

**PUBLIC ACCOUNTS COMMITTEE
(1977-78)**

(SIXTH LOK SABHA)

FIFTY NINTH REPORT

DEFENCE SERVICES

MINISTRY OF DEFENCE

[Action taken by Government on the recommendations of the Public Accounts Committee contained in their 232nd Report (Fifth Lok Sabha)]

Presented in Lok Sabha on 20th December, 1977

Laid in Rajya Sabha on 20th December, 1977



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 1977/Agrahayana, 1899 (S)

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Corrigenda to 59th Report of the Public
Accounts Committee (6th Lok Sabha),
presented to the Lok Sabha on 20.12.1977.

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
(iii)		7	Add * to Sl.No.2	
3	1.6	3	reasonsas	reasons as
4	2.45	4-5	guasanteed	guaranteed
4	2.45	13	fourth	forth
17		3	Add 'at' after 'Dockyard'	
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21		29	Delete '(copy enclosed as Annexure V)'	
23		20	wind	wild
23		23	tax-way	taxiway
26		9	Railway (Board)	Railway Board
27		23	conceivable	conceivably
28		5	thep roject	the project
32		12	discontinue	discontinued
41		35	leght	light
41		42	Commissionrs	Commissioners

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PUBLIC ACCOUNTS COMMITTEE

(1977-78)

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Shri C. M. Stephen

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1. Shri H. G. Paranjpe . . . *Chief Financial Committee Officer*
2. Shri Bipin Behari . . . *Senior Financial Committee Officer*

*Elected w.e.f. 23-11-1977 *vice* Sarvashree Sheo Narain and Jagdambi Prasad Yadav ceased to be Members of the Committee on their appointment as Ministers of State.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Fifty Ninth Report on the action taken by Government on the recommendations of the Public Accounts Committee contained in their Two Hundred and Thirty Second Report (Fifth Lok Sabha) on paragraphs 5, 10, 16, 17, 18 and 21 of the Report of the Comptroller and Auditor General of India for the year 1972-73, Union Government (Defence Services) relating to the Ministry of Defence.

2. On 10 August, 1977 an 'Action Taken Sub-Committee' consisting of the following members, was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports :

- | | |
|--------------------------------------|-------------------|
| 1. Shri C. M. Stephen | <i>Chairman</i> |
| 2. Shri Asoke Krishna Dutt | <i>Convener :</i> |
| 3. Shri Gauri Shankar Rai | } <i>Members</i> |
| 4. Shri Tulsidas Dasappa | |
| 5. Shri Kanwar Lal Gupta | |
| 6. Shri Zawar Hussain | |
| 7. Shri Vasant Sathe | |

3. The Action Taken Sub-Committee of the Public Accounts Committee (1977-78) considered and adopted the Report at their sitting held on 9 December, 1977. The Report was finally adopted by the Public Accounts Committee (1977-78) on 19 December, 1977.

4. For facility of reference, the conclusions recommendations of the Committee have been printed in thick type in the body of the Report. For the sake of convenience, the conclusions recommendations of the Committee have also been appended to the Report in a consolidated form.

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

NEW DELHI;

December 19, 1977

Agrahayana, 28, 1899 (S)

C. M. STEPHEN,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

1.1. This Report of the Committee deals with the action taken by Government on the recommendations/observations contained in their 232nd Report (Fifth Lok Sabha) on some of the paragraphs included in the Report of the Comptroller & Auditor General of India for the year 1972-73, Union Government (Defence Services) relating to the Ministry of Defence, which was presented to the Lok Sabha on 5 November, 1976.

1.2. Action taken Notes have been received from Government in respect of all the 39 recommendations/observations contained in the Report and these have been categorised as follows :

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

Sl. Nos. 3, 4, 6, 8, 11—13, 16-19, 21, 25, 27-28, 31—33 and 35.

- (ii) Recommendations/observations which the Committee do not desire to pursue in the light of the replies received from Government :

Sl. Nos. 5, 7, 22—24, 30, 38-39.

- (iii) Recommendations/Observations replies to which have not been accepted by the Committee and which require reiteration :

Sl. Nos. 1, 2, 9, 10, 14, 20, 26, 29, 34, 36.

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

Sl. Nos. 15, 37.

1.3. The Committee expect that final replies in respect of recommendations to which only interim replies have so far been furnished would be submitted expeditiously after getting them vetted by Audit.

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

Premature abandonment of a project for the development and manufacture of an ammunition

(Sl. Nos. 1 and 2—Paragraphs 1.27 and 1.28)

1.5. Expressing concern over the premature abandonment of a project for the development and manufacture of an ammunition required urgently

for a weapon in use, the Committee had, in paragraphs 1.27 and 1.28 of their Report, observed:

“The Committee are concerned that on account of alleged difficulties/ delay in the finalisation of the design of vital components of an ammunition required urgently for a major weapon in use, an expenditure of Rs. 8.78 lakhs* out of the total expenditure of Rs. 18.12 lakhs† incurred on its indigenous development and manufacture proved to be infructuous. the Committee note that the project for the development and manufacture of the ammunition was launched as an emergency measure after the Kutch Operation in 1965 and as time was of the essence of the programme, it could not wait for the detailed and meticulous planning that one would expect in projects of this nature. Orders for the manufacture of the ammunition had therefore, been placed on the Director General Ordnance Factories, in November, 1965 after the ballistic parameters of the ammunition had been cleared by the Research & Development Organisation, in spite of the fact that the design of the vital components like cartridge cases and propellant had not been completed in all its aspects, in the expectation of a reasonable prospect of the designs being developed by the Armament Research and Development Establishment. Unfortunately, however, this expectation did not materialise and even before the correct design of the propellant could be made available to the Director General, Ordnance Factories, the requirement for the ammunition was said to have disappeared necessitating the cancellation of the orders for the ammunition in November 1968 and the premature abandonment of the Project*.

“The Committee are conscious that as this was a vital weapon for the Army, a certain amount of risk had to be taken in this case

*Includes expenditure on development of the ammunition (Rs. 3.44 lakhs) and financial repercussions after recycling of the components manufactured (Rs. 5.34 lakhs).

† Value of components manufactured (Rs. 14.68 lakhs) and expenditure on development (Rs. 3.44 lakhs).

on strategic considerations. It would, however, appear from the facts stated below that there had been a certain lack of planning and forethought in the indigenous manufacture of the ammunition and that adequate watch and control over the project at Government level was lacking:

- (i) Though the shelf life of 15 years of the available stock of imported ammunition for the gun, which were of 1943/45 vintage, had expired much earlier, and therefore, could not be relied upon, the decision to manufacture the ammunition indigenously had been taken only in 1965 some five to seven years after the ammunition had outlived its usefulness. Since it was pointless having the guns without the necessary ammunition, and the indigenous supplies of an alternative weapon under production were also not coming up fast enough, the committee are unable to understand why the indigenous manufacture of the ammunition had not been thought of earlier than in 1965 or recourse had not been taken to essential imports without waiting for some sort of a crisis to develop.
- (ii) Since initial difficulties in the development of an obsolete ammunition were only to be expected Government ought to have (after having decided belatedly to undertake its indigenous manufacture) contemporaneously and continuously monitored the progress of the project and ensured that it was complete with the requisite vigour and all possible speed. Unfortunately, however, this does not appear to have been done, as a result of which a vital project could not produce results when they were needed most.
- (iii) Prompt and adequate action had also not been taken to curtail the manufacturing programme when it was known that the design of the ammunition had run into difficulties and that the gun for which the ammunition was intended was also in the process of being phased out of service. Since the orders for the primer (cost Rs. 4.24 lakhs) had been placed only in August, 1967 and the pilot batch of cartridge cases produced to the latest design were also only under proving trials at that time, action should have been taken after the August, 1967 meeting of the Armament Committee either to cancel the orders or to ask the Director General Ordnance Factories to go slow with the manufacture of the ammunition and its components. Perhaps, in that case, much infructuous expenditure, particularly on the cartridge cases and the primer, could have been largely avoided."

1.6. As regards Sl. No. 1 of the recommendation, the Ministry of Defence have stated in their Action Taken Note dated 9 August, 1977 that "the reasons as to how the necessity arose in 1965 for launching of the project for indigenous development and manufacture of this ammunition on emergency basis have been explained in the subsequent Action Taken Note under serial No. 2 para 1.28". In reply to Sl. No. 2 of the Committee's recommendation, the Ministry have *inter alia* stated as under:

* * * *

As has been mentioned earlier, defects in the design were being experienced in the establishment of Cartg. Case and Propellant.

It was planned that the production of other items were to be continued on priority so that as soon as designs of the balance items were cleared manufacture could proceed expeditiously.

It was only in 12/67 that General Staff reviewed their requirements, when they reduced the order from 1,50,000 Nos. to 1,30,000 Nos. and subsequently in October, 1968 when the requirement came to nil the order was ultimately cancelled by DOS on 10th November, 1968.

As such it was not known at the time of Armament Committee Meeting held in August 1967 that the Services requirements were to be reduced/cancelled, and consequently, no decision would be given to go slow or cancel the order with the manufacture of the ammunition and its components."

1.7. The Committee are unable to appreciate why production of certain components of the equipment was undertaken and "continued on priority" when the design for the propellant, which was an indispensable part of the equipment, was still under development. The Committee would like Government to enquire into the circumstances in which pre-mature production of individual components of the equipment was undertaken so as to satisfy themselves that the resultant infructuous expenditure was not on account of bad planning or lack of coordination between different agencies of the Government and to learn a lesson for the future.

Delay in taking action against erring official (Sl. Nos. 9, 10 & 14—Paragraphs 2.45, 2.46 & 2.68).

1.8. Commenting on the delay in finalising arbitration proceedings of the case and fixing responsibility for the lapse by taking suitable action against the officers found responsible, the Committee had, in paragraphs 2.45, 2.46 and 2.68 of their Report, observed :

2.45 These technical aspects apart, the Committee are distressed that there was considerable delay in informing the Contractor (Cementation Co. Ltd.), who had constructed the foundation for the building, that the piles had failed to carry the guaranteed load and that he should undertake necessary remedial measures. Though defects in the building had started developing from November, 1970 onwards, the contractor was informed of the defects only in Dec. 71 for the first time and it was some six months later in June 72, that the contractor was told that remedial measures to relieve the extra stress on the piles to avoid further failure had been/were being taken by the department at his risk and expense. As a result of this long delay, the contractor had put fourth the plea that as the maintenance period of twelve calendar months from the date of completion of the work was over, there was no obligation on his part to carry out any remedial measures. This delay has been attributed to the uncertainty then prevailing about the cause of the defects and the extent of liability, of the contractor for the defects noticed. In any case, the Committee feel that adequate steps ought to have been taken, as soon as the

defects came to notice. Responsibility should, therefore, be fixed for the lapse and appropriate action taken”.

“2.46 The Committee have learnt that the case was referred to arbitration, on the advice of the Law Ministry, and that the contractor had obtained an injunction in a court against the arbitration proceedings. This seems to be a familiar story which is rather irritating. Where matters stand at present in this regard should be intimated to the Committee.”

“2.68 The Additional Secretary of the Ministry has been good enough to admit that the design and execution have both been defective and has informed the Committee that the Director General of the Naval Project had been asked to obtain the explanation of the officers concerned. Considerable time having elapsed since then, the Committee trust that the process would have been completed by now and would like to be apprised of the outcome and the action, if any, taken against the Officers found responsible for the defective design as well as laxity in supervising the contractor’s work.”

1.9. In their Action Taken Note dated 4 June, 1977, the Ministry of Defence have stated :

“2.45 The maintenance period of 12 months in respect of piling contract expired in December, 1970. The defects noticed in the building in November, 1970 were of a minor nature and could not have been attributed to failure of piles. Therefore, the question of issuing a notice to the piling contractor in respect of these defects did not arise at that time. Major defects came to notice in May, 1971 and they were attributed to the failure of certain piles by the Technical Committee which submitted its report in December, 1971. In May 1971, the maintenance period of 12 months in respect of piling contract was already over. Therefore, the issue of the notice to the contractor in December 1971 did not make any material difference in so far as the contractual liability of the contractor is concerned.

