

PUBLIC ACCOUNTS COMMITTEE (1968-69)

(FOURTH LOK SABHA)

SIXTY FIFTH REPORT

Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 63rd Report (Third Lok Sabha) on Appropriation Accounts (Civil) 1964-65 and Audit Report (Civil) 1966 and Audit Report (Commercial) 1966 relating to Ministries of Transport & Shipping etc.



**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1969 Vaisakha/1891 (Saka)

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CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1968-69)	(iii)
INTRODUCTION	(v)
CHAPTER I Report	1
CHAPTER II Recommendations/Observations that have been Accepted by Government	27
CHAPTER III Recommendations/Observations which the Committee do not desire to pursue in view of the replies of Government.	62
CHAPTER IV Recommendations/Observations replies to which have not been accepted by the Committee and which require reiteration	71
CHAPTER V Recommendations/Observations in respect of which Government have furnished interim replies	111
APPENDIX Summary of Main Conclusions/Recommendations	135

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(1968-69)

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Shri Avtar Singh Rikhy—*Joint Secretary*.

Shri K. Seshadri—*Under Secretary*.

*Declared elected on 19th August, 1969 vice Shri M. M. Dharla, who resigned from the Committee.

INTRODUCTION

1. The Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Sixty-Fifth Report on the Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 63rd Report (Third Lok Sabha) on Appropriation Accounts (Civil) 1964-65 and Audit Report (Civil) 1966 relating to Ministry of Transport & Shipping etc.

2. On 12th June, 1968, an "Action Taken" Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with following Members :

1. Shri D. K. Kunte—*Convener*
2. Shri C. K. Bhattacharyya
3. Shri K. K. Nayar
4. Shri Narendra Kumar Salve
5. Shrimati Tarkeshwari Sinha
6. Shri N. R. M. Swamy.

3. The draft Report was considered and adopted by the Sub-Committee at their sitting held on 10th April 1969 and finally adopted by the Public Accounts Committee on 21st April 1969.

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

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

M. R. MASANI

Chairman,

NEW DELHI:

April 28, 1969/Vaisakha 8, 1891(S)

Public Accounts Committee

CHAPTER I REPORT

1.1. This Report of the Committee deals with action taken by Government on the recommendations contained in their 63rd Report (Third Lok Sabha) on the Appropriation Accounts (Civil), 1964-65, Audit Report (Civil), 1966 and Audit Report (Commercial), 1966 relating to the Ministries of Transport and Aviation (Department of Transport & Shipping) and Works, Housing and Urban Development which was presented to the House on 29-11-1966.

1.2. Out of 73 recommendations contained in the Report, action taken notes/statements have been received in respect of 63 recommendations. The Committee regret that the Ministry of Transport & Shipping have not furnished replies in respect of the remaining 10 recommendations (S. Nos. 1-4 and 16-21).

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

- (i) **Recommendations/observations that have been accepted by Government :**
S. Nos. 7, 8, 9, 10, 11, 12, 13, 14, 15, 25, 29, 32, 33, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 53, 54, 57, 58, 59, 61, 65, 66, 67, 71 and 72.
- (ii) **Recommendations/observations which the Committee do not desire to pursue in view of the replies of Government :**
S. Nos. 6, 26, 50, 51, 52, 55, 60 and 69.
- (iii) **Recommendations/observations replies to which have not been accepted by the Committee and which require reiteration :**
S. Nos. 22, 23, 24, 27, 37, 38, 49, 56, 64, 68, 70 and 73.
- (iv) **Recommendations/observations in respect of which Government have furnished interim replies :**
S. Nos. 5, 28, 30, 31, 34, 35, 36, 62 and 63.

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

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

Residential Accommodation—Paragraphs 2.10 and 2.11 (S. No. 22)

In paras 2.10 and 2.11, the Committee had examine the question of allotment of Government accommodation to non-eligible persons. The Committee made the following observation in this regard :

“2.10: In para 43 of their 34th Report (Third Lok Sabha), the Committee had recommended that in view of the continued shortage of accommodation for Government purposes, the practice of

giving Government accommodation to private parties should be discontinued and that in very special circumstances where such accommodation is given purely as a temporary measure full market rent should invariably be realised."

"The Committee were informed in September, 1965 that this recommendation had been accepted by Government and suitable instructions had been issued. From the statement of 24 houses allotted to non-eligible persons during the period April, 1963 to September, 1965, the Committee find that in 3 cases rent is being charged under F.R. 45-A or F.R. 45-B instead of at the market rate. It is not clear why market rent is not being charged in these 3 cases even after the acceptance of the recommendations of the Committee. The Committee desire that in all cases where Government houses have been allotted to non-eligible persons full market rent, should invariably be charged.

"2.11 : The Committee find from the statement furnished by the Ministry that out of 24 houses, mentioned in the audit para, 4 have since been vacated, in one the allotment has been made to an eligible person and in 5 cases the period of allotment has been fixed up to 31st March, 1967. The Committee were informed during evidence that at present there were 304 houses allotted to non-eligible persons. They desire that in all these cases the period of allotment should be fixed and extensions should be given only in special circumstances."

1.6. On the question of charging market rent in the three cases referred to in para 2.10, the Ministry of Works, Housing and Supply in reply of 29th July, 1968 stated :

"The position of the three cases in which Government accommodation was allotted to non-eligible persons during the period April, 1963 to September, 1965 and rent was being charged under F.R. 45-A or F.R. 45-B instead of at the market rate, is indicated below :

- (i) At the instance of the then Prime Minister, it was decided to earmark 6 units of residential accommodation for allotment to renowned artists and writers on payment of rent under F.R. 45-A on the ground that they were doing great public service in the field of art and literature. In accordance with this policy and out of the quota of residential accommodation earmarked for such artists and writers, Miss 'A', a renowned artist, was initially allotted suite No. ——— Constitution House, and when the Constitution House was required for demolition, she was allotted Flat No. ———, Rabindra Nagar on the 5th December, 1963. The allotment of residential accommodation to Miss 'A' has been extended up to the 31st March, 1969 on payment of rent under F.R. 45-A* in consultation with the Prime Minister's Secretariat.
- (ii) Mrs. 'B', widow of, who died while on duty in the eastern sector at the time of the Chinese aggression in the year 1962, approached the Government for allotment of residential accommodation to her. With the approval of the then

*The rent actually being recovered as verified by Audit, is pooled rent.

Prime Minister, Flat No., Wellesley Road was allotted to her on payment of rent under F.R. 45-A. This case has been reviewed on two occasions and Mrs. 'B' was allowed to retain the flat up to the 31st March, 1967 on payment of rent under F.R. 45-A. The case is now under review .

- (iii) Shri 'C', was allotted bungalow No., Lytton Lane. He was allotted Bungalow No. Curzon Lane *in lieu* of No., Lytton Lane on the 31st March, 1965, and No., Rakabganj Road *in lieu* thereof on the 13th May, 1966, on payment of rent under F.R. 45-B as per decision of the then Minister for Works and Housing. He has since been elected as a Member of Parliament and in that capacity has been allotted Bungalow No., Kushak Road.

2. The General question of allotment of accommodation to non-eligible persons and organisation and the rate of rent to be charged from them is being reviewed by Government. The cases of Miss 'A' and Mrs. 'B' will be reviewed along with other cases in the light of the decision to be taken on the general case."

1.7. In a further reply dated the 29th November, 1968, the Department of Works, Housing and Supply brought to the notice of the Committee the following developments in these three cases :

"In continuation of this Ministry's note dated 29-7-68, the present position of the three cases in which Government accommodation was allotted to non-eligible persons during the period April, 1963 to September, 1965 and the rent being charged under F.R. 45-A or F.R. 45-B instead of market rate, is indicated below :

- (i) Miss 'A' is in occupation of Flat No., Rabinder Nagar on payment of rent under F.R. 45-A or pooled rent, whichever is higher,* out of the pool of houses earmarked for eminent Artists. Her case was again reviewed in March 1968 and she was allowed to retain the residence up to 31st March, 1969. Her licence to retain the accommodation has, however, been revoked with effect from the expiry of the last day of the month of January, 1969.
- (ii) Smt. 'B' is in occupation of Flat No., Wellesley Road on payment of rent under F.R. 45-A. Her case was reviewed and her licence to retain the accommodation was revoked with effect from the 31st July, 1968. She has, however, not vacated the resident and has represented for retention of the accommodation. Further extension has been agreed for 2 years on payment of rent under F.R. 45-A. The case stands referred to the Ministry of Finance for obtaining the approval of Cabinet Sub-Committee.
- (iii) Shri 'C' is in occupation of Bungalow No., Kushak Road, allotted to him as Member of Parliament and as such the question of vacation of accommodation by him does not arise."

*On verification it has been noticed by Audit that the rent actually being assessed/ recovered is pooled rent, which is less than that worked out under F.R. 45-A by Rs. 34/ per month.

In respect of the 304 houses allotted to non-eligible referred to in paragraph 2.11, the Ministry of Works, Housing and Supply (Department of Works and Housing) in a reply dated 16th August, 1967 informed the Committee as follows :

“Out of 304 houses, 11 have since been vacated and eviction proceedings in case of 57 houses have been started. 43 houses have been allotted for use of Central Government Employees Consumer Co-operative Store and Griha Kalyan Kendras; 77 house to Press Correspondents and 4 to Congress Parliamentary Board. 3 houses have been allotted to State Government under reciprocal arrangements. The cases of the remaining 109 houses are reviewed from time to time and further extension is given only where it is considered essential.”

1.8. In a further reply dated the 29th November, 1968, the Department of Works & Housing indicated the following position :

“In reply to Serial No. 23 of Appendix VI, para 2.11 to the 63rd Report of the Public Accounts Committee (3rd Lok Sabha), the position of 304 houses has been indicated. It has been stated therein that in case of 57 houses eviction proceedings had been initiated and the cases of remaining 109 houses were reviewed from time to time and further extensions were given only where these were considered necessary. Further position of 166 houses is as under :

- (i) 22 houses have since been vacated.
- (ii) In case of 47 houses the eviction proceedings are at various stages including cases pending in the court of the ‘Estate Officer’ as also the Delhi High Court.
- (iii) 3 houses have been regularised in favour of employees of State Governments, under the reciprocal arrangements with the Union Government.
- (iv) In 13 cases the allotments have been regularised either as a policy decision or on transfer of the occupants to eligible offices.
- (v) In 11 cases the parties concerned have been asked to vacate the house by 31-1-1969.
- (vi) 3 residences have been added to the Press Pool and allotted to Accredited Press Correspondents in accordance with the Government decision.
- (vii) Government have also decided that the residential units in occupation of Embassies/Foreign Missions etc. should be allowed to continue with them on payment of market rate of rent. At present, in all, 9 houses are in occupation of Foreign Missions/International Organisations and these have been allowed to be in their occupation.
- (viii) The remaining 58 cases are required to be reviewed from time to time on receipt of the requisite information from the concerned Departments (which has been called for) or on the expiry of the present extension of the period of allotment/or in pursuance of policy decision.”

"The general question of allotment of general pool accommodation to non-eligible persons/organisations has been reviewed by the Government recently and the following decision has been taken :

- (i) *Non-entitled persons* : All non-entitled persons should be charged market rent with immediate effect and should be required to vacate the accommodation within a maximum period of six months.
- (ii) *Press Pool* : The Press Pool created for allotment of accommodation from the general pool to Accredited Press Correspondents on the recommendations of the Press Association should be allowed to stand but the number of residential units should be pegged at 100. The rent should continue to be charged under F.R. 45-A.

The Accredited Press Correspondents allotted accommodation directly on payment of market rent should be allowed to retain the accommodation but no further allotment of houses should be made to such persons other than the Press Pool.

- (iii) *Eminent Artists and Writers* : They should be given three months notice to vacate the houses and should be required to pay market rent from 1-1-1969.
- (iv) *Honorary Advisers, Chairman of Public Corporation, Chairman or Members of Committee and the like* : The existing arrangement in respect of accommodation occupied by persons in these categories need not be disturbed except those who are in occupation of type VIII accommodation should be shifted to type VII accommodation. The rent in these cases should be charged at the rate which is hitherto charged.

It has been decided that there should be no further allotment of houses to such categories in persons. If it was felt necessary in future to make any such allotments, the orders of the Cabinet should be obtained.

- (v) *New Delhi Municipal Committee, Municipal Corporation of Delhi* : The accommodation placed at the disposal of these organisations for maternity and child welfare centres, dispensaries and schools, rent under F.R. 45-B with departmental charges which is being charged at present, may continue.

For accommodation allotted for purposes of office or commercial undertakings such as Delhi Electric Supply Undertaking, market rate of rent should be charged.

- (vi) *Employees of Corporations, Public Sector Undertaking etc* : The Central Government employees holding lien on Central Government posts and who on their going on deputation to Corporations/Undertakings were allowed to retain the Government residences on payment of rent under F.R. 45-B or pooled standard rent under F.R. 45-A, whichever was higher, should henceforth be charged market rate of rent.

It has been decided that in future such category of persons would not be entitled to continue in occupation of Government residence on their going on deputation to Public Sector Undertakings etc.

The employees of such Corporations who hold lien on Central Government posts but are not in occupation of Government accommodation at the time of transfer, should not be allotted Government accommodation till such time they remain on deputation.

The employees who cease to be Government servants or employees appointed directly by the Corporations, should not be allotted Government accommodation and those who are in occupation should be required to vacate the accommodation within a maximum period of six months.

- (vii) *Embassies and Foreign Missions* : The accommodation in occupation of Embassies and Foreign Missions should be allowed on payment of market rate of rent except in case of 1, King George Avenue which has been given on 30 years lease to U.K. High Commission on 1-1-1960.
- (viii) *Cultural and Social Welfare Organisation* : The accommodation allotted to such organisations should be allowed to be retained by them but the rent for the accommodation, whether commercial or not, be charged at market rate."

1.9. The Committee note from the information furnished by Government that eviction proceedings are in progress in respect of 47 Government houses in occupation of non-eligible parties. In 58 other cases where houses at present stand allotted to non-eligible parties, a review has to be made to decide whether they should be allowed extension of the period of allotment. In view of the fact that there is acute shortage of Government accommodation for allotment to entitled persons, the Committee desire that necessary steps should be taken to expedite the eviction proceedings in these cases and also to get the Government accommodation vacated by other non-entitled persons in pursuance of the recent review. In other cases where it has been decided as a matter of policy to allow certain categories of non-entitled individuals and cultural and social welfare organisations to retain the accommodation, market rent should be invariably charged.

Requisitioned Houses—Paragraphs 2.14, 2.15 and 2.17, (S. No. 24).

1.10. In connection with 64 houses requisitioned by Government, the Committee had asked for the following information from Government :

- (i) Details of the houses/buildings requisitioned.
- (ii) Date on which it was requisitioned.
- (iii) Whether the building is being utilised for the same purpose for which it was so requisitioned or for any other purpose.
- (iv) Purpose for which it was requisitioned.
- (v) Rent fixed at the time of requisitioning the building.
- (vi) Rent charged from the individual or the parties to whom the building was allotted.
- (vii) Reasons for utilising the building for purposes other than the original purposes.
- (viii) Steps taken, if any, for de-requisitioning the building.

1.11. The information was not furnished by at the time of finalisation of the 63rd Report.

1.12. Subsequently in a note dated the 10th August, 1967, the Department of Works and Housing gave the following particulars in regard to these houses :

“Out of the 64 requisitioned houses/buildings, referred to in para 2.14 of the report, 25 have since been de-requisitioned and 1 has been purchased by the Government. The requisite information in respect of the remaining 38 houses is given in Annexure I.* Only 5 of these houses are being used by private parties and in the case of one house (Kapurthala House), some of its servant quarters only are in the occupation of a private party.

2. The circumstances and reasons for these houses being in the occupation of the private parties have been indicated in the statement. Action is being taken to de-requisition houses/buildings, if and when they are no longer required for public purposes.

3. List of 26 houses already de-requisitioned or purchased is given in Annexure II.*”

1.13. In a further reply dated the 3rd December, 1968, the Department of Works and Housing have stated two more buildings have been de-requisitioned and one acquired by the Delhi Administration. Referring to the scheme regarding requisitioning of houses for the tenure officers, the Ministry have stated :

“The scheme regarding requisitioning of houses for the tenure officers has since been reviewed and it has been decided not to take any more houses for tenure officers and also to release de-requisition the present houses as soon as the same are vacated by the present occupants.”

1.14. In a further reply dated the 10th February, 1969, the Department of Works and Housing stated :

“Reference the list attached to this Ministry note dated 10th August, 1967, sent to the Lok Sabha Sectt. under this Ministry O.M. 5/41/66-Bt. dated 18th September, 1967. The following houses are being used for office purposes :

- (i) South Extension, New Delhi.
- (ii) Nizamuddin, New Delhi.
- (iii) Anand Parbat Estate, New Delhi.
- (iv) Janpath, New Delhi.
- (v) Akbar Road, New Delhi.
- (vi) Man Singh Road, New Delhi.

It has not been possible to get these houses/building vacated and consequently to de-requisition them because of want of suitable alternative accommodation for the offices concerned. It will be appreciated that a number of new office buildings have recently come up but it has not eased the overall position of office accommodation the general pool, firstly because

*Not printed.

the overall requirements of Govt. offices have gradually gone up considerably and secondly because a number of temporary hutments which had out-lived their life and had consequently become unsafe or the sites on which they were existing were required for the construction of new building, had to be demolished. The buildings in question will be de-requisitioned if and when they are no longer required for office purposes."

1.15. In para 2.17 of the 63rd Report, the Committee made the following observations regarding allotment of requisitioned houses to private parties :

"In para 44 of their 34th Report (1964-65), the Committee had observed that they consider it objectionable that private accommodation is requisitioned by Government and then allotted to a private body, and they had desired speedy action to be taken to de-requisition such buildings. The Committee were informed in May, 1966 (see Annexure III) that Government had accepted this recommendation regarding de-requisitioning of the buildings occupied by private bodies etc. The judgement of the Supreme Court dated the 29th August, 1961 in appeal case of Triveni Kala Sangam is relevant where the court had held the view that the landlords were entitled to be put in possession of the flats requisitioned by Government, if they were not put to use for the purpose for which they were requisitioned. The Committee desire that vigorous steps should be taken to de-requisition the houses which are no longer used by the Government for the public purposes for which they were requisitioned. They reiterate the observation made in para 71 of their 28th Report (Third Lok Sabha) that it is the moral responsibility of Government to restore such premises to their rightful owners, as soon as they are not required for the public purpose."

1.16. In their reply dated the 16th November, 1967, in respect of paragraph 2.17, the Department of Works and Housing stated :

"The six cases of requisitioned houses have since been reviewed and the position in respect of each of them as under :

(1) Out of 13 flats on the first and second floor of the building which were requisitioned, 9 flats have already been de-requisitioned. Action with regard to de-requisitioning of the remaining 4 flats is in hand.

The allottees of the ground floor of the premises M/s. have been allowed to retain the accommodation as Shri., an ex-lessee of the premises has filed a suit in the court against the owner claiming possession of the premises in the event of its de-requisition and has obtained a stay order. In order to avoid any legal complications, it has been decided to postpone the de-requisitioning of the premises pending final decision of the court.

(2) Shri., is negotiating with the Government of Rajasthan for the purchase of the house and has already paid about Rs. 30,000 as earnest money. The State Government have, therefore, been asked to intimate whether they are prepared to accept the de-requisitioning of the house alongwith the tenant. Their confirmation is still awaited. Assessment at the market rate of rent is being regularly made against Shri. and a sum of Rs. 3,834 is due from him up to 31-8-67. The question of recovery of arrears from Shri. is being vigorously pursued.

(3) The allotment of the flat in question had been cancelled in the name of the Bharat Sewak Samaj with effect from 15-9-65. They had, however, been allowed to retain the flat till 31-3-67 under the orders of former H.M. The question as to whether further extension for the retention of the flat should be given to the Bharat Sewak Samaj and upto what period is under examination. The question of de-requisitioning the flat will be considered as soon as a sit is vacated by the Bharat Sewak Samaj.

(4) This is occupied by the Lady Irwin College. This case was reviewed in accordance with the recommendations of the Public Accounts Committee and it was decided by the former Minister of Works & Housing that the College might be allowed to retain it firstly because it is an educational institution and secondly because the College authorities were proposing to purchase a triangular plot adjoining the College for construction of their own building.

(5) This is occupied by the All India Congress Committee. In view of their difficulties in arranging for alternative accommodation, it was decided under orders of the former H.M. that the All India Congress Committee may be allowed to retain it till they can find alternative accommodation.

(6) The main building in Kapurthala House and a few out houses have been allotted to the Govt. of Punjab. The Punjab Govt. has requested for de-requisitioning of this building in their favour but since a court case is pending regarding the title of the property, the building has been formally allotted to the Punjab Government pending a decision by the Court. In view of this, rent is also recoverable from them.

A few out houses are, however, in the occupation of who was allotted this accommodation on licence basis since he was in occupation of the main building when it was requisitioned. He has been allowed to continue in the same on the advice of the Ministry of Law and the Ministry of Home Affairs. As the ownership of the premises is under dispute, de-requisitioning is, therefore, not possible till a decision is given by the court."

1.17. In a further reply dated the 10th February, 1969, the Department of Works and Housing stated :

"The latest position about the 6 cases of requisitioned houses is as under :

(1) Out of 13 flats on the first and second floors of the building which were requisitioned, 9 flats have already been de-requisitioned. One flat is in the occupation of Shri, Press Correspondent Licence in respect of the flat was revoked in his name with effect from 30th June, 1968. He having not vacated the flat so far, eviction proceedings have been initiated against him. Three flats are still in the occupation of the Maharashtra Government and they have been permitted, as a special case, to retain the same till their own building for which land has been allotted is constructed. With regard to de-requisitioning of the ground floor which is in the occupation of Messrs. the court case between Shri and the owners has since been decided and the court has passed the decree against the owners. The question of de-requisitioning the ground floor is being examined in consultation with the Ministry of Law.

(2) The Government of Rajasthan have not communicated their consent to this Department's proposal to accept de-requisitioning of the building alongwith the tenant. They have, however, informed that the sale proceedings have been cancelled as Shri failed to deposit the sale value.

(3) The Bharat Sewak Samaj have not vacated the building so far although allotment stands cancelled in their name with effect from 31-3-1967. Eviction proceedings have been taken against them. The question of de-requisition the flat will be considered as soon as it is vacated by the Bharat Sewak Samaj.

(4) It has been decided to allow the college to retain it for the present because it is with an educational institution.

(5) It has been decided to maintain the *Status quo* for the present.

(6) There is no change in the position as reported in the last report sent in November, 1967."

1.18. The Committee find from the information furnished to them that out of 64 requisitioned houses/buildings referred to in para 2.14 of their 63rd Report (Third Lok Sabha), 27 have been de-requisitioned and 2 have been purchased by Government, leaving a balance of 35 requisitioned houses/buildings with Government at Delhi. Out of these 35 houses, 6 have been allotted to Government offices, 6 to private parties 3 to State Governments, 2 to Khadi & Village Industries Commission, 2 to Foreign Embassies, 1 to a Railway Booking Agency and 15 to tenure officers. Of these houses, 10 are not being used for the purpose they were requisitioned. The Committee would like Government to review in detail these ten cases so that the property could be restored at the earliest to the owners if no longer required for Government use.

1.19. The Committee also desire that the question of de-requisitioning the six buildings allotted to private parties should be vigorously pursued.

Loss due to failure to observe proper procedure—Paragraph 2.28 (S. No. 27)

1.20. For additional construction by a lessee on a plot allotted to him at Aurangzeb Road additional ground rent at Rs. 3,233.76 per annum was recoverable from 18th July, 1968 and another Rs. 1,705.20 per annum with effect from 11 April, 1959. The lessee who was called upon in September, 1963 to pay these dues disputed the claim on the ground that while furnishing no objection certificates to the local body for the additional construction no question of levy of additional rent (except in the case of basement for which the additional rent was worked out at Rs. 62 per annum), had been raised by the Land Development Officer.

1.21. The Committee made the following observations in paragraphs 2.28 and 2.29 :

"The Committee regret to observe that the delay in raising the demand in this case does not speak well about the working of Land & Development Office. According to the Ministry's own admission the delay was due to defect in the system and was indefensible. The Committee hope that with the reorganisation of this office which was under way such cases would not recur.

The Committee desire that the question of recovery of rent for additional construction should be finalised early and the Committee informed about the recovery so made."

1.22. In their reply dated 24-8-68 the Department of Works and Housing stated :

"In view of the recommendations contained in para 1 above, this Ministry is considering ways and means to avoid recurrence of such delays in future.

As regards para 2, it may be stated that the lessee of premises No. 15 Aurangzeb Road made some additional constructions. These were (i) additional construction in the main building including basement, and (ii) additional construction in the servants' quarters.

The Public Accounts Committee is already aware of the fact that the lessee was asked to pay additional ground rent for these constructions in September 1963. The Committee had remarked that the question of recovery of rent for additional constructions should be finalised early and the Committee informed about the recovery so made.

The lessee declined to make the payment and thereafter the matter was again referred to the Law Ministry for advice. That Ministry has reiterated (July, 1967) that the Land and Development Officer has approved of the plans for the additional constructions without making any stipulation that additional ground rent would have to be paid. In these circumstances the advice of the Law Ministry was that the claim of the Government for additional ground rent is not legally enforceable. Therefore this claim has to be dropped. The fact that additional ground rent for construction of the basement has been paid is known to the Public Accounts Committee."

Audit made the following observations on the Ministry's reply :

"In this case, Government had taken a decision on 17th July, 1958 that consent for additional construction should be given to the lessee, subject to recovery of additional ground rent, and that the Land and Development Officer should obtain from the lessee necessary agreement to pay the additional charges when demanded. According to the Department "in order to accommodate the lessee so that he could get his plans sanctioned in 18th July, 1959, a special meeting was held in the Chief Commissioner's room with Finance, etc. on 17th July, 1958 and telephonic instructions were received from the then Deputy Secretary, Ministry of Finance that :—

"We may immediately get the cheque from.....for the additional ground rent on account of additional construction and keep the same pending in the office till such time the agreement in the proper form is drawn up and executed by the lessee. Since the process of execution of the agreement is bound to take appreciable time it is not desirable to hold the plans till these formalities are over."

Pursuant to this, the cheque for Rs. 3,360 for additional ground rent was received from the lessee on 18th July, 1958. The Land & Development Officer forwarded the plan on the same day to the N.D.M.C., which approved it on that day itself. At this stage, no formal offer of the terms regarding additional charges to be levied was made to the lessee nor accept-

ance of the same obtained. The cheque for Rs. 3,360 too was not encashed and became time-barred. Another cheque for Rs. 3,360 given by the lessee in April, 1969, in lieu of the lapsed cheque was, similarly, not encashed, and it became time-barred.

2. Later, in September, 1963, the lessee was called upon to pay additional ground rent but he disputed the claim. At this stage, in 1964, when the case was processed, the above facts regarding the lessee having, at one stage, sent a cheque in payment of additional ground rent, which subsequently became time-barred, were reported to be "not on the file". According to a legal opinion (September, 1967), unless there is a formal agreement complying with the requirement of Article 299 of the Constitution of India, there can be no valid contract and the Government cannot enforce it. It has therefore been held by the Ministry of Law that it is not open to Government to establish a commitment on the basis of circumstantial evidence, e.g. tendering of a cheque in payment of dues, etc.

3. It has been explained by the Land and Development Officer that these omissions, viz. the failure to issue formal terms and to obtain acceptance from the lessee were done primarily to accommodate the lessee to enable him to get the plan sanctioned on the same day from the N.D.M.C. According to him "in this case the lessee who was accommodated, in good faith, by the C.C. and the then Land and Development Officer, has let down the Government and is acting in a manner which is embarrassing to Government."

The various lapses pointed out above have resulted in a loss of Rs. 46,719 up to March, 1968 with a further recurring loss at Rs. 4,877 per annum."

1.22 (a). At the instance of the Committee, the Department of Works and Housing furnished a comprehensive note on the case which is reproduced below :—

"A plot measuring about 2.684 acres, with a building constructed thereon, was originally leased out to from whom the property was purchased by one latter gifted the property in 1953 in favour of his minor sons and the necessary mutation was carried out. In 1957, the property was sold to Mrs.

Additional ground rent was payable on account of the additional constructions detailed below :—

- (i) Remodelling the main building, plans for which were sanctioned by the New Delhi Municipal Committee *vide* their Resolution No. 99 dated 18th July, 1958; and
- (ii) Servants' quarters, plans for which were sanctioned by the New Delhi Municipal Committee *vide* their Resolution No. 70 dated 11th April, 1959.

"The plans in respect of (i) above were submitted by the lessee on the 17th April, 1958. These plans envisaged dismantling of the old building and fresh construction in its place, involving more floor coverage and also a basement. These plans were forwarded by the N.D.M.C. to the Land and Development Officer on the 19th April, 1958. The plans were returned by the L. & D.O. to the N.D.M.C. on the 4th June 1958, with the following conditions—

- (a) the main building shall be used by the lessee himself for his own bona fide use and the servants quarters will be used by the bona fide servants of the lessee as one residence only;
- (b) the basement should be used for air-conditioning plant and the lessee shall pay additional charges for which an undertaking has been received.

The plans were passed by the local body on the 18th July, 1958 and the lessee was informed by local body that the plans duly sanctioned were being returned through the L. & D.O. and that the sanction of the Lessor (C.C. Delhi) under the Agreement for Lease should be obtained before starting the construction. The plans, duly sanctioned by the local body, were sent to the L. & D.O. on the same day i.e. the 18th July, 1958. The letter forwarding the plans to the lessee is, however, not available in the Land and Development Office.

There is an undertaking on Rs. 2/- stamp paper from the lessee dated the 3rd June, 1958 binding herself to pay whatever additional charges were levied for the construction of basement. No such undertaking in writing had been obtained for the other additional construction envisaged under N.D.M.C.'s Resolution No. 99 dated 18-7-58, though the lessee had agreed orally to pay the additional charges. The lessee had also sent a cheque for Rs. 3,360/- towards the additional ground rent payable in this regard. This cheque could not, however, be encashed for want of execution of the Agreement in the proper form. In the meantime, the cheque became time-barred and hence returned to the lessee, on 10th February 1959, with the remark 'cheque is returned unaccepted and the payment should be made only when demanded'. The Lessee sent another cheque for the same sum by a messenger on the 2nd April, 1959. This cheque again became time-barred.

As regards additional construction mentioned at (ii) above, the plans envisaged demolition of 5 godowns and one servants' quarter with kitchen already existing and construction of 4 servants' quarters on the ground floor and 6 servant quarters on the first floor bringing the total number of servant quarters to 22 as against 13 already existing. The number of 22 servant quarters was considered to be on the high side and the plans were returned by the L. & D.O. to the N.D.M.C. on the 13th August 1958, with the following remarks—

"That the proposal is not acceptable under the lease and revised plan be submitted wherein the number of servant quarters to be reconstructed should not be more than 13 in all even after the demolishing of the existing one. REJECTED".

The lessee represented against the decision of the L. & D.O. and the Chief Commissioner, Delhi, as Lessor, ultimately agreed on 3rd November, 1958, to allow construction of 22 servant quarters, as a special case. Thereupon, the L. & D. O. recommended the plans endorsing thereon his 'No objection'.

The plans were passed by the N.D.M.C. on the 5th December 1958, vide their Resolution No. 75 and the plans were returned to the L. & D.O., for the lessee being informed. Before the L. & D.O. could take any action on these plans, the lessee submitted revised plans which were forwarded to the L. & D.O. on 6th January 1959 and the L. & D.O. returned these plans to the local body on 17th January, 1959, with the remarks 'No objection'.

These plans were passed by the local body *vide* their Resolution No. 82 and returned to the L. & D.O. on 23rd January, 1959. The sanctioned plans were forwarded to the lessee by the L. & D.O. on 1st May, 1959, subject to compliance by the lessee with certain conditions which did not include any stipulation for payment of additional charges by the lessee for additional construction. These plans were also not acted upon by the lessee who had already submitted further revised plans on the 11th March, 1959. These plans were forwarded to the L. & D.O. by the Local Body on the 13th March, 1959 and were returned by him on the 6th March 1959, with an endorsement 'No objection'. These plans were sanctioned by the N.D.M.C. *vide* their Resolution No. 70 dated 11th April, 1959. These plans were returned to the L. & D.O. the same day. The L. & D.O. forwarded on the plans to the lessee on the 9th July, 1959, duly approved under the lease subject to compliance by the lessee of certain conditions which did not include any stipulation for payment of additional ground rent for additional construction. It was in accordance with these plans that construction was completed by the lessee.

Meanwhile in 1959, the lessee divided her property in four parts and gifted 3 parts—one each to her three sons—and retained the 4th part for herself and approached the L. & D.O. for mutation.

The lessee was informed on 4th September, 1963, to execute a supplemental lease deed agreeing to pay additional ground rent in respect of the building construction under the plans passed under N.D.M.C. Resolution No. 99 dated 18-7-1958 @ Rs. 3,233.76 p. per annum with effect from 18-7-58 and in respect of construction of 22 servant quarters sanctioned under N.D.M.C. Resolution No. 70 dated 11-4-1959 @ Rs. 1,705.23 p. per annum in perpetuity with effect from 11-4-1959. The lessee contested the right of the Lessor to levy the additional ground rent on the following grounds :

- (i) while recommending the plans to N.D.M.C., the L. & D.O. had made no stipulation for levy of additional ground rent except in relation to the basement;
- (ii) there was no provision in the lease deed for charging additional ground rent for additional construction; and
- (iii) prior to 1958, construction on the plot had been allowed without asking for additional ground rent.

Between April, 1959 and September 1963, the details with regard to the terms and conditions for permission for sub-division of the premises, calculation of additional ground rent recoverable, and clarification of other points were going on. The position with regard to these points is indicated in Appendix.

The Ministry of Law had been consulted more than once and their consistent advice was that the Lessor could recover additional ground rent in respect of the basement only and that the lessee was not bound to pay additional ground rent for the other construction.

In view of the legal advice, it was decided, in consultation with the Ministry of Finance (DSD), to execute a supplemental lease deed for recovery of additional ground rent for the basement only and also mutation of the premises in the name of the three donees. The terms, as drawn up in consultation with the Ministries of Law and Finance (DSD), were communicated to the lessee on 9th March 1965. After compliance with the

terms by the lessee, a supplementary lease deed was prepared and sent to the lessee on 30th April, 1965 for execution. The lessee returned the deed duly executed on 3rd May 1965 which were got registered by them and the fact intimated to the L. & D.O. on 23rd July, 1965."

1.23. The Committee are unhappy that due to lapses that occurred in the Land & Development Office, the Department have had to forego ground rent amounting to Rs. 46,719 upto March, 1968 on certain additional construction by a lessee on a plot purchased by him. Government are also suffering a recurring loss of Rs. 4,877 per annum on this account. It is surprising that before permitting additional construction, the Land & Development Office failed to make any stipulation in writing about the ground rent that should be paid by the lessee. Even more surprising is the fact that the letter forwarding the approved plans for additional construction to the lessee is not available on record in one case. The Committee regret to observe that the officers concerned acted in undue haste in order to accommodate the lessee so that he could get the plans sanctioned by the Municipal authorities expeditiously. In their solicitude for the lessee's interest, they overlooked the fact that before finally approving the plans, it was necessary to execute a formal agreement regarding the terms and conditions on which the additional construction would be permitted.

1.24. The Committee are not convinced by Government explanation that no individual was at fault in the matter and would like the case to be investigated for fixing responsibility.

Non-Recovery of Dues. (Paras 2.70 & 2.71 of 63rd Report (S. Nos. 37 and 38).

1.25. In para 2.66 to 2.69 of their 63rd Report, the Committee had drawn attention to a case where substantial recoveries were pending from a Private Press for whom Government material had been issued from time to time. In para 2.70 and 2.71, the Committee made the following observations in this regard :

"2.70 : The Committee consider this to be a bad case. The firm has been a habitual defaulter in accounting for the paper and materials supplied by Government in connection with binding contracts, which amounts to temporary mis-appropriation of these materials. They are surprised why after a physical check up of the materials conducted in March, 1957, and before signing the original hypothecation deed in August, 1959, no action was taken to ascertain the position in regard to the materials supplied against the other contracts. What is more, after the loss of materials in the second case came to notice in November, 1959, the firm's request to reduce the monthly instalment payable by them from Rs. 10,000/- to Rs. 5,000/- was accepted. The Committee find no justification for this concession. The Committee feel concerned to note that firm has failed to comply with the terms of both the original and supplementary deeds, and a balance of Rs. 1,93,860 is still outstanding from them. The Committee desire that appropriate action should be taken to safeguard Government interest in this and some action should also be taken against the firm for various defaults."

