

**PUBLIC ACCOUNTS COMMITTEE
(1964-65)**

THIRTY-FIFTH REPORT

(THIRD LOK SABHA)

[Appropriation Accounts (Civil), 1962-63 and Audit Report (Civil), 1964 relating to the Ministries of Commerce, Food and Agriculture, Health, Home Affairs and Industry].



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 1965

Chaitra, 1887 (Saka)

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CORRIGENDA TO THIRTY-FIFTH REPORT OF P.A.C. (1964-65)

(PRESENTED TO LOK SABHA ON 20-4-1965)

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Proceedings of 73rd sitting held on 30-3-65.

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(1964-65)

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INTRODUCTION

I, the Chairman of the Public Accounts Committee, do present on their behalf this Thirty-fifth Report on the Appropriation Accounts (Civil), 1962-63 and Audit Report (Civil), 1964 in so far as they relate to the Ministries of Commerce, Food & Agriculture, Health (including D.D.A. and All India Institute of Medical Sciences), Home Affairs and Industry.

2. The Appropriation Accounts (Civil), 1962-63 and Audit Report, 1964 were laid on the Table of the House on the 11th March, 1964. The Committee examined these at their sittings held on the 13th, 14th, 15th and 18th January, 1965. A brief record of the proceedings of each sitting forms part of the Report (Part II).*

3. The Committee considered and finalised the Report at their sitting held on the 30th March, 1965.

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

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

They would also like to express their thanks to the officers of the Ministries etc. concerned, for the co-operation extended by them in giving information to the Committee during the course of evidence.

NEW DELHI;
March 31, 1965.
Chaitra 10, 1887 (Saka).

R. R. MORARKA,
Chairman,
Public Accounts Committee

*Not printed. One cyclostyled copy laid on the Table of the House and five copies placed in Parliament Library.

MINISTRY OF COMMERCE

ALL INDIA HANDLOOM BOARD

Grants in excess of requirements—Para 49, pages 58-59 of Audit Report (Civil), 1964.

1. Grants aggregating Rs. 7.71 lakhs were released during 1959-62 by the All India Handloom Board to the Central Social Welfare Board for ultimate disbursement to Social Welfare Organisations for setting up handloom training-cum-production centres. A year-wise analysis of the grants thus disbursed and the amounts released by the Central Social Welfare Board to social welfare bodies is given below:

(In lakhs of rupees)

Year	Grants disbursed by the Handloom Board to the Central Social Welfare Board	Amount released by the Central Social Welfare Board to ultimate grantees	Balance with the Central Social Welfare Board
1959-60	4.89	Nil	4.89
1960-61	2.12	2.15	4.86
1961-62	0.70	0.90*	4.66

*A further release of about Rs. 0.68 lakh was made by the Central Social Welfare Board during 1962-63, upto December, 1962.

The total amount of Rs. 3.73 lakhs utilised by the Central Social Welfare Board in the distribution of grants, upto December, 1962 was even less than the total grant of Rs. 4.89 lakhs received from the Handloom Board in 1959-60; further grants of Rs. 2.12 lakhs and Rs. 0.70 lakh released in 1960-61 and 1961-62 respectively, by the Handloom Board were apparently paid without ensuring that grants paid earlier had been fully utilised.

The Central Social Welfare Board have not maintained a register of permanent and semi-permanent assets created out of grants given to them. It was stated by them in December, 1962 that the provision of the Government orders in this respect had been brought to their notice only recently.