2. We, however, invoked the arbitration clause when the contractor did not accept our claims. The Arbitrator was appointed on 31st January, 1974 and our claims were filed before the Arbitrator. The contractor has, however, challenged the appointment of the Arbitrator in the Court of Subordinate Judge, in April, 1974. Due to the stay order of the court the matter has not been progressed further. Our view is that in the light of condition 67 of the General Conditions of Contracts IAFW 2249, our claim is not jeopardised merely because the maintenance period of 12 months had expired. It was the responsibility of the contractor to design and construct the piles for specific loads after taking into consideration soil conditions and the contractor is to be held responsible because the piles have failed.

3. The explanation of officers responsible for clearing the design and supervising the work have been received. In view of the court

case, the finalisation of disciplinary action has been held over. The action taken will be intimated to the Public Accounts Committee as soon as a decision is taken on the explanation received."

"2.46. The main petition is yet to come up for hearing. The hearing is being adjourned from time to time, and is last posted for 22-6-77."

"2.68 Explanations of three officers responsible for defective design and laxity in supervising the contractor's work had been called for in Feb./April' 75 which included one retired officer who delayed giving his explanation which was received in Nov./December 1976 only. On going through the explanation of the retired officer, it has been decided in Feb. 1977 to call for the explanation of two more officers which are awaited.

Finalisation of disciplinary action has been held over on account of the fact that the case is pending in the Court of Subordinate Judge. As soon as action is completed the same would be intimated to Public Accounts Committee."

1.10. The Committee see no reason why action against officers responsible for defective designing and supervision of work should be held over until after the Court case is decided. The arbitration proceedings and the Court case is between the contractor and the Government and its outcome should not have any impact on the performance and conduct of the officers concerned. The Committee would like Government to finalise action against the officers without any further delay.]

*Regularisation of the losses for excess payment of electricity charges
(Sl. No. 20 Para 3.38).*

1.11. Desiring to know the latest position in regard to regularisation of the losses for excess payment of electricity charges arising from the transactions with the State Electricity Board, the Committee, in paragraph 3.38 of their Report had stated :

"As regards regularisation of the losses arising from these transactions, the Committee have learnt that in respect of the first case, the State Electricity Board has been approached for refund of the excess charges and that if these efforts failed the case would be referred to arbitration. As for the second case, the Chief Engineer concerned has been asked to regularise the excess payment in view of the fact that no individual had been held to be responsible for the lapse. The Committee would like to know the latest position in this regard."

1.12. In their Action Taken Note dated 24 May, 1977 the Ministry of Defence have stated :

"As regards the first case, the same has been referred to Chairman, Maharashtra State Electricity Board, Bombay, for refund of excess payment. A preliminary meeting was held in June, 1976. A further meeting was also held in October, 1976. The Chairman

Maharashtra State Electricity Board was again contacted on 29th November, 1976 to discuss matter further. A subsequent meeting was held with the Technical Member of Maharashtra State Electricity Board at Poona on 24th February, 1977 wherein the need to settle the matter at the earliest was emphasised. The matter is being pursued vigorously with the Chairman, Maharashtra State Electricity Board and efforts are being made to finalise the issue at the earliest in consultation with him. In case the issue is not resolved through negotiation, the case will be referred to arbitration.

As regards the second case, the question of regularisation of excess payment has been examined by administrative authority and a loss statement for Rs. 2,53,312/- recommending write-off by the competent authority has now been prepared and the action is in hand to finalise this case.

A further note indicating further development relating to finalisation of negotiation with the Maharashtra State Electricity Board in the first case and regularisation of the amount of Rs. 2,53,312/- in the second case will be submitted to PAC in due course."

1.13. The Committee need hardly emphasise the need for early conclusive action in regard to both the cases of excess payments.

*Planting of trees for camouflage purposes in an Air Force Station
(Sl. No. 26, Para 5.28)*

1.14. Pointing out the need to have an investigation by an independent agency into the execution of an arboriculture scheme at an Air Force station, the Committee had, in para 5.28 of their Report, observed :

"The facts brought out in the preceding paragraphs in regard to the execution, for camouflage purposes of an arboriculture scheme at an Air Force Station give rise to serious misgivings in the mind of the Committee. Judging from the findings of the different Courts of Inquiry and the conflicting views expressed on this case by the Military Engineer Services and the Air Force authorities, and in the absence of adequate recorded evidence for the purchase of seeds and saplings, completion of various jobs, handing and taking over of the trees claimed to have been planted as well as for the alleged destruction of a large number of trees by accidental outbreaks of fire, the Committee cannot accept the plea that out of the total number of 51,657 trees claimed to have been planted at a cost of Rs. 1.31 lakhs, as many as 30,212 trees (58%) had been destroyed by fire and other 18,345 trees (35%) had failed to take root. On the basis of the evidence made available to them, the Committee are inclined to agree with the Commander of the Air Force Station who felt that the fact whether such a large number of trees had actually been planted needed investigation by an independent agency."

1.15. In their Action Taken Note furnished by the Ministry of Defence on 31 October, 1977, they have stated :

"The Inquiry Report by DS (Vig.) submitted on 1-6-77 indicates that 75,162 trees were planted against the three sanctions. Out

of these, 31255 (42%) trees got destroyed by fire and 22965 (31%) did not take root. The details given by the Inquiry Officer are at appendix 'A' (not printed). The record of the GE under whose supervision the plantation was done, disclosed a set of figure that was different from what had been reported earlier. During the inquiry conducted during the period 10th May, 1977 to 16th May, 1977 it was not possible to examine the veracity of the information available on GE's record due to the distance of time. It was, however, found that the said statistical particulars had been incorporated by the GE in the quarterly progress reports submitted to the local Air Force authorities. An attempt to reconcile the discrepancy could not be made as the feed-back on the basis of which GE had compiled the Report was not available on the record.

No evidence other than the information on the record of the GE and the Air Force authorities was available to conclusively take a view on the actual number of trees planted. A physical counting of the trees planted under the Arboriculture Scheme during the inquiry was also not possible as such trees could not be distinguished from the trees that have been the result of natural growth over the years."

1.16. The Committee are unhappy to note that the Inquiry Report by the Deputy Secretary (Vigilance) in the Defence Ministry revealed a discrepancy in the figures furnished earlier in regard to the trees planted and those destroyed, and that during the inquiry the veracity of the statistical particulars furnished earlier by the Garrison Engineer could not be examined due to "distance of time" and non-availability on records of the feedback on the basis of which the Garrison Engineer has compiled the Report. The Committee cannot but regard this position as extremely unfortunate.

Enquiry by the Court of Inquiry (Sl. No. 29—para 5.31)

1.17. Expressing dissatisfaction on the manner in which information was made available to the Court of Inquiry set up to inquire into the lapses, the Committee had, in para 5.31 of their Report, stated :

"Incidentally the Court of Inquiry assembled in November 1971 is bound to have observed, *inter alia*, that the projects being old, all persons concerned and the relevant information were not available. Apparently, there were a number of missing links which had not been satisfactorily explained. The Committee fail to understand why the officers concerned had not been summoned from other stations and the position clarified before the Court. The Engineering authorities, however, contended that the non-production of the relevant witnesses and documents before the Court of Inquiry had not been brought to their notice earlier. The Committee take a serious view of this lapse and would like to be informed of the correct factual position in this regard which was also to be gone into by the Inquiry Officer."

1.18. In their Action Taken Note dated 31 October, 1977, the Ministry of Defence stated as follows :

"DS (Vig) Report findings in this respect are reproduced below :

At this distance of time, it would not be feasible to detect lapses of individual officers either on the MES side or the

Air Force side and fix responsibility for the same. However, with a view to avoiding recurrence of lapses Government have issued suitable instructions *vide* Appendix 'E'. (Not printed).

The Court of Inquiry which assembled in Nov., 1971 had two members in addition to the Presiding Officer, one of whom had already functioned as the Presiding Officer of the Board of Officers. The AEE and Senior Administrative Officer who gave statements on behalf of the MES and the H Qrs. Five Wing respectively, had been questioned by the Court of Inquiry on issues which were crucial to the investigation. It was stated by the AEE that the trees planted under the arboriculture scheme were not brought on charge in any register as no instruction was laid down in this regard. Expenditure incurred in respect of all the three jobs executed for planting the trees was supported by documentary evidence *i.e.* monthly expenditure returns and Construction Accounts duly verified by the Audit.

It would thus appear from the above that representative of the MES did appear before the Inquiry Committee."

1.19. Notwithstanding the findings of the Court of Enquiry the Committee consider the position held by the A.E.E. "that the trees planted under the arboriculture scheme were not brought on charge in any register as no instruction was laid down in this regard" as highly unsatisfactory and contemptable.

*Investigation into the theft of stores from the Jetty (Sl. No. 34—
Para 6.26)*

1.20. Expressing their desire to be informed about the outcome of the investigations done in the case of a theft from the jetty, the Committee had, in para 6.26 of their Report, observed :

"According to the findings of the Court of enquiry, assembled in April, 1973 to investigate into the loss, the subject stores had been stolen from the jetty, while they were in the custody of the Port authorities, by unidentified professional thieves, in collusion with one or more persons of the Port Trust and one or more persons of the then Port Police. The Committee have also been informed that immediately after the theft came to light, the Port Commissioners had ordered a departmental enquiry and registered a case with the Police and the C.I.D. The Committee would like to be informed of the outcome of these investigations."

1.21. In their Action Taken Note dated 23 May, 1977, the Ministry of Defence have informed the Committee :

"A joint investigation was made by the Port Commissioners, Calcutta and the Port Police authorities. According to the Police Report, some persons were arrested by them and certain quantity of Ferromolybdenum was seized. Chemical analysis carried out on the seized material revealed that it did not conform to the Ferromolybdenum stolen from Por Cutody.

Persons arrested were subsequently released by the Police. No clue to the actual thieves could be found by the Police.”

1.22. The Committee are unaware whether the investigation by police and security personnel also covered the aspect of collusion on the part of the staff of Port Trust in the theft by outsiders. If it has not already been done, the Committee would like it to be inquired into with a view to take action against the delinquent officers.

None-provision of escorts during transit of stores from the docks
(Sl. No. 36—para .28)

1.23. About the non-provision of escorts during transit of stores from the docks, the Committee had observed in para 6.28 of their report as follows :

“The evidence in this case also reveals a certain neglect and indifference on the part of the Defence authorities. Long before the arrival of the stores, the Embarkation Headquarters had, as an extra precaution called for by the situation obtaining at that time in and around Calcutta, requested the consignee factory, on 18th August 1970, to arrange an escort for the stores from the docks to the factory. A copy of this letter had also been endorsed to the Director General, Ordnance Factories who, while unwilling to accept any responsibility for the security of the stores, had pointed out, on 27th August, 1970, that under the instructions in vogue, the responsibility for arranging an escort rested with the Embarkation authorities at the ports and had, therefore, advised the Embarkation Headquarters to take necessary action in this regard. The consignee had also been instructed simultaneously to intimate, ‘by return of post’, whether the stores were required to be despatched to the factory under escort, and a copy of this letter had been endorsed to the Director of Movements, Army Headquarters. While the Director of Movements took no action on the copy of the letter received by him, since action to arrange for the escort was required to be taken by the Embarkation Headquarters, in consultation with the local Military Commander, and not by the Army Headquarters, the consignee factory had not replied either to the letter dated 18th August, 1970 from the Embarkation Headquarters or to that dated 27th August, 1970 from the Director General, Ordnance Factories till a telegram was again issued on 8th September, 1970. It is also not clear to the Committee why the Embarkation Headquarters, having considered it necessary to take extra precautions during transit, despite the fact that the consignment was not one of the items required, under regulations, to be despatched under escort, had not pursued this question to its logical conclusion in consultation with the local commander.”

1.24. In the Action Taken Note dated 26th May, 1977 furnished by the Ministry of Defence they have stated :

“The situation arose because according to the instructions then prevailing *vide* Army Headquarters, General Staff Branch’s letter No. 0308/1/MO2, dated 14th June, 1955, the responsi-

bility regarding provision of escorts for various consignees was not clearly defined. Instructions for provision of escorts for these stores in transit in India have since been revised *vide* Army Headquarters, General Staff Branch's letter No.62742/GS/MO2, dated 29th May, 1972. According to these instructions Embarkation Headquarters' Area Commanders are not responsible for provision of escorts for stores intended for or emanating from Director General, Ordnance Factories or any other department of the Government of India. The ambiguity which existed in the previous instructions and on the basis of which consignee/Director General Ordnance Factories did not provide the escort has been removed. So far as provision of escorts for stores intended or emanating from Director General, Ordnance Factories, is concerned, the General Managers of Ordnance Factories are now empowered to detail such escorts anywhere in India for collection of stores."