"2.71 : The Committee also suggest that gaining experience from this case, the Department should take necessary remedial measures

with regard to periodical inspection of materials in the case of other firms to whom such contracts are given.”

1.26. In their reply dated the 21st August, 1968, the Department of Works & Housing intimated the following position to the Committee :

A lapse occurred in signing the hypothecation deed on August 21, 1959, for the recovery of outstanding dues from Robin Press without ascertaining if there were dues outstanding against the firm for other contracts. This was due to the defective procedure which was being followed in the past. Strict instructions have since been issued to ensure proper coordination between the various units of the P. & S. Department. In this regard. A copy of the instructions is enclosed.

2. It was necessary to reduce the monthly instalment from Rs. 10,000/- to Rs. 5,000/- as bills amounting to Rs. 13,672.84 paise only could be earmarked for adjustment against the recovery of five instalments amounting to Rs. 50,000/- and further bills were not being submitted by the firm, perhaps, deliberately to escape deductions. In order to ensure full recovery, it was felt that the insurance coverage of the firm in question be raised from Rs. 25,000 to Rs. 50,000 which in turn would enable the firm to be given sufficient work so that recovery at the rate of 50% of the value of the bills submitted by the firm or a minimum of Rs. 5,000/- could be effected every month. The orders were issued by the Ministry in consultation with Law Ministry. The dues outstanding on January 31, 1967, were Rs. 1,62,838.04 against a hypothecation valued at Rs. 3,53,286.65. The Chief Controller of printing and Stationery asked the Assistant Controller, Outside Printing, Calcutta to make a demand for the recovery of the remaining amount in consultation with the Ministry of Law, Branch Secretariat, Calcutta. A formal notice was issued to the firm in consultation with the Ministry of Law (Branch Secretariat), Calcutta for the recovery of the sum of Rs. 77,947.45 which was outstanding for recovery as on 30th April, 1967. Reminders were also issued to the firm on 29th September, 1967 and 29th November, 1967. No payment was, however, made by the firm upto 27th December, 1967, on which date the case was again referred to the Ministry of Law, enquiring about the next course of action to be taken against the firm. As advised by the Ministry of Law, a further demand for Rs. 52,131.33 paise, covering the period from May, 1967 to March, 1968, was placed on the firm. It has since been decided to foreclose the mortgage and further necessary action is being taken in consultation with the Ministry of Law.

3. Periodical inspection to verify physical stock of Government paper and materials held by printers and the progress of the jobs lying with them are being regularly made. A system of maintaining accounts showing the issue of paper and materials to the contracting firms is in force. A statement on this account is sent to the contracting firms and their confirmation is obtained. All risk insurance coverage is being insisted upon from the contractors. In addition to this, bank guarantee is insisted upon in the case of all P. & T. triennial contracts from 1958—61 onwards.

1.26A. At the instance of the Committee, the following further note dated the 20th December, 1968, was sent by the Department :

- (i) Subsequent to the discussions of the P.A.C. a decision was taken to foreclose the hypothecation deed and to take steps towards

the realisation of the dues from the firm. A copy of the latest legal opinion obtained in this case is attached.

- (ii) The latest position of recoveries etc. from M/s. Robin Press, Calcutta, as on 31-10-68 is given below.

	Rs.
(a) Amount appropriated against principal and interest upto October, 1968	2,20,244.46
(b) Amount still outstanding for recovery from the firm at the end of October, 1968 :	
(i) Principal	3,10,270.00
(ii) Interest	6,748.51
	3,18,019.41
On account of the dues in respect of Govt. of India Press, Temple Street, Calcutta. (Residential of the amount of Rs. 17,141.92 after adjusting securities and bills)	4,452.88
Total amount still to be recovered	3,22,472.29
(c) Amount available for adjustment :	
(i) Amount of bills lying unpassed upto October, 1968	22,094.90
(ii) Amount of admitted bills lying in Cash Section for submission to P. & A.O. Calcutta upto October, 1968	935.60
(iii) Interest accrued on security deposits upto October, 1968	29.25
(iv) Amount of admitted bills sent to the Pay & Accounts Officer, Calcutta for adjustment against the Government dues upto October, 1968	2,710.30
(v) Security deposits	22,700.00
	48,470.05

In the reply given earlier to the P.A.C. the dues outstanding as on January, 31, 1967, against a hypothecation valued at Rs. 3,53,286.65 were shown as Rs. 1,62,838.04 (should be Rs. 1,62,838.01). Interest at the rate of 6% per annum on the amount due from the firm is chargeable as per the terms of the hypothecation deed. When the position regarding outstandings was reported last, the interest had not been calculated. Larger part of the amount of Rs. 2,20,244.46 recovered upto October, 1968, has been adjusted against the interest due. This would explain by the principal amount due from the firm has not appreciably come down.

1.27. The Committee note that as against a sum of Rs. 3.22 lakhs recoverable from the Press towards Government dues, only an amount of Rs. 48,470, by way of security deposit and admitted claims of the Press, is available for adjustment. The property of the Press stands mortgaged to the Government and Government have decided to foreclose the mortgage, but further action, pursuant to foreclosure, is still to be taken. The Committee would like to be apprised of the outcome of the case.

Allotment of Government accommodation to a private organisation—Para 2.113 (S. No. 49) of 63rd Report.

1.28 In para 2.113 the Public Accounts Committee had made the following observations on a case of allotment of Government accommodation to a private organisation.

“The Committee find no justification for allotment of Government accommodation to this private organisation ((Samyukta Sadachar Samiti) free of rent in March, 1964, when there is shortage of

office accommodation for Government's own use and when they have to hire private accommodation at exorbitant rates. They note that market rent is being charged from the Samiti from 1st December, 1965."

1.29. In their reply dated the 16th June, 1967, the Department of Works & Housing replied as follows :

The circumstances leading to the allotment of accommodation to the above mentioned organisation have already been explained in the Ministry of Works, Housing and Urban Development note dated the 1-12-66, sent to the Lok Sabha Secretariat under the Ministry's O.M. No. 5/29/66--Bt. dated the 9th December, 1966. A copy of the said note is, however, attached for ready reference.

2. Out of 1690 sq. ft. of accommodation allotted to the organisation, they have since vacated 845 sq. ft. They are thus in occupation of only 845 sq. ft. of accommodation at present. With effect from the 1st December, 1965, they are being charged market rent @ Rs. 50/- per 100 sq ft. per month in respect of the accommodation in their occupation.

1.30. In a further note dated the 29-11-68, the Committee were informed as under :

The Samyukta Sadachar Samiti have not so far surrendered the remaining accommodation measuring 845 sft. occupied by them in 'L' Block. The allotment in respect of the same stands cancelled in their name with effect from 30-11-1967. Eviction proceedings under the provisions of the Public Premises (Eviction of Unauthorised Occupants) Act, 1958 were initiated against them and the case was going on in the court of the "Estate Officer" according to Law. In the meantime in May, 1968, the Delhi High Court declared Sections 5 and 7(2) of the above Act to be *ultra vires* the Constitution of the ground of discrimination. To overcome the situation created by the judicial pronouncement, the Public Premises (Eviction of Unauthorised Occupants) Amendment, Ordinance 1968, was promulgated. The Ministry of Law advised that in all case *de novo* proceedings both with respect to eviction of persons in unauthorised occupation and also in respect of recovery of arrears of rent or damages will have to be taken after the promulgation of the ordinance—later on an amending Act has been enacted. Accordingly fresh eviction proceedings have been started against the Samiti.

1.31. The Committee note that a private organisation which was allotted Government accommodation continues to be in occupation of it, even after cancellation of the allotment with effect from November, 1967. Government have now started eviction proceedings against the party. The Committee would like these to be speedily finalised.

Development of land at Kalkaji for allotment to displaced persons from East Pakistan—Para 2.146 (S. No. 56) of 63rd Report.

1.32. Referring to a case of delay in development of plots the work in respect of which was allotted to Bharat Sewak Samaj, the PAC made the follownig observations in para 2.146 of the 63rd Report :

The Committee are sorry to note that the development of plots which was to be completed in a period of 1½ years from July, 1961 has not yet been completed even after a lapse of more than

four years. The contract for work of levelling awarded to the Bharat Sewak Samaj had to be rescinded in August, 1965, as they could not complete the work even after more than three years of its award in July, 1962. The work is now being done by another contractor at the risk and expense of the Samaj. The Committee note that after the work is completed by the new contractor, as usual, necessary action will be taken against the Bharat Sewak Samaj to recover both the additional cost incurred by Government on the work and the compensation for the delay in completion of the work. They would like to be informed about the action taken in this regard.

1.33. In their reply dated the 18th September, 1968, the Department of Works & Housing stated as follows :—

The presumption of the P.A.C. is correct. Action will be taken against the Bharat Sewak Samaj to recover the additional cost incurred by Government and to levy compensation. The amount to be recovered is being assessed. A further report on the subject will be furnished to the P.A.C. in due course.

1.34. In a further note dated the 23rd December, 1968, submitted at the instance of the Committee, the Department indicated the further developments in the case follows :

“The Bharat Sewak Samaj had left the work incomplete and the same was recently got completed through another contractor (Shri Gurcharan Singh): A sum of Rs. 47,004 has been levied as compensation on the Bharat Sewak Samaj.

The exact amount of additional cost to be recovered from the Bharat Sewak Samaj would be known after the bill of the second contractor, who recently completed the work, is finalised.”

1.35. The Committee would like Government to take speedy action for the assessment and recovery of the extra expenditure incurred due to default by the Bharat Sewak Samaj.

Shortage of stores—Para 2.172(S. No. 64) of 63rd Report.

1.36. Adverting to the heavy shortages of stores amounting to Rs. 5.08 lakhs that occurred during the period 1961-62 to 1965-66 in P.W.D. stores despatched to the Andaman & Nicobar Administration, the Public Accounts Committee made the following observations in para 2.172 of their 63rd Report :

The Committee take a serious view of these heavy losses which have taken place due to pilferage in transit and also losses detected during physical verification of P.W.D. stores. They desire that these shortages should be investigated and responsibility fixed for losses and the losses should be regularised. Also necessary remedial measures should be taken to avoid recurrence of such losses due to pilferage etc.

1.37. The Ministry of Home Affairs in their reply indicated the following position to the Committee.

The fact of expert pilferage occurring during the transit by ship of various types of cargo from Calcutta to Port Blair came to the serious notice of this Ministry when on 23rd August, 1965, the Andaman and Nicobar Administration requested for write off of certain losses pertaining to the Electricity Department of the Administration. Since the request for write off had come after considerable lapse of time, the Administration was asked to furnish full details of facts leading to such pilferage. Preliminary enquiries were made by the Administration, after which on 10th December, 1965, the Administration informed us that so far as arrangements at Port Blair and on board the ship were concerned, there was practically no chance of pilferage and their apprehension was that the pilferage could take place at Calcutta, and the pilferage was being done by some expert hands. The local Administration thus made enquiries as far as they could and reported the matter to the Government of India only after they came to the conclusion that neither D.G.S.&D. could be held responsible for the losses nor the Shipping authorities and the Port authorities at Port Blair were responsible. The losses could thus have occurred during the shipment at Calcutta. It may be pointed out that no specific report has so far been received by us either from the Ministry of Works, Housing and Urban Development or from the Andaman and Nicobar Administration about this particular item of loss of P.W.D. stores under consideration.

2. As the matter was of complicated nature, and required a thorough probe, an inter-departmental meeting was called in this Ministry on 15th February, 1966 by the undersigned to discuss all aspects of the problem. A copy of the minutes of the proceedings recorded of this meeting is enclosed. This meeting was attended by representatives of D.G.S. &D., Shipping Corporation of India, Ministry of Transport and Shipping and Andaman and Nicobar Administration, in addition the Ministry of Home Affairs. As a result of discussions in the meeting, the losses were considered to be mainly due to pilferage occurring during the time goods were loaded in lighters/barges till they were off loaded from the lighters to the ship in midstream. These lighters etc. have to remain in midstream for pretty long time. Some time extending to three days and nights and in that state they are unguarded. Moreover, there was no clear responsibility of any body to see that goods in proper weight and package were delivered to the ship from the barges. The responsibility of the clearing agents and the D.G.S.&D. finished as soon as the goods were put in the lighters and technically handed over to Shipping agents. Therefore, the Bill of Lading prepared by the shipping authorities at the time of actual loading is not clear and the goods are shown as "said to contain" so much weight, and from this angle, the shipping authorities were in any case not weighing goods and packages which are received in sealed condition and delivered in the same sealed condition presuming that there was no loss. The shipping authorities, therefore, had no definite weightment of the package and no knowledge of contents. In the meeting, therefore, certain remedial steps were recommended to stop/minimise the chance of pilferage, which are given below :—

- (1) To the extent possible, percentage weightment should always be done, and condition of package also clearly indicated, and the Shipping Corporation agreed to do that.

- (2) As suggested by the representative of Andaman and Nicobar Administration, it was found that the loss could considerably be reduced if the ships were given berths and loaded therefrom instead of their being loaded in midstream. The Shipping Corporation representative have persuaded the Calcutta Port authorities to give berth to M.V. 'Andamans'. For M.V. 'Nicobar' they said that it was not possible to do so, because the main cargo was timber, which had to be loaded and unloaded in midstream. The Shipping Corporation was, therefore asked to see that they tally clerks who, took charge of the Government cargo from D.G.S. D. Depot should be made to stay on with the cargo in the lighters and hand over the same to the ship on the same basis and on the same condition as they received from the Depot and receipt and other papers should be signed on that basis. If necessary additional tally clerks should be appointed.
- (3) The D.G.S. & D. should make the clearing agents responsible for handing over the goods in the same condition of weight and packing as they receive from the Depot. The representative of D.G.S. & D. said that he would get the current contracts with clearing agents examined from this point of view, so that the clearing agents could be asked to undertake that responsibility also.

3. In the meantime, on the report of the Andaman and Nicobar Administration, the Central Bureau of Investigation started investigation into the matter. The investigations are still going on with the Calcutta Branch of the Central Bureau of Investigation pending receipt of some detailed information from the Administration. The result of the investigation will be known after final report of the Central Bureau of Investigation is received.

4. After the inter-Departmental meeting, the D.G.S. & D. got further enquiries made at their end in respect of the suggestions made at the aforesaid meeting for making Clearing Agents responsible for handing the goods, and they informed us in their letter dated 27th June, 1966 that it was very difficult to spot out the point of actual pilferage and fix the responsibility for the same on any particular person and the only course of action left open is to ensure all the Government cargo intended for Andamans from warehouse to warehouse. We have already asked the Ministry of Transport and Shipping to let us know the action taken by the Shipping Corporation of India in this regard.

5. It may be added that the entire subject of shipping and transport which was formerly with the Ministry of Home Affairs was transferred to the Ministry of Transport and Shipping on 3rd August, 1965, in D.O. No. CD-364/65 dated 3rd August, 1965. Consequently all the shipping matters including this problem of pilferage have already been transferred to the Ministry of Transport and Shipping. We have been reminding that Ministry to finalise the enquiry on the subject and that Ministry have informed us that they are taking suitable action in the matter. That Ministry is in touch with D.G.S.&D. and Shipping Corporation of India and the Andaman and Nicobar Administration who are the main parties involved in this matter. It will be appreciated that the appropriate Ministry to

deal with this technical matter is Ministry of Transport and Shipping, because the Ministry of Home Affairs has no technical know-how and has no control over the Shipping Corporation, who are running the ships in that area. As explained in the beginning, the Ministry of Home Affairs have been making efforts to work out remedial measures. The inter-Departmental meeting was called with a view to finalise the matter expeditiously. Further action to stop the pilferage is being taken by the Ministry of Transport and Shipping.

1.38. The Department of Transport furnished the following reply to Committee's observations :

As already reported by the Ministry of Home Affairs in the meeting held on 15th February, 1966 in the Ministry of Home Affairs, the following remedial steps were recommended to stop-minimise the losses due to pilferage :

- (1) To the extent possible, percentage weighment should always be done, and condition of package also clearly indicated. The Shipping Corporation agreed to do that.
- (2) As suggested by the representative of Andaman and Nicobar Administration, it was found that the loss could considerably be reduced if the ships were given berths and loaded therefrom instead of their being loaded in midstream. The Shipping Corporation representative have persuaded the Calcutta Port authorities to give a berth to m.v. 'Aandaman'. For m.v. 'Nicobar' they said that it was not possible to do so, because the main cargo was timber, which had to be loaded and unloaded in midstream. The Shipping Corporation was, therefore, asked to see that the tally clerks who took charge of the Government cargo from D.G.S.&D. Depot should be made to stay on with the cargo in the lighters and hand over the same to the ship on the same basis and on the same condition as they received from the Depot and that receipts and other papers should be signed on that basis. If necessary, additional tally clerks should be appointed.
- (3) The D.G.S. & D. should make the clearing agents responsible for handing over the goods in the same condition of weighment and packing as they receive from the Depot. The representative of D.G.S. & D. said that he would get the current contracts with the clearing agents examined from this point of view so that the clearing agents could be asked to undertake that responsibility also.

2. The suggestion at item No. (1) above was examined by the Shipping Corporation of India but it was not found feasible due to the following reasons :—

- (i) Export cargoes are weighed/measured for the purposes of calculation of freight and this has nothing to do with claim aspect of the problem.
- (ii) Percentage weighment will not serve the purpose of carrier for freight calculation since cargoes are not of standard size.

- (iii) Most of the loading is done overside. Therefore, weighment and measurement have to be done on board the vessel as the same cannot be done on the barges.
- (iv) On m.v. 'Andamans' and m.v. 'Nicobar' deck space is very limited as these are passenger ships.
- (v) There will be considerable delay and detention of the ships as cargo work will be hampered.

3. The suggestion at item No. (2) above viz. allotment of a permanent berth at Calcutta to ships playing on Andamans has all along been vigorously pursued by this Ministry and the Shipping Corporation of India. As a result of persistent efforts the Calcutta Port Commissioners have been agreed to allot No. 22 K.P.D. for 3 consecutive days for berthing of the passenger ships viz. m.v. 'Andamans' and 'State of Bombay' as against our request for 4 days. The decision in regard to the berthing arrangements for the cargo ships has yet to be taken by the Port authorities, which is being pursued through the Shipping Corporation of India. The working of the passenger ships alongside the permanent berth will have to be watched for sometime before an opinion can be formed about the efficacy of this arrangement for checking pilferage.

4. The suggestion at item No. (3) was examined by the D.G.S. & D. and they informed this Ministry that it was very difficult to spot out the point of actual pilferage and fix the responsibility for the same on any particular person and that the only course of action left open was to insure all the Government cargo intended for Andamans from warehouse to warehouse. The suggestion of the D.G.S. & D. for insuring the cargo could not be agreed to as it would be a costly arrangement.

5. The report on the investigations made by the Central Bureau of Investigation, referred to in the Ministry of Home Affairs note submitted to the Committee, is still awaited.

6. In view of the position explained in the above paragraphs, it is hoped that pilferage of cargo may be minimised at least in the case of cargo being carried by the passenger-cum-cargo ships. In regard to cargo ships, the matter is being further pursued with the Port Authorities, Calcutta.

1.39. In a further note dated 6th December, 1968 submitted at the instance of the Committee, the Ministry of Home Affairs stated, that the Central Bureau of Investigation was unable to make any progress in the investigation of the case because vital information regarding despatches of consignment was not available with the D.G.S. D. The Chief Commissioner, Andaman and Nicobar Administration was, therefore, requested to furnish the requisite information, which he did on 29th November, 1968.

1.40. The Committee regret to observe that due to inability of the D.G.S. & D. to furnish "vital information", it has not been possible to complete investigation into certain cases of shortages of stores which occurred several years ago. They note that the information has since been furnished to the Central Bureau of Investigation, who were asked to conduct investigations. The Committee hope that the investigations would be speedily completed and necessary remedial steps initiated, as losses of stores in transit from Calcutta to Port Blair seem to have become a recurring phenomenon.

Non-renewal of expired leases—Para 2.189 & 2.198 (S. Nos. 68 and 70) of 63rd Report.

141. In paragraphs 2.182 to 2.198, of the 63rd Report, the Public Accounts Committee examined the position in regard to non-renewal of leases of various properties with the Delhi Development Authority. Referring to the arrears of rent awaiting recovery in respect of particular estate called, Qadam Shariff Estate, the Committee made the following observations in para 2.189 :

“The Committee trust that vigorous efforts would be made to recover the outstanding demand of Rs. 4.76 lakhs from the Custodian of Evacuee Property. They also desire that in the case of 228 non-evacuee plots recoveries should be effected expeditiously.”

1.42. After reviewing the overall position of non-collected demands raised by the Delhi Development Authority on account of ground rent, premia, damages etc. amounting to Rs. 189.76 lakhs, the Committee made the following comments in para 2.198 :

“The Committee desire that vigorous steps should be taken to recover the outstanding demands under the three Accounts viz. General Development Nazul I and Nazul II especially those under Nazul I Account some of which relate to the period as early as 1958-59. They also desire that action should be expedited below :—

To assess damages in the remaining 2,106 cases under Nazul I Account and, in future, efforts should be made to avoid accumulation of assessment work.”

1.43. In their reply dated the 21st January, 1969, the Department of Health and Urban Development intimated the following position :—

“2.189 : The figure of arrears of rent shown as outstanding against the Custodian of Evacuee Property in respect of the expired temporary leases of Qadam Shariff Estate was based on the decision of the Authority taken in July, 1964. That decision does not hold good at present, as the Authority vide its Resolution No. 336 dated 18-4-1967 decided to charge the rent at old rates from the Custodian also. However, the present position of demand and recovery in respect of the cases under reference upto the period ending 30-6-1967 is indicated below :—

Demand	Recovery
Rs. 3,04,663	complete

As regards the non-evacuee cases of Qadam Shariff the Authority vide its Resolution No. 336 dated 18-4-1967 has decided to charge the ground rent for the past period at old rates upto the date of expiry/determination of leases and thereafter damages at the same rate upto 30-6-1967 and after recovery of these dues new leases are to be executed (except for the plots falling in Zone A-7) temporarily on year to year basis at double of the original rent. The present position of the demand and recovery upto the period 30-6-1968 is as under :—

Demand	Recovery
Rs. 86,325.75	Rs. 35,144.93

2.198 : The position of outstanding demands at the end of 1963-64 in respect of three accounts and now obtaining on 30th June, 1968 is given below :—

S. No.	Particulars	DGA.		Account I		Account
		upto, 31-3-64	30-6-68	31-3-64	30-6-68	31-3-64
1.	Premium	1.87	—	—	—	98.19
2.	Ground rent	1.18	.85	15.94	9.18	—
3.	Other receipts	1.49	.05	—	—	—
4.	Decretal Amount	0.01	—	—	—	—
5.	Master Plan and copying charges	0.08	0.01	—	—	—
6.	Damages	1.38	—	55.37	34.47	—
7.	Revenues from Nazul works and improvement schemes	—	.91	14.25	—	—
				85.56	43.65	

As the recovery of damages is a continuous process and the demand for a particular year which may include arrears is recovered in instalments over the subsequent years, it is not possible to give the upto-date figures of outstanding against the arrears as on 31-3-1964. The figures of Rs. 34.47 lakhs therefrom represents the upto-date arrears and not in respect of the outstandings upto 1963-64 only. This amount include a sum of Rs. 7 lakhs in respect of encroachers who have been evicted and in whose cases recovery is not possible. Vigorous efforts are being made to recover the outstanding arrears of the Authority.

As regards assessment work it may be mentioned that the assessment of damages in all cases except 33 has been completed. In the remaining cases it has not been possible to complete action as the title of land is under dispute, but the matter is being pursued.

1.44. The Committee note that the Delhi Development Authority was unable to recover 'damages' for continued occupation of properties, beyond the expiry of leases therefor, at enhanced rates at which the demands were originally raised. Consequently, the Authority was obliged to scale down the 'damages' to the rates at which rents were being charged when the leases were in force. The Committee also observe that heavy arrears amounting to Rs. 34.47 lakhs on account of damages are still awaiting realisation in Nazul-I account. As a result of re-organisation of the staffing structure of the Delhi Development Authority, there has been an augmentation of the staff employed by the Delhi Development Authority. There is, therefore, little justification for recovery work still being left in arrears. The Committee trust that action will be taken to ensure that all expired leases are duly examined to ascertain on what terms they should be renewed, and also to speed up recovery of arrears.

*Accumulation of unspent balances with Delhi Development Authority—
Para 2.210 (S. No. 73) of 63rd Report.*

1.45. In para 2.210, the Public Accounts Committee had commented on the heavy accumulation of cash balances with Delhi Development Authority in the following terms :—

In para 8 of their 18th Report (Third Lok Sabha) the Committee were critical about the heavy accumulations of cash balance in Nazul I Account from year to year due to the fact that various schemes of development could not be executed according to schedule. They regret to note further heavy increase in cash balance and investment under this Account, which aggregated to Rs. 73.13 lakhs at the end of 1963-64, Rs. 213.45 lakhs at the end of 1964-65 and Rs. 221.40 lakhs at the end of 1965-66. As against this large cash balance, the amount actually spent on the development schemes so far has been negligible. Even the detailed estimates of all the schemes have not been prepared. The Committee desire that the reasons for slow progress of the schemes should be investigated. To the extent the funds are not required by the Authority in the near future, these should be refunded to Government.

1.46. In their reply dated 21st Jan. 1969, the Department of Health and Urban Development stated as follows :—

The funds available with the Authority are likely to be spent shortly for the further development of Nazul estates.

1.47. The Committee are not satisfied with the reply given by Government. It indicates neither the amount of unspent balances with Delhi Development Authority nor the precise steps being taken to ensure that they are put to gainful use. What is even more regrettable is that a sketchy reply of this type should have been given to the Committee a year and a half after the due date of submission of replies. The Committee would like to impress upon the Department of Health and Urban Development, the need to ensure that replies sent pursuant to the observations of the Committee are made as explicit and self-contained as possible and that they are sent well within the prescribed time-limit of six months.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation

The Committee regret to note that no satisfactory arrangements were made by the Border Roads Organisation for the receipt, custody and accounting of spare parts of vehicles and equipment purchased from a foreign country. On the other hand, there was laxity and carelessness on the part of the staff. They are also surprised to find that information asked for by the suppliers for taking up the question of shortages with the main suppliers was not available with the Border Roads Organisation.

The Committee feel that during the period of 5 years since this loss of Rs. 3.52 lakhs took place, no serious effort had been made to make good this loss or to obtain compensation.

The Committee trust that the Border Roads Organisation would take suitable steps to check recurrence of such losses in future and to improve the procedure regarding handling receipt of stores.

[Serial Nos. 7 to 9 (pertaining to para 83 of Audit Report) (Civil) 1966].

Action Taken

To avoid recurrence of such cases Director General Border Roads has tightened up the arrangements and issued procedural instructions (copy enclosed) covering documents, which should be looked for and checked in connection with the consignments from abroad, mode of raising discrepancies with the supplier and carrying agencies and of preferring claims provisional and final, against the Railways; provision of escorts; preparation of vouchers and maintenance of accounts.

Recommendation

The Committee regret that an avoidable expenditure of about Rs. 1.22 lakhs was incurred on pay and allowances of the staff during the period October 1963 to December 1964 before disbanding the Park Company.

The Committee trust that with the measures adopted by the Border Roads Organisation there would not be any infructuous expenditure in future in such cases and the deployment pattern of the manpower would be more realistic and economical.

[Serial Nos. 10 and 11 (pertaining to para 84 of Audit Report) (Civil) 1966]

Action Taken

2. The following remedial measures in administrative sphere have been taken to avoid such cases in future.

(i) The work-load is now being assessed very carefully by Director General Border Roads with reference to sanctioned works and their targets, as well as availability of resources and in the light of above, requirements of units are reviewed annually or more frequently when called for.

(ii) The executive authorities would also ensure that new units are raised within a period of two months and when the period is likely to exceed 2 months, reasons for delay are examined and orders of Director General Border Roads obtained. Cases where the period exceeds 4 months are immediately to be reported by Director General Border Roads to Government. Simultaneous raising of different types of units will be avoided because this has caused delay in the completion of raising of some units. The duration of stay of officers and subordinates at the Raising Centre pending posting to forward areas in the projects has been limited to a maximum period of 15 days and 60 days respectively. If the duration exceeds these periods, the circumstances are looked into by Director General Border Roads and reported to Government.

Recommendation

The Committee are perturbed to find that two sets of Asphalt machines which were purchased from Japan at the cost of Rs. 5.64 lakhs remained mostly unutilised and are still lying idle. They regret to find that these machines could not serve the purpose for which they were purchased (construction of roads in Himalayas). They would like to be informed of the final decision to effectively utilise the machinery.

The Committee would like to know the circumstances under which this work of making purchases of machines was entrusted to such persons who did not have enough knowledge of these machines and the problems with which they were confronted with and why demonstration of the two machines was not insisted upon beforehand.

The Committee understand from Audit that on opening the packages it was found that there were some deficiencies and after ascertaining that they were not available from indigenous sources, orders were placed for the missing components from Japan. These are stated to have since been received and the machines tested in March/September 1965.

The Committee desire that the circumstances under which some parts were found deficient should be investigated and responsibility fixed for the missing components. They should be informed of the result of investigation.

[Serial Nos. 12 to 15 (pertaining to para 86 of Audit Report) (Civil) 1966]

Action taken

Director General Border Roads has reported that one of the plants is already in use on the J&K National Highway with effect from 20th November 1966. The second one which has been repaired would also be deployed within a period of 2 months from now.

The purchase of these machines in Japan was made by a delegation which included Director General Border Roads and Controller General of Defence Production. An Asphalt machine is a standard item of engineering equipment and is used widely in all countries where mechanical or machine laying of carpet is resorted to. The delegation decided to place an order for 2 machines after studying detailed specifications. The necessity for a demonstration in Japan prior to placing orders was not felt by the delegation. The difficulties experienced in assembling the plant on arrival in India were because the technical personnel were not familiar with the internal structure of these machines.

The circumstances under which some parts were found deficient have been investigated by a Court of Inquiry held on 4-8-65. The Court has not been able to pin-point the responsibility for the loss but has held certain officers responsible for administrative lapses. Disciplinary action has been taken against the officers concerned [(i) Liaison Officer, Calcutta and (ii) Commander, Tusker (now Vartak), Base Depot] by communicating the displeasure of Army Commanders Eastern Command and Southern Command on 26-9-66 and 17-11-66 respectively. Non-recordable warnings have also been issued to two Officers [S.O. II, Directorate General Border Roads and O.C. Tusker (now Vartak) Base] on 28-9-66 and 31-10-66 respectively.

BRDB u.o. No. F. 1(10)/BRDB/66-67/PAC(R), dt. 27-5-1967.

Delhi Tele. 33082

No. 16210/DGBR/E4(BW)

DIRECTORATE GENERAL BORDER ROADS

Kashmir House

DHQ PO New Delhi-11

2 May 67

To

All CEs

Commanders Base Workshops

SUBJECT :—*Accounting Procedure—Stores*

Reference this HQ No. 16210/EME/B/BRD dated 30 Apr 63, addressed to Base Workshops, copy to CEs.

At their meeting in September 66, the Public Accounts Committee of Parliament went into a case where a substantial loss had occurred in the spares of earth-moving equipment, which were imported by the Border Roads Organisation during the period Oct. 60 to May 61. The loss was an amalgam of short receipts from Suppliers; loss in transit; on the Railways; and deficiency in stocks. The Committee took a serious view of the procedural errors and omissions disclosed by the case, and directed that suitable steps be taken to avoid their recurrence.

2. The irregularities which occurred in this case were briefly as under :—

- (a) Considerable delays took place in clearance of stores at ports; in some cases, joint surveys were not undertaken.
- (b) The prescribed procedure for preferring claims on Suppliers for short receipts was not followed.
- (c) Movement of the stores from ports *via* Railway transhipment points to final destination was not properly co-ordinated, and escort arrangements were not satisfactory.
- (d) The normal procedure for taking open delivery from the Railways in the event of damages in transit and for preferring claims on the Railways, was not followed.
- (e) Documentation for despatch was not satisfactory. In many cases, packing notes were not enclosed in boxes. Part Nos. quoted in Packing Notes differed in some case from those quoted in the relevant Packing Lists and Invoices. Packing Notes did not

reflect the contents of packages correctly. Railway Receipts and Convoy Notes did not in certain cases contain particulars of stores moved. Packing Lists and Invoices were not always available to the ground staff to check receipts. The cumulative result was that packages lay unopened and unchecked for months at the final destination, with the possible risk of pilferage.

- (f) When the stores were eventually taken on charge, various errors occurred in identification of parts and postings in ledgers—with the result that a subsequent stock verification disclosed substantial deficiencies and surpluses.

2. The Border Roads Regulations contain the general principles of stores accounting. Detailed procedural instructions were issued in our No. 16210/EME/B/BRD dated 30 Apr. 63.

3. The requirements to be watched particularly are :—

- (a) In respect of imports, it should be ensured that Shipping Invoices, Packing Lists, and Bills of Lading are available with the ground staff for check and consignments immediately on arrival.
- (b) Consignments will be cleared at ports without delay, by joint surveys with Embarkation HQ/Clearing Agents. Discrepancies on account of short receipts (where packages are received undamaged) will be raised promptly on Suppliers; and for damages *en route*, on the Carrying Agency. A copy of the discrepancy report and claim will be sent to HQ DGBR to watch and progress.
- (c) Arrangements for despatch of stores for Projects, including repacking where necessary, will be made carefully by LOs. Packing Notes and Railway Receipts should contain particulars of stores despatched. Adequate escorts will be provided by Consignee formations.
- (d) If stores despatched by rail are not received by the Consignee within a reasonable time, a formal claim for the full consignment will be submitted by the Consignee on the Railways within three months, followed by a final claim, within five months, from the date of despatch. Claims which are not submitted within six months of despatch are rejected as time-barred by the Railways.
- (e) Where stores are received damaged, open delivery by the Railways will be demanded; discrepancies will be recorded in joint surveys and Claims will be preferred on the Railways immediately.
- (f) Particulars of Railway claims which are not settled within a reasonable period will be reported to HQ DGBR.
- (g) Cases may still occur when stores are received without any consigning documents; in such cases, the stores received will be taken on charge on Certified Receipt Vouchers (CRV). A Register of CRVs will be opened, and particulars of the CRV, Packing Note reference and Railway Receipt will be entered in it. As and when consigning documents are received, they will be linked with the CRV and full particulars entered in the CRV register.

- (h) All receipts will be checked with reference to consigning documents, and entered in ledgers under correct nomenclature and accounting units. Issues will also be similarly vouchered and posted in ledgers.
- (i) Stock verification will be carried out regularly as laid down in Border Roads Regulations, Chapter IV, Paras 55 to 58.

4. These instructions apply, *mutatis mutandis*, to stores procured from indigenous sources also.

5. As GREF Units and Formations have now over six years' experience, I expect all concerned to be vigilant to ensure that stores accounting documents are correctly prepared and maintained. I find that the majority of objections raised in Audit relate to stores accounting. I would like Commanders at all levels to tighten the arrangements for the administration and accounting of stores, and to keep a progressive check on the clearance of outstandings.

6. Please acknowledge receipt. Sufficient copies of this letter are enclosed for distribution down to Task Force Commanders.

Sd/- Maj. General,
Director General Border Roads
(RA LOOMBA)

Copy to :—

BRDB—(3 copies)
GREF Centre
LOs BOMBAY and CALCUTTA

Further Information

Please furnish the following information :—

- (i) The position regarding utilisation of second machine.
- (ii) Measures taken to prevent recurrence of such cases of purchase of costly machinery without ascertaining in advance its use with reference to the local conditions and prevent idling of imported machinery for want of parts and components.

