
Joint Secretary to the Government of India.*

The Lok Sabha Secretariat

Department of Food, UO. No. 6/2/67- BFC IV dated 20--11--67.

Copy to:— The A.G. (CW&M), New Delhi.

Statement Showing Quantum and Percentage of Storages Losses Region-Wise during the Years from 1964-65 to 1966-67.

Sl. No.	Name of the Region	1964-65			1965-66			1966-67		
		Quantity stored	Quantity lost	% of loss	Quantity stored	Quantity lost	% of loss	Quantity stored	Quantity lost	% of loss
1.	Western	12,15,384	6,184	0.26	29,75,058	3,373	0.113	28,52,968	3,883	0.14
2.	Southern	17,87,162	4,278	0.24	14,155	37	0.27	5,401	53	0.98
3.	Northern	4,62,189	816	0.18	7,56,758	420	0.05	2,24,438	719	0.32
4.	Eastern	14,27,639	4,522	0.32	9,82,262	2,470	0.25	12,09,300	441	0.04
	TOTAL	60,92,374	15,800	0.26	47,28,233	6,300	0.13	42,92,077	5,096	0.12

APPENDIX X

(Vide para. 4.124 of the report)

Note for the Public Accounts Committee on Item 19 of the points on which further information was desired by the Public Accounts Committee in their meeting held on 21st October, 1967.

Para 113—Pages 143—145

*Institute of Hotel Management,
Catering and Nutrition, New
Delhi.*

Sub-para (A):

19. According to the sub-para, the net average cost per trainee recorded a substantial increase from Rs. 1,080 in 1963-64 to Rs. 1,687 in 1964-65, and Rs. 2,730 in 1965-66. The gross average cost per trainee was as high as Rs. 3,368 in 1965-66.

The Department had informed Audit that the increase was due to general rise in prices of food materials, to the increase in the dearness allowance, etc., and that steps had been taken to reduce the cost per trainee.

From the income and Expenditure Account at page 216 of the Audit Report it is found that the expenditure on staff establishment during 1965-66 was over 4½ times that in 1962-63 while according to the table on page 144 of the Audit Report (Civil), 1967 the average number of students did not even double itself during that period.

Please state the ratio of staff to students during each of the last 3 years. What measures have been taken by the Ministry to ensure that the staff is the minimum necessary.

The Income and Expenditure Account further indicates that during 1962-63 and 1963-64 the charges recovered for food consumed as part of training was nearly equal to the expenditure on training food. While in 1964-65, the recoveries were about 80 per cent of the expenditure, in 1965-66 the recoveries worked out to less than 40 per cent of the expenditure. Please elucidate whether recoveries on this account are now being made at concessional rates. If so, the reasons therefore.

According to the data supplied by the Department to Audit, the net average cost per trainee in respect of a similar institute in

Bombay was only Rs. 877 in 1962-63 and this was progressively reduced to Rs. 648 in 1965-66.

Has a comparative study been made of the position in respect of the Institute at New Delhi with reference to that of the Institutes at Calcutta and Bombay with a view to ascertain the reasons for the high cost of training in the New Delhi Institute? If so, a detailed note may please be furnished indicating the position during 1966-67 in respect of the various institutes at New Delhi, Bombay and Calcutta?

REPLY:

It has been stated that the expenditure on staff establishment during 1965-66 was over 4½ times that in 1962-63, while according to the table at page 144 the average number of students did not even double itself during that period. In this connection it may be stated that the Institute was actually started in September, 1962 only and the expenditure during 1962 referred to therefore, reflects only the amount spent during 7 months i.e. from September, 1962 to March, 1963, and not for the whole year.

A statement showing the ratio of staff to students during each of the last 3 years is enclosed as desired. The question of the scale of teaching staff to be appointed in the Institutes of Catering Technology and Applied Nutrition had been under consideration of the Government and it was decided in the middle of last year that the requirements of teaching staff should be based on the criteria of 22 teaching hours per teacher per week. This matter has again been recently reviewed and in view of the present economy, it has been decided that the number of contract hours per teacher per week should be increased from 22 to 30. The requirements of teaching staff, therefore, is now determined on this revised basis. In regard to clerical and other staff, although no specific criteria has been prescribed, the requirement of additional staff if any is carefully scrutinised to ensure that only the minimum staff is sanctioned.

The recoveries from students on account of training food are made from the students as a part of fees on the basis of fixed rates and there has been no change in those rates. Therefore, recoveries were not made during 1965-66 at any concessional rates.