1.25. The Committee regret that according to Government's own admission, the non-provision of escorts for the stores during their transit from dock to the factory was due to the fact that under the existing instructions, "the responsibility regarding provision of escorts for various consignees was not clearly defined." The Committee hope that with the issue of clarificatory instructions in 1972 pinpointing responsibility for provision of escorts during transit, the danger of mischief or theft of valuable defence store-during transit would be minimised.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee consider that the omission to take certain elementary measures in this case has been regrettable. They would urge Government to benefit from the experience of this case and evolve a suitable machinery for keeping a close and careful watch over the progress of such vital projects. Better coordination should also be maintained between the users and the production units so that variations in demand on account of changes in requirements are communicated at the earliest. Similarly, where difficulties, crop up in the development and manufacture of an item a closer liaison should be maintained by the Director General Ordnance Factories, with the indentors with a view to making sure that the users demand had not, in the meantime, changed radically or ceased to exist and that expenditure on a developmental effort is not continued unnecessarily.

(Sr. No. 3, para 1.29 of Appendix—V
232nd Report—5th Lok Sabha)

Action Taken

DGOF was constantly in touch with DGI, CIA and DOS asking for the information about sealing of Drawings and early decision about clearance of design from R&D. The position was also being reviewed periodically with all concerned in the Armament Committee Meetings where representatives of DOS were also present and were fully aware of the progress and development of the ammunition. There was, as such, no delay in communication of MGO DOS decisions about reduction of the order in the first instance in December 1967 and ultimately, for the cancellation of the same in November 1968 to the Factories.

It has, however, been viewed that the progress of a project of this nature would be entrusted to Steering Committee which would coordinate all round efforts of the agencies of Users, Designers, Inspectors and Manufacturers. Simultaneously, the production agency viz. DGOF will not be asked to progress with the manufacture of the store till the design is cleared in all respects.

(Ministry of Defence O.M. F.No. 1(36) 76 D(Prod) dated 9-8-1977)

The reasons for the Research and Development Organisation taking over three years to design the propellant have also not been satisfactorily explained. The delay in the present case under scores the need for gearing up the R&D effort which must be able to meet the challenges and changing needs of the Armed Forces. There is no dearth of talent in the country, and truly earnest research in indigenous design of weapons and other equipment with a view to self-reliance in this vital sphere is called for.

(Sl. No. 4, Para 1.30 of Appendix V
232nd Report, 5th Lok Sabha)

Action Taken

The project for undertaking the development of indigenous ammunition was undertaken by ARDE on 31st August 1965. The project was successfully completed and the stores introduced into Service in March 1967.]

As regards the propellant, the original propellant i.e. No. 018 for Charges 1 and 2 and No's 090-038 for Charge 3 was cleared with imported Class 'A' Picrite. However, in November 1966, Cordite Fy. Aruvankadu informed ARDE that as no further stocks of Class 'A' picrite were available, they should be allowed to manufacture the propellant with indigenously manufactured Class 'B' picrite. Use of Class 'B' picrite, however, changed the Ballistics and the gun recorded high pressures. Therefore, the development of propellant had to be started all over again and this new problem was cleared in September 68 by ARDE. As production of indigenous ammunition took considerable time, Army HQ carried out a reappraisal of the whole situation and cancelled their requirement for this ammunition in November 1968, when the Propellant was under development.

To avoid such recurrence in future, for major important projects, Steering Committees under the Chairmanship of Secy(DP) Senior Service Officers with members of all connected agencies are being constituted for all major projects to sort out any bottlenecks and monitoring the progress of all projects.

(Ministry of Defence O.M. F.No. 1(36).D (Prod) dated 9-8-1977)

Recommendation

The Committee are permitted that on account of soil subsidence arising out of variations in the sub soil condition, certain major defects, such as cracking of floors and walls, tilting of columns, differential settlements, etc. had developed in a workshop building, constructed as part of Naval Project at a cost of Rs. 19.04 lakhs (cost of pile foundations Rs. 1.77 lakhs and cost of super structure Rs. 17.27 lakhs). Though it has been claimed that the variation in the condition of the sub-soil strata could not be anticipated and that 'whatever care could possible have been taken was indeed taken at the time of construction', the Committee find that the Director General of works, to whom a copy of the report regarding the defect noticed in the building had been sent in because of the lack of certain precautions that should have been taken during execution. Besides, the findings and recommendations of a Technical Committee appointed subsequently to conduct an enquiry into the causes of the defects, also seem to suggest that the normal care and precautions which could and should have been taken had been lacking. This has led inevitably to delay in the full utilisation of a building urgently required, and also avoidable additional expenditure which in this case amounted to as much as 74 percent of the original cost of the building.

[Sl. No. 6 (Para 2.42) of Appendix V to the 232nd Report of the Public Accounts Committee (1976-77) (Fifth Lok Sabha)]

Action Taken

Noted

2. The observations of the Director General Works in June 1971 referred to in the recommendations were based on a preliminary report received from Headquarters Eastern Naval Command. A copy of the preliminary report dated 11th May 1971 is attached (Annexure). Later, Technical Committee was appointed by the Defence Ministry on which a specialist from Central Building Research Institute was also nominated. The Technical Committee submitted its report in December 1971 after going into all the aspects of planning, designing and execution.

3. The Technical Committee, having gone into all aspects, has taken the view that "by and large all reasonable precautions were taken during the site investigation, design and execution stages as per normal Engineer practice. There have, however, been minor points as brought out earlier which are not considered serious."

4. The flow of soil from underneath building was not visualised and as such the construction of building was not postponed until after the completion of diaphragm wall.

5. Driven type of piles were adopted for the building because same piles had proved successful in certain other buildings nearby constructed by the Naval Project. As a result of experience gained bored cast-insitu type of piles have been adopted for future construction for the buildings in dockyard area which are suitable for this type of soil and anchoring of piles in the rock below can be ensured. No defects have been noticed so far in the buildings founded on bored cast insitu piles.

6. The Public Accounts Committee is right that on account of unforeseen and unprecedented engineering difficulties, there was delay of approximately two years in the utilisation of the building. (The building was completed in April 1971 and is in use since July 1973). One of the wings has been under observation and after necessary alterations would be put to use in the near future. However, the machinery meant for the entire building had been fully installed in the remaining portion of the building by October, 1973.

7. As flow of soil from underneath the building had not been anticipated, the question of designing bored piles which would have made for additional cost of more than Rs. 4 Lakhs did not arise in the background of the experience in respect of other buildings for which driven type of piles had been successful.

(M. of Defence U.o. No. 24(1)'76/2.42'D'N-IV) dt. Sept. 1977)

ANNEXURE

Headquarters
Eastern Naval Command
Naval Base,
Visakhapatnam-14
11 May '71

No. EL/3482
The Director General
Naval Project, Visakhapatnam-14

ARMAMENT REPAIR SHOP BUILDING NO. 25

The defects observed in bldg. 25 which has been built in reclaimed area have been brought to my notice. I have personally visited the building in order to assess the nature of defects and the following are my observations :—

- (a) The flooring in almost all ground floor rooms is sinking leaving gaps between the walls and the floor.
- (b) The level of the flooring in some rooms appears to be uneven, as the rate of sinking does not seem to be uniform at all places.
- (c) A number of cracks have appeared on the walls presumably because of uneven settling of the reclaimed soil. The cracks on the wall of the main hall appear to be of a serious nature because they have occurred in spite of the fact that the columns are built in on pile foundations.
- (d) The two rooms built at the end of the building and the Ramp have got practically detached from the main building.

2. It is felt that any patch work done at this stage to rectify the above defects will not be of any use, as more defects may occur because of continued settling of the reclaimed soil. The building in its present condition is considered to be unfit for use, because further uneven sinking of the floor after the installation of machinery will adversely affect the performance. It is therefore considered very essential that detailed investigations are carried out with a view to find permanent remedial measures and avoid infructuous expenditure.

3. The problem in respect of Dockyard Complex Workshop Buildings which are going to be built in reclaimed area, is likely to be more serious. It is therefore recommended that all aspects of the problems be examined in detail before embarking on the construction of these buildings.

Sd/- N. KRISHNAN
Vice Admiral
Flag Officer Commanding-in-Chief

Recommendation

According to the Technical Committee, one of the factors which might have contributed to the settlement and displacement of the piles was the flow of sub-soil material caused by the presence, in the vicinity, of a dredged channel and its flooding in November, 1970. The Technical Committee had gone on to observe that the flow of sub-soil material could have been prevented by a diaphragm wall, which, if constructed earlier, would have added to the stability of the building. Admittedly, the need for a diaphragm wall had not been appreciated in the initial stages of the project and when this factor was considered subsequently, a view appears to have been taken that the construction of a diaphragm wall would be time-consuming and would also involve the outlay of several crores. It had therefore, been decided to take a 'calculated risk' and to proceed first with the construction of the building and to construct the diaphragm wall later on. While it is a moot point whether the building under construction could not have been protected, as the work progressed, by confining the construction of the diaphragm wall with reference to the particular area occupied by that building alone, the Committee feel that, even in the absence of the diaphragm wall (the cost of construction of which would have been disproportionate to the cost of the building), the possibility of soil subsidence in an area which was known to be 'treacherous' could have been foreseen and guarded against by driving the piles into the rock (which was available at depths of 20 to 35 metres) instead of allowing them to merely rest on the rock bed. It would, therefore, appear that adequate thought had not been given initially to the proper designing of the foundation, which is regrettable.

[Sl. No. 8 (Para 2.44) of Appendix V to the 232nd Report of the Public Accounts Committee (1976-77) (Fifth Lok Sabha)].

Action taken

The recommendations of the Committee have been noted. These have also been brought to the notice of experts to ensure that all necessary precautions and measures are taken so that incidents of this type do not occur. It is confirmed that where ever piles are necessary subsequent constructions are on bored-cast-insitu pile foundations anchored in the rock.

2. It may, however, be mentioned that driven piles in case of some other buildings constructed earlier by the Director General Naval Project did not pose any problems. The flow of soil from underneath the building was not visualised and as such bored-cast-insitu pile foundations which are much costlier as compared to driven type of piles in terms of money as well as time, were not adopted.

[M. of Defence u. o. No. 24(1)'76/2.44'D(N-IV) dt. Sept. 1977].

Recommendation

Though the Technical Committee have expressed the opinion that, by and large, there had been no major deficiency in site investigation or execution, the Committee would seek some further reassurance in this

regard, in view especially of the fact that the contractor (Cementation Co. Ltd.) has come to their notice some-what adversely in connection with its performance in the Naval Dockyard another station [*vide* the Committee's 210th Report (Fifth Lok Sabha)] and in the Mormugao Port [examined in the Committee's 230th Report (Fifth Lok Sabha)].

[Sl. No. 11 (Para 2.47) of Appendix V to the 232nd Report of the Public Accounts Committee (1976-77)—(Fifth Lok Sabha)].

Action taken

So far as the Project Organisation is concerned, it can be said that there have been no major deficiencies in soil investigation or execution. Since, however, it was the responsibility of the contractor, i.e. M/s Cementation Co. Ltd., who are specialists in the line, to design and provide the piles, which have failed, no tenders are being now issued to the contractor by Director General Naval Project. The question of suspension/banning of the firm is being examined separately and the result of examination will be intimated to the P.A.C. in due course.

[Min. of Defence u.o. No. 24(1)/76.2.47/D(N-IV) dated 30th November 1977].

Recommendation

In paragraphs 2.84 and 2.109 of their 19th Report (Fourth Lok Sabha), the Committee had commented upon instance of lapses in working out the technical requirements of works and had recommended, *inter alia*, that the relevant authorities should take step to ensure that technical sanctions were accorded only after an examination of all aspects of a project. The present case under examination is one more instance of defective construction of storage accommodation, which has been attributed by a Technical Board to the structural design of the building not being strong enough to take the wind-loads and also to poor workmanship by the contractor (M/s B. Ranga Rao & Partners).

[Sl. No 12 (Para 2.66) of Appendix V to the 232nd Report of the Public Accounts Committee (1976-77)-(Fifth Lok Sabha)].