The required information is as under :—

- (i) The second machine was taken into use with effect from 29-12-1967 and since then it has been in use. So far it has been worked for 608 hours. On a further check-up, DGBR has reported that the first machine was actually taken into use on 1-11-66 instead of 20-11-66 reported earlier to the Committee.
- (ii) In so far as the purchase of costly equipment/machinery is concerned, all such proposals are being very carefully examined by Director General Border Roads from technical and suitability angles before putting up to Govt. At the Govt. level also these proposals are subjected to careful scrutiny taking into account the necessity for the machinery, its use and in some cases the areas in which these are intended to be used etc. before such proposals are accepted. The case was one of purchases of a standard equipment. The then DGBR, who had negotiated in 1960 the purchase in Japan had no doubt about its utility. Even then only 2 machines were purchased. In cases where a doubt is felt, evaluation trial is now being carried out.

In regard to minimising the idling period in respect of imported machinery due to lack of parts or components, Director General Border Roads has stated that all possible attempts are being made to ensure maximum utilisation of the equipment and provide adequate backing of maintenance spares. In view of the delay in the delivery of imported items, small scale indigenous manufacture of spares is being resorted to wherever feasible.

Recommendation

The Committee feel concerned over the accumulation of trunk call charges pertaining to the years 1958-59 to 1962-63 in respect of Kota House Hostel. They desire that vigorous efforts should be made to liquidate the arrears.

[Sl. No. 25 -(Para 2.23) of Appendix VI to 63rd Report (3rd Lok Sabha)]

Action taken

As a result of the steps taken by Govt. out of a sum of Rs. 22,323.00 outstanding in respect of Trunk call charges in Kota House Hostel, Rs. 15,327 have already been recovered and vigorous efforts are being made to recover the balance of Rs. 6,996. Of this arrear, a sum of Rs. 2,024 relates to State Governments.

Dated 16th October, 1968

NEW DELHI.

Recommendation

The Committee regret to observe that there was inordinate delay in these cases in the installation of the machines due to defective planning. They hope that such cases will not recur.

[Sl. No. 29 (Para 2.38) of Appendix VI to 63rd Report—1966-67.]

Action taken

The recommendation made by the Public Accounts Committee has been noted and necessary instructions have also been issued to all concerned (copy enclosed).

Dated 5th July, 1967

IMPORTANT

GOVERNMENT OF INDIA
OFFICE OF THE
CHIEF CONTROLLER OF PRINTING AND STATIONERY

'B' Wing,

*Nirman Bhavan,
New Delhi-11.*

Dated, the 31st May, 1967

No. 13/46/67-T.P.

MEMORANDUM

SUBJECT :—*Sixty-third report of the Public Accounts Committee (Third Lok Sabha)—Inordinate delay in the installation of machines in Government of India Presses due to defective planning.*

In their sixty-third report, the Public Accounts Committee (Third Lok

Sabha) have *inter alia* made the following observations regarding utilisation of machines in the Government of India Presses :—

- 2.34. In the Government of India Presses, Aligarh and Faridabad, 17 machines worth Rs. 4.25 lakhs were installed after a lapse of 2 to 8 years from the date of purchase, while 3 machines valued at Rs. 26.467 purchased in 1956 and 1959 by Temple Street Press, Calcutta have not been commissioned so far (August, 1965) for want of power.
 - 2.35. The Management stated (December, 1965) that most of the machines at Aligarh could not be installed within a reasonable period for want of electric power.
 - 2.36. The Committee asked whether the question of availability of electric power for running the machines was not considered by the Department before purchasing them. The witness stated that the question of shortage of power was not within the knowledge of the Department, when the machines were ordered. He admitted that they did not do preplanning with regard to availability of power to the extent of their requirements. It was anticipated that power would be available, but they ran into difficulties partly because other requirements for power arose. The witness added that they had now started taking into account availability of power in advance for their expansion programme.
 - 2.37. Asked if the delay in the installation and commissioning of machines had led to allotment of work to private presses, the witness replied that some additional work must have gone out.
 - 2.38. The Committee regret to observe that there was inordinate delay in these cases in the installation of the machines due to defective planning. They hope that such cases will not recur.”
2. It is needless to mention that arising out of this and to avoid recurrence of such instances it is necessary to ensure among other aspects, the following points in particular, before procurement of machines is arranged :—
- (1) Power (availability of supply, earmarking of the required quantum, determination of the nature of supply, *i.e.*, whether a.c. or d.c., characteristics of supply *i.e.* phase and cycles and ensuring also that power of the required voltage would be forthcoming).
 - (2) Water and compressed air, where required (availability and continuous supply to be ensured).
 - (3) Space for installing machines (To be assessed and necessary arrangements made for flooring, foundations and other requirements, as needed).
 - (4) Service connections for permanent electric connections and water/air supply (both external and internal to be arranged, as required).
 - (5) Complementary equipment (It should be ensured that equipment essential for running the machines are available or have been ordered with the original equipment).

- (6) Consumable stores/raw materials. (Availability to be made certain. This has particular significance, so far as imported stores are concerned).
- (7) *Operatives*.—(Availability, sanction, creation, of posts, funds position etc.).

The responsibility for safeguarding these elements would be that of the press and this is pointedly being brought to notice.

3. If there are any instances of machinery already received but not yet commissioned for production or cases where machines are on order but the aspects enumerated above have not been taken care of, the General Manager etc. should forthwith undertake a review of those cases and take such measures as are necessary to see that those machines are immediately installed and run. A report on this review should please be submitted before 15th June, 1967.

4. In view of its importance, these instructions should please be circulated among all concerned within every press and duly got noted by them for compliance. Whenever occasion for handing over/taking over arises, it shall be the duty of the officers concerned to list out cases of all machinery lying uncommissioned or are under procurement and to indicate the pending action required with reference to any or all of the above aspects for commissioning those machines.

5. The receipt of this memorandum may kindly be acknowledged.

Sd/-

Project Officer (Printing)

for *Chief Controller of Printing and Stationery*.

To

Heads of all G/I Presses
(By name).

Recommendation

The Committee regret to observe that the purchase of a large quantity of paper merely on the basis of the annual forecast of requirements given by the P & T Department which did not fully materialise, resulted in a heavy accumulation of paper. The Committee note that the question of placing firm orders by the P & T Department instead of giving an estimate is under examination. They hope that the present practice of purchasing paper on the basis of the forecast of requirements will be properly streamlined with a view to avoid excessive purchase of paper in future.

[Sl. No. 32 (para 2.52) Appendix VI to 63rd Report (Third Lok Sabha)]

Action taken

The recommendation of the Public Accounts Committee has been noted and necessary instructions in this regard have been issued (copy enclosed).

It has also been decided that the P & T Store Depots should furnish to the concerned Presses their forecasts of annual requirements in the beginning of the year, followed by firm indents half-yearly, one in March and the other in September. This procedure would enable the Press Managers to plan their requirements of paper on a more realistic basis.

[Ministry of Works, Housing and Supply, dated the 14th September 1967—
Ref. F. No. 12(4)/67-PI].

(COPY)

GOVERNMENT OF INDIA

OFFICE OF THE CHIEF CONTROLLER OF PRINTING AND
STATIONERY

No. 15/7/66-P&S

New Delhi, dated the 27th April, 1967

SUBJECT :—*Indent for paper—Placing of.*

Recently a case has come to notice where one of the Govt. of India Presses indented certain varieties of paper which it could not utilize during the ensuing years. This resulted in blocking funds, which could, otherwise, be diverted usefully to some other projects. Apart from the national loss such over-indenting brings in its wake problems of storing, stocking etc. Such lapses have been the subject of criticism by Audit and the Public Accounts Committee. The General Manager etc. are accordingly requested to exercise greater vigilance in the matter of preparing their annual/supplementary indents placed on the Stationery Office. The position should also be reviewed at regular intervals, with reference to the actual demands in hand and the Controller of Stationery informed suitably in time before he places orders on the Mills concerned. For realistic indenting of paper, the Heads of Presses will no doubt keep in view the capacity of the Press to execute the orders placed on it by the various departments, as also the consumption of paper during the immediately preceding years.

Sd/-

*Controller of Printing
for Chief Controller of Printing and Stationery*

To

The Heads of all Govt. of India Presses.

Copy to Controller of Stationery, Government of India Stationery Office, Calcutta for his information.

Copy to B & A Section with reference to their F. No. 1/8(20)/64-FII.

Sd/-

Deputy Controller of Admn. H

Recommendation

The Committee desire that early action should be taken to introduce bin cards in the Presses at Aligarh, Calcutta, Gangtok and New Delhi.

[Sl. No. 33 (para 2.55) of Appendix VI to 63rd Report—1966-67]

Action taken

In the Government of India Presses at Aligarh, Calcutta, Gangtok and New Delhi, Bin Cards have since been introduced.

[Ministry of Works, Housing and Supply (Department of Works and Housing) Ref. File No. 12(5)/67-P1, dated the 10th August 1967]

Recommendation

"The Committee note that the percentage of cases in which defects were noticed has further come down to 40 in 1965-66 from 43 in 1964-65 and 47 in 1963-64. But even this is a very high percentage in regard to the execution

of works where defects were noticed later. Further, as the examination of the C.T.E. is limited to 25 percent to 30 percent of the total value to works the Committee are unable to get a fair idea of the working of the Department. The Committee, therefore, desire that early action should be taken on the recommendation made in para 12.5. of their 54th Report [(Third Lok Sabha) Vol. I] that scope of the work on the C.T.E. should be enlarged to cover a larger number of cases."

[S. No. 39-Appendix VI, para 2.76—63rd Report 1966-67, 3rd Lok Sabha]

Action taken

It is proposed to enlarge the scope of technical examination by the C.T.E.'s Organisation by about 45 to 50 percent of the present coverage. Additional staff necessary for the purpose has been sanctioned with effect from March 1, 1967.

Recommendation

"The Committee also hopes that with the transfer of C.T.E.'s Organisation with the Vigilance Commission under the Ministry of Home Affairs, the Organisation would be able to function more efficiently."

[S. No. 40—Appendix VI, para 2.77—63rd Report—3rd Lok Sabha].

Action taken

Noted.

[M. of H. Affairs O.M. No. 226/28/66-AVDII, dt. nil]

Recommendation

The Committee feel concerned to note that out of overpayments of Rs. 4.22 lakhs accepted by the Department during 1964-65, the bulk amount viz., Rs. 3.18 lakhs related to sub-standard works. They hope that with the creation of the posts of Assistant Surveyor of Works to assist Executive Engineers the supervision of the works would improve and the possibility of sub-standard execution of works would be minimised. They suggest that the matter should be kept under constant review with a view to taking further necessary steps to avoid execution of sub-standard works and consequential overpayments to contractors.

[S. No. 41 Appendix VI (Para 2.84) of 63rd Report of the PAC (3rd Lok Sabha)]

Action taken

The observations of the Committee have been noted and necessary instructions have been issued to the field officers to be more vigilant. A copy of the instructions is enclosed.

[Min. of W.H. & S. (Deptt. of W. & H) Ref. No. 12011(46)/66, dated the 4th March 1968].

COPY

No. CE/Con/444

GOVERNMENT OF INDIA
CENTRAL PUBLIC WORKS DEPARTMENT

New Delhi the 20th September, 1967

MEMORANDUM

SUBJECT :—*Proper execution of works.*

According to Para 42 of the C.P.W.D. Code, it is the duty of the Divisional Officers to organize and supervise the execution of works and to see that they are suitably and economically carried out with materials of good quality.

The Divisional Officers are required to inspect the works periodically to ensure that these are being carried out according to specifications.

The Chief Technical Examiner, who examined a number of works for technical examination during 1964-65, had detected overpayments, which amounted to Rs. 4.22 lakhs, out of which the bulk amount viz. Rs. 3.18 lakhs related to sub-standard works. This aspect of the matter has been adversely commented upon by the P.A.C. vide para 2.84 of P.A.C.'s sixty third Report in the following terms :—

“The Committee feel concerned to note that out of overpayments of Rs. 4.22 lakhs accepted by the Department during 1964-65, the bulk amount viz. Rs. 3.18 lakhs related to Sub-standard works. They hope that with the creation of the posts of Assistant Surveyor of Works to assist Executive Engineers the supervision of the works would improve and the possibility of sub-standard execution of works would be minimised. They suggest that the matter should be kept under constant review with a view to taking further necessary steps to avoid execution of sub-standard works and consequential overpayments to contractors.”

With a view to strengthen the Divisions a number of A.S.Ws and S.A.S. Accountants have been posted in some of the Divisional Offices. With this augmentation, Divisional Officers should be in a position to spare more time for stricter supervision of field work.

It is, therefore, enjoined on all Divisional Officers to be more vigilant in the matter of supervision of works and to ensure that the works under their charge are executed by the contractors according to specifications and that the various contract an codal provisions in this regard are strictly observed.

Sd/-
Chief Engineer

To
All Executive Engineers etc. etc.

Recommendation

The Committee are glad to note that the Department has made good progress in making recoveries during the period April to July, 1966. According to Audit the amount outstanding at the end of March, 1966 in respect of overpayments accepted upto 1963-64 was Rs. 12.62 lakhs. This came down to Rs. 4.54 lakhs as on 1st August, 1966, which included Rs. 4.39 lakhs under arbitration. They hope that speedy recoveries would be made by the Department in future, and such arrears would not be allowed to accumulate. [S. No. 42 Appendix VI (Para No. 2.88) of 63rd Report of the Public Accounts Committee (3rd Lok Sabha)]

Action taken

The observations of the Committee have been noted. [Ministry of Works, Housing and Supply (Deptt. of Works and Housing), [Ref. F. No. 12011(46)/66-W, dated the 4th March, 1968]

Recommendation

The Committee would watch the results of the revised procedure introduced by the Ministry of Home Affairs with a view to expeditious disposal of disciplinary cases, through future Audit Reports. They hope that there would be no avoidable delay on the part of the Central P.W.D. in the disposal of cases.

[Sl. No. 43 of Appendix VI (Para 2.91) of the 63rd Report (Third Lok Sabha)]

Action taken

Noted. Chief Engineer, Central P.W.D. has also been instructed on the 24th May 1967 to follow the revised procedure strictly so as to eliminate delay in the disposal of disciplinary cases.

[Min. of W.H. & S. (Deptt of W. & H.) 12011(46)/66-W, dt. 17-6-67].

Recommendation

The Committee note the following conclusions of the Expert Committee :

- (i) The design and construction technique laid down by the consultant have inherent weaknesses and have to be improved :
- (ii) The most important factor in causing the collapse of the structure is the failure of the beam due to improper bending of the reinforcing here, resulting from improper design and detailing.

[Sl. No. 44 (Para 2.101) of Appendix VI to 63rd Report (3rd Lok Sabha).]

Action taken

Observations of the Committee have been noted.

Recommendation

The Committee consider it unfortunate that sufficient attention was not paid by the Consultant in designing and detailing of the construction of these

shell type grain storage godowns. The Committee find from the Report of the Committee on Plan Projects that the consultant had also served (i) as a member of the Team for Selected Buildings Projects which recommended shell type construction for grain storage structures and, (ii) as the Chairman of the Panel of Engineers set up by the Team to study the existing designs and specifications for building of grain godowns with a view to evolving improved designs. It is all the more regrettable that the consultant, who as the Chairman of the Panel of the Engineers, had recommended construction of shell type godowns, should have committed serious mistakes when he was actually entrusted with the designing of the structures. The Committee regret to note that no independent opinion on the design proposed by the Consultant of an altogether new construction undertaken by the Department was obtained by Government, although they have with them the Organisations like the Central Building Research Institute, Roorkee and National Buildings Organisation, New Delhi. These Organisations were in fact, represented on the committee constituted in November, 1960 to investigate the reasons for the collapse. The Committee hope that this will be done in future. The Committee trust that necessary action has been taken by the Department to establish an expert designs organisation to achieve economies in view of the great technological developments in recent times, as suggested by the Expert Committee.

[Sl. No. 45 (Para 2.102) of Appendix VI to 63rd Report (3rd Lok Sabha).]

Action taken

The action to establish an Expert Design Organisation as suggested by the Committee has already been initiated. The P.A.C. will be informed of the outcome in due course.

Recommendation

The Committee consider it unfortunate that sufficient attention was not paid by the Consultant in designing and detailing of the construction of these shell type grain storage godowns. The Commission find from the Report of the Committee on Plan Projects that the consultant had also served (i) as a member of the Team for Selected Buildings Projects which recommended shell type construction for grain storage structures and, (ii) as the Chairman of the Panel of Engineers set up by the Team to study the existing designs and specifications for building of grain godowns with a view to evolving improved designs. It is all the more regrettable that the consultant, who as the Chairman of the Panel of the Engineers, had recommended construction of shell type godowns, should have committed serious mistakes when he was actually entrusted with the designing of the structures. The Committee regret to note that no independent opinion of the design proposed by the Consultant of an altogether new construction undertaken by the Department was obtained by Government, although they have with them the Organisation like the Central Building Organisation, New Delhi. These Organisations were in fact, represented on the committee constituted in November, 1960 to investigate the reasons for the collapse. The Committee hope that this will be done in future. The Committee trust that necessary action has been taken by the Department to establish an expert designs organisation to achieve economies in view of the great technological developments in recent times, as suggested by the Expert Committee.

[Serial No. 45 (Para 2.102) of Appendix VI.]

Action taken

The observations of the Committee have been noted. As recommended by the Committee, Government have approved of a proposal to set up a Central Designs Organisation, headed by an officer of the rank of a Chief Engineer in the C.P.W.D. Formal orders in this regard will be issued as soon as necessary preliminary action e.g., arrangements for suitable office accommodation and selection of personnel has been completed. It is expected that the nucleus of this organisation will start functioning before the end of the current financial year.

Recommendation

The Committee feel that delay of 17 to 21 months in awarding the contract after the receipt of the report of the Expert Committee lacked justification.

[Serial No. 46 of Appendix VI (Para 2.104) to 63rd Report (Third Lok Sabha)].

Action taken

The observations of the Committee have been noted and efforts will be made in future to avoid such delays in awarding contracts.

[Ministry of Works, Housing and Supply (Department of Works and Housing (Ref. F. No. 12011(46)/66-W) dated the 4th March, 1968].

Recommendation

The Committee regret that the information has not yet been furnished. They desire that the information should be furnished to them early.

[S. No. 47 (Para 2.106) of Appendix VI of the P.A.C.'s 63rd Report (Third Lok Sabha)].

Action taken

At their sitting on the 2nd and 3rd September, 1966 the Public Accounts Committee desired that a statement showing the necessary particulars in this case should be forwarded to them for perusal. A statement was, accordingly, prepared and passed on to the Lok Sabha Secretariat vide this Ministry's O.M. No. 12011(5)/65-W, dated the 16th January, 1967. A copy thereof is enclosed for ready reference.

[Ministry of Works, Housing and Supply (Deptt. of Works and Housing) No. 12011(46)/66-W, dated the 27th October, 1967].

STATEMENT

*Statement showing storage capacity, estimated
remodelling and maintenance cost of foodgrain
at different centres for the last ten*

Sl. No.	Name of Centre	Capacity in Tonnes	Estimated cost in Rs.	Date of completion	Constructed cost upto 31-8-66 (In Rs.)
1	2	3	4	5	6
<i>C. Conventional Godowns having 45, multiple</i>					
1.	Gauhati Ph. I	10,200	16,58,850	Sept. '65	14,70,658
2.	Mokaneh	24,300	23,93,893	Feb. '60	23,70,391 A/R. S/R
3.	Jainagar	3,000	1,17,521	1960	1,17,521 A/R. S/R
4.	Gaya Ph. III	13,200	15,69,100	March, '66	13,85,114 A/R. S/R
5.	Raipur	10,200	12,76,289	March, '62	11,46,016 A/R. S/R
6.	Dhamtari	5,100	9,47,612	Feb. '62	7,53,294 A/R. S/R
7.	Bilaspur	10,200	17,83,674	1962	15,50,637 A/R. S/R
8.	Manmad Ph. V	56,000	46,62,158	1960	51,73,797
9.	Manmad Ph. I	5,800	5,42,000	April, '61	4,84,690 A/R.
10.	Manmad, Ph. II	28,400	26,16,328	August, '61	24,36,883 S/R.
11.	Manmad, Ph. III & IV	63,000	66,26,999	1962	63,35,193
12.	Hapur	11,200	Not available.	Sept. '59	7,61,200 A/R.
13.	Kanpur Ph. I	25,400	28,57,360	Dec. '61	16,31,451 A/R.
14.	Siliguri	30,500	45,27,669	Nov., '65	37,40,282 A/R. S/R
15.	Thimmancherla	5,100	5,32,814	April, '61	5,44,517 A/R. S/R
16.	Hyderabad Ph. I	19,800	20,86,650	March, '61	13,28,097 A/R. S/R
17.	Allepy	8,000	8,39,687	June, '58	8,44,402 A/R. S/R
18.	Cochin Site 'A'	12,200	18,45,870	Nov. '62	11,18,783 A/R. S/R
19.	Kozhikode	10,200	15,61,900	March, '61	9,14,890 A/R. S/R
20.	Quillon	10,600	9,35,060	Feb., '60	8,43,639 A/R. S/R

cost, construction cost and amount spent on
godowns constructed by Central P.W.D.
Years (from 1-9-56 to 31-8-1966).

Expenditure on repairs & maintenance etc. in rupees						Expenditure on Remodelling	
1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	Amount	Details
7	8	9	10	11	12	13	14
<i>span covered platform on both sides with Steel trusses for bagged Storages,</i>							
Annual Repairs	---	---	---	---	---	---	---
Special Repairs	---	---	---	---	---	---	---
3,460	9,132	11,933	1,572	1,465	8,561	---	---
---	---	---	10,804	---	---	---	---
---	383	2,043	674	208	2,323	---	---
---	---	---	---	---	---	---	---
---	---	---	---	1,058	2,930	---	---
---	---	---	---	682	590	---	---
---	---	---	---	3,991	1,170	---	---
---	---	---	---	---	---	45,674	---
---	36,532	57,244	33,464	1,11,419	1,30,897	---	---
---	---	---	---	15,607	19,301	---	Providing buttress Plaster for strengthening the gable walls of 13 godowns.
---	1,412	3,109	2,043	3,374	1,680	---	---
---	---	8,295	12,896	54,220	2,780	---	---
---	---	---	---	---	---	---	---
---	---	13,082	1,399	2,685	---	---	---
---	---	1,745	116	827	---	---	---
2,367	2,950	2,360	1,098	3,669	2,685	18,835	Const. of Partition wall (Sanctioned vide Min. of F&A. No. F. 11(5)/62- SG.III, dt. 17-6-62 for Rs. 24,825).
---	---	---	---	---	14,190*	---	---
---	9,437	4,587	799	2,345	---	4,772	Const. of partition wall (Sanctioned vide Min. of F. & A. No. F. 11(4)/62 SG.III for Rs. 23,090).
---	---	2,316	1,285	1,618	3,765	---	---
1,245	1,653	5,987	603	3,169	5,729	2,995	Addition & alteration to the existing Bldg. (vide Min. of F.&A. No. SG. III/ 64/5604, dt. 7-8-66).
---	---	30,023	---	---	---	---	---

1	2	3	4	5	6
21.	Coimbatore	8,000	14,50,000	March, '60	10,26,463 A/R, S/R.
22.	Avadi II	10,200	13,50,419	Sept., '62	7,45,592 A/R. S/R.
23.	Bangalore	10,200	12,87,000	March, '60	9,19,754 A/R. S/R.
24.	Bangalore	10,200	12,93,912	July, '61	10,17,899 A/R. S/R.
25.	Jodhpur	12,600	12,06,905	June, '59	12,37,530 A/R. S/R.
26.	Ajmer	10,200	10,92,000	March, '61	11,58,637 A/R. S/R.
27.	Udaipur	5,100	6,26,650	Dec., '60	7,22,781 A/R. S/R.
28.	Jaipur	10,000	14,01,475	August, '62	13,62,623 A/R. S/R.
29.	Bikaner	5,100	7,23,510	1962	6,36,635 A/R.
<i>B. Prefabricated godowns</i>					
30.	Hozai	5,100	1,63,982	March, '58	1,68,777 A/R. S/R.
31.	Hapur	1,000	47,470	August, '60	36,800 A/R. S/R.
32.	Imphal	5,100	—	Sept. '58	—
33.	Agartala	7,100	—	June, '58	—
34.	Interior Centre	7,100	—	April, '61	—
35.	Cochin Site 'B'	32,500	22,43,000	Sept., '59	15,91,780 A/R.
36.	Kozhikode	11,200	6,08,700	April, '62	5,54,608 A/R. S/R.
<i>SS. Modified specification with 30' span Tubular Trusses</i>					
37.	Mokameh Ph. IV	7,000	8,57,450	Dec., '62	6,59,018 A/R.
38.	Mokameh Ph. Vj	9,500	12,41,114	May, '63	8,25,605 S/R.
39.	Ahmedabad IV	7,900	8,11,848	Nov., '63	6,37,740 A/R. S/R.
40.	Berivilli Ph. V	23,600	32,23,010	Feb., '63	23,42,966 A/R. S/R.
41.	Poona Ph. II	12,700	10,85,520	March, '62	9,82,253 A/R. S/R.
42.	Kanpur Ph. IV	3,800	9,67,715	March, '62	6,85,539 A/R. S/R.
43.	Agra Ph. III	7,300	8,16,377	Jan., '62	6,10,692 A/R. S/R.
44.	Jhinjirapole Ph. IV ..	5,600	7,98,475	Jan., '63	5,00,508 A/R. S/R.

7	8	9	10	11	12	13	14
15,742*	—	29,090	2,822	27,061	34,833	31,020	Const. of Partition wall vide Min. of F & A No. 13(9)/62-SG.III, dt. 31-8-62.
—	—	—	—	6,038	6,802	—	
—	—	—	—	—	—	9,247	Providing ventilator to the Lahore Type godown (Min. of F & A No. F. 13/5/62, dt. 29-6-64 for Rs. 11,077).
—	—	—	—	—	—	—	*Includes Expenditure on other godowns of 17,300 built during 1946.
—	5,126	3,279	2,093	6,045	3,481	—	—
—	—	3,279	2,093	6,045	3,481	—	—
—	6,807	8,881	5,200	2,951	5,625	—	—
—	—	5,325	3,102	4,510	2,667	—	—
—	—	—	—	12,032	—	—	—
—	1,419	4,077	311	2,322	417	—	—
—	—	—	492	229	3,334	—	—
—	—	—	347	600	1,000	—	—
—	5,542	6,375	2,755	—	—	—	—
<i>received in aid from U.S.A.</i>							
—	141	—	—	1,714	—	—	—
—	—	141	80	180	200	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
905	3,800	15,000	2,300	9,384	13,081	—	—
—	—	1,000	1,285	1,618	—	—	—
<i>rested on R.S.J. Stanchions and uncovered platforms on both sides</i>							
—	—	5,966	790	2,930	17,123	—	—
—	—	—	—	—	—	—	—
—	—	—	—	2,633	1,430	—	—
—	—	—	—	482	343	—	—
—	—	—	—	10,559	4,586	—	—
—	—	—	—	—	1,390	—	—
—	—	—	1,605	1,905	521	—	—
—	—	—	7,388	—	9,248	—	—

1	2	3	4	5	6
45.	West Patel Nagar	15,700	13,40,089	1962	11,93,743 A/R. S/R.
46.	Avadi Ph. IV.	18,000	23,74,504	May, '63	17,40,279 A/R.
47.	Avadi Ph. V.	14,200	21,80,353	April, '63	15,17,463 S/R.
<i>ST. Shell type godowns 90' wide with cement concrete shell roofing & uncovered</i>					
48.	West Patel Nagar	50,700	62,60,344	June, '62	57,39,799 A/R. S/R.
49.	Jinjirapole Ph. II	28,500	53,92,800	Sept., '63	47,61,474 A/R. S/R.
<i>MS. Modified specification with 45' span tubular trusses rested on</i>					
50.	Dhanbad II	5,100	5,57,247	Dec., '62	5,46,666 A/R. S/R.
51.	Gaya Ph. II	10,200	15,02,240	Dec., '62	8,37,684 A/R. S/R.
52.	Ahmedabad II & III	20,300	24,78,760	1962	19,11,224 A/R. S/R.
53.	Bhopal I	10,200	14,31,500	Dec., '61	13,48,125 A/R. S/R.
54.	Borivilli Ph. IV	7,500	9,80,982	Sept. '63	6,55,290 A/R. S/R.
55.	Nagpur	10,100	14,59,019	June, '63	10,27,854 A/R. S/R.
56.	Bombay (Wadala)	2,200	2,88,646	1962	2,76,378 A/R. S/R.
57.	Jetha Plinth	10,400	10,43,097	March, '63	9,21,664 A/R.
58.	Jetha Plinth	8,500	9,80,983	March, '63	7,09,253 S/R.
59.	G.M.G. (Sewri) Bombay	4,100	5,99,023	March, '63	8,00,000 A/R. S/R.
60.	Hapur	3,100	3,06,628	August, '62	5,88,876 A/R. S/R.
61.	Harduaganj	30,400	30,13,107	Dec. '61	28,54,674 A/R. S/R.
62.	Kanpur Ph. III	8,300	4,59,205	Dec., '61	3,22,426 A/R. S/R.
63.	Agra II	9,000	10,06,700	Dec., '61	7,56,948 A/R. S/R.
64.	Jinjirapole V	1,700	1,88,638	Oct., '62	1,71,327 A/R. S/R.
65.	Subzimandi	3,000	4,23,371	Oct., '61	3,39,670 A/R. S/R.
66.	Subzimandi	3,000	2,91,915	1961	2,04,113 A/R. S/R.
67.	Thimmencherla	5,100	6,76,850	Sept., '61	4,39,190 A/R. S/R.
68.	Visakhapatnam II	10,200	17,42,410	August, '62	14,03,154 A/R. S/R.
69.	Visakhapatnam III	10,200	11,69,944	Dec., '62	10,61,506
70.	Kozhikode	7,100	8,67,386	1962	4,60,161 A/R. S/R.
71.	Quilon	1,300	1,25,840	Feb., '60	98,415 A/R. S/R.

1	2	3	4	5	6
72.	Avadi III	5,100	6,09,556	Dec., '61	5,49,581 A/R. S/R.
73.	Bangalore	2,500	3,02,968	August, '61	2,65,615 A/R. S/R.
74.	Bhubneshwar	5,100	7,75,700	April, '65	7,16,039 A/R. S/R.
75.	Karnal I	5,100	5,90,545	March, '62	5,80,060 A/R. S/R.
76.	Gurdaspur II	5,100	4,65,800	Nov., '64	5,47,592 A/R. S/R.
77.	Ferozepur I	5,100	7,54,978	Sept., '63	7,36,645 A/R.
78.	Ferozepur II	5,100	10,67,360	Dec., '63	8,22,366 S/R.
79.	Jodhpur	3,000	2,92,040	Feb., '62	3,62,025 A/R. S/R.
80.	Ajmer	5,100	4,93,332	Sept., '62	4,10,631 A/R. S/R.
81.	Udaipur	1,500	1,51,950	March, '62	1,52,908 A/R. S/R.
82.	Jaipur	7,100	6,91,800	Sept., '62	5,77,975 A/R. S/R.
83.	Bikaner	5,100	5,35,200	1962	4,95,418 A/R. S/R.

C.T.T. (Conventional Tubular Trusses godowns having Tubular Trusses of 45' Span-

84.	Jorhat I	5,100	9,76,340	Jan., '64	8,86,646 A/R. S/R.
85.	Saharasa I	7,100	10,66,800	March, '63	9,19,139 } A/R S/R.
86.	Saharasa II	3,200	4,41,750	July, '63	3,30,255 } A/R S/R.
87.	Saharasa III	1,000	1,52,580	Nov., '62	1,11,480 } A/R S/R.
88.	Kathiar	10,200	13,53,118	June, '65	13,53,118 A/R. S/R.
89.	Jamshedpur	10,200	16,43,400	April, '65	12,61,450 A/R. S/R.
90.	Borivolli V	35,000	48,95,559	Nov., '63	41,36,607 A/R. S/R.
91.	Borivolli VI	12,200	16,15,624	Sept., '63	13,25,213 A/R. S/R.
92.	Kanpur II	25,400	30,93,090	June, '62	26,98,720 } A/R S/R.
93.	Kanpur V	7,600	7,68,200	August, '64	7,77,971 } A/R S/R.
94.	Lucknow I	20,300	28,23,530	Sept., '64	29,65,555 } A/R S/R.
95.	Lucknow II	4,000	5,14,800	August '64	4,55,551 } A/R S/R.
96.	Sitapur	5,100	6,19,400	Jan., '64	7,67,149 A/R. S/R.
97.	Bareilly	10,200	13,78,540	June, '66	11,10,085 A/R. S/R.
98.	Jinjrapole III	28,400	40,05,520	June '64	32,14,161 A/R. S/R.
99.	Orient Jute Mills	12,300	18,57,020	Feb., '65	19,59,702 A/R. S/R.
100.	Kalyani I	32,500	49,64,844	1962	43,98,711 A/R. S/R.
101.	Siliguri	10,200	See item No. 14		
102.	Vijaywada (Krishna Canal)	10,000	13,17,100	March, '61	10,99,329 A/R. S/R.

7	8	9	10	11	12	13	14
---	8,167	---	---	---	---	---	---
---	1,224	---	---	---	---	---	---
---	---	1,882	---	---	---	---	---
---	---	---	---	---	---	---	---
---	---	---	---	---	---	---	---
---	---	712	556	3,288	1,967	---	---
---	---	---	---	---	---	---	---
---	---	---	---	---	1,917	---	---
---	---	---	---	---	---	---	---
---	---	---	1,300	983	1,875	---	---
---	---	---	---	2,255	1,333	---	---
---	---	---	---	6,015	---	---	---
---	---	---	---	387	83	---	---
---	---	---	---	200	1,666	---	---
---	---	---	---	344	1,000	---	---

rested on R.C.C. columns with covered platforms on both side.

---	---	---	---	---	---	---	---
---	---	---	197	5,328	160	---	---
---	---	---	---	---	---	---	---
---	---	---	---	---	---	---	---
---	---	---	---	1,191	700	---	---
---	---	---	---	---	---	---	---
---	---	---	---	---	2,780	---	---
---	---	---	---	---	---	---	---
---	---	---	---	---	2,000	---	---
---	---	---	---	---	---	---	---
---	---	---	---	---	---	---	---
---	---	---	---	---	22,124	---	---
---	---	---	---	---	---	---	---
---	---	---	7,085	---	35,761	---	---
---	---	---	---	---	---	---	---
---	---	6,551	2,441	5,817	---	---	---

1	2	3	4	5	6
103.	Tadepalligudam	2,000	3,29,300	March, '61	3,18,078 } A/R.
104.	Tadepalligudam	7,200	11,32,512	Feb., '62	8,75,525 } S/R.
105.	Vishakhapatnam Phase I	10,200	10,30,648	August, '62	8,08,554 } A/R.
106.	Vishakhapatnam Phase IV	5,100	6,22,300	August, '63	6,18,604 } S/R.
107.	Hyderabad Ph. II	8,100	10,17,809	Sept., '61	7,76,670 } A/R.
108.	Hyderabad III	7,600	8,94,361	March, '61	6,81,605 } S/R.
109.	Hyderabad IV	3,700	12,049	Feb., '64	12,047 } S/R.
110.	Bheemavaram	5,100	8,89,003	Oct, '62	8,02,226 } A/R.
111.	Trivandrum	10,200	12,77,600	Feb., '63	11,33,566 } S/R.
112.	Egmore II	13,900	23,06,210	March, '63	20,14,716 } A/R.
113.	Khurda Road	10,200	10,97,200	Jan., '62	10,94,427 } S/R.
114.	Karnal II	10,200	10,97,200	Dec., '64	10,94,427 } A/R.
115.	Amritsar I	5,100	7,98,818	Oct., '62	6,63,883 } A/R.
116.	Amritsar II	2,500	3,05,859	June, '63	3,46,596 } S/R.
117.	Patiala	5,100	7,87,250	May, '66	6,47,518 } A/R.
					S/R.
<i>CR. Conventional resisters design of Trusses Conventional godowns</i>					
118.	Dhanbad I	5,100	6,92,325	Dec., '63	6,05,555 } A/R.
119.	Gaya I	10,200	13,07,760	July, '63	11,87,207 } S/R.
120.	Dighaghat (I)	17,800	23,13,750	March, '62	22,83,939 } A/R.
121.	Dighaghat (II)	5,000			
122.	Ahmedabad I	10,200	10,96,045	1962	10,44,489 } A/R.
123.	Baroda	10,200	12,81,737	April, '62	10,20,427 } S/R.
124.	Bhopal II	10,200	15,75,090	March, '62	6,16,632 } A/R.
125.	Poona I	10,200	14,64,094	Jan., '62	10,58,070 } S/R.
126.	Nagpur	20,400	29,18,037	August, '63	20,55,768 } A/R.
127.	Hapur	21,300	20,71,256	June, '61	22,07,314 } S/R.
128.	Agra I	20,300	23,11,300	1962	17,57,627 } A/R.
129.	Gorakhpur	20,200	23,46,102	Feb., '63	20,68,937 } S/R.
130.	Varanasi I	20,400	23,79,551	Nov., '62	21,08,640 } A/R.
					S/R.
<i>S31.SILO type godowns (I) still silos received in aid from</i>					
131.	K.P. Dock	16,300	16,96,800	July, '65	16,40,052 } A/R.
					S/R.