The position in regard to the higher cost of training in the New Delhi Institute as compared to the other Institutes is explained below:—

The Institute at Bombay was being run by the All India Women's Central Food Council until 1st January, 1963 when it was taken over

under the centrally sponsored scheme with all its assets and liabilities. Since the Institute had been established in 1954 that is 13 years ago, its set up had reached a certain determined pattern while the others which started 8 to 10 years later have yet to develop. The main reason for increased cost of training in the Delhi Institute particularly in 1965-66 was that Mr. A. E. Simms who was specially brought to India from U.K. to work as Principal of the Institute introduced new methods of training using different proportions of foodstuffs as an experimental measure. He also introduced certain changes for improvements in raising the standards of courses involving a variety of foodstuffs and western dishes which were costly, resulting in increased expenditure on training food. It may also be stated that in the Delhi Institute there is an advanced 4th Year course which is not available in the other three Institutes at Bombay, Calcutta and Madras. The entire question of the increased cost of training food has been reviewed by Government and it has been decided that the Government will bear only a portion of expenditure on training food on a specified pattern namely 10 paise per student per class for the First and Second year students and 25 paise per student per class for the 3rd and 4th year students. This is expected to bring down expenditure on training food considerably in the Delhi Institute. The Delhi Institute has already taken steps to reduce the expenditure on these items by reducing the size of dishes, eliminating avoidable items, rationalisation in processes, cost control etc., without sacrificing the standard of training. The net training cost per student in each of the 4 institutes during 1966-67 is indicated below:

Delhi: Rs. 1,760.

Bombay: Rs. 682.

Calcutta: Rs. 1,514.

Madras: Rs. 1,348.

It will be observed that the cost of training during 1966-67 has been reduced to Rs. 1760 as against Rs. 2,730 during 1965-66 in the Delhi Institute. It is hoped that by the time the other three Institutes are fully developed with the maximum intake of students, the cost of training will come down.

APPENDIX XI

(Vide para. 4.125 of this report)

Statement showing the Ratio of Teaching Staff to Students during the last three years in the Institute of Hotel Management, Catering and Nutrition, New Delhi.

Year	Students	Teachers	Ratio of students to staff
1963-64	105	13	8 : 1
1964-65	145	18	8 : 1
1965-66	153	25	6 : 1
1966-67	234	27	8.7 : 1

APPENDIX XII

Summary of the main conclusions/recommendations

Sl. No.	Para No. of the Report	Ministry/Dept. concerned.	Conclusions/recommendations
1	2	3	4
1	1.5	Information & Broadcasting	The Committee find that the estimated expenditure on the Defence Exhibition Trains Project increased from Rs. 14.57 lakhs in November, 1963 to Rs. 37.17 lakhs in September, 1966. The Committee consider that the estimates of expenditure were not prepared realistically. The Committee deprecate this tendency to get sanction for such projects on the basis of grossly under-estimated figures of expenditure. They desire that estimates for such projects should be prepared more realistically.
2	1.6	Do.	The Committee also notice that the projects have been delayed for more than 2½ to 3 years as compared to the original targets. The Committee need hardly emphasise that in carrying out such schemes meant for publicity adhering to the time-schedule is of utmost importance as any abnormal delay is apt to make publicity out of date thus making the projects ineffective. The Committee would like the Ministry to give their special attention to this aspect in implementation of their future projects.
3	1.10	Do.	The Committee note that a sum of about Rs. 6.12 lakhs is outstanding for recovery from Autonomous Bodies as on 1-12-1967. The Department should pursue the matter with the autonomous bodies, in order to recover these long outstanding amounts expeditiously. They also desire that an early decision should be taken on the proposal for obtaining a lump sum deposit in advance from Autonomous Bodies so that such arrears are not allowed to accumulate in future.

- 4 1.20 Do. The Committee are unhappy to observe that although the agreement with the producer was signed in September, 1960, the manuscript for the film "Untouchability" was approved only in September 1964 after it had undergone several revisions. The Committee are also not able to appreciate how the first instalment (Rs. 15,000/-) of the loan was given to the producer without first approving the script of the film. The Committee consider that a time limit should have been prescribed not only for the production of the film but also for the finalisation and approval of the script so that the film could be produced without undue delay to achieve the objectives underlying it. The Committee would like Government to adopt a more business like procedure in farming out films for production.
- 5 1.21 Do. The Committee would also like to know the final outcome of the negotiations with the producer.
- 6 1.24 Do. The Committee hope that the proforma accounts for the year 1966-67 will be finalised at an early date. They consider that, if the proforma account is to serve a useful purpose, it should be prepared in time. The Committee expect that the proforma accounts for the last year (1967-68) would be consolidated and finalised before December, 1968 and that in future no avoidable delay would be allowed to occur in the finalisation of these accounts.
- 7 1.36 Do. The Committee regret that there was a shortfall both in financial terms as well as in physical achievements in the Third Plan concerning All India Radio as compared with the targets envisaged. The Committee consider that these shortfalls were unfortunate as the need for strengthening the transmission services of All India Radio is widely recognised. The Committee would like All India Radio to adopt more businesslike methods for implementing schemes so that the targets envisaged are achieved on schedule. They suggest

that blue prints of the schemes should be prepared well in advance to facilitate their timely execution. The Committee also stress that the Budget estimates should be framed on a realistic basis to avoid inflated demands being included, for these not only result in heavy surrenders but also have the effect of denying much needed funds for more urgent schemes.