Action taken

The conclusion of PAC is noted.

All technical sanctions are being issued after scrutiny of all aspects to ensure proper design. Besides, adequate care is being taken to ensure that the workmanship by contractors is duly supervised.

[Min. of Def. No. 24 (1) 76.2.66/D(N-IV) dated 4 June 1977].

Recommendation

As regards the inadequacy of the structural design pointed out by the Technical Board, it was contended by a spokesman of the project that there was no defect in the design and that the Technical Board presumably had the future in mind while making its observations. The Committee, are, however unable to accept this contention. In view of the fact that the area

was known to be cyclonic and the wind-force, during a storm could be admittedly very high, the Committee are of the view that this factor should have been taken into account while finalising the design of the building and the masonry made strong enough to withstand the anticipated wind speeds in the area. Besides, from a perusal of the proceedings of the Technical Board, the Committee find that there is no ambiguity in the Board's findings, which has clearly stated that the tensile stresses were such that the masonry could not have withstood them and that the designer had taken a risk by providing pillars in masonry which were weak in tension. It is, therefore, evident that the design of the building was defective.

[Sl. No. 13 (Para 2.67) of Appendix V to the 232nd Report of the Public Accounts Committee (1976-77) (Fifth Lok Sabha)].

Action taken

The storage shed in question was meant for storage of equipment being installed in the Dockyard. It was considered that after completion of the Project, all the sheds would no longer be required. Accordingly to meet the requirements, temporary specifications designed normally to last for a period of at least 5 years were adopted keeping in view the cost aspect. The designer had adopted the design from the existing temporary structures in Naval Armament Depot Area where this storage shed was required to be codstructed. Certain other temporary buildings were also constructed by Director General Naval Project to the specifications which have withstood the storm. However, the recommendations of the Public Accounts Committee have been noted for the future.

[Min. of Defence u.o. No. 24 (1) 76/2. 67D (N-IV) dated 30th November, 1977].

Recommendation

In paragraphs 3.181 to 3.189 of their 69th Report (Fourth Lok Sabha), the Committee had dealt with a case of excess payment of electricity charges at a station as a result of unrealistic assessment of power requirements. After this case had come to notice, instructions were issued by the Army Headquarters, in December 1967, stressing the need for correctly assessing the peak load requirements in future and for reviewing the demands already contracted for on the basis of actual requirements. However, two more such cases of excess payment amounting to Rs. 4.36 lakhs, have again been highlighted in the Audit Paragraph under examination. That such avoidable expenditure should continue to recur is a matter of serious concern.

[Sl. No. 16 (Para 3.34) of Appendix V to 232nd Report of PAC (5th Lok Sabha) 1976-77]].

Action taken

The observations made by the P.A.C. have been noted.

2. Instructions were issued by E-in-C's Branch *vide* their No. 29066/DP/E4, dated 7-11-74 to the lower formations stressing the imperative need to ensure that the contracted demand for electricity is related to the actual requirements only and that it is reviewed from time to time with a view to taking immediate remedial measures to avoid infructuous expenditure. In view of the fact that in spite of these instructions a few cases have come

to the notice of Government where deviations have taken place, fresh instructions have been issued by E-in-C's Branch *vide* their letter No. 29066/DP/E4, dated 13-5-77 reinforcing the instructions which were issued earlier and also mentioning the fact that disciplinary action will be taken against the individual concerned who is found responsible for not complying with instructions strictly.

[Min. of Defence u.o. No. 15(2)/76/D(W-II) dated the 2nd May, 1977].

Recommendation

The Committee note that in the first case relating to an Armed Forces Medical College, the contract demand had been increased by the MES authorities from 312.5 KVA to 625 KVA, keeping in view the works in progress and a proposed hospital complex even prior to the assembling of the recce-cum-siting board, and before the necessity of the project had been accepted by Government while the reasons for this unusual keenness are not very clear in the absence of the relevant records, the Committee have been informed that while the maximum demand for all the loads in the Armed Forces Medical College, on the basis of projected forecasts, worked out to about 310 KW, the Garrison Engineer had erroneously indicated, in the application made to the electricity company, that a further load of 350 KW would be required in addition to the existing load of about 150 KW, and sanction was given accordingly by the Government of Maharashtra. Though a Court of Inquiry assembled in November, 1973 to probe in to the matter had found no justification for applying for the additional demand of 350 KW, it was not possible to fix responsibility for the lapse, since the records justifying the increase of the demand were stated to be not available and many of the officers involved had either retired or expired. In the circumstances, the Committee have to remain content with expressing their dissatisfaction over the manner in which this case had been handled.

[Sl. No. 17 (Para 3.35) of Appendix V to 232nd Report of PAC (5th Lok Sabha) 1976-77].

Action Taken

The observations made by P.A.C. have been noted. It is regretted that the demand was erroneously estimated. Action to ensure that this does not happen in future has been taken by the issue of instructions by E-in-C's Branch *vide* their letter No. 29066/DP/E4 dated 13.5.77.

[Min. of Defence u.o. No. 15(2)/76/D(W-II) dated the 24th May, 1977].

Recommendation

The Committee regret that while a peculiar sense of urgency had been displayed in this case in increasing the demand, the same sense of urgency was lacking in concluding the necessary agreement to give effect to the increased contract demand, which appears to have been executed only as late as in August 1971, some eight years after applying for the increase. Since the State Electricity Board approached in December 1967 for a reduction in the contract demand to 400 KVA, had insisted on the execution of the agreement in respect of the contract demand of 625 KVA as a pre-condition for reducing the demand, it was certainly imperative to finalise

this long-pending issue and avoid unnecessary excess expenditure. As pointed out by the Court of Inquiry, the procedural difficulties involved in signing the agreement could have been resolved earlier by obtaining legal opinion. In case difficulties still persisted, efforts ought to have been made to iron out these difference at Governmental level. Regrettably, these steps do not appear to have been taken to safeguard Government financial interests.

[S. No. 18 (Para 3.36) of Appendix V to 232nd Report of PAC (5th Lok Sabha) 1976-77].

Action Taken

The suggestions made by the P.A.C. as mentioned above have been noted and instructions have been issued by E-in-C's Branch *vide* their letter No. 29066 DP/E4, dated 13-5-77 making a specific mention of the fact that there should be no delay in finalisation of agreement and in cases where agreement is likely to take some time, legal opinion from the Legal Adviser should be obtained in the matter.

[Min. of Defence u. o. No. 15(2) 76/D(W-II) dated the 24th May, 1977].

Recommendation

In the light of the explanation furnished by the Ministry about the second case relating to the supply of electricity for Defence Laboratories and the findings of the Court of Inquiry, the Committee will confine themselves to only one aspect of the matter. The Committee find that the Court of Inquiry, assembled in March 1974, to go into the lapses in this case, fix responsibility and suggest remedial measures, had held the view that as there was no permanent agreement entered into with the Andhra Pradesh State Electricity Board by the Military Engineer Services, there was no need as such to review the requirements by the inspecting officers. The Committee are unable to accept this contention. In order to safeguard the financial interests of Government and in view of the uncertainty over the actual requirements of power by the laboratories, the Military Engineer Services authorities ought to have kept the position continuously under review, in consultation with the users, and taken timely action to reduce the contract demand when the actual revised requirements of the laboratories became known.

[S. No. 19 (Para 3.37) of Appendix V to 232nd Report of P.A.C. (5th Lok Sabha) 1976-77].

Action Taken

Necessary instructions in this regard were issued by E-in-C's Branch *vide* their letter No. 29066/DP/E4, dated 7-11-74 (copy enclosed as Annexure IV) stressing the imperative need to ensure that the contracted demands are reviewed from time to time and immediate measures taken to avoid infructuous expenditure. It was also stressed in these instructions that the inspecting officers should ensure that lapses do not occur again.

2. Further instructions to all concerned emphasising that the users should work out their power requirements on more realistic basis in consultation with MES to avoid overpayment on account of variations in consumption will be issued shortly and a further note in this regard will be submitted to P.A.C. in due course.

[Min. of Defence u. o. No. 15 (2)/76/D(W-II) dated the 24th May, 1977].

Recommendation

Apart from the formality of regularising the losses, the Committee feel that the Ministry should also analyse the reasons for the lapses that occurred in these two cases and prescribed effective remedial measures for the future. In this connection the Committee note that the Courts of Inquiry which examined these cases have also suggested certain remedial measures. The Committee would urge Government to go ahead with the task of evolving uniform guidelines in this regard rather than leaving the initiative entirely to the individual units concerned.

[S. No. 21 (Para 3.39) of Appendix V to 232nd Report of PAC (5th Lok Sabha) 1976-77].

Action Taken

Necessary instructions on the subject have been issued by the Army Headquarters E-in-C's Branch from time to time in their various letters mentioned below :

- (a) 29066/68/E4 dated 23-12-67
- (b) 45108/E dated 26-6-73
- (c) 29066/DP/E4 dated 7-11-73
- (d) 29066/DP/E4 dated 7-11-74

2. Further fresh instructions in the form of uniform guidelines incorporating remedial measure suggested by the Court of Inquiry have been issued *vide* E-in-C's Branch letter No. 29066/DP/E4 dated 13-5-77 (copy enclosed as Annexure V).

[Min. of Defence u. o. No. 15(2)/76/D(W-II) dated the 24th May, 1977].

Recommendation

Though an instance of this nature has been detected at only one station, it could well be that the irregularities disclosed in the present case are only symptomatic of the position obtaining in other Military Engineer Services divisions. The Committee would, therefore, like the Ministry of Defence to carefully review the position in regard to the issue and account of furniture at other Military Engineer Services Divisions also with a view to ensuring that similar instances of irregularities and misconduct do not prevail.

[S. No. 25 (Para 4.25) of Appendix V to 232nd Report of PAC (5th Lok Sabha)]

Action Taken

Suitable steps have been taken to avoid recurrence of similar irregularities. In addition to the remedial steps indicated against Recommendation No. 22 suitable instructions have also been issued by Chief Engineer Central Command, Lucknow and Chief Engineer West Uttar Pradesh Zone Bareilly. Confirmation from all Military Engineer Services formations has been also obtained in March 1977 that no deficiency on account of irregular issues of furniture exist in their jurisdiction. Suitable instructions have also been issued by Engineer-in-Chief's Branch to their lower formations *vide* their letter No. 40170/E2(WPC), dated 18-4-77 to avoid any similar irregularities in future.

[Min. of Defence u. o. No. 15(3)/76/D(W-II) dated the 24th May, 1977].

Recommendation

"Though the Defence Secretary also conceded during evidence that 'there are many tragedies in this case' and that he hardly had any justification to offer for the figures indicated in the Audit Paragraph, he informed the Committee that some of the documents which were reported to be untraceable earlier had been traced subsequently and records had also been found to exist in respect of some of the fires. After the Committee had taken up examination of this case, the Deputy Secretary (Vigilance) in the Defence Ministry had also been appointed as an Inquiry Officer to investigate various aspects of the case. Much time has elapsed since then and the Committee expect that these enquiries have been completed. The findings of the Inquiry Officer and the subsequent action, if any taken in this regard should, in some detail, be intimated to the Committee."

[S. No. 27 (Para 5.29) of Appendix to 232nd Report of the PAC (5th Lok Sabha)]

Action Taken

Findings of Vigilance Report are :—

(i) Records clearly indicate that 75,162 trees were planted against three sanctions. Funds available against the first and third sanctions were not fully utilised as per details below :—

Sanction issued in	Amounts sanctioned	Expenditure incurred
(i) Dec. 1964	Rs. 35,300/-	Rs. 31,005.16
(ii) May, 1966	Rs. 7,669/-	Rs. 9,501.70
(iii) October, 1967	Rs. 2.03 Lakhs	Rs. 99,868.29
(including Rs. 0.75 Lakh for maintenance over five years)		

Year-wise expenditure on stores, seeds, digging of pits is given in Appendix (Not printed).

(ii) Apart from provision of tree guards for the trees planted and re-plantation of those which did not take roots under the first sanction, and watering of the saplings with the available resources which were acknowledged as inadequate, no plan was drawn up for maintaining the trees nor any special maintenance operation was carried out. The scheme was implemented on acceptance of the expert advice that once the trees took roots, they would survive the dry weather and no special maintenance would be necessary. The expert advice for planting the trees during the onset of monsoon, however, does not appear to have been followed while planting trees under the third sanction.