7	8	9	10	11	12	13	14
---	---	3,000	2,549	4,863	---	---	---
---	---	---	47	5,000	5,000	---	---
---	---	3,490	---	1,654	---	---	---
---	---	---	1,174	3,028	1,295	---	---
---	---	---	---	8,844	---	---	---
---	---	---	1,377	---	10,084	---	---
---	---	---	---	---	1,967	---	---
---	---	---	3	3,000	3,969	---	---
---	---	---	---	---	---	---	---
---	---	---	---	---	---	---	---

of reiser' design of Trusses 45' with covered platform on both sides.

---	---	---	---	129	1,868	---	---
---	---	---	---	142	5,517	---	---
---	---	75	1,630	4,925	7,584	---	---
---	---	---	1,882	2,633	2,855	---	---
---	---	---	378	2,114	258	---	---
---	---	---	954	3,329	1,905	---	---
---	---	---	1,249	7,392	4,619	---	---
---	---	---	---	8,260	9,380	---	---
---	---	25,482	16,603	---	---	---	---
---	---	---	---	---	---	---	---
---	---	---	6,385	3,813	2,083	---	---
---	---	---	---	---	1,901	---	---
---	---	---	---	---	5,000	---	---
---	---	---	---	---	---	---	---

U.S.A. (II) R.C.C. Silos constructed at Kidderpore Docks, Calcutta.

---	---	---	---	---	21,151	---	---
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1	2	3	4	5	6
<i>C.W.T. Conventional Wooden Trusses, Conventional godowns with</i>					
132.	Shillong	1,500	6,60,752	Aug., '63	6,44,821 A/R. S/R.
133.	Muzaffarpur I & II	7,600	8,89,559	1962	8,89,599 A/R. S/R.
134.	Darbhanga	5,100	8,10,500	Dec., '62	6,16,619 A/R. S/R.
135.	Basti	5,100	6,70,580	March, '64	7,66,359 A/R. S/R.
136.	Gurdaspur I	5,100	6,04,518	1962	6,74,841 A/R. S/R.
<i>CPF. Conventional Precast Concrete Trusses Conventional</i>					
137.	Manmad	50,800	39,64,616	1962	39,64,616 A/R. S/R.
<i>C&P Conventional & Prefabricated</i>					
138.	Avadi I	75,000	63,64,100	March, '60	60,88,749 A/R. S/R.
<i>Flat Storage Godowns for bulk storage rectangular</i>					
139.	Hapur	5,300	9,59,900	Dec., '65	6,60,164 A/R. S/R.

Recommendation

The Committee are surprised at the lack of firm decision on the part of the Ministry in utilisation or demolition of the barracks. The Committee feel that if the project for construction of the new buildings was not coming up, the demolition work should not have been started specially in view of the fact that barracks had been repaired at a cost of Rs. 3.51 lakhs, out of which Rs. 3.39 lakhs were incurred in 1961-62 and 1962-63 alone. Apart from the loss of one-third accommodation by demolition, the expenditure on demolition and shifting of offices from and back to the barracks has become infructuous. Such half-hearted decision has caused avoidable expenditure to the Government.

[Sl. No. 48 (Para 2.110) of the 63rd Report (Third Lok Sabha)]

Action taken

The observation made by the Public Accounts Committee has been noted. It has also been brought to the notice of all concerned.

Recommendation

The Committee note that Government suffered a loss in this case because of acceptance of a uniform rate for cutting both hard and soft rocks. The Committee see no justification for allowing the contractor to adjust the rates of individual items within overall 35 per cent above the estimated rates without regard to their reasonableness. If the contractor was insisting on these unreasonable rates and there was no other offer, the Department should have invited the second lowest tenderer of the previous tender for negotiations. This omission is regrettable.

[Sl. No. 53 Appendix VI (Para No. 2.133) of 63rd Report (3rd Lok Sabha)]

Action taken

The observations of the Committee have been noted.

Govt. of India, Ministry of Works, Housing and Supply (Deptt. of Works and Housing) (Ref. F. No. 12011(46)/66-W), dated 4th March, 1968.

Recommendation

The Committee are surprised that the quantity of work for cutting soft rock exceeded the estimates by 121.53 per cent. This points to the need of preparing the estimates more carefully in such excavation works.

[S. No. 54 Appendix VI (Para 2.134) of 63rd Report (3rd Lok Sabha)].

Action taken

The officers concerned have noted for future guidance the observations of the Public Accounts Committee regarding the need of preparing estimates more carefully in excavation works.

Govt. of India, Ministry of Works, Housing and Supply (Deptt. of Works and Housing) (Ref. F. No. 12011(46)/66-W), dated 4th March, 1968.

Recommendation

In view of the fact that the problems regarding bulk water supply and electric supply have not yet been solved, it is surprising how the Department excepted to complete the development of plots in 1½ years; for, without these services the plots could not be allotted. The Department should have closer coordination with the local bodies in planning the development work. The Committee hope that the question of providing the essential services would be pursued vigorously with the local bodies concerned.

[S. No. 57 Appendix VI (Para No. 2.148) of 63rd Report (3rd Lok Sabha)].

Action taken

The observations of the Committee have been noted.

Govt. of India, Ministry of Works, Housing and Supply (Deptt. of Works and Housing) (Ref. F. No. 12011(46)/66-W), dated 4th March, 1968.

Recommendation

The Committee note that after the contractor was promoted from class III to II in December, 1960 he failed to complete any of the four or five works awarded to him, apparently, due to financial difficulties and ran away. This indicates that before his promotion to the higher class, the capacity of the contractor to handle works of higher cost and his financial standing were not properly verified. The Committee suggest that the Department should review the present system of promotion of contractors to higher classes and also award of contracts to them with a view to avoiding recurrence of such cases.

[Sl. No. 58 (Para 2.153) of Appendix VI to 63rd Report (3rd Lok Sabha)]

Action taken

As recommended by the Committee the existing procedure of promotion of contractors and award of contracts has been reviewed and no procedural defect noticed. However, with a view to avoid recurrence of such cases the undermentioned clause has been added in form P.W.D. 6 (NIT) :—

“The contractor shall submit a list of works which are in hand (Progress)”.

Recommendation

They feel that in this case time of about 16 months taken by the Department to issue the demand notice to the original contractor after the completion of the work by second contractor was too long. They desire that in such cases demand notices should be issued expeditiously.

[Sl. No. 59 (Para 2.154) to Appendix VI to 63rd Report (3rd Lok Sabha)].

Action taken

Recommendations accepted and instructions issued to all concerned. Copy placed below.

(COPY)

No. 12011(46)/66-W

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING & SUPPLY

(Deptt. of Works and Housing)

New Delhi, dated the 26th June, 1968

MEMORANDUM

In para 2.154 of the 63rd Report of the P.A.C. the following recommendations have been made by the Committee on the Audit Para, 'Recoveries due from a firm' :—

"They feel that in this case time of about 16 months taken by the Department to issue the demand notice to the original contractor after the completion of the work by second contractor was too long. They desire that in such cases demand notices should be issued expeditiously."

This has reference to the contract for the work 'construction of 120 type II quarters at Timar Pur.' The contract was given to a contractor in February, 1961. Due to slow progress of work the contract was rescinded and awarded to a second contractor at higher rates at the risk and expenses of the original contractor for completion of the remaining work. A demand notice to the first contractor for the recovery of the amount was issued by the CPWD after a delay of 16 months of the completion of the work by the second contractor.

2. The Government have accepted the recommendations.

3. Engineer-in-Chief of Central PWD is directed to issue instructions to all concerned to ensure that the recommendations of the Committee are strictly adhered to in all cases where the work is required to be done at the risk and expenses of the original contractor and also to ensure that such delays do not recur in future. Copy of the instructions issued in this connection may be furnished to Government for information.

4. Receipt of this letter may please be acknowledged.

Sd./-

Jt. Secretary to the Govt. of India.

To

The Engineer-in-Chief,
Central P.W.D.,
New Delhi.

Copy of Min. of WH&UD Office Memo No. 16(7)/65-WII, dated the 12th December, 1966 to the Lok Sabha Sectt., and copy to AGCW&M, etc., etc.

At their sitting on the 3rd September, 1966 the Public Accounts Committee made enquiries as to what action had been taken on their recommendations regarding the feasibility of appointing a Registrar for expeditious disposal of arbitration cases. The Committee were duly apprised of the position. The Chairman, however, desired that the case should be seen by the Minister for Works, Housing and Urban Development.

2. The Govinda Reddy Study Team on the C.P.W.D. considered that question of expeditious disposal of arbitration cases. Having gone into the various causes of delay, the Team recommended the appointment of more arbitrators and counsels. Government have accepted the recommendation and it is hoped that this will ensure speedier disposal of arbitration cases. In view of this, Govt. have not pursued the suggestion of the P.A.C. for appointment of a Registrar of Arbitration Cases. Even if the suggestion were accepted, the Executive Engineers and Superintending Engineers concerned with arbitration cases being located at places all over the country, it would obviously not be easy or practicable for such an officer to expedite cases dealt with by the arbitrators at various places. For this reason also, the suggestion has not been considered practical.

3. As for review of reasons for Arbitrators' awards going against Govt. the position is that, generally, Arbitrators' awards do not indicate any reasons for the conclusions. It is not, therefore, easy to find out why the awards are adverse. No doubt, sometimes the Government cases go by default for want to relevant documents, etc. The cases are often very old and, because of the many changes of personnel, the defence of cases before the Arbitrators is not always very satisfactory. To avoid this situation, instructions have been issued to all concerned on the following lines :—

(i) Every Engineer, who is in charge of a work, should necessarily maintain a separate file in so far as the disputes that crop up on a work are concerned and leave a self-contained note in the file at the time of his transfer dealing with the full background of all the disputes that have cropped up upto the time of his transfer, the various developments thereon, the orders passed, etc., with due reference to the connected files. They should form a necessary and essential feature of all handing over notes. Suitable method and procedure should be devised in the Divisional Office by which such files are carefully preserved and become available at a later stage to the Executive Engineer who may be called upon to defend the case. Everything should be so arranged that the Executive Engineer, who is actually called upon to defend the case, should be able to defend the case on proper lines.

(ii) It should be made a rule in the Divisional Office that all drawings issued with the N.I.T. and those subsequently followed for execution, of works are properly preserved and kept along with the contract documents.

(iii) It should be seen and ensured by the Divisional Officer that suitable and adequate arrangements are made in his Division regarding

preservation of all important documents, register, etc. Besides others, a list of all such records should be prepared and kept handy so that correct position of each case may be known to the Divisional Officer concerned with the conduct of the case. The Departmental defence should not be allowed to fail on account of non-production of the documents.

(iv) The arbitration cases should not be considered as a legacy of old and defunct divisions handed over to subsequent Executive Engineers. They should, on the other hand, be given due importance and dealt with on priority basis at all stages till they are finally disposed of.

It shall be the duty of all Superintendent Engineers in this Department to see and ensure that the above instructions are rigidly followed by all Divisional Officers under them.

It is hoped that, if the instructions are properly followed, the situation will improve.

It cannot always be said that Government have been put to loss merely because an Arbitrator's award has gone in favour of the contractor. Interpretation of the clauses of the agreement is a matter of opinion and the claims and counter-claims of the parties are based on their own interpretation of the agreement. On the basis of the evidence produced by the two parties, it is open to the Arbitrator to accept the interpretation of either party and give his award. As stated above, such awards do not indicate any reasons and it is not always possible or advisable successfully to challenge such awards in a court of law.

4. This case has been seen by the Minister for Works, Housing and Urban Development and he approved of the action taken.

Recommendation

From a statement furnished by the Ministry showing the details of these 30 cases, the Committee find that out of the contractors claims aggregating to Rs. 7,11,451, the arbitrators awarded a sum of Rs. 3,56,207 in favour of the contractors. This means that about 50 per cent of the amounts claimed by the contractors, was upheld in arbitration. It is significant to note that out of Rs. 22,367 claimed by Government, only a sum of Rs. 2,236 was awarded by the arbitrator in their favour, which works out to about 10 per cent.

[Sl. No. 61 (Para 2.163) of Appendix VI to 63rd Report (Third Lok Sabha)].

Action taken

The observations of the Committee have been noted.

Recommendation

The Committee were informed last year (para 2.108 of 42nd Report—1965-66) that it was expected that a total area of about 2,400 acres would be developed by March, 1966. But actually only an area of 1,899 acres was developed up to 31st March, 1966. The Committee feel concerned over the shortfall in the development work and over the slow progress in the

disposal of plots, especially the industrial plots because of absence of essential services like electricity, water and sewage. The Committee hope that with closer coordination with the local authorities the Delhi Development Authority would be able to adhere to the target dates fixed by them. In case of the areas which are already developed, the Authority should vigorously pursue the question of providing the essential services.

(Sl. No. 65—Para No. of Report 2.179)

Action taken

The present position with regard to the development of land is indicated below :—

(1) Area taken over by the C.P.W.D.==	7384 acres for development upto 30th June 1968.
(2) Area fully developed—	
Residential	== 2734 acres
Industrial	== 2473 acres
	TOTAL
	== 5207 acres
(3) Balance	== 2177 acres

In certain schemes where no bulk services have been provided by the Corporation, arrangements for water supply have been made by Delhi Development Authority, itself.

In addition to the fully developed area of 5207 acres, an area of 1466 acres is under various stages of development. Steps have also been taken to start the development of the remaining area of 711 acres.

Recommendation

The Committee would like to reiterate the recommendation made by them in para 3.24 of their 42nd Report and desire that some more relief should be given to the persons whose lands have been acquired.

(S. No. 66 Para No. of Report 2.181)

Action taken

Persons whose land has been acquired and who fall under the category of low and middle income groups are eligible for allotment of alternative plots at pre-determined rates. In 1967 the pre-determined rate for the low income group people in the various localities was decreased by about 35%.

Recommendation

The Committee feel concerned to note that such headway has not been made to implement the decision taken by the Authority in July, 1964 with regard to completion of development plans and assessment and recovery of rent and damages. The Committee desire that adequate attention should be given to the question of renewal of the leases which expired as early as 1948 to 1956 and to the recovery of arrears of rent and damages.

(S. No. 67 Para No. of Report 2.187).

Action taken

About redevelopment plans, it may be stated that the plots covered by expired leases are situated in 17 Nazul Estates. The redevelopment plans of two major estates, viz., Jhandewala and Qadam Shariff, which account for an area of 32.56 acres out of a total area of 62.33 acres, have since been prepared and are under scrutiny. The position of the remaining cases is as under :—

- (i) The redevelopment plans of four estates namely, Paharganj, Sadar Bazar (North), Sadar Bazar (South) and inside City Wall are held up because the zonal Development Plans of these areas are not yet ready.
- (ii) One estate, namely Bela Road Estate, falls in the Master Plan green, for which no redevelopment plan is necessary.
- (iii) In the remaining 10 Estates the number of plots is too small to be considered for a redevelopment plan. Also considering the over-crowding in these areas it is advisable to reserve them for public and Community services which are conspicuously deficient.

As regards assessment and recovery of rent and damages, it may be mentioned that the decision taken in July, 1964 has been revised by the Authority vide its Resolution No. 336, dated 18th April, 1967. According to the later decision, the recovery of rent at old rates up to the date of determination/expiry of leases and thereafter damages at the same rates up to 30th June, 1967 is to be made. After recovering the dues in this manner, new leases are to be executed temporarily on year to year basis at double the rates of the original rent. In accordance with the latest decision of the Authority, the position of demand and recovery in respect of expired temporary leases up to the period ending 30th June, 1967 is as under :—

Demand	Rs. 5,37,968
Recovery	Rs. 5,32,642

Regarding renewal of the leases in terms of Authority's Resolution No. 336, dated 18th April, 1967 a form of lease has recently been approved, and steps are being taken to execute temporary leases as early as possible.

Recommendation

The committee are not satisfied over the slow progress in the construction of houses under the Hire Purchase Scheme. Out of 346 houses decided to be undertaken for construction during 1963-64 only 64 have been constructed so far. They desire that the construction of the remaining 182 houses should be undertaken early.

(S. No. 71 Para No. of Report 2.202)

Action taken

In addition to the 164 dwelling units which had been completed in 1965, another 584 at various sites have since been completed and disposed of. In addition, 2,506 dwelling units of various sizes are nearing completion, and are likely to be available for disposal by the end of current financial year.

Recommendation

The Committee trust^d that necessary steps will be taken to dispose of the 50 unsold houses and in future the Authority would keep in mind the popularity of the locality before embarking upon such projects for construction of houses.

(S. No. 73 Para No. of Report 2.202).

Action taken

The flats in question have since been disposed of. The recommendations of the F.A.C. have been noted by the Delhi Development Authority.

CHAPTER III

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

Recommendation

The Committee also regret to note that the Ministry of Law did not examine the document (*viz.*, agreement) as a whole and gave an opinion which was not based on the complete examination of the whole contract. Even the witness from the Ministry of Law admitted in evidence that personally he thought that a claim for damage would lie in this case and promised to reconsider the case. The Committee desire that the Ministry of Law should be more careful in examining the document and in giving their considered opinion.

[S. No. 6 (Para 1.39) of Appendix VI to the Sixty-third Report
(Third Lok Sabha)].

Action taken

The relevant file has been examined in this Ministry. It is respectfully submitted that the observation made by the Committee that the Law Ministry did not examine the document as a whole and gave an opinion which was not based on the complete examination of the whole contract is not justifiable. The perusal of the file would reveal that the matter was first referred to the Law Ministry by the Ministry of Transport on 4th January, 1963. At the time, this Ministry in a detailed note, dated 7th March, 1963 (copy attached) explained the implication of the various clauses of the Agreement and asked for further information on certain points before recording final opinion. The file was again referred to this Ministry on 22nd August, 1963 with the question whether the Government was entitled to recover liquidated damages from the firm. The matter was examined in this Ministry in great detail in notes, dated 26th August, 1963 and 2nd September, 1963, copies of which are attached herewith. It would be perfectly clear from the note, dated 7th March, 1963 and paragraph 2 of the note, dated 26th August, 1963 that this Ministry had taken into consideration all the relevant clauses of the Agreement together with the correspondence exchanged between the parties earlier and which formed part of the contract.

Ministry of Transport have concurred in this note.

Extract of Note dated 2-9-1963 from The Ministry of Law

I agree generally with what is stated in paragraphs 1 and 2 of the preceding note. A combined reading of clauses 10, 11 and 20 would seem to show that there has been no breach of these clauses. Clause 20 undoubtedly will prevail against the correspondence exchanged before the contract was executed.

2. As regards the question considered in paragraph 3 of the preceding note, I would place greater reliance on clause 12 and not clause 15 of the

contract. Under clause 12 the contractor was required to deliver the vessel in a *proper and seaman like manner* into the charge of the Representative of the Government. Delivery of the vessel in a defective condition is not delivery in a proper and seaman like manner. Clause 15 requires the contractor to be responsible for the safety of the vessel until the Representative of the Government of India accepts the delivery of the vessel. It is not the case of the Government of India that the contractor has failed to ensure the safety of the vessel. It is possible to take the view that the contractor is liable for the cost incurred on trials which are not successful and, for that purpose, we may place reliance on clause 15 apart from clause 12. The contractors may be informed that they are liable for the cost incurred on unsuccessful trials. This should be done after the delivery of the vessel is accepted.

Sd./-

Joint Secretary & Legal Adviser.

2-9-1963

Department of Transport.

[Ministry of Law (Deptt. of Legal Affairs) U.O. No. 13957/63 Adv.(A), dated 3-9-1963].

Extract of note, dated 26th August 1963 from the Ministry of Law

Clause 20 of the contract at Flag 'N' is the condition, on which we can rely, for claiming the liquidated damages in this case. That condition reads :—

"In the event of the vessel not being ready in the manner and on the date described in Clause 10 hereof, the Government shall be at liberty in such case, to deduct from any sum or sums of money then due or to become due to the contractor as and for liquidated damages and not as by way of penalty, the sum of 1/8th of 1% of the contract price per week or part thereof that such completion or delivery and acceptance as aforesaid shall be delayed beyond the respective date fixed by this Clause.

PROVIDED (Proviso is not relevant in this case and therefore is not reproduced)."

The perusal of this condition shows that the consequences (in the matter of the claiming liquidated damages) contained in the words "the Government shall be at liberty fixed by this Clause", in the above Clause 20, come into operation only if the condition pre-requisite contained in the words "in the event of the vessel not being ready in the manner and on the date described in Clause 10 hereof" is fulfilled. This brings us to Clause 10 of the said contract, which is in the following lines :—

"The vessel shall be finished, completed and equipped at contractor's yard in all respects in accordance with the contract, having undergone satisfactory steaming and dredging trials next hereinafter referred to 18 months after the date of the signing of the contract and the receipt necessary licence for the import of the vessel and spare parts into India."

As there is reference to Clause 11 in Clause 10, it may not be out of place to reproduce the same. It reads :—

“11. Forthwith, after the completion of the vessel in accordance with this contract, the vessel shall undergo near or at the port of construction in the presence of the engineers, trials in accordance with the provisions of the specifications attached.

.....

On the satisfactory completion of the above mentioned trials, the engineers will, give to the contractor a certificatè to that effect.”

The contract at Flag ‘N’ was executed on 23-11-1960. The requisite import licence was received by the contractor on 30-11-1960. The date of completion thereof (in accordance with Clause No. 10) with reference to the date of receipt of the requisite licence by the contractor would be 24-5-1962 (as reported by the engineers). Under the Proviso of Clause 20 of the contract, the engineers recommended grant of two weeks working extension to the contractor. The Government of India in the Department of Transport have since agreed, without reservation, to the said extension and in this way, the date of the completion of the dredger at contractor’s yard is 6th June, 1962. We find from the letters of the engineers at pp. 11-18/Cor. in File No. 4-PDII(29/62)-Vol. I that the dredger had satisfactorily completed the specified trials near the port of construction, as required under Clause 11 of the contract before the above mentioned date *viz.*, 6-6-1962. We have also on record a telegram, dated 6-6-1962, from the engineers advising the Government that the dredger had left Amsterdam at 13-30 hours on 6th June, 1962 on delivery voyage. These facts therefore, show that the dredger was ready in the manner and on the date described in Clause 10 of the contract. If this conclusion of ours is correct, we think that the Government is not entitled in this case to any liquidated damages under Clause 20 of the contract, as there is no breach of Clause 10 of the contract reproduced above.

2. The next question for consideration is as to whether the Government can take advantage of the provisions contained in the exchange of correspondence at paragraph 7 of the Government’s letter No. 18-PDII(113/58) of 19-11-1959 and para 5 of the contractor’s letter of 1-12-1959 (copies of these letters form part and parcel of the contract), in view of Clause 20 of the contract reproduced above, which is inconsistent with the agreement brought about by that correspondence. It can be argued that the said paragraphs have brought about an agreement between the parties that the contractor shall pay a penalty of 1/8th part of 1% of the contract price per week for each week’s delay in delivery of the dredger after the lapse of the period of “14-15 months ex-yard and 6 weeks later at Kandla port after satisfactory completion of speed and dredging trials at that Port”. After careful consideration of the matter, we think that the answer to the above question is in the negative. The correspondence contained in the above letters of the Government and the contractor, precedes the final completed contract between the parties, and as the agreement, if any, brought about by that correspondence is at variance with Clause 20 of the completed contract which is also on the same point, Clause 20 will prevail against the agreement brought about by the said paragraphs in the said letters of the parties. We are, therefore, of the opinion that the provisions contained in the said paragraphs of the said letters of the parties cannot legally prevail over Clause 20 set out in the Conditions of Contract at Flag ‘N’.

3. The next question for consideration is as to whether the Government is entitled to be reimbursed by the contractor for cost of fuel, stores, crew and all other incidental expenditure during the period, between the arrival of the dredger at Kandla port and acceptance of the vessel. By Clause 15 of the contract, the contractor accepted responsibility for the safety of the vessel until the representative shall have accepted delivery thereof as therein-after mentioned. If any loss (whether total or otherwise) shall be sustained or incurred by the vessel by any means or from any cause either during the delivery or before the acceptance by the representative, then and in any such case, the contractor shall, at his own expense, forthwith make good such loss specially in the case of total or constructive total loss to the provisions of Clause 24 thereof. Under Clause 14 of the contract, the Government were responsible for providing at their own expense, all skilled and unskilled labour and fuel necessary to carry out the acceptance trials at Kandla. As we read this clause, the Government were only obliged to make such provision at their own expense in respect of a trial, which resulted in the acceptance of the dredger. In case the trials were not successful and did not lead to the acceptance of the dredger (the contractor is liable to make good the said expense. It is reported that the expense incurred by the Government on the acquisition of various materials for issue to the dredger in question as well as that on the staff engaged, comes to Rs. 89,501.47 nP. We think that this amount, if this figure is correct, is recoverable from the contractor and may be deducted out of the 6th and final instalment payable to the contractor, following the acceptance of the dredger.

Joint Secretary & Legal Adviser may kindly see.

Sd./-
Asstt. Legal Adviser.

Extract of Note, dated 7-3-1963 from the Ministry of Law

Under clause 10 of the contract, the vessel shall be finished, completed and equipped at the Contractor's yard in all respects in accordance with this contract, having undergone satisfactory steaming and dredging trials next hereinafter referred to eighteen months after the date of the signing of the contract and the receipt of the necessary licence for the import of the vessel and spare parts into India. The trials next hereinafter referred to are presumably the trials contemplated by clause 11. Clause 11 stipulates that the said trials shall be at the sole expense and risk of the Contractor, who shall pay and discharge all costs and bear all liabilities whatsoever arising out of the same. On a satisfactory completion of the above mentioned trials, the Engineers will give to the Contractor a certificate to that effect. This stage must be over as it would appear that what is now taking place is the trial contemplated in clause 14. Before the trial contemplated by clause 14 is started, the Contractor should have proceeded to fit the vessel for delivery at the Port of Kandla, and shall thereupon not later than seven weeks after the date of expiry of the period of eighteen months referred to the clause 10, deliver the vessel or cause the same to be delivered in a proper and seaman-like manner into the charge of the representative in such suitable place and

position as may be indicated by him at the Port of Kandla, complete with all necessary certificates etc. Sufficient crew and all engineers' and other necessary and usual stores and equipment are to be provided for the delivery by the Contractor and all costs and charges of every description in connection with the delivery are to be borne by the Contractor. This is under clause 12. Under clause 15, the delivery of the vessel to the purchaser and its re-equipment at the Port of Kandla shall be at the sole expense and risk of the Contractor, who shall, in accordance with clause 12, pay and discharge all costs and liabilities thereof and connected therewith. After the delivery to the representative at Kandla, the trial contemplated by clause 14 takes place at Kandla. For this trial at Kandla, the Government will have to find at their expense all skilled and unskilled labour and such fuel as may be necessary. Costs and charges of every description in connection with a delivery may not normally include the expenditure on the establishment of the D.C. at Kandla. Where there is a delay in fulfilling the terms of the contract and the contract provides for liquidated damages, any expenditure over the staff specially maintained by the D.C. for the fulfilment of this contract may have to be brought under damages for delay for which the necessary provision has been made in clause 20.

2. Regarding clause 17, to which a reference has been made in the P.U.C., it may be noted that this clause can be invoked only under the circumstances mentioned in that clause. It has not been brought to our notice that those circumstances exist at the moment. In other words, there is no complaint against the Contractor that there is any negligence on his part or that he is going so slowly as to cause or be likely to cause the use of the vessel by the purchaser to be delayed in the sense of any wanton delay on his part. In fact, it is stated in the referring note that the contractors are trying to find out a satisfactory solution for the boiler problem which has been stated to be the most important amongst the major defects.

3. What remains is clause 20. Clause 20 is not happily worded. It states that in the event of the vessel not being ready in the manner and on the date described in clause 10, the Government shall be at liberty to claim liquidated damages at the rate stipulated therein per week or part thereof that such completion or delivery and acceptance as aforesaid shall be delayed beyond the respective date fixed by this clause. It is not clear why the expression "respective" is used when only one date is mentioned in clause 10 and there is also no reference to any other date under any other clause of the contract. Assuming that under this clause a claim for liquidated damages can be made for the period of delay beyond the date described in clause 10, if time is of the essence of the contract than the promisee cannot claim compensation for any loss occasioned by the non-performance at the time agreed unless at the time of such acceptance he gives notice to the promisor of his intention to do so. If it was not the intention of the parties that time should be of the essence of the contract, the promisee would be entitled to compensation from the promisor for any loss occasioned to him by the failure on the part of the promisor. In any event, the material before us for deciding this aspect of the contract is so scanty that we do not propose to express any opinion unless the point of reference is further clarified by D.C. Kandla. If with reference to the claim for liquidated damages there has been any correspondence in which any reservation has been made for claiming damages while agreeing to extension of time for the

performance of the contract, the same may be placed on the file for our reference.

Sd./-

Deputy Legal Adviser.

7-3-1963

Tele. : 35415

Ministry of Transport & Communications
(Department of Transport)

[Ministry of Law (Deptt. of Legal Affairs) U.O. No. 10091/63-Adv.(A), dated 13-3-1963].

Recommendation

The Committee note the remedial measures taken by the Department to prevent accumulation of such arrears which is a problem common in other hostels also. They suggest that the matter should be kept under constant review and the feasibility of introducing a centralised system of recording of telephone calls should be examined.

[Sl. No. 26 (Para 2.24) of Appendix VI to 63rd Report (3rd Lok Sabha)].

Action taken

Government have not yet experimented with the centralised system to record trunk calls as it has been found that the present arrangement of maintaining register in the hostel for the purpose has not created any difficulty. Moreover, Kota House is no more in the books of the Works, Housing and Supply Ministry as it has been taken over by Defence Ministry. A review of the working of the procedure in Pataudi House Hostel (State Guest House) revealed that the arrangements were quite satisfactory. In other then Hostels like Western Court, Working Girls Hostel, Vithal Bhai Patel House, direct telephones are not provided in their rooms of the Hostel and Trunk Calls can be made only with the knowledge of the Superintendent of the Hostel who is maintaining registers for recording particulars of calls.

Recommendation

The Committee find that this was another case where frequent changes were made in the plan, with the result that the scope of the work was widened, and a sum of Rs. 46,708 spent on the original construction and the subsequent dismantlement and readjustment became infructuous. In view of the fact that the question of eligibility of women employees for regular accommodation was already under consideration, the construction of a hostel for them should not have been started pending a decision in the matter. The lack of coordination between the two wings of the Ministry dealing with the two issues is regrettable. The Committee hope that there would be better planning in such cases in future.

[Sl. No. 50 (Para 2.118) of Appendix VI to 63rd Report (3rd Lok Sabha)].

Reply

Noted.

Recommendation

The Committee are concerned to learn that occupancy in Ranjit Hotel has been very low. Out of 282 rooms, the average occupancy is 30 which works out 10.6 per cent. They desire that the reasons for low occupancy in the hotel should be analysed and necessary measures taken to make the hotel popular.

[Sl. No. 51 (Para 2.121) of Appendix VI to 63rd Report (3rd Lok Sabha)].

The Committee note that in case the occupancy in the hotel continues to be low, the Department propose to allot one or two blocks to Government officers. Since the project was originally intended to be a hostel for single women employees, the Committee suggest that a substantial portion of the surplus accommodation should be reserved for female officers, a large number of whom, as deposed before the Committee, may be at present without Government accommodation.

[Sl. No. 52 (Para 2.122) of Appendix VI to 63rd Report (3rd Lok Sabha)].

Reply

The Ranjit Hotel has a total bed capacity of 242 only. This hotel was opened on the 7th November, 1965, when only a part of the building was ready for occupation by guests. Only 100 beds partly furnished were available with the hotel on the date of inauguration. The remaining 142 beds and the public rooms were furnished in the course of the subsequent period and the full hotel was commissioned only from September, 1966. Therefore, for the period from November, 1965, to August, 1966, only 100 beds were available for guests; the average occupancy during this period ranged between 35 and 40. It is well known that summer is a lean period in hotel business; and since hotel Ranjit was also a new venture, the percentage of occupancy during this period was not considered unsatisfactory. Such institutions generally take a couple of years before becoming fully popular.

Necessary steps have been taken to improve the popularity of Hotel Ranjit. With the Commissioning of Hotel Ranjit's entire accommodation in September, 1966, the Board of Directors also sanctioned a publicity programme costing about Rs. 20,000 for the second half of the financial year 1966-67. Since then, the position has shown satisfactory trends. In October, 1966, the occupancy average was 37%; in November, it increased to 72% and up to the middle of December, 1966, the average daily occupancy was 71%. According to present indications, the hotel may be expected to have a high occupancy in future. In view of the position explained above that the hotel is becoming increasingly popular and on account of the expected increase of tourists this year and thereafter it is anticipated that there will soon be no surplus accommodation for allotment to Government Officers. It is, therefore, proposed to watch the situation and consider the question of taking away some rooms from the hotel after gaining some more experience of running the hotel.

Recommendation

The Committee would like to know the outcome of the arbitration in this case.

[Sl. No. 55 (para 2.135) of Appendix VI to 63rd Report (3rd Lok Sabha)].

Action taken

The Arbitration proceedings have been completed and the award awaited.

Recommendation

The Committee would like to know the outcome of the arbitration in this case.

[Sérial No. 55 (Para 2.135) of Appendix VI]

Action taken

The Arbitrator has since given the award and it has been accepted by the Chief Engineer concerned. The amount payable in terms of the award is Rs. 29,497.

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND SUPPLY

(DEPTT. OF WORKS & HOUSING)

Recommendation

The Committee hope that the appointment of additional arbitrators and counsels and the revision of the procedure for the preparation and filling of the statements of facts will help in speeding up disposal of arbitration cases. They, however, still feel that apart from these measures the Ministry should also seriously consider the feasibility of appointing a Registrar of arbitration cases, as suggested in para 62 of their 39th Report (Third Lok Sabha).

[Sl. No. 60 (Para 2.160) of Appendix VI to 63rd Report (3rd Lok Sabha)].

Action taken

A copy of the action taken by the Government on the recommendations made in para 62 of the Committee's 39th Report is placed below.

Recommendation

The Committee suggest that the feasibility of appointing a Registrar of arbitration cases for expeditious disposal of such cases may be seriously examined. The Committee suggest that in every case where an award is given against Government, a careful study of the reasons for the same should be undertaken with a view to taking remedial steps including disciplinary action where called for.

[S. No. 59 (Para 62) of the 39th Report (3rd Lok Sabha)].

Action taken

At their sitting on the 3rd September, 1966, the P.A.C. made enquiries as to what action had been taken on their recommendation regarding the feasibility of appointing a Registrar for expeditious disposal of arbitration cases. The Committee were duly apprised of the position. But the Chairman desired that the case should be shown to the Minister for Works, Housing and Supply. Accordingly, a communication explaining the position was sent to the Lok Sabha Secretariat *vide* this Ministry's Office Memo. No. 16 (7)/65-WII, dated the 12th December, 1966. A copy thereof is enclosed for the perusal of the Committee.

The contents of the Office Memo. referred to above had been shown to Audit for the verification of the facts.

Recommendation

The Committee feel concerned over the increase of administrative expenditure of the Authority from Rs. 16.03 lakhs in 1963-64 to Rs. 19.40 lakhs in 1964-65. They hope that adequate measures would be adopted to keep the administrative expenditure under control.

(S. No. 69 Para No. of Report 2.192).

Action taken

A detailed note showing the review of the administration expenditure of the Delhi Development Authority is enclosed (page 107).

CHAPTER IV

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

Recommendation

"In para 43 of their 34th Report (Third Lok Sabha), the Committee had recommended that in view of the continued shortage of accommodation for Government purposes, the practice of giving Government accommodation to private parties should be discontinued and that in very special circumstances where such accommodation is given purely as a temporary measure full market rent should invariably be realised.