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| 8 | 1·44 | Information & Broadcasting | The Committee find that unduly heavy stocks of spares are held by All India Radio in comparison with their annual consumption. In 1965-66, All India Radio was carrying a closing stock of Rs. 151·30 lakhs as against the annual consumption of stores and spares worth Rs. 22·14 lakhs. They feel that the present stocks are altogether disproportionately high as compared to actual consumption. The purchase and acquisition of stores in excess of needs results not only in deterioration of stores due to long storage but also to avoidable blocking of capital. The Committee suggest that Government may arrange for a careful review of the inventory position of All India Radio keeping in view the need for maintaining uninterrupted service so as to effect all possible economy consistently with requirements. |
| 9 | 1·45 | Do. | As regards the stores held by the Maintenance Engineer valued at Rs. 6·48 lakhs, which have not been put to use since April, 1963, the Committee suggest that all such stores which are surplus to requirements should be identified very early and suitably disposed of. |
| 10 | 1·46 | Do. | In view of the fast pace at which the electronics industry is progressing, the Committee suggest that All India Radio should examine the feasibility of replacing their obsolescent equipment, as and when necessary, by modern equipment which should preferably be indigenous instead of |

burdening the inventory with costly spares for the servicing and maintenance of obsolescent items.

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| 11 | 1·51 | Do. | The Committee are concerned to note that a record processing plant purchased in 1953 at a cost of Rs. 2·5 lakhs to preserve speeches and messages of well known personalities, has now been closed down for it could only be operated much below its capacity. During the period of operation, 1962-63 to 1964-65, the plant resulted in an extra expenditure of Rs. 2·15 lakhs. |
| 12 | 1·52 | Do. | The Committee cannot help concluding that the utility and economics of the plant were not carefully gone into before its purchase and that even after the Special Reorganisation Unit of the Ministry of Finance pointed out in 1959-60 the uneconomic working of the plant and the losses incurred on it and suggested that the work might be got done, more economically through a commercial firm, the Department persisted in retaining and working the plant and adding to the losses. The Committee would like Government to ensure that proposals for the purchase of equipment are carefully considered, keeping in view their economics, so as to eliminate avoidable expenditure and losses such as have occurred in the present case. |
| 13 | 2·21 | Works, Housing & Supply
(Deptt. of Works and Housing) | The Committee regret to observe that, as against the target of 8,000 acres for the development of land during the Third Five Year Plan (<i>i.e.</i> upto 1965-66), only 4,980 acres were fully developed upto August, 1967, and another 1,757 acres were expected to be developed by March, 1968. |
| 14 | 2·22 | Do. | The Committee would urge that the pace of development should be accelerated by effecting close coordination between the Delhi Development Authority, the CPWD and the Delhi Municipal Corporation. The Committee note that the Delhi Development Authority have decided to make arrangements on a temporary basis by digging tubewells and by |

should be stabilised and a large number of plots should be offered to low and middle income groups people. The Committee feel that a similar scheme may also be launched for the benefit of low and middle income groups of Government employees who comprise a sizable proportion of the population of the Capital and who, being a fixed income group, suffer from the handicap of low purchasing power.

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|----|------|-----|---|
| 18 | 2·53 | Do. | The Committee feel that the defective procedure for the maintenance of accounts of paper and other material issued to the firms and laxity in maintaining these accounts in the office of the Asstt. Controller (Outside Printing) Calcutta were mainly responsible for arrears in recovery of about Rs. 9 lakhs. The Committee regret that adequate measures were not taken to safeguard Government's financial interests. They desire that the various lapses in this case may be enquired into and responsibility fixed if this has not already been done. |
| 19 | 2·54 | Do. | The Committee also stress that the accounts of the remaining ten presses should also be settled expeditiously and a limit should be fixed for their completion. The Committee would like to be apprised of the progress made in this regard. |
| 20 | 2·55 | Do. | The Committee note that the procedure for issuing paper and other materials to private printers has now been changed to a press-wise basis instead of a job-wise one and that adequate safeguards by way of security money and insurance coverage are taken. The Committee desire that Government should keep a close watch over the working of the revised procedure. |
| 21 | 2·63 | Do. | The Committee regret to note that over-payment amounting to Rs. 45·11 lakhs had been made in 2,397 cases during the period January, 1957 to March, 1966. The Committee note that a substantial part of this amount has been recovered and at present a sum of Rs. 4·49 lakhs, including cases involving Rs. 3·91 lakhs in arbitration, is outstanding. |