The Committee desired to know the circumstances under which extra grants were given by the Handloom Board to the Central Social Welfare Board in spite of the fact that the Central Social Welfare Board could not utilise the grants. The Secretary of the Ministry of Commerce admitted in evidence that the Central Social Welfare Board was not able to spend the grants given to them by the Handloom Board and assured the Committee that they would devise a procedure by which the Welfare Board would not keep large unutilised funds meant to be disbursed to the individual institutions by them. The representative of the Ministry thereafter explained the procedure of disbursement of grants to the different institutions and stated that on receipt of payment of the amount sanctioned by the Ministry, a formal sanction was issued by the Handloom Board in favour of the grantee institution. According to the conditions put forth while sanctioning grants, the grant was intended to cover the expenditure as provided in the approved schemes. In case any amount remained unspent after the expiry of the period prior approval of the Welfare Board was to be obtained before utilising the unspent amount. The institution was to exercise utmost economy in expenditure etc. The witness added that the pattern of spending the money was sound but the money had been disbursed to the Welfare Board in excess of their capacity to spend. The Committee enquired whether the Welfare Board scrutinised and satisfied themselves that those institutions were capable of holding any training course or were having any production. The representative of the Ministry stated that that was a kind of pioneering work which the Board was doing. It was quite true that the institutions were not ready to start immediately training-cum-production schemes. As regards reasons for delay in starting training-cum-production schemes, the witness stated that it was due to time taken in construction of workshops, purchase of tools and equipment and selection of training staff, etc.

The Committee enquired the dates on which the grants amounting to Rs. 4.89 lakhs were disbursed by the Handloom Board to the Central Social Welfare Board in the year 1959-60, the dates on which these institutions for which grants were released in favour of the Central Social Welfare Board started functioning and the break-up of Rs. 4.89 lakhs disbursed by the Handloom Board in 1959-60 showing the amounts under recurring and non-recurring grants. From the note furnished by the Ministry of Commerce, the Committee find that in respect of many institutions (Barama Ashram, Barama, Assam; Women's Handloom Production Centre, Kohima, Nagaland; Matru Mangal Vidyalaya, Reengus, Rajasthan; Divine Light School for the Blind, Bangalore and Panachikad Kasturba Mahila Samajam, Kottayam, Kerala) grant had been disbursed to the Central Social Welfare

Board in February/March, 1960 but the units actually started functioning only in 1961-62 or even later and in the case of Women's Handloom Production Centre, Kohima, the unit has not yet started functioning.

The Committee find no justification for giving grants in the closing months of the year 1959-60 when they could not have been utilised during the year. They are also unhappy to note that the grants had been given before the institutions were in a position to start training-cum-production schemes. They feel that before the release of the grants, the All India Handloom Board should have satisfied themselves about the capabilities of the institutions of starting training-cum-production schemes.

2. To a question why the Central Social Welfare Board was given grants by different Ministries when it was financed by the Ministry of Education, the Secretary of the Ministry stated that the Central Social Welfare Board could not get assistance from the Ministry of Education for setting up handloom training-cum-production Centres. The witness pointed out that there could be a procedure whereby administrative approval could be given for different schemes by the Ministries concerned and the grants might be given by the Ministry of Education. He promised to request the Ministry of Finance to consider that aspect. The Committee enquired whether the question of giving grants direct by the Ministry to the institutions had been examined. The witness stated that as money was given for all handloom schemes, those schemes were financed from the funds of the Handloom Board. As the Central Social Welfare Board had special knowledge of those schemes, grants were disbursed through them. He further stated that there could also be another arrangement by which the Central Welfare Board could recommend the names of institutions to the Handloom Board and the Handloom Board could then disburse the money to the institutions direct. To a question whether certain institutions were given grants by the Handloom Board as well as by the Khadi Village Industries Commission, the Secretary of the Ministry stated that normally khadi people never liked to do the handloom work.

The Committee are not happy to note that the money had been disbursed to the Central Social Welfare Board in excess of their capacity to spend. They trust that in future the Central Social Welfare Board would not keep large unutilised funds meant to be disbursed to individual institutions with them. They also feel that the Ministry of Commerce in consultation with the Ministry of Finance and the Ministry of Education should devise some procedure by which for all types of welfare work, administrative approval for each

scheme might be given by the concerned Ministries and the grants might be channelised through a single Ministry. The Committee also suggest that as far as possible, the grants should be given to ultimate institution directly without too many intermediaries.