The Committee were informed in September, 1965 (see Appendix II) that this recommendation had been accepted by Government and suitable instructions had been issued. From the statement of 24 houses allotted to non-eligible persons during the period April, 1963 to September, 1965 the Committee find that in 3 cases rent is being charged under F. R. 45—A or FR-45-B instead of at the market rate. It is not clear why market rent is not being charged in these 3 cases even after the acceptance of the recommendations of the Committee. The Committee desire that in all cases where Government houses have been allotted to non-eligible persons full market rent, should invariably be charged."

[S. No. 22 of Appendix VI (Para 2.10) of the 63rd Report (3rd Lok Sabha)].

Action taken

The position of the three cases in which Government accommodation was allotted to non-eligible persons during the period April, 1963 to September, 1965 and rent was being charged under F. R. 45-A or F. R. 45-B instead of at the market rate, is indicated below :—

- (i) At the instance of the then Prime Minister Shri Jawahar Lal Nehru, it was decided to earmark 6 units of residential accommodation for allotment to renowned artists and writers on payment of rent under F.R. 45-A on the ground that they were doing great public service in the field of art and literature. In accordance with this policy and out of the quota of residential accommodation earmarked for such artists and writers, Miss Elizabeth Brunner, a renowned artist, was initially allotted suite No. 204, Constitution House, and when the Constitution House was required for demolition, she was allotted flat No. 75 Rabindra Nagar on the 5th December, 1963. The allotment of residential accommodation to Miss Elizabeth Brunner has been extended up to the 31st March, 1969 on payment of rent under FR 45-A in consultation with the Prime Minister's Secretariat.
- (ii) Mrs. _____ widow of Air Vice Marshal, who died while on duty in the eastern sector at the time of the Chinese aggression in the year 1962, approached the Government for

allotment of residential accommodation to her. With the approval of the then Prime Minister, Shri Jawahar Lal Nehru, Flat No. 28-CII, Wellesley Road was allotted to her on payment of rent under FR 45-A. This case has been reviewed on two occasions and Mrs. _____ was allowed to retain the flat up to the 31st March, 1967 on payment of rent under FR. 45-A. The case is now under review.

- (iii) Shri _____, while he was the Prime Minister of Jammu & Kashmir, was allotted bungalow No. 14, Lytton Lane. He was allotted bungalow No. 17, Curzon Lane in lieu of No. 14, Lytton Lane on the 31st March, 1965, and No. 8, Rakabganj Road in lieu thereof on the 13th May, 1966, on payment of rent under FR 45-B as per decision of the then Minister for Works and Housing. He has since been elected as a Member of Parliament and in that capacity has been allotted bungalow No. 6, Kushak Road.

2. The General question of allotment of accommodation to non-eligible persons and organisation and the rate of rent to be charged from them is being reviewed by Government. The cases of Miss Brunner and Mrs. Jaswant Singh will be reviewed along with other cases in the light of the decision to be taken on the general case.

Recommendation

The Committee find from the statement furnished by the Ministry that out of 24 houses, mentioned in the audit para, 4 have since been vacated, in one the allotment has been made to an eligible person and in 5 cases the period of allotment has been fixed up to 31st March, 1967. The Committee were informed during evidence that at present there were 304 houses allotted to non-eligible persons. They desire that in all these cases the period of allotment should be fixed and extensions should be given only in special circumstances.

[S. No. 23 of Appendix VI Para 2.11 to the 63rd Report of P.A.C.
(3rd Lok Sabha)].

Action taken

Out of 304 houses, 11 have since been vacated and eviction proceedings in case of 57 houses have been started. 43 houses have been allotted for use of Central Government Employees Consumer Co-operative Store and Griha Kalyan Kendras; 77 houses to Press Correspondents and 4 to Congress Parliamentary Board. 3 houses have been allotted to State Governments under reciprocal arrangements. The cases of the remaining 109 houses are reviewed from time to time and further extension is given only where it is considered essential.

Further Information

The information asked for by the Action Taken Sub-Committee under sub-item (i) is about the 'latest position of eviction of Government residences allotted to non-eligible persons'. In reply to Serial No. 23 of Appendix VI, para 2.11 to the 63rd Report of the Public Accounts Committee (3rd Lok Sabha), the position of 304 houses has been indicated under the column 'action taken by the Government'. It has been stated therein that in case of 57 houses eviction proceedings had been initiated

and the cases of remaining 109 houses were reviewed from time to time and further extensions were given only where these were considered necessary. Further position of 166 houses is as under :—

- (i) 22 houses have since been vacated.
- (ii) In case of 47 houses the eviction proceedings are at various stages including cases pending in the court of the 'Estate Officer' as also the Delhi High Court.
- (iii) 3 houses have been regularised in favour of employees of State Governments, under the reciprocal arrangements with the Union Government.
- (iv) In 13 cases the allotments have been regularised either as a policy decision or on transfer of the occupants to eligible offices.
- (v) In 11 cases the parties concerned have been asked to vacate the houses by 31-1-1969.
- (vi) 3 residences have been added to the Press Pool and allotted to Accredited Press Correspondents in accordance with the Government decision.
- (vii) Government have also decided that the residential units in occupation of Embassies/Foreign Missions etc. should be allowed to continue with them on payment of market rate of rent. At present, in all, 9 houses are in occupation of Foreign Missions/International Organisations and these have been allowed to be in their occupation.
- (viii) The remaining 58 cases are required to be reviewed from time to time on receipt of the requisite information from the concerned Departments (which has been called for) or on the expiry of the present extension of the period of allotment/or in pursuance of policy decision.

Further Information

The general question of allotment of general pool accommodation to non-eligible persons/organisations has been reviewed by the Government recently and the following decision has been taken :—

- (i) *Non-entitled persons* : All non-entitled persons should be charged market rent with immediate effect and should be required to vacate the accommodation within a maximum period of six months.
- (ii) *Press Pool* : The Press Pool created for allotment of accommodation from the general pool to Accredited Press Correspondents on the recommendations of the Press Association should be allowed to stand but the number of residential units should be pegged at 100. The rent should continue to be charged under F. R. 45-A.

The Accredited Press Correspondents allotted accommodation directly on payment of market rent should be allowed to retain the accommodation but no further allotment of houses should be made to such persons other than the Press Pool.

- (iii) *Eminent Artists and Writers* : They should be given three months notice to vacate the houses and should be required to pay market rent from 1-1-1969.

- (iv) *Honorary Advisers, Chairman of Public Corporations, Chairman or Members of Committees and the like* : The existing arrangement in respect of accommodation occupied by persons in these categories need not be disturbed except those who are in occupation of type VIII accommodation should be shifted to type VII accommodation. The rent in these cases should be charged at the rate which is hitherto charged.

It has been decided that there should be no further allotment of houses to such categories of persons. If it was felt necessary in future to make any such allotments, the orders of the Cabinet should be obtained.

- (v) *New Delhi Municipal Committee, Municipal Corporation of Delhi* : The accommodation placed at the disposal of these organisations for maternity and child welfare centres, dispensaries and schools, rent under F.R. 45-B with departmental charges which is being charged at present, may continue.

For accommodation allotted for purposes of office or commercial undertakings such as Delhi Electric Supply Undertaking, market rate of rent should be charged.

- (vi) *Employees of Corporations, Public Sector Undertakings etc.* : The Central Government employees holding lien on Central Government posts and who on their going on deputation to Corporations/Undertakings were allowed to retain the Government residences on payment of rent under F.R. 45-B or pooled standard rent under F.R. 45-A, whichever was higher, should henceforth be charged market rate of rent.

It has been decided that in future such category of persons would not be entitled to continue in occupation of Government residences on their going on deputation to Public Sector Undertakings etc.

The employees of such Corporations who hold lien on Central Government posts but are not in occupation of Government accommodation at the time of transfer, should not be allotted Government accommodation till such time they remain on deputation.

The employees who cease to be Government servants or employees appointed directly by the Corporation, should not be allotted Government accommodation and those who are in occupation should be required to vacate the accommodation within a maximum period of six months.

- (vii) *Embassies and Foreign Missions* : The accommodation in occupation of Embassies and Foreign Missions should be allowed on payment of market rate of rent except in case of 1, King George Avenue which has been given on 30 years lease to U.K. High Commission on 1-1 1960.
- (viii) *Cultural and Social Welfare Organisations* : The accommodation allotted to such organisations should be allowed to be retained by them but the rent for the accommodation, whether commercial or not, be charged at market rate.

Recommendation

In respect of speedy de-requisitioning of private houses, the Committee desired to be furnished with a statement showing :

1. Details of the houses/buildings requisitioned.
2. Date on which it was requisitioned.
3. Whether the building is being utilised for the same purpose for which it was so requisitioned or for any other purpose.
4. Purpose for which it was requisitioned.
5. Rent fixed at the time of requisitioning the building.
6. Rent charged from the individual or the parties to whom the building was allotted.
7. Reasons for utilising the building for purposes other than the original purposes.
8. Steps taken, if any, for de-requisitioning the building.

The information is still awaited.

[Paras 2.14 and 2.15 of Sixty-third Report (Third Lok Sabha)].

Action taken

Out of the 64 requisitioned houses/buildings, referred to in para 2.14 of the report, 25 have since been de-requisitioned and 1 has been purchased by the Government. The requisite information in respect of the remaining 38 houses is given in Annexure I. Only 5 of these houses are being used by private parties and in the case of one house (Kapurthala House), some of its servant quarters only are in the occupation of a private party.

2. The circumstances and reasons for these houses being in the occupation of the private parties have been indicated in the statement. Action is being taken to de-requisition houses/buildings, if and when they are no longer required for public purposes.

3. List of 26 houses already de-requisitioned or purchased is given in Annexure II.

ANNEXURE II

List of Requisitioned Houses which have since been de-requisitioned.

<i>Name of the building</i>	<i>Date of derequisitioning</i>
1. 13, Siri Ram Road.	27-7-65
2. E-18 (GF) New Delhi South Extension	1-8-65
3. 5, Metcalfe Road	21-10-65
4. W-57A Greater Kailash.	29-10-65
5. W-102 Greater Kailash.	5-4-66
6. W-18 Greater Kailash	25-5-66
7. 24 Alipur Road.	12-6-66
	(derequisitioned in piecemeal but finally de-requisitioned on 12-6-66).
8. W-86 Greater Kailash	13-7-61
9. 3, Harding Avenue	19-1-66
10. R-17 Greater Kailash	8-8-66
11. 5, Chaudhury Building	20-8-66
12. W-142 Greater Kailash	6-9-66
13. B-35 Greater Kailash	16-9-66
14. W-112-A Greater Kailash	30-9-66

<i>Name of the building</i>	<i>Date of derequisitioning</i>
15. N-234-A Greater Kailash	6-10-66
16. N-250 Greater Kailash	13-10-66
17. R-725 (FF) New Rajinder Nagar.	9-12-66
18. 9-A Connaught Place	31-12-66
19. 17 York Road	1-1-67
20. 2928/2614 Karolbagh	7-1-67
21. W-31 Greater Kailash	22-4-67
22. A-28 Kailash Colony	4-5-67
23. 46, Ring Road	4-5-67
24. X-41 Green Park (FF)	6-5-67
25. N-83 Greater Kailash	21-6-67
26. 23-Pusa Road	This building has since been purchased by DGHS.

Further Information

Reference the list attached to this Ministry note, dated 10th August, 1967, sent to the Lok Sabha Sectt. under this Ministry O.M. 5/41/66-Bt., dated 18th September, 1967. The following houses are being used for office purposes :—

- (i) G-3, South Extension, New Delhi.
- (ii) 7-A, Nizamuddin, New Delhi.
- (iii) Anand Parbat Estate, New Delhi.
- (iv) 88-Janpath, New Delhi.
- (v) 25-Akbar Road, New Delhi.
- (vi) 7-Man Singh Road, New Delhi.

It has not been possible to get these houses/buildings vacated and consequently to derequisition them because of want of suitable alternative accommodation for the offices concerned. It will be appreciated that a number of new office buildings have recently come up but it has not eased the overall position of office accommodation in the general pool, firstly because the overall requirements of Govt. offices have gradually gone up considerably and secondly because a number of temporary hutments which had out-lived their life and had consequently become unsafe or the sites on which they were existing were required for the construction of new buildings, had to be demolished. The buildings in question will be de-requisitioned if and when they are no longer required for office purposes.

Recommendation

In para 44 of their 34th Report (1964-65) the Committee had observed that they consider it objectionable that private accommodation is requisitioned by Government and then allotted to a private body, and they had desired speedy action to be taken to de-requisition such buildings. The Committee were informed in May, 1966 (see Appendix III) that Government had accepted this recommendation regarding de-requisitioning of the buildings occupied by private bodies etc. The judgement of the Supreme Court, dated the 29th August, 1961 in appeal case of Triveni Kala Sangam is relevant where the Court had held the view that the landlords were entitled to be put in possession of the flats requisitioned by Government, if they were not put to use for the purpose for which they were requisitioned. The Committee desire that vigorous steps should be taken to de-requisition the houses which are no longer used by the Government for the public purposes for which they were requisitioned. They reiterate the observations made

in para 71 of their 28th Report (Third Lok Sabha) that it is the moral responsibility of Government to restore such premises to their rightful owners, as soon as they are not required for the public purpose.

[Serial, No. 24 of Appendix VI (Para 2.17) of 63rd Report of (Third Lok Sabha)].

Action taken

The six cases of requisitioned houses have since been reviewed and the position in respect of each of them is as under :—

(1) *York Hotel* : Out of 13 flats on the first and second floor of the building which were requisitioned, 9 flats have already been de-requisitioned. Action with regard to de-requisitioning of the remaining 4 flats is in hand.

The allottees of the ground floor of the premises M/s. York Restaurant and Manohar Bakery have been allowed to retain the accommodation as Shri Ram Parshad, an ex-lessee of the premises has filed a suit in the court against the owner claiming possession of the premises in the event of its de-requisition and has obtained a stay order. In order to avoid any legal complications, it has been decided to postpone the de-requisitioning of the premises pending final decision of the court.

(2) *No. 2 Racquet Court Road* : Shri—————, the grandson of late ————— who was in occupation of the house is negotiating with the Government of Rajasthan for the purchase of the house and has already paid about Rs. 30,000 as earnest money. The State Government have, therefore, been asked to intimate whether they are prepared to accept the de-requisitioning of the house alongwith th tenant. Their confirmation is still awaited. Assessment at the market rate of rent is being regularly made against Shri Paintal and a sum of Rs. 3,834 is due from him up to 31-8-1967. The question of recovery of arrears from Shri Paintal is being vigorously pursued.

(3) *No. 26 Baisakha Singh Building* : The allotment of the flat in question had been cancelled in the name of the Bharat Sewak Samaj with effect from 15-9-1965. They had, however, been allowed to retain the flat till 31-3-1967 under the orders of former H.M. The question as to whether further extension for the retention of the flat should be given to the Bharat Sewak Samaj and up to what period is under examination. The question of de-requisitioning the flat will be considered as soon as it is vacated by the Bharat Sewak Samaj.

(4) *No. 5 Sikandra Road* : This is occupied by the Lady Irwin College. This case was reviewed in accordance with the recommendations of the Public Accounts Committee and it was decided by the former Minister of Works & Housing that the College might be allowed to retain it firstly because it is an educational institution and secondly because the College authorities were proposing to purchase a triangular plot adjoining the College for construction of their own building.

(5) *59 Regal Building* : This is occupied by the All India Congress Committee. In view of their difficulties in arranging for alternative accommodation, it was decided under orders of the former H.M. that the All India Congress Committee may be allowed to retain it till they can find alternative accommodation.

(6) *Out houses in Kapurthala House (3A Mansingh Road)* : The main building in Kapurthala House and a few out houses have been allotted to

the Government of Punjab. The Punjab Government has requested for de-requisitioning of this building in their favour but since a court case is pending regarding the title of the property, the building has been formally allotted to the Punjab Government pending a decision by the Court. In view of this, rent is also recoverable from them.

A few out houses are, however, in the occupation of Dewan Jarmani Das who was allotted this accommodation on licence basis since he was in occupation of the main building when it was requisitioned. He has been allowed to continue in the same on the advice of the Ministry of Law and the Ministry of Home Affairs. As the ownership of the premises is under dispute, de-requisitioning is, therefore, not possible till a decision is given by the court.

Recommendations

The Committee regret to observe that the delay in raising the demand in this case does not speak well about the working of Land & Development Office. According to the Ministry's own admission the delay was due to defect in the system and was indefensible. The Committee hope that with the reorganisation of this office which was under way such cases would not recur.

The Committee desire that the question of recovery of rent for additional construction should be finalised early and the Committee informed about the recovery so made.

[Sl. No. 27 of Appendix VI (Paras 2.28 & 2.29) of 63rd Report (Third Lok Sabha)].

Action taken

The matter is under consideration in consultation with the Ministry of Law, and the Public Accounts Committee will be informed duly.

Recommendations

The Committee regret to observe that the delay in raising the demand in this case does not speak well about the working of Land & Development Office. According to the Ministry's own admission the delay was due to defect in the system and was indefensible. The Committee hope that with the reorganisation of this office which was under way such cases would not recur.

The Committee desire that the question of recovery of rent for additional construction should be finalised early and the Committee informed about the recovery so made.

[Sl. No. 27 of Appendix VI (Paras 2.28 and 2.29) of 63rd Report (Third Lok Sabha)].

Action taken

In view of the recommendations contained in para 1 above, this Ministry is considering ways and means to avoid recurrence of such delays in future.

As regards para 2, it may be stated that the lessee of premises No. 15 Aurangzeb Road made some additional constructions. These were (i) additional construction in the main building including basement, and (ii) additional construction in the servants' quarters.

The Public Accounts Committee is already aware of the fact that the lessee was asked to pay additional ground rent for these constructions in September 1963. The Committee had remarked that the question of recovery of rent for additional constructions should be finalised early and the Committee informed about the recovery so made.

The lessee declined to make the payment and thereafter the matter was again referred to the Law Ministry for advice. That Ministry has reiterated (July, 1967) that the Land and Development Officer has approved of the plans for the additional constructions without making any stipulation that additional ground rent would have to be paid. In these circumstances the advice of the Law Ministry was that the claim of the Government for additional ground rent is not legally enforceable. Therefore this claim has to be dropped. The fact that additional ground rent for construction of the basement has been paid is known to the Public Accounts Committee.

Audit Observations

In this case, Government had taken a decision on 17th July, 1958 that consent for additional construction should be given to the lessee, subject to recovery of additional ground rent, and that the Land and Development Officer should obtain from the lessee necessary agreement to pay the additional charges when demanded. According to the Department "in order to accommodate the lessee so that he could get his plan sanctioned in 18th July, 1958, a special meeting was held in the Chief Commissioner's room with Finance, etc. on 17th July, 1958 and telephonic instructions were received from the then Deputy Secretary, Ministry of Finance that :—

"We may immediately get the cheque from.....for the additional ground rent on account of additional construction and keep the same pending in the office till such time the agreement in the proper form is drawn up and executed by the lessee. Since the process of execution of the agreement is bound to take appreciable time it is not desirable to hold the plans till these formalities are over".

Pursuant to this, the cheque for Rs. 3,360 for additional ground rent was received from the lessee on 18th July 1958. The Land & Development Officer forwarded the plan on the same day to the N.D.M.C., which approved it on that day itself. At this stage, no formal offer of the terms regarding additional charges to be levied was made to the lessee nor acceptance of the same obtained. The cheque for Rs. 3,360 too was not encashed and became time-barred. Another cheque for Rs. 3,360 given by the lessee in April, 1959, in lieu of the lapsed cheque was, similarly, not encashed and it became time-barred.

2. Later, in September, 1963, the lessee was called upon to pay additional ground rent but he disputed the claim. At this stage, in 1964, when the case was processed, the above facts regarding the lessee having, at one stage, sent a cheque in payment of additional ground rent, which subsequently became time-barred, were reported to be "not on the file". According to a legal opinion (September, 1967), unless there is a formal agreement complying with the requirement of Article 299 of the Constitution of India, there can be no valid contract and the Government cannot enforce it. It has therefore been held by the Ministry of Law that it is not open to

Government to establish a commitment on the basis of circumstantial evidence, e.g., tendering of a cheque in payment of dues, etc.

3. It has been explained by the Land and Development Officer that these omissions, viz., the failure to issue formal terms and to obtain acceptance from the lessee were done primarily to accommodate the lessee to enable him to get the plan sanctioned on the same day from the N.D.M.C. According to him "in this case the lessee who was accommodated, in good faith, by the C.C. and the then Land and Development Officer, has let down the Government and is acting in a manner which is embarrassing to Government".

The various lapses pointed out above have resulted in a loss of Rs. 46,719 up to March, 1968 with a further recurring loss at Rs. 4,877 per annum.

Sd./-

Accounts Officer
Commerce, Works & Miscellaneous,
New Delhi.

Further Information

S. No. 27 :

(i) Please intimate whether the Ministry has taken any remedial measure to prevent recurrence of delays in raising demands.

(ii) The Audit observations bring out the various lapses which resulted in loss of revenue to Government. Please furnish a comprehensive note giving the chronological history of the case and also stating whether in view of the audit observations responsibility of Departmental officers has been fixed for not raising in time demand of rent for additional construction and other lapses.

Regarding (i) above : The question as to how best the Land and Development Office should be re-organised so as to prevent recurrence of delays in raising demands, has been under consideration. And steps were taken in the year 1965, to reorganise and streamline the working of this office by introducing improved practices. It is hoped that this will have the desired result.

Regarding (ii) above : A comprehensive note giving the chronological history of the case is given in the appendices I and II. The question of realising charges for additional construction was again discussed with the Joint Secretary and Legal Adviser of the Ministry of Law and their opinion still was that no action could be taken to recover additional charges.

As regards fixing of responsibility of departmental officers for not raising the demand of rent in time, it may be stated that there was no fault of any individual in the matter and therefore the question of fixing responsibility on any particular officer does not arise.

NOTE

SUBJECT:—15-Aurangzeb Road, New Delhi—Recovery of additional ground rent on account of additional construction.

A plot measuring about 2.684 acres, with a building constructed thereon, was originally leased out to S. Tehal Singh from whom the property was purchased by S. Basakha Singh. The latter gifted the property in 1953 in favour of his minor sons and the necessary mutation was carried out. In 1957, the property was sold to Mr. Mohan Singh, wife of Bhai Mohan Singh.

Additional ground rent was payable on account of the additional constructions detailed below :—

- (i) Remodelling the main building, plans for which were sanctioned by the New Delhi Municipal Committee *vide* their Resolution No. 99, dated 18th July 1958; and
- (ii) Servants' quarters, plans for which were sanctioned by the New Delhi Municipal Committee *vide* their Resolution No. 70 dated 11th April 1959.

The plans in respect of (i) above were submitted by the lessee on the 17th April 1958. These plans envisaged dismantling of the old building and fresh construction in its place, involving more floor coverage and also a basement. These plans were forwarded by the N.D.M.C. to the Land and Development Officer on the 19th April 1958. The plans were returned by the L. & D.O. to the N.D.M.C. on the 4th June 1958, with the following conditions :—

- (a) the main building shall be used by the lessee himself for his own *bona fide* use and the servants quarters will be used by the *bona fide* servants of the lessee as one residence only;
- (b) the basement should be used for air-conditioning plant and the lessee shall pay additional charges for which an undertaking has been received.

The plans were passed by the local body on the 18th July 1958 and the lessee was informed by the local body that the plans duly sanctioned were being returned through the L. & D.O. and that the sanction of the Lessor (C.C. Delhi) under the Agreement for Lease should be obtained before starting the construction. The plans, duly sanctioned by the local body, were sent to the L. & D.O. on the same day *i.e.*, the 18th July 1958. The letter forwarding the plans to the lessee is, however, not available in the Land and Development Office.

There is an undertaking on Rs. 2 stamp paper from the lessee, dated the 3rd June 1958 binding herself to pay whatever additional charges were levied for the construction of basement. No such undertaking in writing had been obtained for the other additional construction envisaged under N.D.M.C.'s Resolution No. 99 dated 18-7-1958, though the lessee had agreed orally to pay the additional charges. The lessee had also sent a cheque for Rs. 3,360 towards the additional ground rent payable in this regard. This cheque could not, however, be encashed for want of execution of the Agreement in the proper form. In the meantime, the cheque

became time-barred and hence returned to the lessee, on 10th February 1959, with the remark 'cheque is returned unaccepted and the payment should be made only when demanded'. The Lessee sent another cheque for the same sum by a messenger on the 2nd April 1959. This cheque again became time-barred.

As regards additional construction mentioned at (ii) above, the plans envisaged demolition of 5 godowns and one servants' quarter with kitchen already existing and construction of 4 servants' quarters on the ground floor and 6 servant quarters on the first floor bringing the total number of servant quarters to 22 as against 13 already existing. The number of 22 servant quarters was considered to be on the high side and the plans were returned by the L. & D.O. to the N.D.M.C. on the 13th August 1958, with the following remarks—

"That the proposal is not acceptable under the lease and revised plan be submitted wherein the number of servant quarters to be reconstructed should not be more than 13 in all even after the demolishing of the existing one. REJECTED".

The lessee represented against the decision of the L. & D.O. and the Chief Commissioner, Delhi, as Lessor, ultimately agreed on 3rd November 1958, to allow construction of 22 servant quarters, as a special case. Thereupon, the L. & D.O. recommended the plans endorsing thereon his 'No objection'.

The plans were passed by the N.D.M.C. on the 5th December 1958, *vide* their Resolution No. 75 and the plans were returned to the L. & D.O., for the lessee being informed. Before the L. & D.O. could take any action on these plans, the lessee submitted revised plans which were forwarded to the L. & D.O. on 6th January 1959 and the L. & D.O. returned these plans to the local body on 17th January 1959, with the remarks 'No objection'. These plans were passed by the local body *vide* their Resolution No. 82 and returned to the L. & D.O. on 23rd January, 1959. The sanctioned plans were forwarded to the lessee by the L. & D.O. on 1st May 1959, subject to compliance by the lessee with certain conditions which did not include any stipulation for payment of additional charges by the lessee for additional construction. These plans were also not acted upon by the lessee who had already submitted further revised plans on the 11th March 1959. These plans were forwarded to the L. & D.O. by the Local Body on the 13th March 1959 and were returned by him on the 6th March 1959, with an endorsement 'No objection'. These plans were sanctioned by the N.D.M.C. *vide* their Resolution No. 70, dated 11th April 1959. These plans were returned to the L. & D.O. the same day. The L. & D.O. forwarded on the plans to the lessee on the 9th July 1959, duly approved under the lease subject to compliance by the lessee of certain conditions which did not include any stipulation for payment of additional ground rent for additional construction. It was in accordance with these plans that construction was completed by the lessee.

Meanwhile in 1959, the lessee divided her property in four parts and gifted 3 parts—one each to her three sons—and retained the 4th part for herself and approached the L. & D.O. for mutation.

The lessee was informed on 4th September 1963, to execute a supplemental lease deed agreeing to pay additional ground rent in respect of the

building construction under the plans passed under N.D.M.C. Resolution No. 99, dated 18-7-1958 @ Rs. 3,233.76P per annum with effect from 18-7-1958 and in respect of construction of 22 servant quarters sanctioned under N.D.M.C. Resolution No. 70, dated 11-4-1959 @ Rs. 1705.23P per annum in perpetuity with effect from 11-4-1959. The lessee contested the right of the Lessor to levy the additional ground rent on the following grounds:

- (i) while recommending the plans to N.D.M.C., the L. & D.O. had made no stipulation for levy of additional ground rent except in relation to the basement;
- (ii) there was no provision in the lease deed for charging additional ground rent for additional construction, and
- (iii) prior to 1958, construction on the plot had been allowed without asking for additional ground rent.

Between April 1959 and September 1963, the details with regard to the terms and conditions for permission for sub-division of the premises, calculation of additional ground rent recoverable, and clarification of other points were going on. The position with regard to these points is indicated in Appendix II.

The Ministry of Law had been consulted more than once and their consistent advice was that the Lessor could recover additional ground rent in respect of the basement only and that the lessee was not bound to pay additional ground rent for the other construction.

In view of the legal advice, it was decided, in consultation with the Ministry of Finance (DSD), to execute a supplemental lease deed for recovery of additional ground rent for the basement only and also mutation of the premises in the name of the three donees. The terms, as drawn up in consultation with the Ministries of Law and Finance (DSD), were communicated to the lessee on 9th March 1965. After compliance with the terms by the lessee, a supplementary lease deed was prepared and sent to the lessee on 30th April 1965 for execution. The lessee returned the deed duly executed on 3rd May 1965 which were got registered by them and the fact intimated to the L. & D.O. on 23rd July 1965.

CHRONOLOGICAL SUMMARY OF 15-AURANGZEB ROAD, NEW DELHI.

Appendix II

- 17-4-1958. Plans for re-modelling of building submitted to the New Delhi Municipal Committee
- 19-4-1958. Plans received by the Land & Development Office for scrutiny.
- 3-6-1958. (i) L. & D.O. ordered that basement be allowed on payment of Additional ground rent.
- (ii) Lessee furnished an undertaking to pay additional ground rent for the construction of basement.
- 4-6-1958. Abstract of remarks sent to the New Delhi, Municipal Committee.

- (i) Main building to be used by the lessee himself and servants' quarters for the *bona fide* servants.
 - (ii) Additional ground rent for basement will be payable.
- 15-7-1958. Plans for 22 servants' quarters submitted to the N.D.M.C.
- 17-7-1958. Decision of the Ministry of Finance to recover the additional charges or obtain from the lessee necessary affidavit agreeing to pay—Agreement to be drawn by Government Pleader.
- 18-7-1958. Instructions to get the cheque from Bhai Mohan Singh for additional ground rent on account of the additional construction and keep it pending in the office till such time as the agreement in the proper form was drawn up and executed by the lessee.
Cheque for Rs. 3,360 sent.
- (The above two facts will show that Bhai Mohan Singh accepted the decision).
- 13-8-1958. Abstract of remarks sent to the N.D.M.C. in respect of 22-servants' quarters—Recommending rejection.
- 14-8-1968. Note of L. & D.O. to Chief Commissioner—wherein he quoted case of 28-Prithviraj Road and 6- Golf Lings where the lessee did not pay additional ground rent after raising construction.
- 3-11-1958. Chief Commissioner accepted 22 servants' quarters to be built in the premises as a special case.
- 1-12-1958. Revised abstract of remarks sent to the N.D.M.C. with No Objection.
- 5-12-1958. Plans sanctioned by the N.D.M.C. *vide* Resolution No. 75, dated 5-12-1958.
- 7-1-1959. Revised plans.
- 17-1-1959. Abstract of remarks sent to the N.D.M.C. (No objection).
- 23-1-1959. Plans sanctioned by the N.D.M.C. Resolution No. 82, dated 17-1-1959.
- 10-2-1959. Cheque returned to the lessee in the absence of due verification of the breaches if any.
- 11-3-1959. Revised plans submitted to the N.D.M.C.
- 13-3-1959. Plans received by Land & Development Office for scrutiny.
- 6-4-1959. (The lessee sent again another cheque for Rs. 3,360 which become time-barred as exact calculation could not be made in time).
- 6-4-1959. Returned to N.D.M.C.—No objection.
- 11-4-1959. Plans sanctioned by the NDMC (under Resolution No. 70).
- 1-5-1959. Plans sanctioned under lease which were sanctioned by the NDMC *vide* Resolution No. 82, dated 17-1-1959 for *servants' quarters*.
- 9-7-1959. Plans sanctioned by the L. & D.O. under lease which were sanctioned by the NDMC *vide* Resolution No. 70, dated 11-4-1959.
- 5-8-1959. Letter from lessee regarding gifts to 3 children.

- 15-2-1960. Request for report regarding completion certificate, received from the N.D.M.C.
- 25-7-1960. Completion certificate issued by the NDMC in respect of plans sanctioned *vide* Resolution No. 75, dated 5-12-1958 (not for plans sanctioned *vide* Resolution No. 99 and 70).
- 1-8-1960. Receipt of 3 gifts deeds in favour of 3 sons.
- 24-9-1960. Additional ground rent for main building worked out at Rs. 2,688 p.a. and for servants' quarters as Rs. 2,729 p.a.
- 28-11-'60. Mutation in favour of the donees approved by Finance & Chief Commissioner.
- 6-12-1960. Proportionate ground rent for four portions calculated.
- 7-3-1961. Revision of Ground Rent fell due on January, 1947 : Case filed in Collectors' Court. Lessee did not agree with our claim. It was anticipated that we will have to withdraw the case from Collectors' Court, mutation was with-held till the decision of the Court regarding revision of ground rent (which had been approved by the Ministry of Finance and Chief Commissioner).
- 9-3-1961. Terms of additional ground rent drawn and sent to the Ministry of Finance.
- 25-8-1961. Terms sent to the Finance for approval.
- 3-11-1961. Terms approved by Finance/Chief Commissioner subject to
9-11-1961. clarification and consultation with the Government pleader if undertaking by the minors to the effect that they will abide by the final decision regarding the revision of ground rent can be accepted.
- 14-2-1962. Mutation to be with-held pending revision of ground rent.
- 1-3-1962. Mutation referred to the Ministry of Works & Housing.
- 18-9-1962. Ministry of W. & H. requested to permit withdrawal of revision of ground rent cases pending before the Collector so that the breaches etc. could be regularised.
- 18-9-1962. Action on L. & D.O.'s reference was kept pending for decision to
4-9-1963. on adoption of policy regarding sub-division of plots. After decision was taken thereon, a reference was made to the Ministry of Law on 4-9-1963. The advice was received from the Ministry of Law on 2-11-1963 and communicated to L. & D.O. on 8-11-1963.
- 9-9-1963. Lessee informed to execute a Supplementary Lease agreeing to pay the additional ground rent in respect of building constructed in accordance with plans passed by the N.D.M.C. *vide* Resolution No. 99 of 18-7-1959, @ Rs. 3,233.76 P.A. in perpetuity w.e.f. 18-7-1959 and in respect of construction of 22 servants' quarters @ Rs. 1,705.23 P.A. from 11-4-1959.
- 4-10-1963. Lessee challenged our right to recover additional ground rent.

- 3-2-1964. Note sent to the Ministry of Law for advice.
- 5-2-1964. Advice of Ministry of Law.
- 24-2-1964. Ministry of Finance (DSD) for concurrence for processing on the basis of advice of Ministry of Law.
- 4-3-1964 Returned by Finance for clarification.
- 18-12-'64. Case sent to Finance with clarification.
- 18-1-1965. Concurrence of Finance—responsibility for loss to be fixed—case sent to the Ministry of W. & H.
- 25-1-1965. Ministry of W. & H. sent the file to L. & D.O.
- 23-2-1965. Approval of Chief Commissioner.
- 9-3-1965. Terms communicated to the lessee for scheme No. 20, dated 19-4-1958 sanctioned by the NDMC *vide* Resolution No. 99, dated 18-7-1958. Additional ground rent for basement recovered @ Rs. 62 P.A. in perpetuity.
- 30-4-1965. After compliance of the terms by the lessee, Supplementary Lease prepared and sent to lessee for execution.
- 3-5-1965. Lessee returned the deeds duly executed.
- 26-5-1965. Deeds sent to the lessee for registration.
- 23-7-1965. Intimation from the lessee that the deeds have been registered.
- 22-12-'65. Note prepared by L. & D.O. with full facts of the case to the Ministry of W. & H.
- 6-1-1966. Advice of Ministry of Law.
- 5-9-1967. The case was discussed with Law Ministry (with Joint Secy. and Legal Adviser) and they do not find any cause to reconsider their earlier opinion.

Recommendation

The Committee consider this to be a bad case. The firm has been a habitual defaulter in accounting for the paper and materials supplied by Government in connection with binding contracts, which amounts to temporary misappropriation of these materials. They are surprised why after a physical check up of the materials conducted in March, 1957 and before signing the original hypothecation deed in August, 1959, no action was taken to ascertain the position in regard to the materials supplied against the other contracts. What is more, after the loss of materials in the second case came to notice in November, 1959, the firm's request to reduce the monthly instalment payable by them from Rs. 10,000 to Rs. 5,000 was accepted. The Committee find no justification for this concession. The Committee feel concerned to note that firm has failed to comply with the terms of both the original and supplementary deeds, and a balance of Rs. 1,93,860 is still outstanding from them. The Committee desire that appropriate action should be taken to safeguard Government interest in this and some action should also be taken against the firm for various defaults.