1	2	3	4
22	2·64	Works, Housing & Supply (Deptt. of Works and Housing)	The Committee consider that, apart from taking steps to recover the remaining amount on account of overpayments, Government should take suitable measures to ensure that cases of overpayment do not occur in the first instance. Government may also consider, in consultation with the Chief Technical Examiner, the question of issuing comprehensive instructions in the matter for the guidance of all concerned so as to eliminate cases of overpayment.
23	2·82	Do.	The Committee regret to note that there was delay in the execution of all the 61 works allotted to the Bharat Sevak Samaj between 1959 and 1966 and that only in 13 cases was compensation of Rs. 1,35,658 was recovered from the Bharat Sevak Samaj on account of the delay. The fact that there was delay in completion of all the works allotted to the Bharat Sevak Samaj between 1959 and 1966 does not speak well of the Samaj as a construction agency.
24	2·83	Do.	In the present case, the Committee find that the first work was awarded to the Bharat Sevak Samaj at 39·26% over the estimated cost. The second work was awarded to the same organisation at 68·50% over the estimated cost in preference to another contractor who had quoted Rs. 2·16 lakhs less than the Samaj on the plea that the latter wanted twelve months for completing the work against six months offered by the Samaj. The Committee regret to note that even though the first work was expected to be completed by August, 1966, and the second by March, 1965, both the works have not yet been completed by the Bharat Sevak Samaj. As the Bharat Sevak Samaj have not been able to complete the second work within six months as stipulated in the contract, the purpose for which their tender was accepted at an additional cost of Rs. 2·16 lakhs was not realised.

- 25 2·84 Do. The Committee note that a sum of Rs. 0·74 lakh and of Rs. 0·70 lakh have been deducted from the running bill of the Samaj and kept in deposit for recovery of the penalty on completion of work. The committee have no doubt that suitable action will be taken to recover the penalty leviable under the contract.
- 26 2·89 Do. The Committee consider it unfortunate that the executive Engineer did not avail himself of the cheaper rates of firm 'A' and placed orders with Rs. 3·25 lakhs on three other rate contract-holders during April, 1965 to June, 1965, involving an extra expenditure of Rs. 65,500. They are concerned to note that the Executive Engineer, in discharged of the instructions of the Superintending Engineer to avail of the cheaper rates of the contract offered by firm 'A'—again placed orders worth Rs. 1·10 lakhs in November, 1965 and June, 1966, on some other rate contract firms, resulting in an extra cost of Rs. 5,500. The Executive Engineer could have placed orders with the firm 'A' upto Rs. 60,000 as the D.G.S.&D. had raised in July, 1965 the limit from Rs. 30,000 to Rs. 60,000. The Committee are not convinced by the plea that the Executive Engineer did not receive the letter of the D.G.S.&D. raising the limit of individual orders on firm 'A' because the firm itself had sent a copy of the letter of the D.G.S.&D. along with its communication to the Executive Engineer on 30th July, 1965. If the Executive Engineer had any doubt about the authenticity of the letter he should have got the facts confirmed from the D.G.S.&D., specially when the higher authority had expressly asked him not to ignore the cheaper rate of firm 'A'.
- 27 3·90 Do. The Committee suggest that the lapses in these cases, which resulted in extra expenditure to Government, should be investigated early with a view to fixing responsibility.
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28	2-98 Woks, Housing & Supply (Deptt. of Works and Housing)		The Committee regret to note that a loss of Rs. 56,563 took place due to demolition of 24 partly constructed quarters. The Committee are unable to understand why the Central Public Works Department did not wait till the lay-out plan was sanctioned or the period of 60 days was over as prescribed in the Municipal Act. The Committee have no doubt that action will be taken against the officials responsible for overlooking this statutory provision.
29	2-99	Do.	The Committee hope that, learning from the experience in this case, the Central Public Works Department will take effective measures to ensure that work is not started without approval of plans by the local bodies wherever necessary.
30	2-109	Do.	The Committee find that the failure to give anti-termite treatment to the soil in the foundations at the time of or prior to the construction of NH-I to NH-IV quarters in Delhi resulted in extensive damage to woodwork by white ants. For this lapse Government had to incur extra expenditure of Rs. 39,800 upto March, 1965 on replacement of woodwork. Further in the case of NH-V and NH-VII quarters Government had to incur extra expenditure of Rs. 60,000 on account of post-anti-termite treatment to 2844 quarters.
31	2-110	Do.	The Committee feel that, before embarking on such large scale construction, the C.P.W.D. should have tested the soil to find out whether or not the area was prone to termite infestation. Since pre-anti-termite treatment is technically considered to be much more effective than post anti-termite treatment, the Committee hope that Government will in future, take sufficient care to ensure that before such large scale construction is taken up, the soil is tested and all precautionary measures are taken to avoid extra work and expenditure at later stages.

Do.

The Committee are surprised that funds to the extent of 48% in 1964-65 and 67% in 1965-66 under the head 'Grants to Municipal Bodies in Union Territories for Slum Clearance' should have remained unutilised due to the slow tempo of slum clearance. As the problem of slums in Delhi is acute and extensive the Committee suggest that Government should devise a well thought out plan to clear the slums and provide funds on a realistic basis in order to obviate large surrenders at the end of a financial year. The Committee understand that a Study Group is now going into this problem. The Committee have no doubt that Government will take suitable action on receipt of the Study Group's recommendations to speed up the work of slum clearance.