3. The Committee enquired why the orders of Ministry of Finance (issued in 1961) to maintain a register of permanent and semi-permanent assets created out of the grants were notified to institutions only in April, 1964. The Secretary of the Central Social Welfare Board stated that the instructions were brought to their notice in December, 1962 and action was taken or initiated thereafter. He added that they were in correspondence with the Handloom Board about the necessity of maintaining such a register. After getting clarifications, they issued the necessary instructions to grantee institutions.

According to the information furnished by the Ministry of Commerce in a separate note, the Committee find that the All India Handloom Board took more than one year in communicating the orders of the Ministry of Finance to the Central Social Welfare Board. **The Committee are not happy over this delay and hope that such delays would be avoided in future.**

4. The Ministry have further stated in a note submitted to the Committee that the Central Social Welfare Board has started maintaining a Register in Form G.E.R. 19, showing the block accounts of assets pertaining to each institution, separately, from June 4, 1964, the date of receipt of the first return from an institution. Thereafter, entries were made in the Register as and when returns were received from the institutions. The entries in the Register related to the period from the date on which the unit started functioning upto March 31, 1964. **The Committee are happy to note that at long last the register is maintained by the Central Social Welfare Board and grantee institutions. They trust that there would be no failure to keep the Register up-to-date. In this connection, the Committee would also like the Administrative Ministries concerned to ensure that the autonomous or semi-autonomous Boards etc. under them carry out all the instructions issued by Government for compliance.**

Loss due to Damaged Fabrics—Para 50—Pages 59-60.

5. During the years 1956—60, the All India Handloom Board participated, as an export promotion measure, in 19 International Exhibitions/Fairs and 9 wholly Indian Exhibitions held abroad.

Unsold goods received back at the end of each exhibition were kept without any assessment of shortages, in an improvised godown, in wooden cupboards which were neither insect-proof nor rain-proof.

In July, 1958 the Board noticed that some fabrics had been badly damaged by white ants, but did not take immediate steps to avoid further deterioration. A physical verification of the stock conducted during November 1959 showed that fabrics worth Rs. 3.85 lakhs had been badly damaged, out of which goods worth Rs. 8,000 had been almost completely eaten up by white ants.

It had been stated that no proper arrangements for storing the fabrics returned from the foreign exhibitions were made by the Board, as they expected sale of the major part of the handloom fabrics in the foreign countries, after the conclusion of the exhibitions and did not visualise return of the exhibits. It had also been explained that the Publicity Section of the Board was shifted from Madras to Bombay in 1956 and that even in Bombay it was shifted from place to place in 1957-58 for want of proper accommodation.

Damaged fabrics worth Rs. 2.81 lakhs had been disposed of at losses, as shown below:—

- (a) Fabrics worth Rs. 0.11 lakh were sold to the All India Handloom Fabrics Marketing Cooperative Society, an aided body, at a discount of 30 per cent.
- (b) Goods worth Rs. 1.45 lakhs were sold during February/April, 1960, for an amount of Rs. 1.05 lakhs through the above Society, after allowing a special discount. In addition the Society was paid Rs. 2,860 as service charges.
- (c) A lot worth Rs. 1.25 lakhs was disposed of in auction through the D.G.S. & D., for Rs. 26,700, in April, 1963.

A lot worth Rs. 0.75 lakh was reported to the D.G.S. & D. in May, 1963 for disposal, but the disposal was still awaited (September, 1963). The balance of goods worth Rs. 0.21 lakh has not yet been segregated and reported for disposal.

It was also noticed in respect of exhibitions held during the period 1956—61, that—

- (i) the Board had not preferred claims with the Insurance Companies till July, 1963 for goods worth Rs. 9,922 lost during the exhibitions held in May, 1957, September, 1960 and March/April, 1961.
- (ii) exhibits of the value of Rs. 56,600 had not been received back in India.
- (iii) credits for the sale amount of Rs. 1,446 during 1961 were awaited from the Trade Commissioners abroad (December, 1963).