[Sl. No. 37 (Para 2.70) of Appendix VI to 63rd Report—1966-67].

The Committee also suggest that gaining experience from this case the Department should take necessary remedial measures with regard to periodical inspection of materials in the case of other firms to whom "Such contracts are given.

[Sl. No. 38 (Para 2.71) of Appendix VI to 63rd Report—1966-67].

Action taken

A lapse occurred in signing the hypothecation deed on August 21, 1959 for the recovery of outstanding dues from Robin Press without ascertaining if there were dues outstanding against the firm for other contracts. This was due to the defective procedure which was being followed in the past. Strict instructions have since been issued to ensure proper coordination between the various units of the P. & S. Department, in this regard. A copy of the instructions is enclosed.

2. It was necessary to reduce the monthly instalment from Rs. 10,000 to Rs. 5,000 as bills amounting to Rs. 13,672.84 paise only could be earmarked for adjustment against the recovery of five instalments amounting to Rs. 50,000 and further bills were not being submitted by the firm, perhaps, deliberately, to escape deductions. In order to ensure full recovery, it was felt that the insurance coverage of the firm in question be raised from Rs. 25,000 to Rs. 50,000 which in turn would enable the firm to be given sufficient work so that recovery at the rate of 50% of the value of the bills submitted by the firm or a minimum of Rs. 5,000 could be effected every month. The orders were issued by the Ministry in consultation with Law Ministry. The dues outstanding as on January 31, 1967 were Rs. 1,62,838.04 against a hypothecation valued at Rs. 3,53,286.65. The Chief Controller of Printing and Stationery asked the Assistant Controller, Outside Printing, Calcutta to make a demand for the recovery of the remaining amount in consultation with the Ministry of Law, Branch Secretariat, Calcutta. A formal notice was issued to the firm in consultation with the Ministry of Law (Branch Secretariat), Calcutta for the recovery of the sum of Rs. 77,947.45 which was outstanding for recovery as on 30th April, 1967. Reminders were also issued to the firm on 29th September, 1967 and 29th November, 1967. No payment was, however, made by the firm up to 27th December, 1967, on which date the case was again referred to the Ministry of Law, enquiring about the next course of action to be taken against the firm. As advised by the Ministry of Law, a further demand for Rs. 52,131.33 paise, covering the period from May, 1967 to March, 1968, was placed on the firm. It has since been decided to foreclose the mortgage and further necessary action is being taken in consultation with the Ministry of Law.

3. Periodical inspection to verify physical stock of Government paper and materials held by printers and the progress of the jobs lying with them are being regularly made. A system of maintaining accounts showing the issue of paper and materials to the contracting firms is in force. A statement on this account is sent to the contracting firms and their confirmation is obtained. All risk insurance coverage is being insisted upon from the contractors. In addition to this, bank guarantee is insisted upon in the case of all P. & T. triennial contracts from 1958—61 onwards.

No. 1/8(19)/64-FII/B&A

GOVERNMENT OF INDIA

OFFICE OF THE
CHIEF CONTROLLER OF PRINTING AND STATIONERY*New Delhi, dated the 12th August, 1968.*

MEMORANDUM

SUBJECT :—*Recovery of outstanding Government dues from contracting firms.*

In a case of 1959-60, one of the offices at Calcutta under this Department, while calculating the outstanding dues from a private printer before entering into an arrangement with the firm for the re-payment of dues, did not consult the other sister organisations who had also certain claims against the same firm on account of paper and materials recoverable from them. Consequently, it has become difficult for Government to recover the dues from them.

2. Heads of Presses & Branches should ensure that the following procedure which is already prescribed, is strictly followed by all concerned in their organisations :—

- (i) Regular maintenance of accounts showing the issue of paper and material to the contracting firms;
- (ii) Periodical inspection to verify physical stock of Government paper and material already held by printers and progress of the jobs lying with them;
- (iii) Regular preparation of statement of paper and material held by contracting firms, supply of copies to the firms and obtaining their confirmation;
- (iv) All risk insurance coverage for paper and materials to be insisted upon from the contractors.
- (v) whenever there is a reason to believe that there may be difficulty in realising dues from a particular firm, the contracting officer shall inform the other sister offices/presses and the Hqrs. Office at Delhi so that they will also take simultaneous action for recovery of the dues from any assets of the firm lying with them. They will also see that no further contracts are awarded to such firms.

Receipt of this Memorandum may please be acknowledged.

Sd./-

Controller of Administration.

To

Heads of all the Government of India Presses & Branches (by name) including the Assistant Controller (O.P.) Organisation, Calcutta.

Copy for information and guidance to the :—

1. OP Section. „
2. P&S Section.
3. Estt. Section.
4. P.A. to C.P.
5. D.C. (P).
6. D. C. (Bills).
7. D.C.A. (III).

Hdqs. Office.

Further Information

- Sl. No. 28* Please furnish a note indicating the progress made in evaluating the work done by the Government Presses with particular reference to the studies initiated by the National Productivity Council.
- Sl. No. 35* Please furnish a note indicating the progress made in the productivity survey to be conducted by the National Productivity Council.

[*Sl. No. 28 and 35 (Paras 2.33 and 2.60) of Appendix VI to 63rd Report—1966-67*].

The National Productivity Council required 31 week to complete their study. They commenced their study on the 16th September, 1968. So far they have furnished one progress report, a copy of which is attached (Annexure I).

S. Nos. 30 & 31 Please furnish the following information :—

- (i) Progress made in implementing the pilot scheme for costing which was introduced in October, 1958.
- (ii) whether the Cost Study Team which was appointed in February, 1968 and which was to report within a period of 8 months has submitted its report. If so, please furnish a copy thereof with a note showing action taken thereon.

[*Sl. Nos. 30 & 31 (Paras 2.46 & 2.48) of Appendix VI to 63rd Report—1966-67*].

The Cost Study Team have not yet been able to submit their report. The term of the Study Team has been extended up to the 31st March, 1969. They will also study the statistics covering a period of one year collected on the basis of Job Costing Scheme introduced in New Delhi Press for evaluation and assessment of the utility or otherwise of the Scheme.

Sl. No. 34 Please intimate whether Government have finalised disciplinary action against the official who was found after an S.P.E. enquiry to be responsible for shortage of mono metal.

[*Sl. No. 34 (Para 2.57) of Appendix VI to 63rd Report, 1966-67*].

The Inquiry Officer has since submitted his report which is under examination.

Sl. Nos. 37 & 38 Please furnish the following information :—

- (i) Copies of legal opinion obtained in this case.

(ii) the latest position of recovery of dues.

[Sl. Nos. 37 & 38 (Paras 2.70 & 2.71) of Appendix VI to 63rd Report—1966-67].

(i) Subsequent to the discussions of the P.A.C. a decision was taken to foreclose to hypothecation deed and to take steps towards the realisation of the dues from the firm. A copy of the latest legal opinion obtained in this case is attached.

(ii) The latest position of recoveries etc. from M/s. Robin Press, Calcutta, as on '31-10-1968 is given below :

(a) Amount appropriated against principal and Interest upto October, 1968.	2,20,244.46
(b) Amount still outstanding for recovery from the firm at the end of October, 1968:—	
(i) Principal	3,10,270.90
(ii) Interest	7,748.51
	<u>3,18,019.41</u>

On account of the dues in respect of Govt. of India Press, Temple Street, Calcutta. (Residual of the amount of Rs. 17,141.92 after adjusting securities and bills)	4,452.88
--	----------

Total amount still to be recovered.	<u>3,22,472.29</u>
---	--------------------

(c) Amount available for adjustment.

	<i>Rs.</i>
(i) Amount of bills lying unpassed upto October, 1968	22,094.90
(ii) Amount of admitted bills lying in Cash Section for submission to P. & A.O. Calcutta upto October, 1968.	935.60
(iii) interest accrued on security deposits upto October, 1968	2925.
(iv) Amount of admitted bills sent to the Pay & Accounts Officer, Calcutta for adjustment against the Government dues upto October, 1968.	2,710.30
(v) Security deposits	22,700.00
	<u>48,470.05</u>

In the reply given earlier to the P.A.C. the dues outstanding as on January, 31, 1967 against a hypothecation valued at Rs. 3,53,286.65 were shown as Rs. 1,62,838.04 (should be Rs. 1,62,838.01). Interest at the rate of 6% per annum on the amount due from the first is chargeable as per the terms of the hypothecation deed. When the position regarding outstandings was reported last, the interest had not been calculated. Larger part of the amount of Rs. 2,20,244.46 recovered up to October, 1968 has been adjusted against the interest due. This would explain why the principal amount due from the firm has not appreciably come down.

NATIONAL PRODUCTIVITY COUNCIL

38, GOLF LINKS, NEW DELHI-3

PRODUCTIVITY STUDIES

in

GOVERNMENT OF INDIA PRESS

FARIDABAD

Progress Report for the Month ending October 15, 1968

The NPC team and the nominees of the Office of the Chief Controller of Printing and Stationery commenced the project in the Government of India Press, Faridabad, from September 16, 1968. The first two weeks were spent in understanding and recording the processes, procedures and methods of working, as well as the collection of data pertaining to production, labour strength, fixed capital and expenditure for the years 1965-66 and 1966-67. Efforts are being made to collect similar data for the year 1967-68.

2. The remaining part of the month was devoted to collection of preliminary data in regard to the :

- (a) utilisation and time distribution on various activities of the lino and mono operators as well as the compositors;
- (b) number of mistakes occurred at the lino and mono operations, left undetected by the proof reading branch and left uncorrected by the compositors;
- (c) addition, deletions and alterations made by the authors;
- (d) method of transportation and storage of galleys as well as the time spent by the compositors in locating the galleys.

3. Arising from the analysis of the above data, which has provided better understanding of the processes and procedures and problems connected thereto, the team members have agreed to break themselves into two groups. One group will make a study of capacity, methods and procedures, production norms and quality checks in the Case Room and the other group will study the same areas in the Machine Room and Bindery Section. It is expected to complete these studies latest by the end of January, 1969. During the remaining two months the team will investigate the procedures of production planning and control, inventory control, and evolving final production norms for the incentive scheme.

4. It is heartening to place on record that the team members have been receiving full cooperation from all levels in the Faridabad Press.

5. In order that the team is in a position to report sizeable progress, it is proposed to send the next progress report by the end of November, 1968.

Sd./-

Chief Consultant

NEW DELHI;

Date : October 18, 1968.

L28J.SS/69

GOVERNMENT OF INDIA
OFFICE OF THE
CHIEF CONTROLLER OF PRINTING & STATIONERY

M/s. Robin Press one of the firms who have been doing the work of this Department, executed hypothecated deed as guarantee for the Government paper and materials entrusted to it. It has since been decided to foreclose the mortgage deed. A doubt has been raised by the Secretary, Ministry of Works, Housing and Supply whether in this particular case it is possible for Government to take possession of the property and auction it instead of going to the Court and getting an official receiver appointed for this purpose. The facts of the case are as under :—

- (a) A lot of Government paper and materials were supplied to this firm for executing Government jobs. But these materials remained unaccounted in so far as the jobs were not executed, nor did the firm return the materials. It was assessed that the firm owed about Rs. 4,00,000 (worth of materials) to Government. In November, 1957 a physical check up was made which revealed that the materials were not in possession of the firm. Thereafter it was decided that the machinery etc., be hypothecated to Government. The worth of machinery etc. was assessed at Rs. 1,00,000 by the then Controller of Printing. However, the valuation of the hypothecation was for Rs. 3,50,828. It was also agreed that the firm would pay in instalments of Rs. 10,000 in cash or by adjustment through bills every month.
- (b) Subsequent scrutiny revealed that the firm owed a sum of Rs. 16,131.49 P to the Government of India Stationery Office, Calcutta, also. In the meantime, the firm also approached Govt. for reduction in their monthly instalments. A second hypothecation deed was also executed with the understanding that the firm would pay Rs. 5,000 per month or fifty per cent of the bills for the jobs executed by this firm, whichever will be higher. Another factor that came to light subsequently was that the Forms Press, Calcutta, also was to receive Rs. 17,141.92 P from the same firm. The matter is still under consideration and no decision has been taken for any third hypothecation so far.
- (c) Ever since then office of the Assistant Controller (OP) Calcutta has been awarding jobs to this firm on tender basis and were recovering part of the Government dues. But it was found that the firm was not honouring its own commitment. The firm was bound *inter-alia* to one commitment, that is, the firm would pay either 50% of the admitted amount of the bill to Government or Rs. 5,000 to Government per month whichever would be higher. The firm has not honoured this commitment.
- (d) The following statistics would establish the above facts :

	Rs.
(i) Amount payable to Govt. by the firm from November 1961 to April 1967 at the rate of Rs. 5,000/- per month	3,30,000.00
(ii) Amount actually paid	1,91,109.84
(iii) Amount falling short by	1,38,890.16

(iv) Bills (face value) pending with Asstt. Controller Printing's Office	Rs. 60,942.71
(v) Net shortage	77,947.45

for (v) above a demand Memo. was served on the firm on 13-6-67.

(e) Even thereafter the firm has gone fallen short of Rs. 52,131.33P, as dues upto April, 1968 for which also another demand Memo. has been served on the firm on 13-5-68. Needless to add that the firm has not paid these amounts.

(f) To sum up the position (as on 30-9-67) was:—	
(i) Balance of hypothecation amount (Rs. 3,53,286.65 P.)	1,59,773.00
(ii) Approximate amount of interest to be recovered on the hypothecated amount	1,36,000.00
(iii) Dues in respect of liabilities pointed out by Forns Press, Calcutta in Sept. 1962.	17,142.00
TOTAL	3,12,915.00

Say Rs. 3.13 lakhs.

Against the total outstanding amount of Rs. 3.13 lakhs the assets of the firm are as follows:—

(a) Amount of bills under scrutiny	60,000.00
(b) Security deposit	22,700.00
(c) Approximate depreciated value of machinery.	
* (Rs. 50,000) plus structure	
(Rs. 50,000) plus lease hold land of about 5 cottahs	
Rs. 15,000/-	1,15,000.00
TOTAL	1,98,000.00

Will the Ministry of Law kindly give their considered opinion on the doubts raised by the Secretary in this matter?

Sd/- N. DAS GUPTA,
DC (Ptg.).

MINISTRY OF LAW
(Deptt. of Legal Affairs)
(Advice WH&R Sec.)

In the referring note, this Ministry has been asked to give their opinion as regards the doubts of the Secretary of the Department in the matter of enforcing the mortgagor's liability under the indentures (hypothecation deed) at flags D and G. It is stated in the opening para of the referring note that the Secretary, Ministry of Works, Housing and Supply has raised a doubt if it is possible for the Government to take possession of the hypothecated property and auction it instead of going to the court and get an official receiver appointed for the purpose. The exact nature of the doubt or opinion expressed by the Secretary is not available on the file and so it may not be possible to consider the same from legal point of view.

2. It is, however, clear that in terms of the hypothecation deed at flag D, the possession of the mortgaged property does not vest with the mortgage. The possession is still with the mortgagor and the hypothecation deed can only be enforced through the procedure prescribed by law. Cl. III of the

deed, however, provides for arbitration of all the disputes arising under the said deed. So it seems that any disputes arising out of or concerning the said hypothecation deed have got to be settled by arbitration under the aforesaid clause.

3. I had a talk on phone with Shri N. Das Gupta, Deputy Controller of Printing to let me know the exact text of the opinion or doubt expressed by the Secretary to enable us to consider the same in detail. But I am told that no such opinion or doubt has been expressed in writing by the Secretary. In case there is any specific point on which the view of this Ministry is required, the same may be stated in the context of the relevant facts to enable us to do the needful.

Sd/-

Asstt. Legal Adviser.

Tele. 383003. 9-8-1968.

CCP&S

M/Law U.O. No. D. 35129/68-Adv. W&H, dated 12-8-1968.

I tried to contact Shri N. C. Gupta today. He is not available. Pl. put me through on 17/8.

Sd/-

14-8-1968.

Spoken to Shri Gupta, Re. X P. 1/n, I explained to him that DC (Bills) had not expressed the Secretary's suggestion properly. What Secretary had mentioned to me is that appointment of a receiver should be avoided as considerable expenditure takes place in receiver's fees etc. Shri Gupta said a suit will in any case have to be filed in competent court. We need not ask for appointment of a receiver. We have only to apply to court for taking possession and for sale of the property.

We had a letter from Shri Sambamurti also which has not been taken into account before sending the case to Law Ministry. I had explained the whole position to C. P. and the note should not have gone without his knowledge and my specific approval. Let now all the papers be put together. Shri Sambamurti's letter be examined and CP should discuss with Shri Gupta further as directed.

Sd/-

17-8-1968.

As desired relevant papers have been linked. Shri Sambamurthi's d.o. letter may please be seen at p. 235-237/C in linked file 28-OS/57 (Part III).
Ltd.

19-8-1968.

Sd/-

19-8-1968.

C.P.

Discussed with Shri Gupta. The point for consideration is whether Government can exercise its right under clause (If) without going to a Court of Law. Law Ministry may kindly see with reference to my personal discussion and the note of the CCP&S, dated 17-8-1968.

Sd/-

20-8-1968.

Shri Gupta

MINISTRY OF LAW
(Deptt. of Legal Affairs)

Adv. WH&R Sec.

Reference my earlier note dated 9th August, 1968 at pp. 3-4/ante.

2. I have discussed this case with Shri Ramaswamy, Controller of Printing, who brought the file personally to me.

3. As stated in my earlier note, if there is any dispute or difference which arises between the parties in respect of the hypothecation deed in question, the same is to be referred to arbitration in terms of Cl. III of the Indenture. No. doubt, under Cl. I(f) of the Indenture, the mortgagee is entitled to take possession and/or appoint Receiver or Receivers of the hypothecated goods under this security, give notices and demands to debtors and third parties liable therefor, sue for, recover, receive, and receipts for the same and sell or realise by public auction or private contract or otherwise dispose of or deal with all such hypothecated goods or any portion thereof. etc." at the mortgagor's risk and expense in case of any default in the payment of the stipulated instalments or performance of any other obligations under the deed.

4. Now that there has been default in the payment of instalments and performance of other obligations on the part of the mortgagor, the mortgagee is entitled to take possession of the premises and deal with the mortgage property in terms of Cl. I(f) quoted above. For that, the mortgagee Government may press the mortgagor to deliver possession of the mortgaged property to them in terms of the aforesaid stipulation. In case the mortgagor refuses to deliver possession or raises any objection thereto, the only course would be to enforce the mortgagee's right through the arbitration as provided under Cl. III of the Indenture.

5. It may, however, be noted that since the mortgaged property would be the subject matter of dispute before the arbitrator, the Government would also be entitled after the start of the arbitration proceedings to seek an appropriate direction as regards interim injunction and custody of the property etc., from the competent court of jurisdiction under S. 41 read with Second Schedule of the Indian Arbitration Act, 1940. They need not wait for the said direction till the award is made by the arbitrator.

Sd./-

Asstt. Legal Adviser

21-8-1968.

Tele. 383003

CCP&S

M/Law U.O. No. D. 35411/68-Adv. W&H, dated 21-8-1968.

MINISTRY OF LAW,
Department of Legal Affairs
Advice (WH&S) Sec.

The matter was discussed to-day with Shri J. P. Mittar, S.O. in the Ministry of Works, Housing and Supply.

2. Two questions raised in the referring note are answered as below :—

(i) I have already advised that the firm should be pressed to deliver possession of the mortgaged property in terms of Cl. 1(f) of the indenture in question and in case of refusal, the matter may be taken to arbitration in terms of Cl. III of the said indenture (flag D). In this connection, reference may be made to my earlier note dated 21-8-1968 (Folder A).

I may add that the provision as to arbitration, though not specifically incorporated in the supplemental Indenture dated 9-10-1961 (flag G) will be read as incorporated therein by reason of cl. 6 thereof which provides that "save and except as expressly varied as aforesaid, the said Principal Deed and everything therein contained shall remain in full force and effect and shall be binding on the parties".

It is not clear as to why the Branch Secretariat, Calcutta has advised filling of the suit in the matter. I would suggest that the matter may be referred back to them for examination and clarification in the light of my two notes in Folder A before taking final action in the matter.

As regards question (ii), the two print orders in question are not on record and it is not possible to say as to whether any dispute arising there-under independently of the mortgage deed would be within time. It is stated that the amount due to the Government towards cost of materials supplied to the firm which remained unaccounted for was included in the total amount of the aforesaid Indenture—hypothecation deed, and further that one of the print orders contains no arbitration clause. If so, the disputes under the said print order cannot be referred to arbitration in the absence of the arbitration clause.

We can only examine this matter after the said print orders and all the correspondence in the seriatum in respect thereof is duly referenced and placed on record.

JS&LA may kindly see.

Sd./-
30-10-1968
Sd./-
30-10-1968.

JS&LA
 Ministry of Works, Housing and Supply.

Min. of Law U.O. No. D. 36465/68-Adv. W&H, dated 31-10-1968.

C.C.P.&S. may please see for further necessary action.

Sd./-
2-11-1968.

D. S. may also kindly see.

Sd./-
4-11-1968.
Sd./-

(COPY)

O. P. Branch

1-Council House Street,
Calcutta-1.

SUB. :—*Recovery of Government dues from S/S Robin Press, Calcutta.*

Ministry of Law, Branch Secretariat, Calcutta may kindly refer to their advice given on 25-7-1968 at page 330/N on the above subject.

2. This case was referred to the Ministry of Law, Deptt. of Legal Affairs (Advice) New Delhi by the Chief Controller of Printing and Stationery, New Delhi. In this connection, the observations given by the Ministry of Law, Deptt. of Legal Affairs, New Delhi on 12-8-1968, 21-8-1968 and 31-10-1968 at pages 192/c. 193-194/c and 188/c may kindly be perused.

3. Ministry of Law, Branch Secretariat, Calcutta, may kindly reconsider the case in the light of observations made by the Ministry of Law, Deptt. of Legal Affairs, New Delhi, and advise this office in the matter.

4. Since this case comes under the purview of the Indian Limitation Act, 1963, the advice of the Ministry of Law, Branch Secretariat, Calcutta may kindly be given as early as possible.

Sd./-

Asstt. Controller, Printing

Ministry of Law, Branch Sectt. Calcutta U.O.

 ACP (OP) Calcutta U.O. No. P/P/210 (AV. Pt. IV), dated 21-11-1968.

NOTES IN THE MIN. OF LAW
BRANCH SECTT. CALCUTTA

By virtue of Clause 1(f) of the Mortgage Deed any default by the mortgagors in payment of any of the instalments enables the mortgagee to take possession and/or appoint a Receiver of the hypothecated property and sue for or realise by public auction or private contract the amount due. When the matter was discussed by Shri Mukherjee on the 5th and 25th July, 1968, we were told that it was by no means an easy task to obtain possession inasmuch as the firm were asking for all sorts of irrelevant information which showed that they were not keen on paying the amount due but were bent on resorting to dilatory tactics. We, therefore, felt that the filing of a suit for possession and/or sale of the hypothecated property by a Receiver appointed by Court would facilitate the recovery of the amount due.

2. Though the Mortgage deed contains an Arbitration Clause, in a case such as the one on hand the institution of proceedings before the arbitrator will not by itself be quite effective inasmuch as the jurisdiction of the civil court will have to be invoked for the purpose of appointment of Receiver to take custody of the hypothecated property and sell the same. This consideration prompted us to advise filing of a suit a remedy envisaged by Clause 1(f). During discussion, Shri Mukherjee pointed out that the sale proceeds of the hypothecated property may not be adequate to set off the entire liability. If so, it would be necessary to resort to arbitration for

recovery of the entire dues. After calling on the firm to deliver possession arbitration proceedings may be initiated and action may be taken as proposed in para 5 of the Main Sectt. note dated 21-8-1968.

3. On the aspect of limitation we would like to draw the attention of the department to Section 37(3) of the Arbitration Act, 1940, which in so far as it is material, says that an arbitration shall be deemed to have commenced when one party to the arbitration agreement serves on the other parties a notice requiring that the differences be submitted to the person named or designated in agreement. Therefore, the date when the department seeks reference to arbitration in the manner provided for in Clause III of the Mortgage Deed and puts the firm on notice thereof would constitute the date on which the proceedings commenced. Expeditious steps for the appointment of the arbitrator may be taken.

Sd./-
Dy. Legal Adviser
23-11-1968.

Assistant Controller (Printing).

Min. of Law, Calcutta, U.O. Note No. 2110/68-Adv. Cal., dated 23-11-68.

Recommendation

"The Committee find no justification for allotment of Government accommodation to this private organisation (Samyukta Sadachar Samiti) free of rent in March 1964 when there is shortage of office accommodation for Government's own use and when they have to hire private accommodation at exorbitant rates. They note that market rent is being charged from the Samiti from 1st December, 1965."

[Sl. No. 49 Para 2.113 of the 63rd Report (Third Lok Sabha)].

Action taken

The circumstances leading to the allotment of accommodation to the above mentioned organisation have already been explained in the Ministry of Works, Housing and Urban Development note dated the 1-12-1966, sent to the Lok Sabha Secretariat under the Ministry's O.M. No. 5/29/66-Bt., dated the 9th December 1966. A copy of the said note is, however, attached for ready reference.

2. Out of 1690 sq. ft. of accommodation allotted to the organisation, they have since vacated 845 sq. ft. They are thus in occupation of only 845 sq. ft. of accommodation at present. With effect from the 1st December 1965 they are being charged market rent @ Rs. 50 per 100 sq. ft. per month in respect of the accommodation in their occupation.

MINISTRY OF WORKS, HOUSING & URBAN DEVELOPMENT

Note for the P.A.C. desired by them at their sitting on 2-9-1966
in consideration of Para 90 of the Central (Civil) Audit Report,
1966 (Director of Estates).

A request was received from Shri Krishna Prasad, Secretary, Samyukta Sadachar Samiti, for allotment of office accommodation to the Samiti, *vide* d.o. letter No. Secy./NACPC/SSS/64, dated the 13th February, 1964.

This was followed by a similar request from Shri M. G. Pimputkar Joint Secretary Ministry of Home Affairs on behalf of the Home Minister, *vide* Shri Pimputkar's d.o. letter No. F. 4/3/64-ADIII, dated the 21st February, 1964. The Home Minister had also spoken to the Minister for Works, Housing & Urban Development on the 24th February, 1964 about this matter and had desired accommodation to be provided rent free to the Samiti. The Samiti had been set up "to organise and co-ordinate the efforts of religious and social welfare organisation to combat corruption."

2. Formal allotment of the following accommodation in 'L' Block to the Samiti was made on the 21-3-1964 :

Room No.	Area in Sq. Ft.
16	238
17, 17-A	488
18	238
19	363
20	363
	<hr/>
	1690

The allotment was made rent free but the Samiti was required to pay service charges *e.g.*, water/electricity charges, etc.

3. In view of the recommendation of the Public Accounts Committee that market rents should be charged from non-eligible offices the matter was taken up with the Home Ministry on the 5th May, 1965. The Home Ministry agreed and wrote to the Samiti on the 24th September, 1965, and reminded them in December, 1965. Market rate of rent at Rs. 50 per hundred S. ft. per month was enforced with effect from the 1-12-1965 and formal orders exempting the Samiti from payment of rent up to the 30-11-1965 were issued on 25-6-1966 with the concurrence of the Ministry of Finance.

4. The Samiti released Room No. 16 (238 sft.) on the 5-5-1966 (AN) and were asked to surrender the remaining accommodation by shifting to Gurdwara Road Hutments as the rooms occupied by the Samiti in the 'L' Block were required by the Ministry of Defence who are occupying the remaining portion of 'L' Block. This shift has not yet taken place as the rooms in the Gurudwara Road Hutments required repairs and their renovation which is in hand.

Dated the 1st December, 1966.

MINISTRY OF WORKS HOUSING AND SUPPLY
DEPTT. OF WORKS & HOUSING

Further Information

Please furnish the following information.

- (i) Present position regarding vacation of remaining accommodation by Samyukta Sadachar Samiti.

Reply

The Samyukta Sadachar Samiti have not so far surrendered the remaining accommodation measuring 845 sft. occupied by them in 'L' Block. The allotment in respect of the same stands cancelled in their name with effect from 30-11-1967. Eviction proceedings under the provisions of

the Public Premises (Eviction of Unauthorised Occupants) Act, 1958 were initiated against them and the case was going on in the court of the "Estate Officer" according to law. In the meantime in May, 1968, the Delhi High Court declared Sections 5 and 7(2) of the above Act to be *ultra vires* the Constitution of the ground of discrimination. To overcome the situation created by the judicial pronouncement, the Public Premises (Eviction of Unauthorised Occupants) Amendment, Ordinance 1968, was promulgated. The Ministry of Law advised that in all cases *de novo* proceedings both with respect to eviction of persons in unauthorised occupation and also in respect of recovery of arrears of rent or damages will have to be taken after the promulgation of the ordinance later on an amending Act has been enacted. Accordingly fresh eviction proceedings have been started against the Samiti.

New Delhi,

Dated 29th January, 1969.

Recommendation

The Committee are sorry to note that the development of plots which was to be completed in a period of 1½ years from July, 1961 has not yet been completed even after a lapse of more than four years. The contract for work of levelling awarded to the Bharat Sewak Samaj had to be rescinded in August, 1965, as they could not complete the work even after more than three years of its award in July, 1962. The work is now being done by another contractor at the risk and expense of the Samaj. The Committee note that after the work is completed by the new contractor, as usual, necessary action will be taken against the Bharat Sewak Samaj to recover both the additional cost incurred by Government on the work and the compensation for the delay in completion of the work. They would like to be informed about the action taken in this regard.

[Sl. No. 56 (Para 2.146) of Appendix VI to 63rd Report (3rd Lok Sabha)].

Action taken

The presumption of the P.A.C. is correct. Action will be taken against the Bharat Sewak Samaj to recover the additional cost incurred by Government and to levy compensation. The amount to be recovered is being assessed. A further report on the subject will be furnished to the P.A.C. in due course.

Recommendation

The Committee are sorry to note that the development of plots which was to be completed in a period of 1½ years from July 1961 has not yet been completed even after a lapse of more than four years. The contract for work of levelling awarded to the Bharat Sewak Samaj had to be rescinded in August 1965, as they could not complete the work even after more than three years of its award in July, 1962. The work is now being done by another contractor at the risk and expense of the Samaj. The Committee note that after the work is completed by the new contractor, as usual, necessary action will be taken against the Bharat Sewak Samaj to recover both the additional cost incurred by Government on the work and the compensation for the delay in completion of the work. They would like to be informed about the action taken in this regard.

[Serial No. 56 (Para 2.146) of Appendix VI]

Action taken

The Bharat Sewak Samaj had left the work incomplete and the same was recently got completed through another contractor (Shri Gurcharan Singh). A sum of Rs. 47,004 has been levied as compensation on the Bharat Sewak Samaj.

The exact amount of additional cost to be recovered from the Bharat Sewak Samaj would be known after the bill of the second contractor, who recently completed the work, is finalised.

Recommendation

Para 2.172 (p. 70) Appendix VI item 64.

The Committee take a serious view of these heavy losses which have taken place due to pilferage in transit and also losses detected during physical verification of P.W.D. stores. They desire that these shortages should be investigated and responsibility fixed for losses and the losses should be regularised. Also necessary remedial measures should be taken to avoid recurrence of such losses due to pilferage etc.

Action taken

The fact of expert pilferage occurring during the transit by ship of various types of cargo from Calcutta to Port Blair came to the serious notice of this Ministry when on 23rd August, 1965, the Andaman and Nicobar Administration requested for write off of certain losses pertaining to the Electricity Department of the Administration. Since the request for write off had come after considerable lapse of time, the Administration was asked to furnish full details of facts leading to such pilferage. Preliminary enquiries were made by the Administration, after which on 10th December, 1965, the Administration informed us that so far as arrangements at Port Blair and on board the ship were concerned, there was practically no chance of pilferage and their apprehension was that the pilferage could take place at Calcutta, and the pilferage was being done by some expert hands. The local Administration thus made enquiries as far as they could and reported the matter to the Government of India only after they came to the conclusion that neither D.G.S. & D. could be held responsible for the losses nor the Shipping authorities and the Port authorities at Port Blair were responsible. The losses could thus have occurred during the shipment at Calcutta. It may be pointed out that no specific report has so far been received by us either from the Ministry of Works, Housing and Urban Development or from the Andaman and Nicobar Administration about this particular item of loss of P.W.D. stores under consideration.

2. As the matter was of complicated nature, and required a thorough probe, an inter-departmental meeting was called in this Ministry on 15th February, 1966 by the undersigned to discuss all aspects of the problem. A copy of the minutes of the proceedings recorded of this meeting is enclosed. This meeting was attended by representatives of D.G.S. & D., Shipping Corporation of India, Ministry of Transport and Shipping and Andaman and Nicobar Administration, in addition to the Ministry of Home Affairs. As a result of discussions in the meeting, the losses were considered to be mainly due to pilferage occurring during the time goods were loaded in lighters/barges till they were off loaded from the lighters to the ship in mid-stream.

These lighters etc. have to remain in midstream for pretty long time, sometime extending to three days and nights and in that state they are unguarded. Moreover, there was no clear responsibility of any body to see that goods in proper weightment and package were delivered to the ship from the barges. The responsibility of the clearing agents and the D.G.S. & D. finished as soon as the goods were put in the lighters and technically handed over to Shipping agents. Therefore, the Bill of Lading prepared by the shipping authorities at the time of actual loading is not clear and the goods are shown as "said to contain" so much weight, and from this angle, the shipping authorities were in any case not weighing goods and packages which are received in sealed condition and delivered in the same sealed condition presuming that there was no loss. The shipping authorities, therefore, had no definite weightment of the package and no knowledge of contents. In the meeting, therefore, certain remedial steps were recommended to stop/minimise the chances of pilferage, which are given below :—

- (1) To the extent possible, percentage weightment should always be done, and condition of package also clearly indicated, and the Shipping Corporation agreed to do that.
- (2) As suggested by the representative of Andaman and Nicobar Administration, it was found that the loss could considerably be reduced if the ships were given berths and loaded therefrom instead of their being loaded in midstream. The Shipping Corporation representative have persuaded the Calcutta Port authorities to give berth to M. V. 'Andamans'. For M. V. 'Nicobar' they said that it was not possible to do so, because the main cargo was timber, which had to be loaded and unloaded in midstream. The Shipping Corporation was, therefore, asked to see that the tally clerks who took charge of the Government cargo from D.G.S. & D. Depot should be made to stay on with the cargo in the lighters and hand over the same to the ship on the same basis and on the same condition as they received from the Depot and receipts and other papers should be signed on that basis. If necessary additional tally clerks should be appointed.
- (3) The D.G.S. & D. should make the clearing agents responsible for handing over the goods in the same condition of weightment and packing as they receive from the Depot. The representative of D.G.S. & D. said that he would get the current contracts with the clearing agents examined from this point of view, so that the clearing agents could be asked to undertake that responsibility also.

3. In the meantime, on the report of the Andaman and Nicobar Administration, the Central Bureau of Investigation started investigation into the matter. The investigations are still going on with the Calcutta Branch of the Central Bureau of Investigation pending receipt of some detailed information from the Administration. The result of the investigation will be known after final report of the Central Bureau of Investigation is received.

4. After the inter-Departmental meeting, the D.G.S. & D. got further enquiries made at their end in respect of the suggestions made at the aforesaid meeting for making Clearing Agents responsible for handing the goods, and they informed us in their letter, dated 27th June, 1966 that it was very

difficult to spot out the point of actual pilferage and fix the responsibility for the same on any particular person and the only course of action left open is to insure all the Government cargo intended for Andamans from warehouse to warehouse. We have already asked the Ministry of Transport and Shipping to let us know the action taken by the Shipping Corporation of India in this regard.