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3-28 Food, Agriculture, Community Development and Co-operation (Department of Agriculture)

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

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Do.

The Committee note that, while the purchase price of milk is fixed with reference to the prevailing market rates, the sale price of milk is fixed by Government after proposals in this behalf have been considered by an Advisory Committee and the Management Board of the Delhi Milk Scheme. The result of following this protracted procedure is that the sale price of milk continues to lag far behind

up in the adjacent districts of Haryana, Uttar Pradesh and Rajasthan. The Committee find that the question of establishment of a cattle colony formed an integral part of the original Delhi Milk Scheme. Though a period of more than 8 years has lapsed since the Scheme came into effect, Government have not come to any final decision on the establishment of a cattle colony. The Committee hardly need emphasise the desirability of taking an early decision on the establishment of Cattle colony on the lines of the Aarey Milk Colony in Bombay so that the Scheme could have a substantial quantum of supply of wholesome milk from its own sources.

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| | 3.53 | Do. | The Committee suggest that a detailed study should be made of the methods followed by the Kaira District Cooperative Milk Producers, Union Ltd., Anand, in establishing collection and chilling centres on a cooperative basis so that suitable steps may be taken to develop dependable centres of milk supply for the scheme. Efforts should be intensified to increase milk resources around Delhi so that the Delhi Milk Scheme can draw on an assured supply of milk to cater to the needs of the rising population of the metropolis at a fair price and also manufacture butter, ghee, ice-cream, milk-powder and baby food in larger quantities to augment its income. |
| 36 | 3.54 | Do. | The Committee stress that every effort should be made to increase the procurement of milk consistently with requirements so as to put the existing plant and machinery to the optimum use. |
| 37 | 3.58 | Do. | The Committee regret to note that the Alfa Laval Plato Milk Pasteuriser, which was purchased at a cost of Rs. 30,570, remained unutilised for more than 7 years. The Milk Evaporating Plant purchased at a cost of Rs. 168,194 has not been utilised from 1962-63. |
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3·59	Ministry of Food, Agriculture, Community Development and Co-operation	(Department of Agriculture)	The Committee note that action is now being taken by the Department of Agriculture to modify this pasteuriser at a cost of Rs. 3,400. The Milk Evaporating Plant will be shifted for use along with the milk powder plant after installation of a cooling pond to conserve water.
3·60	Do.		The Committee regret that the Delhi Milk Scheme did not take action all these years to modify or instal these plants at an alternative place and they remained unutilised for a long time. They desire that the reasons for not taking early action may be examined and steps taken to avoid a recurrence of such cases.
38	3·65	Do.	It is evident from the above facts that an order was placed for automatic decrating and recrating machines along with crate stackers and other spares at a cost of Rs. 7·43 lakhs without making sure that these machines were required and would serve to the purpose with the result that they are lying unused. The Committee would like to be informed about the disposal of the machines and the loss incurred in the transaction as well as the steps taken to ensure that such lapses do not recur in ordering machinery in future.
39	3·69	Do.	The Committee regret to note that the percentage of breakage of bottles has increased from 0·77 between 1959 and 1962-63 to 1·235 between April, and August, 1965. In a period of five months (April 1965 to August, 1965) the value of bottles broken was as high as Rs. 2·80 lakhs. One of the reasons for breakage is stated to be the poor quality of bottles purchased.

- 3·70 Do. The Committee desire that the question of improving the quality of bottles should be again taken up with the suppliers through the Director General, Supplies & Disposals. It may also be ascertained whether the bottles supplied are according to the prescribed specifications. Action may be taken to fix responsibility for the losses in case it is found that the bottles are not supplied according to the prescribed specifications. The Committee would also like the Delhi Milk Scheme to devise immediate remedial measures to bring down the breakage of bottles to the minimum.
- 40 3·76 Do. The Committee stress that the Delhi Milk Scheme should ensure that substandard milk is not procured in the first instance and that cows milk is used for the preparation of toned milk to the extent necessary and found economic as against buffalo milk.
- 41 3·80 Do. The Committee hope that the limits for stocking the remaining 1993 items will also be fixed at an early date. The Committee need hardly stress that by keeping proper control over their stocks, the Delhi Milk Scheme can easily reduce their overhead costs and thereby bring about an overall reduction in working expenses.
- 42 3·85 Do. The Committee note that the cost of handling milk from the Bikaner area fell from 34·34 paise per litre in 1964-65 to 26·74 paise per litre in 1965-66, but it is still higher than the original estimated cost of 19 paise per litre. The Committee note that Government have sanctioned a Balancing Station at Bikaner and a Chilling Centre at Mahajan and that these are expected to help in bringing down the handling costs. The Committee stress that, apart from using a cheaper method of chilling, every effort should be made to increase the procurement of milk from the Bikaner area so that the cost of handling can be appreciably reduced as a result of economies of scale.