(iii) There is reason to believe that all fire incidents both wild fire and 'controlled fire' set by the Air Force officials were not brought on record.

The records do not disclose that trees destroyed by fire were replanted though 4500 trees affected by fire were reported to have subsequently sprung up.

(iv) As per records, 31,255 trees were destroyed by fire. The dates of occurrence of fire and the number of trees destroyed on each occasion are given in Appendix (Not Printed).

(v) (a) The wind growth of grass (elephant grass) does pose a fire hazard for the Air Force Station. The only preventive measure adopted by the Station authority is to cut the grass by employing manual labour and clearing the grass along side the taxi-way/runway by using a mechanical device known as Jungle Jim. Cutting the grass by manual labour has very limited application in view of the vastness of the area and unwillingness of the contractor to undertake such work. The Jungle Jim also serves limited purpose as it cannot operate on uneven surface. Mechanised grass cutting seems to be the only solution and for this, use of suitable device capable of operating on uneven surface should be considered.

(v) (b) The trees existing at present should be marked and numbered and brought on record. They should, thereafter, be finally handed over to the Headquarters 5 wing.

Application of the above recommendations to the other Air Forces Stations where arboriculture scheme has been implemented should be considered.

(vi) At this distance of time it would not be feasible to detect lapses of individual officers either on the MES side or the Air Force side, and fix responsibility for the same.

(vii) Each time the local MES authority reported fire incidents to the Headquarters 5 Wing, they asked for a Court of Inquiry for investigation. The Court of Inquiry assembled in March, 1970, therefore, cannot be attributed only to the initiative taken by the Air Force authority for investigation. The MES officials, however, declined to give their statements before this Court of Inquiry as the MES representative who was a member of the Court was asked to appear as a witness before the Court. The Air Force authority however, soon appointed a Board of Officers and thereafter another Court of Inquiry which received the full cooperation of the MES officials and completed the investigation. There does not seem to be any substance in the allegation that the refusal of MES officials to cooperate

with the Court of Inquiry assembled in March, 1970 prevented the Air Force authority to uncover the truth regarding the plantation of trees and substantial destruction due to outbreak of fire on a number of occasions.

Subsequent Action taken

Instructions based on the recommendations of Vig. Report have been issued *vide* Air H. Q. letter No. Air HQ/S. 37960/2/ W(CAM), dated 20 June, 1977.

Recommendation

“Perhaps the picture would have been different if this work had been initially entrusted not to Military Engineer to Services, but to the Forest Department, which has the requisite competence and expertise. Apart from the expenditure incurred on the arboriculture scheme proving to be infructuous, the camouflage needs of the Air Force station have also not been adequately met. The Ministry, wiser after the event, have now decided to entrust the arboriculture work to the State Forest Department. The Committee trust that the results will perhaps be happier.”

[Sl. Nos. 28 (Para 5.30) of Appendix to 232nd Report of PAC (5th Lok Sabha).]

Action taken

The afforestation work at Air Force units at various locations is being carried out by respective State Forest Departments for the last two years only. The real effect could only be known after some time. The work executed so far is quite satisfactory. As the work is being managed by Specialist Department meant for arboriculture work, the result, no doubt will be better.

[Ministry of Defence O.M. No. 17(1) 76 7749 D (Air-II) dated 31 October, 1977.]

Recommendation

The theft of 3,358 kilograms (value Rs. 1.15 lakhs) of an important and costly raw material, required for the production of a special type of strengthened steel, in the premises of the Port Trust, causes grave concern to the Committee. As has been rightly pointed out by the General Officer Commanding, Bengal Area, apart from the immediately ascertainable monetary loss arising out of this case, the invisible loss in terms of time, effort and foreign exchange and the profits accruing to the unscrupulous purchasers of the rare imported materials, would be many times more than the physical loss.

[S. No. 31 (para 6.23) of Appendix V to 232nd Report of PAC (5th Lok Sabha).]

Action taken

The observations of the Committee have been noted.

[Ministry of Defence u.o. No. 12 (12)/76/D(Mov), dated 23-5-1977.]

Recommendation

The Committee observe that the Port authorities had not been informed that the imported consignment was an important raw material and that the Port Trust had stated, after the occurrence of the theft, that, if this fact had been known, "strong precautionary measures could have been arranged." This, unfortunately, had not been considered necessary because it was assumed that the Port Trust was already in possession of relevant documents and, therefore, had full knowledge of the valuable nature of the consignment. The Committee are, however, of the opinion that the mere fact that the Port authorities were in possession of the documents did not mean that they really appreciated the value and importance of the consignment from the consignee's point of view. Indeed, whenever scarce and strategic stores are imported from abroad, the Port authorities should invariably be informed precisely and suitably of the importance of adequate precautionary measures being taken to safeguard such stores by keeping them in 'Lock-fast' or other security areas. The Committee stress that there should be close coordination between the consignees, the Embarkation Headquarters and the Port authorities in this regard. The Committee would also suggest that the Ministry should undertake a comprehensive review of the existing arrangements for the handling of vital and sensitive defence equipment and raw materials at the ports so as to ensure their safe delivery and the prevention of pilferages.

[S. No. 32 (Para 6.24) of Appendix V to 232nd Report of PAC
(5th Lok Sabha).]

Action taken

All departments concerned with import of Defence stores have been asked by Army Headquarters, QMG's Branch on 20-12-1976 to keep Embarkation Headquarters duly informed regarding the import of scarce and strategic Defence stores. Embarkation Headquarters have also been instructed by Army HQ's QMG's Branch on 23-12-1976 to evolve suitable system for indexing such information and invariably informing Port authorities specifically and precisely of the importance of adequate precautionary measures being taken to safeguard such stores by keeping them in 'Lock-fast' or other security areas.

[Ministry of Defence u.o. No. 12(12) 76 D(Mov), dated 23-5-1977.]

Recommendation

The theft in this particular case could, perhaps, have been prevented if adequate action had been taken by the Embarkation Headquarters, in close coordination with the Railway authorities, to ensure that wagons which were in sound and railworthy condition were made available for movement of the consignment immediately on arrival at the Port. The Committee would, therefore, urge the Ministry also to review the present arrangements for the despatch of sensitive stores and other items from the ports to the consignees and ensure that such sensitive items are not allowed to remain in the ports longer than is absolutely unavoidable.

[S. No. 33 (Para 6.25) of Appendix V to 232nd Report of PAC
(5th Lok Sabha).]

Action taken

Instructions have been issued by Army HQ, QMG's Branch on 23rd Dec. 1976 to Commandants Embarkation Headquarters to maintain close liaison with the Railway authorities and ensure that fit rolling stock is provided by them immediately on arrival of important defence consignments so that such consignments are not allowed to remain in the ports longer than is absolutely unavoidable. They have been further directed that in case of any difficulty the matter should be reported over phone and signal immediately to Army Headquarters [Q Mov Rails(S)] for action at appropriate level with the Railway (Board).

[Ministry of Defence u.o. No. 12(12)/76/D(Mov), dated 23-5-1977.]

Recommendation

The Committee note that the Port Trust had agreed to make an *ex-gratia* payment of Rs. 50,000 to compensate the loss and would like to know whether this amount has since been paid. Now that the security arrangements have been tightened with the replacement of the Port Police by the Central Industrial Security Force, the Committee expect that such thefts would be prevented.

[S. No. 35 (6.27) of Appendix V to 232nd Report of PAC (5th Lok Sabha.)

Action taken

Amount of Rs. 50,000 has been paid by the Port authorities and credited to CDA Patna *vide* TR No. 152/1, dated 9th March, 1974. The observations of the PAC have been noted.

[Ministry of Defence u.o. No. 12(12)/76/D(Mov), dated 23-5-1977.]

CHAPTER III

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

Recommendation

The Committee have been informed that while the boxes (cost Rs. 5.92 lakhs) manufactured for packing the ammunition had been fully utilised, after suitable modifications, for packing grenades, it was proposed to recycle and utilise the cartridge cases, primer and the propellant with a total utilisation scrap value of Rs. 3.06 lakhs as against their original book value of Rs. 7.77 lakhs. They would like to know whether this process has since been completed and the components utilised.

[Sl. No. 5 (para i.31) of Appendix V—232nd Report (5th Lok Sabha)]

Action Taken

The recycling and utilisation of the components/stores lying surplus has been completed and the net financial repercussion has been worked out to Rs. 4,71,63,154. There is a proposal to issue components worth 40 to 45 thousand to foreign Government, if it materialises, this would further reduce the financial repercussion.

[Ministry of Defence O.M. F.No. 1(36)/76/D(Prod) dated 9-8-1977]

Recommendation

While the Committee are not unwilling to concede that civil engineering construction in a 'deserted' coastal area could conceivably have its own built-in hazards and that it might not, perhaps, have been practicable to determine, by soil investigation the characteristics and soil conditions of every inch of such an area, they find it difficult to accept the Ministry's contention that there was no comparable construction in the area at that time (1968) from which information in regard to the soil conditions and foundations could be gathered. The area selected for the location of the Naval Project can hardly be considered 'deserted' in the context of the considerable marine activity already under way there. It appears, on the evidence and from the observations of the Technical Committee that there had been some indecision in regard to the design parameters of the building, because of what has been described as 'practical difficulties' in reconciling the divergent views of the specialists who had prepared the project report, the users and the contractors, and also the tendency on the part of the specialists and the users to change the design details. Consequently, the pile foundations had been completed before the design of the building was finalised. These alleged difficulties notwithstanding, the Committee feel that it would have been possible, *ab-initio*, to have drawn upon the expertise and services of a panel of experts in the field and the precautionary steps, safeguard, etc. to be taken determined before

embarking on the execution of costly civil engineering works, which needed also to be completed expeditiously. The Committee regret that even such obviously basic pre-requisites as a soil laboratory and a soil foundation engineer had not been provided sufficiently in advance, despite the magnitude and strategic importance of the project.

[Sl. No. 7 (para 2.43) of Appendix V to the 232nd Report of the Public Accounts Committee (1976-77)—(Fifth Lok Sabha)],

Action Taken

Noted.

2. While it is true that the area as such is not a deserted area and even at the site of the project a number of buildings have been successfully constructed without encountering any serious problems, there are certain portions of the site where the soil conditions have presented unanticipated problems. In fact, the soil conditions differ widely from site to site within the site of the project itself. All the structures constructed by the Director General Naval Project upto the time of construction of this building in the area were successfully completed with driven type of piles.

3. The Public Accounts Committee is right that the design of the driven piles had been finalised before the final detailed designs of the building. It is also true that the pile foundation was completed earlier. The piles were required to be designed by the contractor (who are specialists in foundation engineering and soil investigations) for certain loads and the final design of the super-structure did not impose heavier loads on the piles than those for which the piles had been asked to be designed. The load of the building had been worked out before the design of the piles. In actual fact, however, the piles failed to take the load for which the contractor was required to design them. The contractor was expected to design the piles after taking all aspects into consideration including the soil conditions. As we had not faced such soil conditions earlier, we could not anticipate them. As such, no necessity for consultation with a panel of experts was felt at that time. However, Officers qualified in soil engineering have been provided from early 1972 onwards and a soil laboratory has also been established.

[Ministry of Defence u.o. No. 24(I)/2.43/D(N-IV) dated 4-6-77].

Recommendation

The Committee take a very serious view of the lapses disclosed by the Court of Inquiry in this case over the issue and account of furniture in a Military Engineer Services division. It is distressing that large scale deficiencies in stock of furniture (Rs. 40,655.00) and irregular issues of furniture, valued at Rs. 80,484.00, on loan to unauthorised persons (Defence and Civilian personnel as well as private individuals) had continued, almost unabated, over a period of five years. The deficiencies and irregular issues have been attributed, *inter-alia*, by the Court of Inquiry, to lack of proper supervision and control by the Superior Officers, non-functional nature of the security arrangements at the Furniture Yard, (on account of which a large quantity of components of items of furniture was misappro-

priated over a period of time), inefficiency and gross negligence on the part of a Supervisor, Barrack Stores, Grade I entrusted with the responsibility of store-keeping and also perfunctory stock verification.