5. It may be added that the entire subject of shipping and transport which was formerly with the Ministry of Home Affairs was transferred to the Ministry of Transport and Shipping on 3rd August, 1965, in D.O. No. CD-364/65, dated 3rd August, 1965. Consequently all the shipping matters including this problem of pilferage have already been transferred to the Ministry of Transport and Shipping. We have been reminding that Ministry to finalise the enquiry on the subject and that Ministry have informed us that they are taking suitable action in the matter. That Ministry is in touch with D.G.S. & D. and Shipping Corporation of India and the Andaman and Nicobar Administration who are the main parties involved in this matter. It will be appreciated that the appropriate Ministry to deal with this technical matter is Ministry of Transport and Shipping, because the Ministry of Home Affairs has no technical know how and has no control over the Shipping Corporation, who are running the ships in that area. As explained in the beginning, the Ministry of Home Affairs have been making efforts to work out remedial measures. The inter-Departmental meeting was called with a view to finalise the matter expeditiously. Further action to stop the pilferage is being taken by the Ministry of Transport and Shipping.

Recommendation

The Committee take a serious view of these heavy losses which have taken place due to pilferage in transit and also losses detected during physical verification of P.W.D. stores. They desire that these shortages should be investigated and responsibility fixed for losses and the losses should be regularised. Also necessary remedial measures should be taken to avoid recurrence of such losses due to pilferage etc.

Please furnish a note indicating the Action taken by the Ministry of Transport & Shipping who are now responsible for shipping arrangements to Andaman and Nicobar Islands to prevent losses of stores during transit.

Para 2.172 (P. 70) and Appendix VI item 64.

Action taken

As already reported by the Ministry of Home Affairs in the meeting held on 15th February 1966 in the Ministry of Home Affairs, the following remedial steps were recommended to stop/minimise the losses due to pilferage :

- (1) To the extent possible, percentage weightment should always be done, and condition of package also clearly indicated. The Shipping Corporation agreed to do that.
- (2) As suggested by the representative of Andaman and Nicobar Administration, it was found that the losses could considerably be reduced if the ships were given berths and loaded therefrom instead of their being loaded in midstream. The Shipping Corporation representative have persuaded the Calcutta Port authorities to give a berth to m.v. 'Andamans'. For m.v. 'Nicobar' they said that it was not possible to do so, because the main

cargo was timber, which had to be loaded and unloaded in mid-stream. The Shipping Corporation was, therefore, asked to see that the tally clerks who took charge of the Government cargo from D.G.S. & D. Depot should be made to stay on with the cargo in the lighters and hand over the same to the ship on the same basis and on the same condition as they received from the Depot and that receipts and other papers should be signed on that basis. If necessary, additional tally clerks should be appointed.

- (3) The D.G.S. & D. should make the clearing agents responsible for handing over the goods in the same condition of weighing and packing as they receive from the Depot. The representative of D.G.S. & D. said that he would get the current contracts with the clearing agents examined from this point of view, so that the clearing agents could be asked to undertake that responsibility also.

2. The suggestion at item No. (1) above was examined by the Shipping Corporation of India but it was not found feasible due to the following reasons :—

- (i) Export cargoes are weighed/measured for the purposes of calculation of freight and this has nothing to do with claim aspect of the problem.
- (ii) Percentage weightment will not serve the purpose of carrier for freight calculation since cargoes are not of standard size.
- (iii) Most of the loading is done overside. Therefore, weightment and measurement have to be done on board the vessel as the same cannot be done on the barges.
- (iv) On m.v. 'Andamans' and m.v. 'Nicobar' deck space is very limited as these are passenger ships.
- (v) There will be considerable delay and detention of the ships as cargo work will be hampered.

3. The suggestion at item No. (2) above *viz.* allotment of a permanent berth at Calcutta to ships plying on Andamans has all along been vigorously pursued by this Ministry and the Shipping Corporation of India. As a result of persistent efforts, the Calcutta Port Commissioners have agreed to allot No. 22 K.P.D. for 3 consecutive days for berthing of the passenger ships *viz.* m.v. 'Andamans' and 'State of Bombay' as against our request for 4 days. The decision in regard to the berthing arrangements for the cargo ships has yet to be taken by the Port authorities, which is being pursued through the Shipping Corporation of India. The working of the passenger ships alongside the permanent berth will have to be watched for sometime before an opinion can be formed about the efficiency of this arrangement for checking pilferage.

4. The suggestion at item No. (3) was examined by the D.G.S. & D. and they informed this Ministry that it was very difficult to spot out the point of actual pilferage and fix the responsibility for the same on any particular person and that the only course of action left open was to insure all the Government cargo intended for Andamans from warehouse to warehouse. The suggestion of the D.G.S. & D. for insuring the cargo could not be agreed to as it would be a costly arrangement.

5. The report on the investigations made by the Central Bureau of Investigation, referred to in the Ministry of Home Affairs note submitted to the Committee, is still awaited.

6. In view of the position explained in the above paragraphs, it is hoped that pilferage of cargo may be minimised at least in the case of cargo being carried by the passenger-cum-cargo ships. In regard to cargo ships, the matter is being further pursued with the Port Authorities, Calcutta.

Ministry of Health, Family Planning U.D. (Deptt. of Health & U.D.)

Recommendation

The Committee trust that vigorous efforts would be made to recover the outstanding demand of Rs. 4.76 lakhs from the Custodian of Evacuee Property. They also desire that in the case of 228 non-evacuee plots recoveries should be effected expeditiously.

(S. No. 68 Para No. of the Report—2.189)

Action taken

The figure of arrears of rent shown as outstanding against the Custodian of Evacuee Property in respect of the expired temporary leases of Qadam Shariff Estate was based on the decision of the Authority taken in July, 1964. That decision does not hold good at present, as the Authority *vide* its Resolution No. 336 dated 18-4-1967 decided to charge the rent at old rates from the Custodian also. However, the present position of demand and recovery in respect of the cases under reference up to the period ending 30-6-1967 is indicated below :—

Demand	Recovery
Rs. 3,04,663	complete

As regards the non-evacuee cases of Qadam Shariff, the Authority *vide* its Resolution No. 336 dated 18-4-1967 has decided to charge the ground rent for the past period at old rates up to the date of expiry/determination of leases and thereafter damages at the same rate up to 30-6-1967 and after recovery of these dues new leases are to be executed (except for the plots falling in Zone A-7) temporarily on year to year basis at double of the original rent. The present position of the demand and recovery up to the period 30-6-1968 is as under :—

Demand	Recovery
Rs. 86,325.75	Rs. 35,144.93

Recommendation

The Committee desire that vigorous steps should be taken to recover the outstanding demands under the three Accounts *viz.* General Development Nazul I and Nazul II especially those under Nazul I Account some of which relate to the period as early as 1958-59. They also desire that action should be expedited below :—

To assess damages in the remaining 2,106 cases under Nazul I Account and, in future, efforts should be made to avoid accumulation of assessment work.

(S. No. 70 Para No. of Report 2.198)

Action taken

The position of outstanding demands at the end of 1963-64 in respect of three accounts and now obtaining on 30th June, 1968 is given below :—

Sl. No.	Particulars	G.D.A.		Account I		Account
		upto 31-3-64	30-6-68	31-3-64	30-6-68	31-3-64
1.	Premium	1.87	—	—	—	98.19
2.	Ground rent	1.18	.85	15.94	9.18	—
3.	Other receipts	1.49	0.5	—	—	—
4.	Decretal Amount	0.01	—	—	—	—
5.	Master Plan and copying charges	0.08	0.01	—	—	—
6.	Damages "	1.38	—	55.37	34.47	—
7.	Revenues from Nazul works and improvement schemes.	—	.91	14.25	—	—
				85.56	43.65	

As the recovery of damages is a continuous process and the demand for a particular year which may include arrears is recovered in instalments over the subsequent years, it is not possible to give the up-to-date figures of outstanding against the arrears as on 31-3-1964. The figures of Rs. 34.47 lakhs therefore represents the up-to-date arrears and not in respect of the outstanding up to 1963-64 only. This amount include a sum of Rs. 7 lakhs in respect of encroachers who have been evicted and in whose cases recovery is not possible. Vigorous efforts are being made to recover the outstanding arrears of the Authority.

As regards assessment work it may be mentioned that the assessment of damages in all cases except 33 has been completed. In the remaining cases it has not been possible to complete action as the title of land is under dispute, but the matter is being pursued.

Recommendation

In para 8 of their 18th Report (Third Lok Sabha) the Committee were critical about the heavy accumulations of each balance in Nazul I Account from year to year due to the fact that various schemes of development could not be executed according to schedule. They regret to note further heavy increase in cash balance and investment under this Account, which aggregated to Rs. 73.13 lakhs at the end of 1963-64, Rs. 213.45 lakhs at the end of 1964-65 and Rs. 221.10 lakhs at the end of 1965-66. As against this large cash balance, the amount actually spent on the development schemes so far has been negligible. Even the detailed estimates of all the schemes have not been prepared. The Committee desire that the reasons for slow progress of the schemes should be investigated. To the extent the funds are not required by the Authority in the near future, these should be refunded to Government.

(S. No. 73 Para No. of Report 2.210)

Action taken

The funds available with the Authority are likely to be spent shortly for the further development of Nazul estates.

ANNEXURE—I

REVIEW OF THE ADMINISTRATIVE EXPENDITURE OF THE DELHI DEVELOPMENT AUTHORITY

In their 42nd Report (1965-66) (Third Lok Sabha), the Committee again expressed its dissatisfaction with the over-all progress of assessment and recovery of damages from unauthorised occupants and desired that suitable steps should be taken to streamline the procedure and the assessment machinery should be geared up to expedite the whole work. They also desired that effective steps should be taken to prevent any fresh encroachment by creating necessary machinery such as vigilance squads etc. The slow pace of recovery of ground rent etc. from the lessees also came in for similar adverse criticism and a Public Accounts Committee had desired that suitable measures should be taken to plug the loopholes in the existing procedure.

2. Following the earlier observations of the Public Accounts Committee in their 18th Report (1963-64), the Authority, *vide* its resolution No. 445 dated the 6th August, 1964, decided to appoint a special officer with a view to streamlining the existing procedure and methods of work which would lend to economy and efficiency. Subsequently, with the approval of the Government, Shri Jagmohan, Deputy Housing Commissioner, Delhi Administration was appointed as a part time Director (O&M) in the Authority's Office with effect from 4-6-1965 for this purpose.

3. The officer carried out an organisational and procedural analysis of the working of each branch of the Authority and came to the conclusion that the entire administrative structure needed extensive re-organisation and, if satisfactory results were to be achieved and policies and programmes quickly implemented, then there would be need for extensive revision and rationalisation of the existing pay structure of the employees. He suggested that the present multiplicity of pay scales should be done away with and the number of cadres suitably restricted. He also referred to the lack of mobility and promotion opportunities for the staff of the Authority and expressed the view that unless adequate incentives were provided, efficiency would be hard to achieve, particularly when comparable staff in most of the offices of Delhi Administration was in a far more advantageous position than the staff of the Authority. His finding was that meagre promotion opportunities in the past years had not only resulted in chronic dissatisfaction but also stifled the will to improve and aspire for higher standards of performance.

4. In his reorganisation proposals, the O&M Officer suggested not only the streamlining of existing procedures and methods of work, but also the creation of certain new posts and the upgradation of some of the existing ones. In his opinion unless this was done, any possibility of achieving a higher standard of performance would be very remote.

5. On receipt of the report of the Director (O&M), the Standing Committee of the Delhi Development Authority appointed a sub-committee under the Chairmanship of the Vice-Chairman to examine it and formulate recommendations for the consideration of the Standing Committee. This Committee held a number of meetings in January, 1967. It undertook an exhaustive examination of the working of each branch in the light of the report of the O&M Officer and made its own assessment of the staff

requirements of each branch with particular reference to the need for eliminating delays, accelerating collection of revenues, improvement in the standard of performance and expeditious and business like disposal of work. This Committee agreed entirely with the recommendations of the O&M Officer, that there was understanding in a number of spheres, on office work, that in certain branches better out-turn and quality of work could be achieved by streamlining procedures and introducing more business like methods of work and that measures, which would tend to provide incentives to the staff would definitely need to be introduced. With these recommendations the Committee submitted its report which *inter alia* involved the following changes in the staffing pattern :—

(i) *Additional Posts :*

Class I	Class III	Class IV	Total
1	7	8	16

(ii) *Posts upgraded within :*

Class I	From Class II to Class I	Within Class III	Within Class II	Total
2	1	23	2	28

(iii) *Posts abolished :*

Class II	Class III	Total
1	19	20

(iv) *Post downgraded :*

Within Class II	Total
2	2

- (a) The Committee also made the following recommendations :—
In the legal Section, a post of Chief Legal Adviser should be created in the scale of Rs. 1100-40-1300-50-1600 and
- (b) the officers appointed to hold the post of Land Sales Officer and Lands Officer should be allowed emoluments on the same basis as are admissible to an Under-Secretary in the Delhi Administration. For non-State Civil Service Officer, the scale of pay would be Rs. 600-950. In the case of State Civil Service Officer there will be no restriction on the maximum of pay admissible to them on the above basis.

6. As stated above, the O&M Officer had recommended the creation of a number of new posts and the upgradation of existing posts. Since all these involved extra expenditure, the Committee gave this matter its most anxious consideration and if it agreed to recommend incurring of additional expenditure, it was in the firm belief that such expenditure was unavoidable and fully justified by the needs of the work which these posts in the present day conditions actually entailed. At the same time, the Committee took the opportunity to suggest a number of reductions in the staff of various branches and also found that the net result of the creation/upgradation/abolition of the posts mentioned in its report would mean an additional expenditure of Rs. 56,628/- per annum, calculated on the minimum of the scales of pay and admissible allowance. The reduction of posts concerned mainly the branches of the office engaged on the assessment and recovery of damages.

7. It will be pertinent to mention that while the expenditure has decreased in some of the branches dealing with the administration of old

Nazul Lands consequent on re-organisation, it has, on the other hand, increased in other dealing with the scheme of 'Large-scale' acquisition, development and disposal of land in Delhi'. This increase is also partly attributable to the additional functions which are lately being discharged by the Delhi Development Authority in connection with the implementation of the Master Plan and its allied schemes, i.e. preparation of zonal development plans (136), shifting of industries from non-conforming areas and village re-development schemes etc. The additional expenditure, is, therefore, inescapable.

8. The over-all picture of a administrative expenditure as compared to the Revenue receipts under Nazul-I Account (management of Old Nazul Estate) and General Development Account (management of acquired properties) during the last six years is as follows:

	Nazul I Account			General Development Acc.		
	Total Revenue	Admn. Expdr.	Per-centage	Total Rev. Receipts	Admn. Expdr.	Per-centage
	In lakhs of Rs.			In lakhs of Rs.		
1961-62	12.08	5.60	46.4%	8.66	1.98	22.9%
1962-63	12.33	7.72	63.1%	3.36	1.55	46.1%
1963-64	26.27	7.38	28.1%	5.89	0.58	16.6%
1964-65	26.32	8.59	32.6%	5.05	1.00	19.8%
1965-66	32.20	9.62	29.9%	4.90	1.15	23.9%
1966-67	40.09	11.45	28.6%	16.15	1.36	8.4%
(Praly)						

9. The position in respect of Nasal II/A/c. (Development and disposal of New Nazul lands) is as under:—

	Development expenditure of C.P.W.D.	Receipts (In lakhs of Rs.)	Administrative Expdr. including work-charge establishment
1961-62	29.06	3.47	2.70
1962-63	131.70	0.56	4.45
1963-64	136.76	87.41	7.67
1964-65	131.01	174.77	9.81
1965-66	157.54	218.79	11.82
1966-67	189.40	350.04	12.09

10. The Committee also found that certain aspects of the administration of Nazul lands needed immediate attention. For instance, a survey of Nazul properties under the management of the Authority with a view to depicting the present and up-to-date situation was needed. Indeed this work should have been done much earlier and any further delay would be detrimental to the interest of Government. The Committee also found a back-log of unrenewed leases, the renewal of which had become due many years ago and which, the Committee found, could not brook further delay. For these items of work and for expediting the outstanding cases of first assessment of damages on encroachers of public lands, the Committee recommended the creation of certain new posts for a period of one year and this was estimated to cost Rs. 1,30,980.

Secondly, the Committee also endorsed the view that the system of collection of ground rent through 'Lamberdars' be dispensed with. Instead, a billing system has been introduced for recovery of ground rent in some of the Estates and this would be gradually extended to all the estates. This has, of necessity, resulted in employment of extra staff for opening individual ledger accounts, preparation and despatch of individual bills etc. .

11. The recommendations of the Committee have been approved by the Chairman, Delhi Development Authority and implementation has been carried out from the 1st May, 1967.

CHAPTER V

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

Recommendation

The Committee regret to note that there was some error or omission in the contract in as much as in the penalty clause, clause 12, which related to the delivery of the vessel at Kandla was not mentioned. They would like the Administrative Ministries as well as the Ministry of Law to take suitable steps to ensure that such lapses in respect of legal documents do not occur in future. They are, however, glad to be assured in evidence that this omission will not stand in the way of recovery of liquidated damages from the firm. The Committee will like to be informed of the final position of recovery in due course.

[S. No. 5 (para 1.38) of Appendix VI to the Sixtythird Report (Third Lok Sabha)]

Action taken

It appears that while drafting clause 20 of the Agreement, reference to clause 12 was inadvertently omitted. This omission is regretted. The matter has also been brought to the attention of the Solicitor. The other officers have also been asked to be more careful in drafting agreements and giving advice.

The legal position with regard to the Government's right to claim liquidated damages has been examined afresh and it is felt that, notwithstanding this omission, the Government would be well within its powers to claim liquidated damages in accordance with the terms of the contract. The Ministry of Transport will inform the Public Accounts Committee the actual amount of liquidated damages which they are able to recover from the firm in this case.

(Ministry of Law)

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT AND SHIPPING
(TRANSPORT WING)

Further information required by the Committee

Please furnish a note indicating the Action taken by Government to recover liquidated damages from the firm.

[Reference S. No. 5 (para 1.38) of Appendix VI (Third Lok Sabha)]

Action taken

As advised by the Ministry of Law, a letter was addressed to M/s. I.H.C., Holland on the 18th October, 1967 for the recovery of liquidated damages amounting to D.Gld. 4,09,097 for not having delivered the dredger by due date. In reply M/s. I.H.C. suggested that our engineers should discuss the matter with them without the assistance of M/s. Rendel.

Palmer & Tritton, London who are Consulting Engineers in connection with the purchase of the dredger.

2. The proposal of M/s. I.H.C., Holland was considered, and this Ministry was of the view that the discussions might not be fruitful. M/s. I.H.C., Holland were informed accordingly and were called upon in January, 1968 to pay immediately the amount of D.Gld. 4,09,097. In reply, received in March, 1968, the firm tried to establish that there existed circumstances which were unavoidable and could not be foreseen or overcome by them. In other words the firm has taken protection under "force majeure" clause viz., clause 20 of the Contract. The relevant portion of the Clause 20 reads as follows :—

"or other causes, which, in the opinion of the engineers, were unavoidable and could not be foreseen or overcome by the contractor then in such cases the liquidated damages shall not be payable in respect of the period so certified to be due to such causes and the engineers shall have power to extend accordingly the time fixed for completion."

Thus in a case where the reason for late delivery arises which are unavoidable and could not be foreseen or overcome by the contractor accompanied by a certificate to that effect by the engineers, then the engineers have been given power to extend the time fixed for completion of delivery.

3. As the firm has taken refuge under the "other causes" mentioned in Clause 20, the engineers have to form an opinion whether the causes are unavoidable and could not be foreseen or overcome by the contractor. The Ministry of Law has advised it is necessary for the engineers to go into the causes of the late delivery in order to ascertain whether they were unavoidable and could not be foreseen or overcome by the contractor. If they find that the stand taken by the firm is correct, then no liquidated damages shall be payable in respect of the period so certified to be due to such cause or causes; in this event the engineers have to extend the time fixed for completion of delivery.

4. After the question of recovery of liquidated damages was discussed in the meeting of the Public Accounts Committee on the 1st September, 1966 the payments of the pending bills of M/s. Rendel, Palmer & Tritton, London were stopped pending examination whether M/s. R.P.T. failed to perform duties as Consultants since the contract for the purchase of Dredger drawn up in consultation with the Ministry of Law and M/s. R.P.T. did not categorically provide for the recovery of liquidated damages for delay in delivery of the dredger at Kandla in the relevant Clause 20.

5. The dredger was accepted on 11-9-1963, subject to a supplemental agreement. According to this agreement, the guarantee period was extended to 4 years from the date of acceptance i.e., upto 10th September, 1967. During the guarantee period M/s. R.P.T. were to furnish :—

(i) 4 strip inspection reports after 6 months, 12 months, 2 years and 4 years;

(ii) make suitable recommendations for the extension of guarantee. M/s. R.P.T. have not furnished the 4 yearly strip down reports and final

recommendation for the extension of the guarantee period, presumably because their bills have not been settled.

6. As M/s. R.P.T. were pressing for payment of their fee and also their assistance was required in matter of recovery of liquidated damages from M/s. I.H.C., the question was considered whether the Government of India could withhold the payment of the bills or not. The terms of the contract as evidenced in the correspondence between M/s. R.P.T. and the Government do not provide for the withholding of the payment of bills presented by M/s. R.P.T. towards their fees. Therefore, the Ministry of Law has advised that payment of fees to M/s. R.P.T. cannot be withheld indefinitely in the absence of any specific provision in the contract to that effect. The question of payment of outstanding bills is now under consideration in consultation with the Ministry of Finance. After the payment has been made to M/s. R.P.T., steps will be taken to obtain the recommendations of M/s. R.P.T. as required under Clause 20 of the contract so that further steps for the recovery of liquidated damages are taken.

7. Ministry of Law has concurred in the note.

Recommendation

The Committee stress the need for serious attention being given to the task of laying down a uniform and scientific method of working out the installed capacity and its actual utilisation in the various Government presses with a view to having an effective control over their working and utilising the capacity. This is all the more necessary in view of the fact that Government propose to establish more presses and that some work was still being entrusted to private presses. The Committee would like to be informed about the progress made in introducing a uniform system in this behalf.

[Sl. No. 28 (Para 2.33) of Appendix VI to 63rd Report—1966-67]

Action taken

The problem taken note of by the Public Accounts Committee has been engaging the attention of the Government for some years. In fact, the Third Conference of the Managers of the Government of India Presses held in 1964 suggested a formula for evaluating the installed capacity and devised some control forms for the purpose of its maximum utilisation. The formula devised by the Conference was, however, not found to be elaborate enough. A new tentative formula has recently been devised. This formula is being tested against the mechanical efficiency of the various machines installed in the Government of India Presses. Side by side, statistics about the actual output of the various machines are being collected and the data will be analysed and co-related, to arrive at the final formula on the basis of which installed capacity of the Presses can be worked out. For the evaluation of the data, it is proposed to set up a Productivity Statistical Cell in the Office of the Chief Controller of Printing and Stationery, New Delhi.

It is also proposed to have a detailed survey of the Government of India Press, Faridabad conducted by the National Productivity Council (They have already conducted a preliminary survey of that Press as well as of the Government of India Press, Hastings Street, Calcutta.) A team of officers will understudy the specialists of the National Productivity

Council. They will thereafter conduct a work-study of the other Government of India Presses. The final action taken in the matter will be intimated to the Public Accounts Committee in due course.

Dated the, 24th November, 1967.

[Ref. File No. 12/12/67-PI]

Recommendation

The Committee are dis-satisfied over the tardy progress in the implementation of the Pilot Scheme of costing introduced in the New Delhi Press in October, 1958. The scheme has not been fully implemented for want of staff even after 8 years and in the meantime an expenditure of Rs. 91,026 has been incurred on it. Even a qualified Cost Accounts Officer has not been posted to supervise this work. According to the Ministry's own admission "nothing very much has been done" in regard to the scheme. The Committee desire that vigorous steps should be taken to implement the scheme fully and provide the staff required for the purpose.

[Sl. No. 30 (Para 2.46) of Appendix VI to 63rd Report—1966-67]

The Committee hope that early action will be taken to set up the team to devise a method of working out the cost of publications printed in Government presses. They suggest that periodical reviews should be undertaken to assess the cost of printing in Government Presses *vis-a-vis* private presses with a view to improving the efficiency of Government Presses.

[Sl. No. 31 (Para 2.48) of Appendix VI to 63rd Report—1966-67].

Action taken

The Government have since set up a Cost Study Team *vide* Resolution No. S&PII-27(5)/53-PI, dated the 9th February 1968 (copy enclosed). The Team will study the cost of production in Government of India Presses *vis-a-vis* private presses.

2. The statistics on the basis of the Job Costing Scheme, introduced in the New Delhi Press, covering a period of one year, have already been collected. These will be placed before the Cost Study/Team for evaluation and assessment of the utility or otherwise of the scheme.

Dated the 26th July, 1968.

[Ref. File No. S&PII/27(5)/53/PI].

GOVERNMENT OF INDIA
MINISTRY OF WORKS, HOUSING AND SUPPLY
(DEPTT. OF WORKS & HOUSING)

No. S&PII/27(5)/53/PI

New Delhi, dated the 9th February, 1968.

RESOLUTION

SUBJECT :—*Constitution of a Cost Study Team to study the cost of production in Government of India Presses vis-a-vis private Presses.*

The Government of India have had under consideration for some time the question of prescribing a suitable procedure for assessing the cost of

production in the Government of India Presses *vis-a-vis* private presses with a view to improving the efficiency of Government Presses. It has now been decided to set up a Cost Study Team consisting of the following Officers :—

Chairman

- (1) Shri M. Bhattacharyya, Deputy Secretary, Ministry of Works, Housing and Supply (Department of Works and Housing).

Members

- (2) Shri C. E. James, Project Officer, Office of the CCP&S.
 (3) Shri U. R. Padmanabhan, Cost Accounts Officer, Ministry of Finance.

Terms of Reference :

2. The terms of reference of the Study Team will be to investigate the cost of production in the Government of India Presses and their comparison with the costs in the private sector.

3. The Study Team will complete its work and submit its report to Government within a period of eight months.

4. The Team will be free to lay down the method of its working and other procedural matters.

5. The Secretariat staff will be provided by the Chief Controller of Printing and Stationery.

6. The Chief Controller of Printing and Stationery and the Managers of the Government of India Presses will give their full co-operation to the Members of the Team and assist them by furnishing all information required by them and making available to them official records and documents required.

Sd/-

Secretary to the Government of India

No. S & PH/27(5)/53/PI

ORDER

1. Ordered that the Resolution be communicated to all Ministries of the Government of India.

2. Ordered also that the Resolution be published in the Gazette of India.

Sd/-

Secretary to the Government of India

Recommendation

The Committee desire that necessary remedial measures should be taken to prevent the recurrence of such losses. They would like to know the action taken against the persons concerned in this case.

[Sl. No. 34 (para 2.57) of Appendix VI to 63rd Report, 1966-67].

Action taken

Necessary remedial measures to prevent the recurrence of such losses have been taken as indicated below :—

- (1) the accounting of stores has been separated from the custody of stores under the General Store Keeper;

- (2) the Heads of Presses have been instructed to inspect stores once a month to ensure that there is nothing abnormal in the storage of articles and that the ledgers are kept up-to-date;
- (3) the Assistant Managers concerned have been instructed to inspect the stores once in a fortnight to ensure smooth working of Stores Branch and to test check at least six items of stock. For this purpose a register is also required to be maintained in the Stores Section in which the dates of inspection by the officers and their remarks are to be entered;
- (4) the Assistant Managers concerned have been made responsible for ensuring that all purchases of stores are duly accounted for in the numerical ledgers, maintained by the General Store Keeper, and also in the ledgers kept in the Stores Accounting Section; and
- (5) security arrangements in the Government of India Press, New Delhi have been further tightened. A new godown has also been constructed to meet with the acute shortage of space for storage purposes.

2. The official concerned has been placed under suspension and disciplinary proceedings against him are in progress. The results will be intimated to the Public Accounts Committee in due course.

Dated October, 1967

[Ref. File No. 12(7)/67-PI]

Recommendation

The Committee feel that in order to have effective control over expenditure in the Presses, the Department should devise some method of comparison of expenditure *vis-a-vis* quantity of work done in the various presses.

[Sl. No. 35 (para 2.60) of Appendix VI to 63rd Report, 1966-67]

Action taken

The above recommendation of the Public Accounts Committee has received the careful attention of the Ministry. In order to make a comparison of the different units in terms of expenditure and value of work produced, it is necessary to determine the norms of output for various categories of work done by the units. Examination of this problem of determining norms shows that it might be difficult to prescribe a uniform measure of performance because of the varying nature of the jobs undertaken and the varying degrees of skill required to perform the jobs. The materials used in the jobs are not uniform. The conditions of work in the different units also vary a great deal. By way of illustration it can be shown that the expenditure incurred on the printing of the budget and other confidential matters is appreciably higher than the expenditure involved in printing of non-confidential matters. Whenever a job requires several stages of proof reading, checking and re-checking and security arrangements, the cost is pushed up. Also when there is a time schedule for a job to be completed, heavier expenditure has necessarily to be incurred. Some of the units of the Government Presses are accommodated in buildings which are no longer suitable for large scale printing operations. In some cases, additional machinery has been put in without expanding the accommodation. In these units the outturn is naturally poorer than the units where more modern machines and accommodation are provided.

Above all, the human factor which is widely divergent in different units is very difficult to assess in order to fit into any definite pattern.

The Ministry have decided to engage the services of the National Productivity Council for a period of 31 weeks for conducting a detailed productivity survey of the Government of India Press, Faridabad and for training the officers of the P&S Deptt. for the purpose. The trained officers will thereafter make a study of the working of the other units so that materials are made available to the Govt. to locate defects in the working of the units and thereby to consider ways and means of improvement. The officers required for training are expected to be selected shortly. The National Productivity Council will commence the work immediately thereafter. It is expected that when these reports are available the Ministry will be able to prescribe an *average* norm for various categories of jobs which seems to be the best possible solution under the present conditions. When this is done it might be possible to co-relate the expenditure with the value of the outturn.

[Ref. File No. 12(6)/67-PI/PII]

Dated the 28th June, 1968

Further Information

- S. No. 28. Please furnish a note indicating the progress made in evaluating the work done by the Government Presses with particular reference to the studies initiated by the National Productivity Council.
- S. No. 35. Please furnish a note indicating the progress made in the productivity survey to be conducted by the National Productivity Council.

[Sl. Nos. 28 and 35 (paras 2.33 and 2.60) of Appendix VI to 63rd Report—1966-67]

The National Productivity Council required 31 weeks to complete their study. They commenced their study on the 16th September, 1968. So far they have furnished one progress report, a copy of which is attached (Annexure I).

S. Nos. 30 & 31. Please furnish the following information :

- (i) Progress made in implementing the pilot scheme for costing which was introduced in October, 1958.
- (ii) Whether the Cost Study Team which was appointed in February, 1968 and which was to report within a period of 8 months has submitted its report. If so, please furnish a copy thereof with a note showing action taken thereon.

[Sl. Nos. 30 & 31 (Paras 2.46 & 2.48) of Appendix VI to 63rd Report—1966-67]

The Cost Study Team have not yet been able to submit their report. The term of the Study Team has been extended up to the 31st March, 1969. They will also study the statistics covering a period of one year collected on the basis of Job Costing Scheme introduced in New Delhi Press for evaluation and assessment of the utility or otherwise of the Scheme.

S. No. 34. Please intimate whether Government have finalised disciplinary action against the official who was found after an S.P.E. enquiry to be responsible for shortage of mono metal.

[Sl. No. 34 (Para 2.57) of Appendix VI to 63rd Report, 1966-67]

The Inquiry Officer has since submitted his report which is under examination.

S. Nos. 37-38. Please furnish the following information :

- (i) Copies of legal opinion obtained in this case.
- (ii) the latest position of recovery of dues.

[Sl. Nos. 37 & 38 (paras 2.70 & 2.71) of Appendix VI to 63rd Report—1966-67]

(i) Subsequent to the discussions of the P.A.C. a decision was taken to foreclose the hypothecation deed and to take steps towards the realisation of the dues from the firm. A copy of the latest legal opinion obtained in this case is attached.

(ii) The latest position of recoveries etc. from M/s. Robin Press, Calcutta, as on 31-10-1968 is given below :

	<i>Rs.</i>
(a) Amount appropriated against principal and interest upto October, 1968	2,20,244.46
(b) Amount still outstanding for recovery from the firm at the end of October, 1968:—	
(i) Principal	3,10,270.90
(ii) Interest	7,748.51
	<u>3,18,019.41</u>
On account of the dues in respect of Govt. of India Press, Temple Street, Calcutta. (Residual of the amount of Rs. 17,141.92 after adjusting securities and bills)	4,452.88
Total amount still to be recovered	<u>3,22,472.29</u>
(c) Amount available for adjustment:—	
(i) Amount of bills lying unpassed upto October, 1968	22,094.90
(ii) Amount of admitted bills lying in Cash Section for submission to P & A.O. Calcutta upto October, 1968.	935.60
(iii) Interest accrued on security deposits upto October, 1968 ..	29.25
(iv) Amount of admitted bills sent to the Pay & Accounts Officer, Calcutta for adjustment against the Government dues upto October, 1968	2,710.30
(v) Security deposits	22,700.00
	<u>48,470.05</u>

In the reply given earlier to the P.A.C. the dues outstanding as on January, 31, 1967 against a hypothecation valued at Rs. 3,53,286.65 were shown as Rs. 1,62,838.04 (should be Rs. 1,62,838.01). Interest at the rate of 6% per annum on the amount due from the firm is chargeable as per the terms of the hypothecation deed. When the position regarding out-standings was reported last, the interest had not been calculated. Larger part of the amount of Rs. 2,20,244.46 recovered up to October, 1968 has been adjusted against the interest due. This would explain why the principal amount due from the firm has not appreciably come down.

NEW DELHI,

The 20th December, 1968.

[Ref. File No. 12/7/68-PII]

I/70521

NATIONAL PRODUCTIVITY COUNCIL

38, GOLF LINKS, NEW DELHI-3

*PRODUCTIVITY STUDIES IN GOVERNMENT OF INDIA PRESS.
FARIDABAD*

Progress Report for the month ending October 15, 1968.

The NPC team and the nominees of the Office of the Chief Controller of Printing and Stationery commenced the project in the Govt. of India Press, Faridabad, from September 16, 1968. The first two weeks were spent in understanding and recording the processes, procedures and methods of working, as well as the collection of data pertaining to production, labour strength, fixed capital and expenditure for the years 1965-66 and 1966-67. Efforts are being made to collect similar data for the year 1967-68.

2. The remaining part of the month was devoted to collection of preliminary data in regard to the :

- (a) utilisation and time distribution on various activities of the lino and mono operators as well as the compositors;
- (b) number of mistakes occurred at the lino and mono operations, left undetected by the proof reading branch and left uncorrected by the compositors;
- (c) addition, deletions and alterations made by the authors;
- (d) method of transportation and storage of galleys as well as the time spent by the compositors in locating the galleys.

3. Arising from the analysis of the above data, which has provided better understanding of the processes and procedures and problems connected thereto, the team members have agreed to break themselves into two groups. One group will make a study of capacity, methods and procedures, production norms and quality checks in the Case Room and the other group will study the same areas in the Machine Room and Bindery Section. It is expected to complete these studies latest by the end of January, 1969. During the remaining two months the team will investigate the procedures of production planning and control, inventory control, and evolving final production norms for the incentive scheme.

4. It is heartening to place on record that the team members have been receiving full cooperation from all levels in the Faridabad Press.

5. In order that the team is in a position to report sizeable progress, it is proposed to send the next progress report by the end of November, 1968.

Sd/-
Chief Consultant.

NEW DELHI.

Dated : Oct. 18, 1968.