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43	3·95	Ministry of Food, Agriculture, Community Development and Co-operation	The Committee suggest that the Delhi Milk Scheme should investigate thoroughly whether tube well water, if found free from health hazards and cheaper, can be used in place of water from the Municipal mains.
		(Department of Agriculture)	
44	3·103	Do.	The Committee stress that all cases involving loss should be promptly investigated and suitable remedial measures taken to eliminate their recurrence. Disciplinary action should be taken against the parties found to be at fault so that it may act as a deterrent to others.
45	3·104	Do.	The Delhi Milk Scheme was set up in 1959 with the avowed objective of increasing milk production by assuring a remunerative market to milk producers on the one hand and to supply good wholesome milk to consumers on the other. The scheme was envisaged to run on a no-profit, no-loss basis. The working results of the Scheme show that till 31st March, 1967, it had incurred a total loss of Rs. 194·55 lakhs. The basic reasons for this loss are two-fold, namely; failure to develop assured sources of milk supply in consonance with the installed capacity and requirements, and the time lag in the revision of the sale price as compared with the cost price of milk, including procurement, processing and handling charges.
	3·105	Do.	The Committee consider that Government should pay closer attention to the question of developing milk resources in areas surrounding Delhi. The four intensive Cattle Development Projects taken up in the adjoining districts of Haryana, Uttar Pradesh and Rajasthan should be implemented with vigour so as to provide an assured and adequate base for the supply of milk to the Scheme. This should

			enable the Delhi Milk Scheme not only to meet to a larger extent the demand of the public for milk but also to bring down the cost and sale price as a result of economies of scale and putting to optimum use the installed capacity for the processing and manufacture of milk and milk products.
	3·106	Do.	Government should also devise a more business like procedure to revise the sale price of milk, keeping in view the cost price including the procurement, processing and distribution charges.
	3·107	Do.	The Committee would also like the Delhi Milk Scheme to tighten up its distribution and supervisory arrangements to eliminate complaints from consumers about the failure to supply milk and/or to return the balance amount in full.
	3·108	Do.	The Delhi Milk Scheme should set a high example of efficient management and supply of milk of unquestionable quality at competitive rates.
46	3·118	Do.	The Committee are concerned that three out of five tractors are still out of operation and that it is only after a delay of more than two years that proceedings for condemning the over-aged locomotive have been started. The Committee stress that steps should be taken to put the remaining tractors to use and to ensure that in future repairs and replacements of parts of tractors are undertaken expeditiously to obviate loss on account of idle machinery and manpower.
47	4·20	Ministry of Food, Agriculture, Community Development and Co-operation	The Committee regret to note that multiple lapses were committed in this case which have resulted in the non-recovery of a sizeable amount of Rs. 43·39 lakhs from M/s. Delhi Grain Syndicate. It is rather surprising that Government have not been able to investigate whether the antecedents and the standing of the Directors of the Syndicate were verified before appointing them as agents for procurement, storage and distribution of foodgrains.
		(Deptt. of Food)	

The contract entered into with the Syndicate was also defective in as much as it did not provide adequate safeguards and coverage of Government interests or money placed at the disposals of the Syndicate. The Solicitor General had also opined in 1959 that "the contracts with the Syndicate did not conform to the legal requirements and as such arbitration clause contained therein was incapable of enforcement."

4·21 Ministry of Food, Agriculture,
Community Development and
Co-operation

(Department of Food)

Further out of the amount of Rs. 43·58 lakhs due from the Syndicate, Rs. 17·73 lakhs were on account of sale proceeds not deposited by the Syndicate with Government while another amount of Rs. 7·29 lakhs was wrongly paid as commission to the Syndicate. The Committee are perturbed to note that Government did not exercise a proper check at the time of taking over the functions of the Delhi Grain Syndicate on 23rd September, 1952, for if stocks and accounts had been thoroughly checked at that juncture, it should have been possible to settle all outstanding issues without delay.

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The Committee suggest that, learning from this costly lesson, Government should issue standing instructions about verification of the antecedents of a party before it is entrusted with work as a Government agent and that adequate security should invariably be taken to safeguard default in payment. Meticulous care should be taken in drafting the agreement to guard against Government's interests. Proper agreements should also be made to ensure that the checking of accounts is done simultaneously and thoroughly so that irregularities are brought to notice for remedial action without delay.