[Sl. No. 22 (para 4.17) of Appendix V to 232nd Report of PAC (5th Lok Sabha)]

Action Taken

The circumstances leading to the loss/irregularities have been properly analysed by the Staff Court of Inquiry. The punishments awarded to the individuals responsible for the losses are indicated against recommendation No. 23.

2. Necessary provisions already exist in the regulations for Military Engineer Services in regard to the duties of officers connected with stores, procedural guidelines for issue of furniture including loan issues as well as accounting of annual stock verification procedure and security aspects of the stores. Besides, amendment to para 670 of MES regulations (1968) has been initiated whereby the verification of actual accounting of furniture issued to the Units formations and installations as well as balance furniture in stores, will be done by stock taking team consisting of 2 Military Engineer Services officers (instead of one officer from the Military Engineer Services and one from the unit concerned provided heretofore) selected by the Commander Works Engineer from the two different Garrison Engineer formations (other than stock holding Garrison Engineer) and one representative from the Station Headquarters. Necessary directives in this regard have already been issued by Quartermaster General's Branch *vide* their letter No. B/42432 Q3W(Policy) dated 14-10-76. It is regretted that despite clear instructions there had been irregularities in the supply of furniture due to procedural lapses.

3. In order to stress the need to follow scrupulously the procedural guidelines already laid down and to ensure strict compliance so that such lapses do not occur in future, necessary instructions have been issued by Engineer-in-Chief's Branch to all concerned *vide* their letter No. 04170 E2 (WPC) dated 18-4-77.

[Min. of Defence u.o. No. 15(3) 76 D(W-II) dated the 24 May, 1977]

Recommendation

The Committee have been informed that on the basis of findings of the Court of Inquiry and the opinions expressed by the General Officer Commanding-in-Chief, Central Command, on the recommendations of the Court and the Senior Army Officers, the Chief Engineer, Central Command, was instructed to initiate necessary disciplinary action against the individuals concerned and to get the losses regularised. In view of the gravity of the lapses, and such examples of irresponsibility as the Supervisor Barrack Stores being found drunk while on duty several times, the Committee wish that action has been decided upon and exemplary punishment meted out to the officials who have been found remiss in the discharge of their responsibilities. While the Committee would like to know the action taken in this regard, they, however, note that according to the recommendations of the General Officer Commanding-in-Chief, Central Command, the entire loss, on the account of deficiencies and irregular

issues of furniture, less the amount which might be recovered from the supervisor Barrack Store in accordance with the orders of the Competent disciplinary authority and the cost of such furniture as may be subsequently recovered from individuals to whom it had been issued on loan, is to be written off and borne by the State. The Committee are, however, of the view that the question of the State bearing any loss on this account should be examined afresh and concerted attempts made, instead, to recover the losses from the individuals found guilty of such grave dereliction of duty.

[S. No. 23 (para 4.18) of Appendix V to 232nd Report of PAC (5th Lok Sabha)]

Action Taken

On the basis of the findings of the Court of Inquiry, disciplinary action has been taken against the defaulters. The disciplinary action already taken against the individuals concerned with reference to the opinion of the General Officer Commanding-in-Chief, Central Command, has been reviewed by the Army Headquarters (Engineer-in-Chief) and they are satisfied that the penalties awarded to them as mentioned below are adequate and no enhancement or otherwise for the penalties already awarded is called for :—

<i>Individual</i>	<i>Details of Punishment</i>
1. MES 12920 Shri G. S. Sharma, Supervisor B/S Grade I	(i) "CENSURE" (ii) Penal recovery of Rs. 4030.79
2. MES 15948 Shri C.S. Bhattacharjee, Supervisor B/R Grade I	"CENSURE"
3. MES 400004 Shri N.M. Siddiqui, Superintendent B/R. Grade I	Warning by Chief Engineer.
4. IC 14349 Major SB Bavare then GE Mathura	Displeasure of General Officer Commanding 105 area.
5. Shri B.L. Gulati, Supervisor B/S Gr. I	No disciplinary action could be initiated against him since he had already been allowed anticipatory pension and gratuity. He was granted anticipatory pension on 31-7-1974 and final pension on 26-11-1976.

2. Total value of furniture issued irregularly against loan was Rs. 80,484/- out of which, furniture costing Rs 64,569.35 has been recovered from the loanees till end of November, 1976, leaving a balance of Rs. 15,914.65. This amount has been notified to Controller of Defence Accounts, Central Command, for effecting recovery of cost of furniture from the pay bill of the concerned loanees.

3. Since the cost of furniture issued on loan is still to be recovered from some individuals, the correct balance of irrecoverable furniture could only be known when the final figures are intimated by audit authorities.

4. As regards the deficient furniture amounting to Rs. 40,655/- furniture to the tune of Rs. 1,213/- has been traced out, leaving a net deficiency of Rs. 39,442/-. As per the recommendations of General Officer Commanding-in-Chief, Central Command, endorsed on the Court of Inquiry proceedings, a sum of Rs. 4,030.79, being the penalty imposed on the Supervisor Barrack,

is being recovered from him. Thus the net amount of Rs. 35411.21 has to be written off and borne by the State in accordance with the recommendations of the aforesaid inquiry.

The loss statement of Rs. 35411.21 (deficient furniture) plus unrecovered cost of loaned furniture would shortly be initiated by Garrison Engineer for regularisation. However, the Army authorities concerned have been asked to take expeditious action in the matter.

[Min. of Defence u.o. No. 15(3)/76/D(W-II) dated the 24th May, 1977].

Recommendation

The Committee note that out of the furniture, valued at Rs. 80,484.00, irregularly issued on loan as in December 1971, furniture worth Rs. 55,856.35 had been recovered from the loanees till January 1975 and that the concerned Garrison Engineer had been asked to make all-out efforts to recover the remaining items for of furniture. The Committee would like to know the progress in this regard so far.

[S. No. 24 (Para 4.19) Appendix V to 232nd Report of PAC (5th Lok Sabha)].

Action taken

Irregular issue of furniture valued at Rs. 80484.00 was intimated to Controller of Defence Accounts, Central Command, on 21-9-1975 Furniture worth Rs. 64,569.35 has since been recovered from the loanees till November, 76, leaving a balance of Rs. 15914.65. The Controller of Defence Accounts was reminded on 2-9-1976 for effecting recovery of cost of furniture from the pay bills of the concerned loanees. Further progress in the recovery of the balance amount will be intimated to the Committee in due course.

[Ministry of Defence u.o. No. 15(3)/76/D(W-II) dated the 24th May, 1977].

Recommendation

“The Committee consider it strange that while ordering, earlier, in March 1970, and on his own initiative, the assembly of a Court of Inquiry to check and ascertain the tree plantation casualties under the arboriculture scheme, the Commander of the Air Force Station had appointed one of the witnesses as a Member of the Court. It also appears that some of the MES personnel concerned had declined to tender evidence before the Court, in the absence of suitable orders from the engineer channels. Thus, the Court could not complete its proceedings and by the time the necessary permission was accorded, in July, 1970 by the Commander Works Engineer, the inquiry itself had been abandoned. The Committee are dissatisfied with the manner in which this issue has been handled. As pointed out elsewhere in this report, Government must ensure that necessary inquiries, whenever considered appropriate are held soon after the event so that prompt remedial measures can be taken. It would also be ensured that such inquiries are conducted, as far as possible, with the utmost objectivity and by persons who are entirely unbiased and unconnected with the cases under scrutiny.”

[S. No. 30 (Para 5.32) of Appendix to 232nd Report of PAC (5th Lok Sabha)].

Action Taken

The actual finding of the inquiry with regard to the alleged non-cooperation of MES officials in the investigation conducted by the Air Force authorities indicates the inference that the MES officials had basic difference of opinion with the Air Force authorities as their contention was that the fire register maintained by the Air Force authorities did not contain complete information with regard to the fire incidents in the Air Force station. The Air Force authorities, however, wished to solely rely upon the fire register to test veracity of the MES reports. The MES officials, however, had been finally asked by their higher departmental authorities to tender evidence before the Court of Inquiry but the Air Force authorities, in the meanwhile, discontinued the Court of Inquiry and appointed a Board of Officers which accepted the particulars furnished to it by the MES officials.

2. Government have noted the advice of the Committee. Despite comprehensive instructions for holding Courts of Inquiry already existing in the regulations for the Air Force and the Air Force Act as well as AFO 303/75, Government have again impressed upon the concerned authorities regarding the need to conduct timely enquiries in the laid down manner with utmost objectivity and by persons entirely unbiased and unconnected with the cases under scrutiny and for timely submission of reports.

[Ministry of Defence O.M. No. 17(1)/76/7749 D(Air-II) dated 31 October, 1977 & No. 17(1)/76/9540 D(Air-II) dated 6 December, 1977].

Recommendation

There has also been considerable delay in arranging for a Court of Inquiry to investigate the case. The Committee find that though intimation in regard to the theft had been sent to the Director General, Ordnance Factories, in November, 1970 itself, the question of appointing a Court of Inquiry was taken up with the Army Headquarters by the Director General, Ordnance Factories some ten months later, in September 1971. While the reasons for this long delay have not been satisfactorily explained the actual appointment of the Court took another fourteen months (Dec., 1972) and the Court assembled only in April 1973, no less than thirty months after the event. The Committee have learnt in this connection that since an Army Court of Inquiry is confined to the Conduct of the people immediately concerned and in view of the fact that the theft had occurred when the stores were not within the jurisdiction of the Defence authorities, the question, of an inquiry by the Army authorities did not arise. The Embarkation Headquarters, had, therefore, opined that no useful purpose would be served by instituting a Court of Inquiry as this was not likely to bring out any tangible evidence. The Committee consider it unfortunate that such a restricted and purely legalistic view should have initially been taken. Since the inquiry had been suggested by the Director General, Ordnance Factories, with the objective of prescribing suitable remedial measures for the future, and the theft of a vital raw material had taken place in suspicious circumstances, the Committee are of the view that a comprehensive inquiry ought to have been promptly initiated.

[S. No. 38 (Para 6.30) of Appendix V to 232nd Report of PAC (5th Lok Sabha)].

Action Taken

The theft occurred on 2/3 Oct., 70 while the stores were in the custody of Port Commissioner, Calcutta. Embarkation Headquarters, Calcutta immediately requested them for departmental inquiry and also informed the Police Authorities including CID. Port Commissioner Calcutta registered a case with the police on 3rd Oct. 1970. The Police Authorities apprehended some persons who were later on released by them because the specifications of the Ferro-Molybdenum recovered from them were found to be different from those of the Ferro-Molybdenum stolen from the premises of the Port Commissioner, Calcutta. No further clue to the theft could be found by the police. Since the stores were stolen while in custody of the Port Commissioner Calcutta, the question of holding a Court of Inquiry by Army Authorities did not arise. A Court of Inquiry was, however, ordered on 20 Dec., 71 to establish that there was no neglect or fraud on the part of Embarkation Headquarters, Calcutta before initiating action for regularisation of the loss consequent upon the rejection of the claims preferred by them on the Port Commissioner Calcutta and subsequently on Eastern Railway as per the legal advice. Headquarters Eastern Command reported to Army Headquarters on 12 Feb. 1973 that the Court of Inquiry was not in a position to achieve any results as it entirely concerned the Port Commissioner over whom they had no jurisdiction. This led to the delay in finalisation of the proceedings of the Court of Inquiry. Headquarters Eastern Command were asked on 02 June 73 to complete the proceedings with whatever evidence was available.

2. The recommendations of the Public Accounts Committee in this regard have been noted. Embarkation Headquarters have been directed by Army Headquarters, QMG's Branch on 23 Dec. 76 to inform Port Authorities precisely and specifically regarding arrival of strategic scarce and important Defence stores for enforcing special security measures. They have further been directed that in case of any theft of such stores the matter should be reported immediately by phone and signal to the consignee/its Controlling Headquarters and Army Headquarters (Q Mov Shipping) for a decision to hold Court of Inquiry promptly.

[Ministry of Defence u.o. No. 12(12)/76/D (Mov), dated 23-5-1977].

Recommendation

Time and again, the Committee have been stressing the need for avoiding delay in the constitution of Courts of Inquiry. The inordinate delay in the present case emphasises its urgency. Government should ensure that such inquiries are held soon after the event, so that remedial measures can be taken and recurrence of such unfortunate cases prevented to the extent possible.