GOVERNMENT OF INDIA
OFFICE OF THE
CHIEF CONTROLLER OF PRINTING & STATIONERY

M/s. Robin Press one of the firms who have been doing the work of this Department, executed hypothecated deed as guarantee for the Government paper and materials entrusted to it. It has since been decided to foreclose the mortgage deed. A doubt has been raised by the Secretary, Ministry of Works, Housing and Supply whether in this particular case it is possible for Govt. to take possession of the property and auction it instead of going to the Court and getting an official receiver appointed for this purpose. The facts of the case are as under :—

- (a) A lot of Govt. paper and materials were supplied to this firm for executing Govt. jobs. But these materials remained unaccounted in so far as the jobs were not executed, nor did the firm return the materials. It was assessed that the firm owed about Rs. 4,00,000 (worth of materials) to Government. In November, 1957 a physical check up was made which revealed that the materials were not in possession of the firm. Thereafter it was decided that the machinery etc., be hypothecated to Govt. The worth of machinery etc. was assessed at Rs. 1,00,000 by the then Controller of Printing. However, the valuation of the hypothecation was for Rs. 3,50,828. It was also agreed that the firm would pay in instalments of Rs. 10,000 in cash or by adjustment through bills every month.
- (b) Subsequent scrutiny revealed that the firm owed a sum of Rs. 16,131.49 P to the Govt. of India Stationery Office, Calcutta, also. In the meantime, the firm also approached Govt. for reduction in their monthly instalments. A second hypothecation deed was also executed with the understanding that the firm would pay Rs. 5,000 per month or fifty per cent of the bills for the jobs executed by this firm, whichever will be higher. Another factor that came to light subsequently was that the Forms Press, Calcutta, also was to receive Rs. 17,141.92 P from the same firm. The matter is still under consideration and no decision has been taken on any third hypothecation so far.
- (c) Ever since then Office of the Assistant Controller (OP) Calcutta has been awarding jobs to this firm on tender basis and were recovering part of the Govt. dues. But it was found that the firm was not honouring its own commitment. The firm was bound *inter alia* to one commitment, that is, the firm would pay either 50% of the admitted amount of the bill to Government or Rs. 5,000 to Govt. per month whichever would be higher. The firm has not honoured this commitment.

(d) The following statistics would establish the above facts :—

	Rs.
(i) Amount payable to Govt. by the firm from November, 1961 to April, 1967 at the rate of Rs. 5,000 per month.	3,30,000·00
(ii) Amount actually paid	1,91,109·84
(iii) Amount falling short by	1,38,890·16
(iv) Bills (face value) pending with Asst. Controller Printing's Office.	60,942·71
(v) Net shortage	77,947·45
For (v) above a demand Memo. was served on the firm on 13-6-67.	
(e) Even thereafter the firm has gone fallen short of Rs. 52,131·33 P., as dues upto April, 1968 for which also another demand Memo. has been served on the firm on 13-5-68. Needless to add that the firm has not paid these amounts.	
(f) To sum up the position (as on 30-9-67) was :—	Rs.
(i) Balance of hypothecation amount (Rs. 3,53,286·65 P)	1,59,773·00
(ii) Approximate amount of interest to be recovered on the hypothecated amount	1,36,000·00
(iii) Dues in respect of liabilities pointed out by Forms Press, Calcutta in Sept., 1962	17,142·00
	3,12,915·00

Say. Rs. 3·13 lakhs

Against the total outstanding amount of Rs. 3·13 lakhs the assets of the firm are as follows:—

(a) Amount of bills under scrutiny.	60,000·00
(b) Security deposit.	22,700·00
(c) Approximate depreciated value of machinery. (Rs. 50,000) plus structure (Rs. 50,000) plus lease hold land of about 5 cottahs Rs. 15,000/-	1,15,000·00
TOTAL :	1,98,000·00

Will the Ministry of Law kindly give their considered opinion on the doubts raised by the Secretary in this matter?

Sd/- N. DAS GUPTA,
DC (Ptg).

MINISTRY OF LAW
(DEPTT. OF LEGAL AFFAIRS)
(ADVICE WH&R SEC.)

In the referring note, this Ministry has been asked to give their opinion as regards the doubts of the Secretary of the Department in the matter of enforcing the mortgagor's liability under the indentures (hypothecation deed) at flags D and G. It is stated in the opening para of the referring note that the Secretary, Ministry of Works, Housing and Supply has raised a doubt if it is possible for the Government to take possession of the hypothecated property and auction it instead of going to the Court and get an official

receiver appointed for the purpose. The exact nature of the doubt or opinion expressed by the Secretary is not available on the file and so it may not be possible to consider the same from legal point of view.

2. It is, however, clear that in terms of the hypothecation deed at flag D, the possession of the mortgaged property does not vest with the mortgagee. The possession is still with the mortgager and the hypothecation deed can only be enforced through the procedure prescribed by law. Cl. III of the deed, however, provides for arbitration of all the disputes arising under the said deed. So it seems that any disputes arising out of or concerning the said hypothecation deed have got to be settled by arbitration under the aforesaid clause.

3. I had a talk on phone with Shri N. Das Gupta, Deputy Controller of Printing to let me know the exact text of the opinion or doubt expressed by the Secretary to enable us to consider the same in detail. But I am told that no such opinion or doubt has been expressed in writing by the Secretary. In case there is any specific point on which the view of this Ministry is required, the same may be stated in the context of the relevant facts to enable us to do the needful.

Sd/-

Asstt. Legal Adviser,

Tele. 383003. 9-8-1968.

CCP&S

M/Law U.O. No. D.35129/68-Adv. W&H dated 12-8-1968.

I tried to contact Shri N. C. Gupta today. He is not available. Pl. put me through on 17/8.

Sd/-

14-8-1968.

Spoken to Shri Gupta. Re. X P.1/n, I explained to him that DC(Bills) had not expressed the Secretary's suggestion properly. What Secretary had mentioned to me is that appointment of a receiver should be avoided as considerable expenditure takes place in receiver's fees etc. Shri Gupta said a suit will in any case have to be filed in competent court. We need not ask for appointment of a receiver. We have only to apply to court for taking possession and for sale of the property.

We had a letter from Shri Sambamurti also which has not been taken into account before sending the case to Law Ministry. I had explained the whole position to C.P. and the note should not have gone without his knowledge and my specific approval. Let now all the papers be put together. Shri Sambamurti's letter be examined and CP should discuss with Shri Gupta further as directed.

Sd/-

17-8-1968.

As desired relevant papers have been linked. Shri Sambamurthi's d.o. letter may please be seen at p. 235-237/C in linked file 28-OS/57 (Part III).

Dtd.

19-8-1968

Sd/-

19-8-1968.

C.P.

Discussed with Shri Gupta. The point for consideration is whether Govt. can exercise its right under clause (1f) without going to a Court of Law. Law Ministry may kindly see with reference to my personal discussion and the note of the CCP&S dated 17-8-1968.

Sd/-
20-8-1968

Shri Gupta

MINISTRY OF LAW
(DEPTT. OF LEGAL AFFAIRS)
(ADVICE WH&R SEC.)

Reference my earlier note dated 9th August, 1968 at pp.3-4/ante.

2. I have discussed this case with Controller of Printing, who brought the file personally to me.

3. As stated in my earlier note, if there is any dispute or difference which arises between the parties in respect of the hypothecation deed in question, the same is to be referred to arbitration in terms of Cl. III of the Indenture. No doubt, under Cl. I(f) of the Indenture, the mortgagee is entitled "to take possession and/or appoint Receiver or Receivers of the hypothecated goods under this security, give notices and demands to debtors and third parties liable therefor, sue for, recover, receive, and receipts for the same and sell or realise by public auction or private contract or otherwise dispose of or deal with all such hypothecated goods or any portion thereof. etc." at the mortgagor's risk and expense in case of any default in the payment of the stipulated instalments or performance of any other obligations under the deed.

4. Now that there has been default in the payment of instalments and performance of other obligations on the part of the mortgagor, the mortgagee is entitled to take possession of the premises and deal with the mortgaged property in terms of Cl. I(f) quoted above. For that, the mortgagee Govt. may press the mortgagor to deliver possession of the mortgaged property to them in terms of the aforesaid stipulation. In case the mortgagor refuses to deliver possession or raises any objection thereto, the only course would be to enforce the mortgagee's right through the arbitration as provided under Cl. III of the Indenture.

5. It may, however, be noted that since the mortgaged property would be the subject matter of dispute before the arbitrator, the Government would also be entitled after the start of the arbitration proceedings to seek an appropriate direction as regards interim injunction and custody of the property etc., from the competent court of jurisdiction under S. 41 read with Second Schedule of the Indian Arbitration Act, 1940. They need not wait for the said direction till the award is made by the arbitrator.

Sd/-
Asstt. Legal Adviser,
21-8-1968.
Tele : 383003

CCP&S

M/Law U.O. No. D.35411/68-Adv.W&H dated 21-8-1968.

MINISTRY OF LAW
DEPARTMENT OF LEGAL AFFAIRS
ADVICE (WH&S) SEC.

The matter was discussed today with Shri J. P. Mittal, S.O. in the Ministry of Works, Housing and Supply.

2. Two questions raised in the referring note are answered as below :—

(i) I have already advised that the firm should be pressed to deliver possession of the mortgaged property in terms of Cl. 1(f) of the indenture in question and in case of refusal, the matter may be taken to arbitration in terms of Cl. III of the said Indenture (flag D). In this connection, reference may be made to my earlier note dated 21-8-1968 (Folder A).

I may add that the provision as to arbitration, though not specifically incorporated in the supplemental Indenture dated 9-10-1961 (flag G) will be read as incorporated therein by reason of Cl. 6 thereof which provides that "save and except as expressly varied as aforesaid, the said Principal Deed and everything therein contained shall remain in full force and effect and shall be binding on the parties".

It is not clear as to why the Branch Secretariat, Calcutta has advised filling of the suit in the matter. I would suggest that the matter may be referred back to them for examination and clarification in the light of my two notes in Folder A before taking final action in the matter.

As regards question (ii), the two print orders in question are not on record and it is not possible to say as to whether any dispute arising thereunder independently of the mortgage deed would be within time. It is stated that the amount due to the Govt. towards cost of materials supplied to the firm which remained unaccounted for was included in the total amount of the aforesaid Indenture—hypothecation deed, and further that one of the print orders contains no arbitration clause. If so, the disputes under the said print order cannot be referred to arbitration in the absence of the arbitration clause.

We can only examine this matter after the said print orders and all the correspondence in the seriatum in respect thereof is duly referenced and placed on record.

JS&LA may kindly see.

Sd/-
30-10-1968
Sd/-
30-10-1968

JS&LA

Ministry of Works, Housing and Supply.

Min. of Law U.O. No. D.36465/68-Adv.W&H dt. 31-10-1968.

C.C.P. & S. may please see for further necessary action.

Sd/-
2-11-1968

D.S. may also kindly see.

Sd/-
4-11-1968
Sd/-

Copy

O.P. Branch
1-Council House Street,
Calcutta-1.

SUB :—*Recovery of Government dues from S/S Robin Press, Calcutta.*

Ministry of Law, Branch Secretariat, Calcutta may kindly refer to their advice given on 25-7-1968 at page 330/N on the above subject.

2. This case was referred to the Ministry of Law, Deptt. of Legal Affairs (Advice) New Delhi by the Chief Controller of Printing and Stationery, New Delhi. In this connection, the observations given by the Ministry of Law, Deptt. of Legal Affairs, New Delhi on 12-8-1968, 21-8-1968 and 31-10-1968 at pages-192/c, 193-194/c and 188/c may kindly be pursued.

3. Ministry of Law, Branch Secretariat, Calcutta, may kindly reconsider the case in the light of observations made by the Ministry of Law, Deptt. of Legal Affairs, New Delhi, and advise this office in the matter.

4. Since this case comes under the purview of the Indian Limitation Act, 1963, the advice of the Ministry of Law, Branch Secretariat, Calcutta may kindly be given as early as possible.

Sd/-

Asstt. Controller, Printing

Ministry of Law, Branch Sectt. Calcutta U.O.

ACP(OP) Calcutta U.O. No. P/P/210(AV.Pt.IV) dt. 21-11-1968.

NOTES IN THE MIN. OF LAW

BRANCH SECTT. CALCUTTA

By virtue of Clause 1(f) of the Mortgage Deed any default by the mortgagors in payment of any of the instalments enables the mortgagee to take possession and/or appoint a Receiver of the hypothecated property and sue for or realise by public auction or private contract the amount due. When the matter was discussed by Shri Mukherjee on the 5th and 25th July, 1968, we were told that it was by no means an easy task to obtain possession inasmuch as the firm were asking for all sorts of irrelevant information which showed that they were not keen on paying the amount due but were bent on resorting to dilatory tactics. We, therefore, felt that the filing of a suit for possession and/or sale of the hypothecated property by a Receiver appointed by Court would facilitate the recovery of the amount due.

2. Though the Mortgage deed contains an Arbitration Clause, in a case such as the one on hand the institution of proceedings before the arbitrator will not by itself be quite effective inasmuch as the jurisdiction of the civil court will have to be invoked for the purpose of appointment of Receiver to take custody of the hypothecated property and sell the same. This consideration prompted us to advise filing of a suit a remedy envisaged by Clause 1(f). During discussion, Shri Mukherjee pointed out that the sale proceeds of the hypothecated property may not be adequate to set off the

entire liability. If so, it would be necessary to resort to arbitration for recovery of the entire dues. After calling on the firm to deliver possession arbitration proceedings may be initiated and action may be taken as proposed in para 5 of the Main Sectt. note dated 21-8-1968.

3. On the aspect of limitation we would like to draw the attention of the department to Section 37(3) of the Arbitration Act, 1940, which in so far as it is material, says that an arbitration shall be deemed to have commenced when one party to the arbitration agreement serves on the other parties a notice requiring that the differences be submitted to the person named or designated in agreement. Therefore, the date when the department seeks reference to arbitration in the manner provided for in Clause III of the Mortgage Deed and puts the firm on notice thereof would constitute the date on which the proceedings commenced. Expeditious steps for the appointment of the arbitrator may be taken.

Sd/-
Dy. Legal Adviser
23-11-1968

Assistant Controller (Printing).

Min. of Law, Calcutta, U.O. Note No. 2110/68-Adv.Cal dated 23-11-1968.

Recommendations

The Committee are surprised that although action for awarding a new contract was initiated in November, 1961, modification of certain clauses of the contract took about 11 months. This delay was avoidable. It is not clear to the Committee why the contract was not awarded to the lowest tenderer after receipt of tenders, in October, 1962. Failure to do so not only resulted in avoidable extra expenditure at old rates for the period October to January, 1963, but also violated the sanctity of the tender system. The Committee would like the matter to be properly investigated and the result intimated to them. The Committee hope that such cases will not recur again.

[Sl. No. 36 (para 2.65) of Appendix VI of 63rd Report, 1966-67]

Action taken

The Bindery contract was entered into with various firms in June, 1959, for a period of three years (1959-62), and was valid up to the 4th June, 1962. Necessary action to conclude a fresh contract was initiated well in time, *i.e.* in November, 1961. However, in the light of experience gained during the currency of the contract, it was found necessary to modify certain clauses of the Invitation to Tender. The finalisation of the conditions of contract in consultation with the Ministry of Law and bringing the skeleton schedule of rates up-to-date, in consultation with sister units at Calcutta, took some time. Tender enquiry could not, therefore, be issued earlier than September, 1962. (A note showing the various stages of the finalisation of the contract is attached). As huge demands for file boards/bands from Government Departments were pending, and finalisation of a new contract would have taken time, there was no alternative but to extend the existing contract up to 4-1-1963.

2. Scrutiny of tenders, inspection of tenderers' premises for assessing their past performance, capacity etc., took some time. After examination

of the tenders, it was observed that the rates quoted for file boards/file bands were lower than those of the current contract. The Manager considered it desirable to find out from the two firms, holding the old contracts, whether they would be in a position to supply the file boards and file bands at the lowest rates (Rs. 262.25p per 1000 file boards, and Rs. 79.00, per 1000 file bands) obtained in response to the fresh tender enquiry. (The old rates of these firms were Rs. 290.00, per 1000 file boards, and Rs. 90.00, per 1000 file bands). In January, 1963 the firms communicated their willingness to supply the file boards and file bands at the lowest rates. *Ad hoc* orders were, accordingly, placed with the two firms, to meet the pressing demands of indentors for these two items.

3. The tendered samples of file boards, submitted by the lowest tenderer and also the samples of file boards, procured against the said *ad hoc* orders, were examined and found to be of inferior quality. Hence, it was decided to ignore the lowest rate of Rs. 262.25p, per 1000 file boards, and to accept the next lowest rate of Rs. 274.00, per 1000 file boards, of the other firm, whose samples were found to be acceptable. As regards File bands, the lowest rate of Rs. 79.00 per 1000 was accepted. The new contracts for file boards and file bands were finalised in July, 1964. During the intervening period from Jan., 1963 (the date of the expiry of the extended period of old contracts) and July, 1964 (the date of commencement of new contracts) file boards and file bands were purchased at the lowest rates received against the fresh tender enquiry.

Instructions have, however, been issued reiterating the need for expeditious finalization of contracts (copy enclosed).

Dated the December, 1968.
[Ref : File No. 12(8)/67-PI/PII.]

GOVERNMENT OF INDIA
OFFICE OF THE
CHIEF CONTROLLER OF PRINTING AND STATIONERY

No. 25/45/67-OP

New Delhi, the 10th October, 1967

MEMORANDUM

SUBJECT :—*Recommendations of the P.A.C. in dealing with contract cases.*

In the course of the discussion of the Commercial Audit Report of 1966 relating to the Govt. of India Presses, the PAC had drawn the attention of the department to inordinate delays in the matter of finalisation of the contracts and placement of orders thereafter. The Committee had observed with reference to the conclusion of contract by one of the heads of Presses as under :—

“The Committee are surprised that although action for awarding a new contract was initiated in Nov., 1961, modification of certain clauses of the contract took about 11 months. This delay was avoidable. It is not clear to the Committee why the contract was not awarded to the lowest tenderer after receipt of tenders in Oct., 1962. Failure to do so, not only resulted in avoidable extra expenditure at old rates for the period Oct. to January, 1963 but also

violated the sanctity of the tender system. The Committee hope that such cases will not recur again".

The heads of presses, should keep in view the observations of the Committee and ensure that tenders are dealt with promptly and no delays take place.

Sd/-
Controller of Printing

To the Heads of Presses and Branches for information and future guidance.

Copy together with a spare copy forwarded for information to B&A Section.

Sd/-
Controller of Printing

Note showing the various stages of the finalisation of terms of the contract :

The matter was examined in detail by the Government of India Press, Temple Street, Calcutta. Thereafter, the draft of conditions of contract was sent to the Government of India Press, Hastings Street Calcutta on 22-1-1962. The draft was received back from the Hastings Street Press on 22-2-1962, and the Manager, Government of India Press, Temple Street, Calcutta passed orders on 29-2-1962 for inclusion of certain new items.

The proposal for the new contract was then sent to the office of C.C.P.&S. on 9-3-1962. On 1-6-1962, the office of the C.C.P.&S. informed the Manager, Government of India Press, Temple Street, Calcutta that before the Chief Controller's formal approval was obtained the draft of the revised conditions etc. should be got vetted from the Central Government Solicitor.

The matter was referred by the Temple Street Press to the Government Solicitor on 19-6-1962. The Solicitor, after vetting the draft, returned it to the Temple Street Press, on 17-7-1962.

On 31-7-1962, the draft of the revised conditions of contract, etc., was sent to the C.C.P. & S.'s office at New Delhi. The approval of the C.C.P. & S. was communicated to the Temple Street Press on 24-8-1962. On 4-9-1962, the Director of Advertising and Visual Publicity was asked to publish the advertisement in newspapers and the Director General of Commercial Statistics was asked to publish the advertisement in the Indian Trade Journal on 5-9-1962.

The tender notice was published in the press on 19-9-1962 and 20-9-1962.

Recommendation

In para 62 of their 39th Report (Third Lok Sabha), the Committee had suggested that in every case where arbitration award is given against Govt., a careful study of the reasons for the same should be undertaken with a view to taking remedial steps including disciplinary action where called for. The Committee are surprised that Department have understood this to mean

only a review whether the cases were conducted before the arbitrators efficiently and diligently. What the Committee had desired was that an analysis should be made of the lapses on the part of the Department committed during the execution of works which resulted in the cases going against the Government in arbitration. The Committee desire that a review on these lines should be made in each case with a view to taking remedial measure and disciplinary action where called for. If arbitration cases are lost due to ambiguities in the contract form, these should be removed.

[Sl. No. 62 (Para 2.166) of Appendix VI to 63rd Report (Third Lok Sabha)]

The Committee note with concern the various lapses pointed out by Audit on the part of the Department revealed in a review of 50 cases in which awards totalling about Rs. 2.06 lakhs went against Government during 1964-65. They were informed that certain general instructions had been issued by Department in this behalf but they have not been informed about the specific steps taken by the Department to prevent the recurrence of such lapses. The Committee desire that Department should review their instructions and ensure that these were made exhaustive enough to provide specific measure to be taken in order to safeguard against losses arising from such lapses. The Committee also desire that in the 50 cases where review was conducted by Audit, the Government should examine how far non-observance of prescribed instructions or negligence of the various officials resulted in loss to Government.

[Sl. No. 63 (Para 2.167) of Appendix VI to 63rd Report (Third Lok Sabha)]

Action taken

The observations of the Committee have been noted and steps are being taken to review these cases on the lines suggested by the P.A.C. Further progress of this review will be intimated to the Committee in due course.

Recommendation

In para 62 of their 39th Report (Third Lok Sabha), the Committee had suggested that in every case where arbitration award is given against Government, a careful study of the reasons for the same should be undertaken with a view to taking remedial steps including disciplinary action where called for. The Committee are surprised that Department have understood this to mean only a review whether the cases were conducted before the arbitrators efficiently and diligently. What the Committee had desired was that an analysis should be made of the lapses on the part of the Department committed during the execution of the works which resulted in the cases going against the Government in arbitration. The Committee desire that a review on these lines should be made in each case with a view to taking remedial measure and disciplinary action where called for. If arbitration cases are lost due to ambiguities in the contract form, these should be removed.

(S. No. 62 Para No. 2.166 of the Appendix VI to 63rd Report of the P.A.C.).

Action taken

The following two points have been brought out in the above recommendation :—

- (i) Review should be made of all those cases which have gone against Government in arbitration with a view to taking remedial measures and disciplinary action where called for, and
- (ii) If arbitration cases are lost due to ambiguities in contract form, these should be removed.

With regard to (i) above, it is stated that the Chief Engineers concerned, after reviewing the arbitration cases which had gone against Government during the years 1963-66, have reported that action is called for only in 21 cases, zone-wise breakup of which is given as under :—

Chief Engineer (DA)	9 cases
Chief Engineer (NZ)	10 cases
Chief Engineer (FZ)	1 case
Chief Engineer (SWZ)	1 case
Total	21 cases

A list of these cases has been sent to the vigilance unit of the C.P.W.D. for necessary action. The Chief Engineer (V) has intimated that he has called for the records/information in respect of these 21 cases from the concerned officers. In some cases the records have been received and are under examination, in other cases the concerned offices have been reminded by him.

Regarding (ii) above, it is stated that the Planning Commission had set up a Working Group to prepare a standard contract form for construction works under the Chairmanship of Shri P. N. Gadi Consultant (Construction) with members representing various departments viz. C.P.W.D., M.E.S., Railways, N.B.C.C., Bureau of Public Enterprises, Director General of Border Roads and Ministries of Finance and Law. The Working Group have submitted their Report to Government.

A Committee consisting of the following officials in the C.P.W.D. has been formed to examine the new standard contract form evolved by the Working Group of the Planning Commission and suggest modification, if any, which are necessary to suit the needs of the Department :

- (i) Local Superintending Surveyor of Works.
- (ii) Superintending Engineer, Delhi Central Circle No. I and III.
- (iii) Senior Counsel.

The Committee have also been requested to take a note of the observations of the P.A.C. while sending their comments on the contract form.

Recommendation

The Committee note with concern the various lapses pointed out by Audit on the part of the Department revealed in a review of 50 cases in which awards totalling about Rs. 2.06 lakhs went against Government during 1964-65. They were informed that certain general instructions had been issued by Department in this behalf but they have not been informed about the specific steps taken by the Department to prevent the

recurrence of such lapses. The Committee desire that Department should review their instructions and ensure that these were made exhaustive enough to provide specific measure to be taken in order to safeguard against losses arising from such lapses. The Committee also desire that in the 50 cases where review was conducted by Audit, the Government should examine how far non observance of prescribed instructions or negligence of the various officials resulted in loss to Government.

[Serial No. 63 (Para 2.167) of Appendix VI to the 63rd Report.

Action taken

There were 50 arbitration award cases where review was conducted by Audit. Out of these cases details of only 20 cases were available in the Audit Report and accordingly Audit were requested to send details of 30 cases which had been received on 3-10-1967. The Chief Engineer (NDZ) and the Chief Engineer (DA) were requested on the 16th October, 1967 to examine the cases pertaining to their zones in detail and furnish the report to the Chief Engineer (V) for taking any remedial or disciplinary action.

The Chief Engineers have since reported after reviewing the cases that disciplinary action is called for only in 8 cases out of 44 cases. The report in regard to these cases is still awaited from the Chief Engineers. The Chief Engineer (V) is looking into 8 cases which have been reported by Chief Engineers requiring disciplinary action and his report is still awaited. A copy of the instructions issued *vide* C.P.W.D. Memorandum No. CE/Con/381 dated the 8th October, 1965 regarding proper defence of arbitration cases is enclosed. A copy thereof was sent by the Ministry of Works, Housing & Supply to the Lok Sabha Secretariat with their U.O. No. 12011(26)/65-W dated the 10th November, 1966. At present these instructions are considered to be adequate. Should it be found necessary to amend them as a result of the review which is now being made by the Chief Engineer (V), necessary steps will be taken to amend/modify/amplify them suitably.

COPY

CENTRAL PUBLIC WORKS DEPARTMENT

No. CE/Con/381

New Delhi, dated the 8th October, 1965

MEMORANDUM

SUBJECT :—*Arbitration cases—defence etc. thereof*

It is the primary responsibility of Divisional Officers in this department to maintain proper records of all arbitration cases and arrange necessary defence thereof in such a manner that Government interest is safeguarded at all stages till the cases are finalised. According to the observations made by one of the arbitrators in the Ministry, the defence of cases put forward before the appointed arbitrators has been found or in some cases to be inadequate. Some of reasons for inadequate defence along with its effect on the cases are :—

- (a) Most of the cases are very old, some of them dating back to eight years or more. More often than not the work would have

changed hands with more than one Executive Engineer during its execution and subsequently passed into the hands of one or more Executive Engineers. It is also seen that at the stage of arbitration, the Divisions which dealt with the work would have been defunct long ago.

The direct effect of the above is that the Executive Engineer who is charged with the task of defending the case is considerably handicapped in getting a connected and co-ordinated picture of the case and thereafter in collecting all the relevant correspondence to rebut the contractor's claim. While the contractors would have carefully arrayed all the facts and figures pertaining to their claims, a similar or even more careful effort is called for on the part of the Department to counter such claims. Otherwise the result is that the counter-statement of facts is sketchy, peremptory and contains bald statements of denials and is generally unsupported by relevant documents. When interrogatories are administered by the Arbitrator to the Executive Engineers in respect of certain details of claim, the Executive Engineers are either unable to give satisfactory replies to the questions or try to supply the answers based on their own presumptions or conjectures. They also take the plea that they are unable to give the required answers as the cases are old or that they were not in charge of the execution. The above state of affairs is also directly responsible for the enormous delay on the part of the department in submitting counter-statement of facts, a factor which in a large measure contributes to slow disposal of arbitration cases.

- (b) The contract documents produced before arbitrators do not contain original drawings. After the work is started, there are a large number of additional drawings or revised drawing that are issued. These drawings are vital in examining the claims and counter claims of the parties and are invariably not produced. Moreover, the contractors complain that they are not supplied with drawings required for execution or works.

The effect of this is that due to non-production of the drawings, the correct and justified counter claims of the department sometime become untenable. This also leads sometimes to a genuine claim of the contractor being disregarded.

- (c) The system of preservation of important records in the Divisional Offices is defective. The site order books, register of daily issues of cement, steel, paints and such like materials as well as level books and registers of levels are not properly preserved and produced on demand.

The effect of this is that in the absence of proper maintenance of these records and relevant documents, the arbitrator is not able to grasp the true facts of the case and reliance has to be placed by him on the circumstances and facts of the case as brought out before him by the parties.

- (d) The arbitration cases are generally considered as a legacy of old and defunct divisions handed over to subsequent E.Es who may be in charge of heavy construction Divisions.

The Executive Engineers are inclined to neglect the cases and do not study and marshal the facts and figures in defence before the arbitrator. Consequently, the departmental defence is uninspired, lukewarm and stale.

2. The case has been examined in this office in the light of the above points and it has been decided that the following instructions should be rigidly followed by all Divisional Officers with immediate effect.

(i) Every Engineer who is in charge of a work should necessarily maintain a separate file in so far as the disputes that crop up on a work are concerned and leave a self-contained note in the file at the time of his transfer, dealing with full background of all the disputes that have cropped up upto the time of his transfer, the various developments thereon, the orders passed etc., with due reference to the connected files. This should form a necessary and essential feature of all handing over notes. Suitable method and procedure should be devised in the Divisional Office by which such files are carefully preserved and become available at a later stage to the Executive Engineer who may be called upon to defend the case. Everything should be so arranged that the Executive Engineer who is actually called upon to defend the case should be able to defend the case on proper lines.

(ii) It should be made a rule in the Divisional Office that all drawings issued with the N.I.T. and those subsequently followed for execution of works are properly preserved and kept along with the contract documents.

(iii) It should be seen and ensured by the Divisional Officer that suitable and adequate arrangements are made in his Division regarding preservation of all important documents, registers etc. Besides others, a list of all such records should be prepared and kept handy so that correct position of each case may be known to the Divisional Officer concerned with the conduct of the case. The departmental defence should not be allowed to fail on account of non-production of the documents.

(iv) The arbitration cases should not be considered as a legacy of old and defunct divisions handed over to subsequent E.E's. They should on the other hand, be given due importance and dealt with on priority basis at all stages till they are finally disposed of.

3. It shall also be the duty of all S.Es in this department to see and ensure that the above instructions are rigidly followed by all Divisional Officers under them.

4. The receipt of this Memo. may please be acknowledge.

Sd/-
Chief Engineer

To

All the Divisional Officers, C.P.W.D.

Copy forwarded for information to :—

1. All Addl. Chief Engineers, C.P.W.D.
2. All S.Es, S.S.Ws, D.H.O. & C.R.E., C.P.W.D.
3. Chief Construction Engineer, Sonauli Pokhara Road Project, Butwal, c/o the Post master Nautanwa Distt. Gorakhpur (U.P.).
4. All E.Os to C.E. & A.O.Es, C.P.W.D.
5. All E.Os to Union Territories.
6. All F.As to C.E. & A.C.Es & A.FAs, C.P.W.D.

7. Executive Engineer, Delhi Drainage Investigation & Division, B-Barracks, Curzen Road, New Delhi.
8. Chief Technical Examiner, Central Vigilance Commission, Ministry of Home Affairs, New Delhi (with 6 spare copies).
9. Director, Indian Aid Mission, Kathmandu, Nepal.
10. Superintending Engineer, Construction Circle, Dandakarya Project, Jagdalpur.

M. R. MASANI

*Chairman,
Public Accounts Committee*

NEW DELHI,
April 28, 1969

Vaisakha 8, 1891 (Saka).

APPENDIX

Summary of Main Conclusions/Recommendations

S. No.	Para No. of Report	Ministry/Department concerned	Recommendation
1	2	3	4
1.	1.4	Transport and Shipping, Works and Housing	The Committee hope that replies to the outstanding recommendations and final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.
2.	1.9	Works and Housing	The Committee note from the information furnished by Government that eviction proceedings are in progress in respect of 47 Government houses in occupation of non-eligible parties. In 58 other cases where houses at present stand allotted to non-eligible parties, a review has to be made to decide whether they should be allowed extension of the period of allotment. In view of the fact that there is acute shortage of Government accommodation for allotment to entitled persons, the Committee desire that necessary steps should be taken to expedite the eviction proceedings in these cases and also to get the Government accommodation vacated by other non-entitled persons in pursuance of the recent review. In other cases where it has been decided as a matter of policy to allow certain categories of non-entitled individuals and cultural and social welfare organisations to retain the accommodation, market rent should be invariably charged.
3.	1.18	Works and Housing	The Committee find from the information furnished to them that out of 64 requisitioned houses/buildings referred to in para 2.14 of their 63rd Report (Third Lok Sabha), 27 have been derequisitioned and 2 have been purchased by Government, leaving a balance of 35 requisitioned houses/buildings with Government at Delhi. Out of these 35 houses, 6 have been allotted to Government offices, 6 to private parties, 3 to State Governments, 2 to Khadi & Village Industries Commission, 2 to Foreign Embassies, 1 to a Railway Booking Agency and 15 to tenure officers. Of these houses, 10 are not being used for the purpose they were requisitioned. The Committee would like Government to review in detail these ten cases so that the property could be restored at the earliest to the owners if no longer required for Government use.

1	2	3	4
			The Committee also desire that the question of de-requisitioning the six buildings allotted to private parties should be vigorously pursued.
4.	1.23	Works and Housing	The Committee are unhappy that due to lapses that occurred in the Land & Development Office, the Department have had to forego ground rent amounting to Rs. 46,719 upto March, 1968 on certain additional construction by a lessee on a plot purchased by him. Government are also suffering a recurring loss of Rs. 4,877 per annum on this account. It is surprising that before permitting additional construction, the Land & Development Office failed to make any stipulation in writing about the ground rent that should be paid by the lessee. Even more surprising is the fact that the letter forwarding the approved plans for additional construction to the lessee is not available on record in one case. The Committee regret to observe that the officers concerned acted in undue haste in order that the officers concerned acted in undue haste in order to accommodate the lessee so that he could get the plans sanctioned by the Municipal authorities expeditiously. In their solicitude for the lessee's interest, they overlooked the fact that before finally approving the plans, it was necessary to execute a formal agreement regarding the terms and conditions on which the additional construction would be permitted.
			The Committee are not convinced by Government explanation that no individual was at fault in the matter and would like the case to be investigated for fixing responsibility.
5.	1.27	Works and Housing	The Committee note that as against a sum of Rs. 3.32 lakhs recoverable from the Press towards Government dues, only an amount of Rs. 48,470, by way of security deposit and admitted claims of the Press, is available for adjustment. The property of the Press stands mortgaged to the Government and Government have decided to foreclose the mortgage, but further action, pursuant to foreclosure, is still to be taken. The Committee would like to be appraised of the outcome of the case.
6.	1.31	Works and Housing	The Committee note that a private organisation which was allotted Government accommodation continues to be in occupation of it, even after cancellation of the allotment with effect from November, 1967. Government have now started

1	2	3	4
			eviction proceedings against the party. The Committee would like these to be speedily finalised.
7.	1.35	Works and Housing	The Committee would like Government to take speedy action for the assessment and recovery of the extra expenditure incurred due to default by the Bharat Sewak Samaj.
8.	1.40	Works and Housing	The Committee regret to observe that due to inability of the D.G.S. & D. to furnish "vital information", it has not been possible to complete investigation into certain cases of shortages of stores which occurred several years ago. They note that the information has since been furnished to the Central Bureau of Investigation, who were asked to conduct investigations. The Committee hope that these investigations would be speedily completed and necessary remedial steps initiated, as losses of stores in transit from Calcutta to Port Blair seem to have become a recurring phenomenon.
9.	1.44	Works, Housing and Urban Development	The Committee note that the Delhi Development Authority was unable to recover 'damages' for continued occupation of properties, beyond the expiry of leases therefor, at enhanced rates at which the demands were originally raised. Consequently, the Authority was obliged to scale down the 'damages' to the rates at which rents were being charged when the leases were in force. The Committee also observe that heavy arrears amounting to Rs. 34.47 lakhs on account of damages are still awaiting realisation in Nazul-I account. As a result of reorganisation of the staffing structure of the Delhi Development Authority, there has been an augmentation of the staff employed by the Delhi Development Authority. There is, therefore, little justification for recover work still being left in arrears. The Committee trust that action will be taken to ensure that all expired leases are duly examined to ascertain on what terms they should be renewed, and also to speed up recovery of arrears speeded up.
10.	1.47	Works Housing and Urban Development	The Committee are not satisfied with the reply given by Government. It indicates neither the amount of unspent balances with Delhi Development Authority nor the precise steps being taken to ensure that there are put to gainful use. What is even more regrettable is that a sketchy reply of this type should have been given to the Committee a year and a half after

1	2	3	4
			the due date of submission of replies. The Committee would like to impress upon the Department of Health and Urban Development, the need to ensure that replies sent pursuant to the observations of the Committee are made as explicit and self contained as possible and that they are sent well within the prescribed time-limit of six months.

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, Rapi Jhansi Road, New Delhi.	76
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	35.	The United Book Agency, 48, Amrit 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 Narankari 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
AGENTS IN FOREIGN COUNTRIES					
31.	Bahree Brothers, 188 Lajpatrai Market, Delhi-6.	27	39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.-2.	59
32.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66			

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