- 4·23 Do. The Committee are not able to appreciate why it has taken Government more than eight years to decide whether a civil suit should be filed against the Syndicate and its directors as advised by the Solicitor General in 1959. The Committee cannot help feeling that if the matter had been pursued vigorously and decisions taken promptly it should have been possible to recover at least some part of the money through judicial processes.
- 4·24 Do. The Committee stress that Government should investigate the delays which have occurred in this case at various stages with a view to fix responsibility and take adequate remedial measures to ensure that such lapses do not recur. The Committee would like to be informed of the action taken in the matter.
- 48 4·33 Do. The Committee find that, as against a saving of about Rs. 33 lakhs in 1965-66 as compared with 1964-65 in expenditure on establishment in the Southern Region by the Food Department, there has been expenditure of Rs. 68·14 lakhs by the Food Corporation of India on central transactions. The Committee note that the Food Corporation of India was performing some of these functions which were not undertaken earlier by the Southern Regional Directorate of the Food Department. They would, however, like Government to keep a close watch over establishment expenditure on the Food Department and the Food Corporation of India. Efforts should be made to ensure that the setting up of the Food Corporation of India does not inflate expenditure on establishment unnecessarily as compared with the expenditure incurred by the Food Department earlier.
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49	4·44	Ministry of Food, Agriculture, Community Development and Co-operation <hr/> (Department of Food)	<p>The Committee note that even though the two sets of figures are not exactly comparable, the incidence of cost per tonne in respect of foodgrains handled by the Department of Food and the Food-Corporation of India, works out to Rs. 39·47 and Rs. 29·77 respectively. They, however, find that the incidence of cost per tonne in respect of operations of the Food Corporation is higher than that in the case of the Department of Food in respect of major items of expenditure, viz., establishment, godown rent and handling at ports. The Committee, therefore, feel that there is a great scope for the Food Corporation of India to reduce further the incidence of the cost of handling foodgrains. They hope that the Food Corporation of India will try to reduce the cost of handling foodgrains so as to achieve one of the main objectives underlying its establishment.</p>
50	4·53	Do.	<p>The Committee are glad to note that the Department of Food was able to handle heavy imports of foodgrains at the ports and that the quantity of foodgrains handled increased from 4·72 million metric tonnes in 1963-64 to 6·69 in 1964-65, 7·96 in 1965-66 and 10·39 million metric tonnes in 1966-67.</p>
	4·54	Do.	<p>The Committee find from the statement showing the cumulative profit/loss that from 1943-44 to 1965-66 State Trading in foodgrains has resulted in a loss of Rs. 142·61 crores. During the same period, there was a cumulative profit of Rs. 38·98 crores on wheat and wheat flour alone and a loss of Rs. 83·62 crores on rice.</p>

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| 4·55 | Ministry of Food, Agriculture,
Community Development and
Cooperation | The Committee suggest that Government should critically review the entire functioning of State Trading in foodgrains and in particular the grant of subsidies for rice and other foodgrains in the light of the requirements of the country and the cumulative loss suffered so far in respect of each type of foodgrain. |
| | <hr style="width: 100%; border: 0.5px solid black;"/>
	(Department of Food) | |
| 4·56 | Do. | The Committee note that in 1965-66, State Trading in foodgrains resulted in a net profit of Rs. 56 crores which was mainly due to a decrease in the landed cost of foodgrains and an increase in their issue price. They, however, find that the expenditure on establishment of the Department increased from Rs. 3·42 crores in 1963-64 to Rs. 3·99 crores in 1965-66. Further, the Food Corporation of India also incurred an expenditure of Rs. 68·14 lakhs on central transactions during 1965-66. As the cost of establishment is included in working out the economic cost of foodgrains, the Committee desire that every effort should be made to reduce the expenditure on establishment to the minimum necessary. The Committee hope that the overhead cost of handling foodgrains by the Food Corporation of India as well as by the Department of Food will be constantly kept under so review as to achieve maximum economy. The Committee suggest that every effort should be made to avoid overlapping of functions between the Food Corporation of India and the Department of Food. |
| 51 | 4·60 | Do. |
| | | The Committee find that during 1964-65 and 1965-66 the percentage of net loss of foodgrains during voyage was 0·39 and 0·29 respectively and that an enquiry into the causes leading to it is now being made by the Department. The Committee would like to be informed of the findings of the enquiry and the steps taken to minimise such losses. |

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52	4.72	Ministry of Food Agriculture, Community Development and Cooperation <hr/> (Department of food)	The Committee note that the percentage of foodgrains carried in Indian vessels increased from 4.2 in 1966 to 17.5 during the first nine months of 1967. They hope that, keeping in view the comparative benefit of carrying cargo and foodgrains, more and more Indian bottoms will be pressed into service so as to conserve/earn foreign exchange.
53	4.77	Do.	The Committee find that a sum of Rs. 22,578 was paid to dock labour in Bombay in 1965 on the basis of notional employment even though they did not handle the work of unloading the foodgrains from the ship. It is also strange to note that Government had agreed in August, 1967, that foodgrains from bulk carriers would be discharged by grain discharging machines at Bombay and that an <i>ex-gratia</i> payment at the rate of 75 paise per tonne would be made by Government to Bombay Dock Labour Board for the quantities of foodgrains discharged by machines from bulk carriers in Bombay. This mean that payment would be made without any work being actually done by dock labour. The Committee would like Government to examine the matter in all its aspects as they consider that the making of such notional payments without any return has far reaching repercussions.
	4.78	Do.	The Committee note that, in the absence of a mechanical device for weighing foodgrains at the ports, it is not possible for the Department to establish losses during voyage. They find that at Bombay Port weighment has been mechanised as an experimental measure and its efficacy is being watched. The Committee hope that on the basis of the results achieved at Bombay Port, such mechanical devices for weighment will be introduced at other major ports handling foodgrains. The Committee would like to be apprised of the progress made in this regard.