[S. No. 39 (Para 6·31) of Appendix V to 232nd Report of PAC (5th Lok Sabha)].

Action Taken

Embarkation Headquarters have been directed by Army HQ/QMG's Branch on 23 Dec. 76 to inform port authorities precisely and specifically

regarding arrival of strategic, scarce and important defence stores for enforcing special security measures. They have further been directed that in case of any theft of such stores the matter should be reported immediately by phone and signal to the consignee/its Controlling Headquarters and Army Headquarters (Q Mov Shipping) for decision to hold Court of Inquiry promptly.

[Min. of Defence u.o. No. 12(12)/76/D (Mov), dated 23-5-1977].-

CHAPTER IV

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

Recommendation

The Committee are concerned that on account of alleged difficulties/delay in the finalisation of the design of vital components of an ammunition required urgently for a major weapon in use, an expenditure of Rs. 8.78 lakhs* out of the total expenditure of Rs. 18.12 lakhs** incurred on its indigenous development and manufacture proved to be infructuous. The Committee note that the project for the development and manufacture of the ammunition was launched as an emergency measure after the Kutch Operation in 1965 and as time was of the essence of the programme, it could not wait for the detailed and meticulous planning that one would expect in projects of this nature. Orders for the manufacture of the ammunition had therefore, been placed on the Director General Ordnance Factories. In November 1965, after the ballistic parameters of the ammunition, had been cleared by the Research & Development Organisation, in spite of the fact that the design of the vital components like cartridge cases and propellant had not been completed in all its aspects, in the expectation of a reasonable prospect of the designs being developed by the Armament Research and Development Establishment. Unfortunately, however, this expectation did not materialise and even before the correct design of the propellant could be made available to the Director General Ordnance Factories, the requirement for the ammunition was said to have disappeared necessitating the cancellation of the orders for the ammunition in November 1968 and the premature abandonment of the project.

[S. No. 1, Para 1.27 of Appendix V, Report 232nd, (5th Lok Sabha)]

Action Taken

The reasons as to how the necessity arose in 1965 for launching of the Project for indigenous development and manufacture of this ammunition on emergency basis have been explained in the subsequent. Action Taken Note under Serial No. 2 Para 1.28.

[Ministry of Defence O. M. (F. No. 1/36/76/D(Prod.) dated 9-8-1977].

*Includes expenditure on development of the ammunition (Rs. 3.44 lakhs) and financial repercussions after recycling of the components manufactured (Rs. 5.34 lakhs).

**Value of components manufactured (Rs. 14.68 lakhs) and expenditure on development (Rs. 3.44 lakhs).

Recommendation

The Committee are conscious that as this was a vital weapon for the Army, a certain amount of risk had to be taken in this case on strategic considerations. It would however, appear from the facts stated below that there had been a certain lack of planning and forethought in the indigenous manufacture of the ammunition and that adequate watch and control over the project at Government level was lacking :

- (i) Though the shelf life of 15 years of the available stock of imported ammunition for the gun, which were of 1943/45 vintage, had expired much earlier, and therefore, could not be relied upon, the decision to manufacture the ammunition indigenously had been taken only in 1965, some five to seven years after the ammunition had outlived its usefulness. Since it was pointless having the guns without the necessary ammunition, and the indigenous supplies of an alternative weapon under production were also not coming up fast enough, the committee are unable to understand why the indigenous manufacture of the ammunition had not been thought of earlier than in 1965 or recourse had not been taken to essential imports without waiting for some sort of a crisis to develop.
- (ii) Since initial difficulties in the development of an obsolete ammunition were only to be expected Government ought to have (after having decided belated to undertake its indigenous manufacture) contemporaneously and continuously monitored the progress of the project and ensured that it was complete with the requisite vigour and all possible speed. Unfortunately, however, this does not appear to have been done, as a result of which a vital project could not produce results when they were needed most.
- (iii) Prompt and adequate action had also not been taken to curtail the manufacturing programme when it was known that the design of the ammunition had run into difficulties and that the gun for which the ammunition was intended was also in the process of being phased out of service. Since the order for the primer (cost Rs. 4.24 lakhs) had been placed only in August 1967 and the pilot batch of cartridge cases produced to the latest design were also only under proving trials at that time, action should have been taken after the August 1967 meeting of the Armament Committee either to cancel the orders or to ask the Director General Ordnance Factories to go slow with the manufacture of the ammunition and its components. Perhaps, in that case, much infructuous expenditure, particularly on the cartridge cases and the primer, could have been largely avoided.

[Sr. No. 2, Para 1.28 of Appendix V 232nd Report, 5th Lok Sabha]

Action taken

* * * *

As has been mentioned earlier, defects in the design were being experienced in the establishment of Cartg. Case and Propellant.

It was planned that the production of other items were to be continued on priority so that as soon as designs of the balance items were cleared manufacture could proceed expeditiously.

It was only in 12/67 that General Staff reviewed their requirements when they reduced the order from 1,50,000 Nos. to 1,30,000 Nos. and subsequently in October, 1968 when the requirement came to nil the order was ultimately cancelled by DOS on 10th November, 1968.

As such it was not known at the time of Armament Committee Meeting held in August 1967 that the Services requirements were to be reduced/cancelled, and consequently, no decision would be given to go slow or cancel the order with the manufacture of the ammunition and its components.

[Ministry of Defence O.M. No. 1 (36)/76/D(Prod.) dated 9-8-1977].

Recommendation

These technical aspects apart, the Committee are distressed that there was considerable delay in informing the Contractor (Cementation Co. Ltd.), who had constructed the foundation for the building, that the piles had failed to carry the guaranteed load and that he should undertake necessary remedial measures. Though defects in the building had started developing from November 1970 onwards, the contractor was informed of the defects only in Dec. 71 for the first time and it was some six months later in June 72, that the contractor was told that remedial measures to relieve the extra stress on the piles to avoid further failure had been/were being taken by the department at his risk and expense. As a result of this long delay, the contractor had put forth the plea that as the maintenance period of twelve calendar months from the date of completion of the work was over, there was no obligation on his part to carry out any remedial measures. This delay has been attributed to the uncertainty then prevailing about the cause of the defects and the extent of liability of the contractor for the defects noticed. In any case, the Committee feel that adequate steps ought to have been taken, as soon as the defects came to notice. Responsibility should, therefore, be fixed for the lapse and appropriate action taken.

[Sl. No. 9 (Para 2.45) Appendix V to the 232nd Report of the Public Accounts Committee (1976-77)—(Fifth Lok Sabha)]

Action taken

The maintenance period of 12 months in respect of piling contract expired in December 1970. The defects noticed in the building in November 1970 were of a minor nature and could not have been attributed to failure of piles. Therefore, the question of issuing a notice to the piling contractor in respect of these defects did not arise at that time. Major defects came to notice in May 1971 and they were attributed to the failure of certain piles by the Technical Committee which submitted its report in December 1971. In May, 1971, the maintenance period of 12 months in respect of piling contract was already over. Therefore, the issue of the notice to the contractor in December 1971 did not make any material difference in so far as the contractual liability of the contractor is concerned.

We however, invoked the arbitration clause when the contractor did not accept our claims. The Arbitrator was appointed on 31st January,

1074 and out claims were filed before the Arbitrator. The contractor has, however, challenged the appointment of the Arbitrator in the Court of Subordinate Judge, in April, 1974. Due to the stay order of the court the matter has not been progressed further. Our view is that in the light of condition 67 of the General Conditions of Contracts IAFW 2249, our claim is not jeopardised merely because the maintenance period of 12 months had expired. It was the responsibility of the contractor to design and construct the piles for specific loads after taking into consideration soil conditions and the contractor is to be held responsible because the piles have failed.

The explanation of officers responsible for clearing the design and supervising the work have been received. In view of the court case, the finalisation of disciplinary action has been held over. The action taken will be intimated to the Public Accounts Committee as soon as a decision is taken on the explanation received.

[Ministry of Defence u.o. No. 24(1)/76/2.45/D(N-IV) dated 4-6-1977].

Recommendation

The Committee have learnt that the case was referred to arbitration, on the advice of the Law Ministry, and that the contractor had obtained an injunction in a court against the arbitration proceedings. This seems to be a familiar story which is rather irritating. Where matters stand at present in this regard should be intimated to the Committee.

[Sl. No. 10 (Para 2.46) of Appendix V to the 232nd Report of the Public Accounts Committee (1976-77)—(Fifth Lok Sabha)]

Action taken

The main petition is yet to come up for hearing. The hearing is being adjourned from time to time, and is last posted for 22-6-77.

[Ministry of Defence u.o. No. 24(1)/76/2.46/D(N-IV) dated 4-6-1977].

Recommendation

The Additional Secretary of the Ministry has been good enough to admit that the design and execution have both been defective and has informed the Committee that the Director General of the Naval Project had been asked to obtain the explanation of the officers concerned. Considerable time having lapsed since then, the Committee trust that the process would have been completed by now and would like to be apprised of the outcome and the action, if any, taken against the Officers found responsible for the defective design as well as laxity in supervising the contractor's work.

[Sl. No. 14 (Para 2.68) of Appendix V to the 232nd Report of the Public Accounts Committee (1976-77)—(Fifth Lok Sabha)]

Action taken

Explanations of three officers responsible for defective design and laxity in supervising the contractor's work had been called for in Feb./April, 1975 which included one retired officer who delayed giving his explanation which was received in Nov./December 1976 only. On going through

the explanation of the retired officer, it has been decided in Feb., 1977 to call for the explanation of two more officers which are awaited.

Finalisation of disciplinary action has been held over on account of the fact that the case is pending in the Court of Subordinate Judge. As soon as action is completed the same would be intimated to Public Accounts Committee.

[Ministry of Defence u.o. No. 24(1)/76/2.68/D(N-IV) dated 4-6-1977].

Recommendation

As regards regularisation of the losses arising from these transactions, the Committee have learnt that in respect of the first case, the State Electricity Board has been approached for refund of the excess charges and that if these efforts failed the case would be referred to arbitration. As for the second case, the Chief, Engineer concerned has been asked to regularise the excess payment in view of the fact that no individual had been held to be responsible for the lapse. The Committee would like to know the latest position in this regard.

[S. No. 20 (Para 3.38) of Appendix V to 232nd Report of PAC (5th Lok Sabha) 1976-77].

Action taken

As regards the first case, the same has been referred to Chairman Maharashtra State Electricity Board, Bombay for refund of excess payment. A preliminary meeting was held in June, 1976. A further meeting was also held in October, 1976. The Chairman Maharashtra State Electricity Board was again contacted on 29th November, 1976 to discuss matter further. A subsequent meeting was held with the Technical Member of Maharashtra State Electricity Board at Poona on 24th February, 1977 where in the need to settle the matter at the earliest was emphasised. The matter is being pursued vigorously with the Chairman Maharashtra State Electricity Board and efforts are being made to finalise the issue at the earliest in consultation with him. In case the issue is not resolved through negotiation, the case will be referred to arbitration.

As regards the second case, the question of regularisation of excess payment has been examined by administrative authority and a loss statement for Rs. 2,52,312/- recommending write-off by the competent authority has now been prepared and the action is in hand to finalise this case.

A further note indicating further development relating to finalisation of negotiation with the Maharashtra State Electricity Board in the first case and regularisation of the amount of Rs. 2,53,312/- in the second case will be submitted to PAC in due course.

[Ministry of Defence u.o. No. 15(2)/76/D(W-II) dated the 24th May, 77].

Recommendation

“The facts brought out in the preceding paragraphs in regard to the execution, for camouflage purposes of an arboriculture scheme at an Air Force station give rise to serious misgivings in the mind of the Committee.

Judging from the findings of the different Courts of Inquiry and the conflicting views expressed on this case by the Military Engineer Services and the Air Force authorities, and in the absence of adequate recorded evidence for the purchase of seeds and saplings, completion of various jobs, handing and taking over of the trees claimed to have been planted as well as for the alleged destruction of a large number of trees by accidental outbreaks of fire, the Committee cannot accept the plea that out of the total number of 51,657 trees claimed to have been planted at a cost of Rs. 1.31 lakhs, as many as 30,212 trees (58 per cent) had been destroyed by fire and another 18,345 trees (35 per cent) had failed to take root. On the basis of the evidence made available to them, the Committee are inclined to agree with the Commander of the Air Force Station who felt that the fact whether such a large number of trees had actually been planted needed investigation by an independent agency."