4·79	Do. <hr style="width: 100%; border: 0.5px solid black;"/> Transport and Shipping.	The Committee also note that even in respect of bagged cargo, out of 138 claims only 26 claims have been settled and that during the four years from 1963 to 1966 claims worth Rs. 9·18 lakhs were repudiated by the steamer agents on account of losses having occurred while the foodgrains were in the custody of the Port Trust authorities. The Committee hope that through better supervision and improvement in handling facilities at the ports, such losses will be reduced to the minimum.
4·80	Do.	The Committee stress that suitable arrangements should also be made in consultation with the port authorities and steamer agents with a view to apportioning responsibility for such losses.
4·90	Do.	The Committee note that there has been some improvement in storage conditions and the percentage of storage losses of foodgrains has come down from 0·24 in 1962-63 to 0·12 in 1966-67. The Committee also note that storage losses are mainly due to unsatisfactory conditions obtaining in hired godowns. They hope that with better supervision over these godowns and with the increase in the number of Government owned godowns, there will be further improvement in the matter.
4·91	Do.	The Committee find that as many as 4586 claims of the value of Rs. 95·85 lakhs were pending against the Railways as on 1-9-1967. The Committee desire that the cases of pending claims should be pursued vigorously with the Railways. Action should also be taken to regularise/write off storage and transit losses where this has not been done so far.

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54	4·99	Ministry of Food Agriculture, Community Development and Cooperation <hr/> Transport and Shipping.	While the Committee agree that the fixing of prices of foodgrains, incidentals, etc. recoverable from the Food Corporation of India is a difficult exercise, they, however, feel that much of the delay involved in this case could have been avoided if the Department had initiated some prior action soon after it was known to them that work pertaining to the purchase, distribution etc. of the foodgrains was to be transferred to the Food Corporation of India. As the procedure of preferring bills to the Food Corporation of India has now been settled the Committee hope that there will be no delay on this account in future.
	4·100	Do.	The Committee also trust that the question of recovery of penal interest from the Food Corporation of India will be settled soon.
55	4·110	Do.	The Committee find that gunny bags were not filled to their standard capacity and as a result bags in excess of the prescribed standards had to be issued. The Committee regret to note that Government had to incur an additional expenditure of Rs. 60·12 lakhs due to issue of excess gunny bags in the year 1965-66 alone.
	4·111	Do.	The Committee find that the Department have already introduced on an experimental basis automatic weighment in Bombay port and an incentive scheme in Madras port for filling the bags upto the standard weight. The Committee desire that, keeping in view the experience gathered in Bombay and Madras ports to effect standardisation of weights of foodgrains in gunny bags through automatic weighment and incentive schemes respectively, Government should adopt the most suitable method in other ports so as to cut down the heavy expenditure being incurred on the use of excess gunny bags.

- 4·112 Do. The Committee also suggest that the possibility of including a condition in the sale that the buyers will have to pay extra for the gunnies issued in excess of the prescribed standard should be explored so that losses on this account are reduced. Alternatively, it may be considered whether arrangements could be made with the State Governments to notify the prices of foodgrains exclusive of the cost of gunny bags so that separate recoveries could be made for the actual number of gunny bags made over.
- 56 4·119 Do. The Committee consider that, while calling for tenders for purchase, Government should pay special attention to the rates prevailing in the various markets so as to derive the maximum benefit. In any case, before placing an order on the basis of tender a careful comparison should invariably be made between the prevailing market rates as gathered from the Directorate of Economics and Statistics/press reports and the tendered rate so as to make sure that there is no wide difference between the tendered price and the reasonable market rate.
- 4·120 Do.
Defence The Committee also hope that the economics of having grain depots on a regional basis for defence needs will be examined in consultation with the Ministry of Defence and suitable action taken to rationalise the procurement and distribution of food grains in the interest of economy and efficiency.
- 57 4·128 Ministry of Food, Agriculture, Community Development and Co-operation
(Department of Food) The Committee find that the expenditure on staff establishment has increased from 1,15,915 in 1963-64 to 2,98,682 in 1965-66. The Committee note that Government have now increased the number of hours of training per teacher from 22 to 30 hours per week. The Committee suggest that the strength of staff should be reduced to the minimum consistent with requirements.

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4-129 Ministry of Food, Agriculture,
Community Development and
Co-operation

(Department of Food)

The Committee also find that expenditure on food used in the process of training has increased from Rs. 24,452 in 1963-64 to Rs. 1,21,538 in 1965-66. The Committee note that Government have now decided that they will bear only a portion of this expenditure on food on a specified pattern, namely, 10 paise per student per class for the First and Second year students and 25 paise per student per class for the third and fourth year students, and that action has also been taken to eliminate avoidable items and introduce cost control. The Committee hope that with these measures it will be possible to effect economy consistent with requirements in the expenditure on food.

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