[S. 26 (Paras 5.28) of Appendix V to 232nd Report of PAC (5th Lok Saha)].

Action Taken

The Inquiry Report by DS(Vig) submitted on 1-6-77 indicates that 75,162 trees were planted against the three sanctions. Out of these, 31,255 (42 per cent) trees got destroyed by fire and 22,965 (31 per cent) did not take root. The details given by the Inquiry Officer are at appendix (not printed). The record of the GE under whose supervision the plantation was done, disclosed a set of figure that was different from what had been reported earlier. During the inquiry conducted during the period 10th May, 1977 to 16th May, 1977 it was not possible to examine the veracity of the information available on GE's record due to the distance of time. It was, however, found that the said statistical particulars had been incorporated by the GE in the quarterly progress reports submitted to the local Air Force authorities. An attempt to reconcile the discrepancy could not be made as the feed-back on the basis of which GE had compiled the Report was not available on the record.

No evidence other than the information on the record of the GE and the Air Force authorities was available to conclusively take a view on the actual number of trees planted. A physical counting of the trees planted under the Arboriculture Scheme during the inquiry was also not possible as such trees could not be distinguished from the trees that have been the result of natural growth over the years.

[Min. of Defence O.M. No. 17(1)/76/7749 D(Air-II) dated 31 October, 1977]

Recommendation

"Incidentally, the Court of Inquiry assembled in Nov. 1971 is found to have observed, *inter alia*, that the projects being old, all persons concerned and the relevant information were not available. Apparently, there were a number of missing links which had not been satisfactorily explained. The Committee fail to understand why the officers concerned had not been summoned from other stations and the position clarified before the Court. The Engineering authorities, however, contended that the non-production of the relevant witnesses and documents before the Court of Inquiry had not been brought to their notice earlier. The Committee take a serious view of this lapse and would like to be informed of the correct factual

position in this regard which was also to be gone into by the Inquiry Officer."

[S. No. 29 (Para 5.31) of Appendix V to 232nd Report of PAC (5th Lok Sabha)]

Action Taken

DS(Vig) Report findings in this respect are reproduced below :—

"At this distance of time, it would not be feasible to detect lapses or individual officers either on the MES side or the Air Force side and fix responsibility for the same. However, with a view to avoiding recurrence of such lapses Government have issued suitable instructions *vide* Appendix (Not printed).

The Court of Inquiry which assembled in Nov., 1971 had two members in addition to the Presiding Officer, one of whom had already functioned as the Presiding Officer of the Board of Officers. The AEE and Senior Administrative Officer who gave statements on behalf of the MES and the Hqrs. 5 Wing respectively, had been questioned by the Court of Inquiry on issues which were crucial to the investigation. It was stated by the AEE that the trees planted under the aboriculture scheme were not brought on charge in any register as no instruction was laid down in this regard. Expenditure incurred in respect of all the three jobs executed for planting the trees was supported by documentary evidence *i.e.* montly expenditure returns and Construction Accounts duly verified by the Audit."

It would thus appear from the above that representative of the MES did appear before the Inquiry Committee.

[Min. of Defence O.M. No. 17(I)/76/7749 D(Air-II) dated 31 October, 1977]]

Recommendation

According to the findings of the Court of Inquiry, assembled in April, 1973 to investigate into the loss, the subject stores had been stolen from the jetty, while they were in the custody of the Port authorities, by unidentified professional thieves, in collusion with one or more persons of the Port Trust and one or more persons of the then Port Police. The Committee have also been informed that immediately after the theft came to light, the Port Commissioners had ordered a departmental enquiry and registered a case with the Police and C.I.D. The Committee would like to be informed of the outcome of these investigations.

[S. No. 34 (Para 6-26) of Appendix V to 232nd Report of PAC (5th Lok Sabha)]

Action Taken

A joint investigation was made by the Port Commissioners, Calcutta and the Port Police authorities. According to the Police Report, some persons were arrested by them and certain quantity of Ferromolybdenum was seized. Chemical analysis carried out on the seized material revealed that it did not conform to the Ferromolybdenum stolen from port Custody.

Persons arrested were subsequently released by the Police. No clue to the actual thieves could be found by the Police.

[Min. of Defence u.o No. 12 (12)/76/D(Mov), dated 23-5-1977]

Recommendation

The evidence in this case also reveals a certain neglect and indifference on the part of the Defence authorities. Long before the arrival of the stores, the Embarkation Headquarters had, as an extra precaution called for by the situation obtaining at that time in and around Calcutta, requested the consignee factory, on 18th August, 1970, to arrange an escort for the stores from the docks to the factory. A copy of this letter had also been endorsed to the Director General, Ordnance Factories who, while unwilling to accept any responsibility for the security of the stores, had pointed out, on 27th August, 1970, that under the instructions in vogue, the responsibility for arranging an escort rested with the Embarkation authorities at the ports and had, therefore, advised the Embarkation Headquarters to take necessary action in this regard. The consignee had also been instructed simultaneously to intimate, 'by return of post', whether the stores were required to be despatched to the factory under escort, and a copy of this letter had been endorsed to the Director of Movements, Army Headquarters. While the Director of Movements took no action on the copy of the letter received by him, since action to arrange for the escort was required to be taken by the Embarkation Headquarters, in consultation with the local Military Commander, and not by the Army Headquarters, the consignee factory had not replied either to the letter dated 18th August, 1970 from the Embarkation Headquarters or to that dated 27th August, 1970 from the Director General, Ordnance Factories till a telegram was again issued on 8th September, 1970. It is also not clear to the Committee why the Embarkation Headquarters, having considered it necessary to take extra precautions during transit, despite the fact that the consignment was not one of the items required, under regulations, to be despatched under escort, had not pursued this question to its logical conclusion in consultation with the local commander.

[S. No. 36(Para 6.28) of Appendix V to 232nd Report of PAC (5th Lok Sabha)]

Action Taken

The situation arose because according to the instructions then prevailing *vide* Army Headquarters, General Staff Branch's letter No. 0308/1/MO2, dated 14th June, 1955 the responsibility regarding provision of escorts for various consignees was not clearly defined. Instructions for provision of escorts for these stores in transit in India have since been revised *vide* Army Headquarters, General Staff Branch's letter No. 62742/GS/MO2, dated 29th May, 1972. According to these instructions Embarkation Headquarters/Area Commanders are not responsible for provision of escorts for stores intended for or emanating from Director General, Ordnance Factories or any other department of the Government of India. The ambiguity which existed in the previous instructions and on the basis of which consignee/Director General, Ordnance Factories did not provide the escort has been removed. So far as provision of escorts for stores intended for or emanating from Director General, Ordnance Factories, is concerned, the General Managers of Ordnance Factories are now empowered to detail such escorts anywhere in India for collection of stores.

[Min. of Defence u.o. No. 12(12)/76/D(Mov), dated 26-5-1977].

CHAPTER V

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

Recommendation

The Committee note that the defects in the damaged building had been rectified, at a cost of Rs. 86,063, at the contractor's risk and expense, and that the case had been referred to arbitration at the contractor's instance. Though the arbitrator had awarded a sum of Rs. 19,833 only in favour of Government, the award has been challenged by the contractor in a court. The Committee would like to be informed of the present position of this case and if it is still pending in a court of law, they would urge Government to ensure its expeditious disposal.

[S. No. 15 (Para 2.69) of Appendix V to the 232nd Report of the Public Accounts Committee (1976-77)—(Fifth Lok Sabha)]

Action Taken

In June 76 the case was dismissed by the Subordinate Court for non-appearance of the petitioner. Accordingly, decree was passed by Court in terms of arbitration award. After receipt of the Court decision, Rs. 10,740/- were recovered from the Security Deposits of the contractor with Director General, Naval Project. Before the balance decretal amount could be realised from the contractor, the contractor again filed an application in the Subordinate Court for setting aside the earlier Court decision. The following are the dates of hearing/adjournments so far :—

(a) First hearing.	. . . . .	24-9-76
(b) Hearing adjourned	. . . . .	21-1-77
(c) Hearing adjourned.	. . . . .	18-2-77
(d) Hearing adjourned	. . . . .	20-3-77
(e) Next date of hearing	. . . . .	9-6-77

Director General Naval Project has been instructed to ensure quickest possible disposal. A further note will be submitted to the Public Accounts Committee as soon as the case is finalised.

[Min. of Defence u.o. No. 24(1)/76/2.69'D (N-IV) Dated 04 June 1977]

Recommendation

It is true that, as has been contended by the Ministry, since the theft in the present case had occurred when the stores were in the custody of the Port Commissioner, the provision of an escort would not have prevented the loss that took place prior to their despatch to the consignee. Committee cannot however, lose sight of the fact that adequate attention had

apparently not been paid to important communications relating to a sensitive item of stores. It is regrettable that even in an area where the concerned authorities themselves considered some special security arrangements to be necessary much time was taken up in conculsive correspondence. The Committee would, therefore, like the Ministry to examine the reasons for the neglect particularly on the part of the consignee factory, with a view to taking appropriate remedial measures.

[S. No. 37 (Para 6-29) of Appendix V to 232nd Report of PAC (5th Lok Sabha)]

Action Taken

Reply to this recommendation will be furnished by the Department of Defence Production.

[Min. of Defence u. o. No. 12(12)/76/D(Mov), dated 23-5-1977.]

NEW DELHI,
December 19, 1977.

Agrahayana 28, 1899 (S).

C. M. STEPHEN,
Chairman,
Public Accounts Committee.

APPENDIX

Consolidated statement of Conclusions/Recommendations

Sl. No.	Para No.	Ministry/Department concerned	Conclusion/Recommendation
1	2	3	4
1	1.7	Deptt. of Defence Production	The Committee are unable to appreciate why production of certain components of the equipment was undertaken and "continued on priority" when the design for the propellant, which was an indispensable part of the equipment, was still under development. The Committee would like Government to enquire into the circumstances in which pre-mature production of individual components of the equipment was undertaken so as to satisfy themselves that the resultant infructuous expenditure was not on account of bad planning or lack of coordination between different agencies of the Government and to learn a lesson for the future.
2	1.10	Ministry of Defence	The Committee see no reason why action against officers responsible for defective designing and supervision of the work should be held over until after the Court case is decided. The arbitration proceedings and the Court case is between the contractor and the Government and its outcome should

1	2	3	4
			not have any impact on the performance and conduct of the officers concerned. The Committee would like Government to finalise action against the officers without any further delay.
3	I.13	Ministry of Defence	The Committee need hardly emphasise the need for early conclusive action in regard to both the cases of excess payments.
4	I.16	Ministry of Defence	The Committee are unhappy to note that the Inquiry Report by the Deputy Secretary (Vigilance) in the Defence Ministry revealed a discrepancy in the figures furnished earlier in regard to the trees planted and those destroyed, and that during the inquiry the veracity of the statistical particulars furnished earlier by the Garrison Engineer could not be examined due to "distance of time" and non-availability on records of the feedback on the basis of which the Garrison Engineer had compiled the Report. The Committee cannot but regard this position as extremely unfortunate.
5	I.19	Ministry of Defence	Notwithstanding the findings of the Court of Enquiry, the Committee consider the position held by the A.E.E. "that the trees planted under the arboriculture scheme were not brought on charge in any register as no instruction was laid down in this regard" as highly unsatisfactory and contemptable.
6	I.22	Ministry of Defence/Deptt. of Defence Production	The Committee are unaware whether the investigation by police and security personnel also covered the aspect of collusion on the part of the staff of Port Trust in the theft

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Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI.					
24.	Jain Book Agency, Connaught Place, New Delhi.	11	33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	35.	The United Book Agency, 48, Anand Kaur Market, Pahar Ganj, New Delhi.	88
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	36.	Hind Book House, 82, Janpath, New Delhi.	95
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	37.	Bookwell, 4, Sant Narainkari Colony, Kingsway Camp, Delhi-9.	96
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	MANIPUR		
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annex, Imphal.	77
31.	Bahree Brothers, 188 Lajpatrai Market, Delhi-6.	27	AGENTS IN FOREIGN COUNTRIES		
32.	Jayana Book Depot, Chaparwala Kuan, Karol-Bagh, New Delhi.	66	39.	The Secretary, Establishment Department, The High Commission of India India House, Aldwych, LONDON, W. C.-2.	59

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