The Committee desired to know what steps were taken to avoid further loss or damage immediately after the damage to the fabrics etc. was noticed. The representative of the Ministry of Commerce stated that in 1958 when they came to know that some fabrics had been damaged by white ants, attempt was made to take out the stock from that place. Subsequently there was no loss on account of damage by white ants. The loss was also due to the fact that the goods were disposed of at rates lower than the original book value. The witness added that those goods were exhibited at various places and were naturally not in the original condition. To a question why they took 6 years to sell them, the witness stated that there had been delay in disposing of goods, as they employed a number of persons to prepare registers of every little fabrics.

The witness also stated that they had permitted their representatives abroad to try to sell the fabrics on the spot as soon as possible because the transport cost etc. were very heavy. A system had also been introduced to dispose of the returned fabrics at the port of call. The witness hoped that the new system would avoid cases of this type.

To a question as to how the fabrics got damaged in stores the Secretary of the Ministry stated that there was scarcity of storage accommodation in Bombay and the Handloom Board could not secure suitable space for keeping the fabrics free from dampness etc. The monsoon in 1958 was very heavy with the result that stocks valued at Rs. 8,000 became damp and were eaten away by white ants in the godown, when this was noticed, steps were taken immediately by the Handloom Board to avoid further deterioration. The Board hired some steel cup-boards in June 1958 for storing the fabrics. This was later on objected to by local finance. The loss incurred by the Government was enquired into and it was found that it was not due to negligence.

From the notes furnished by the Ministry of Commerce at the instance of the Committee, the Committee find that the exhibits started coming in as early as March, 1957 from abroad. Fabrics worth Rs. 3.56 lakhs were sold upto June, 1964 and the remaining goods worth Rs. 0.29 lakh are still to be disposed of. They are surprised to find that for several years the goods were allowed to remain in the godown. They feel that had prompt action been taken to dispose them of, the exhibits would not have got damaged or further deteriorated.

In the present case, the Committee feel that at least after July, 1958, when it came to the notice of All India Handloom Board that

some fabrics had been damaged by white ants, more vigorous action was, called for, for proper storage and disposal of goods. The Committee recommend that steps should be taken to ensure that no such loss occurs in future. They desire that necessary steps for proper storage and timely disposal should be taken.

6. From a note furnished to the Committee, they also find that fabrics worth Rs. 44,621 still remain to be disposed of. They trust that early steps would be taken in disposing them of before those goods are further damaged or deteriorated. The Committee would like to be informed about it.

7. As regards the exhibits of value of Rs. 56,600 which were not received back in India, the witness stated that the exhibits worth Rs. 24,000 had been received between September, 1962 and March, 1964 and efforts were being made to trace the remaining. The Committee would like to be informed of the results of these efforts. The Committee would also like the Ministry to take steps to ensure that all the fabrics sent as exhibits are properly accounted for and do not remain untraceable.

Avoidable Payment to a Contractor, Para 51, Pages 60-61.

8. The All India Handloom Board appointed a firm of Architects for the designing, construction and decoration of the Board's stall at the 'India 1958' Exhibition. The Architects selected a firm for the construction of the stall (as authorised in their letter of appointment) and also concluded an agreement with the firm without a specific authority from the Handloom Board.

The contractor's total claim amounted to Rs. 1,20,183 but the Architects and the Central Public Works Department recommended a payment of Rs. 1,03,995 and Rs. 87,118 respectively. The Board sought to settle the claim for Rs. 87,731, but the contractor did not accept the offer and filed a suit in January, 1961 for the balance of his claim, with costs. At the instance of the Court, the case was settled out of Court in March, 1962 by payment of a further sum of Rs. 20,000. It was noticed from the documents filed in the Court that the name of the firm of Architects in the contracts had been cut out and substituted by the words "The All India Handloom Board" in a different ink. It has been stated in January, 1964 that the Executive of the Architects managed to erase and correct the documents without any reference or notice to the Board who were unaware of the existence of such an agreement until the legal proceedings instituted by contractor had reached an advanced stage. It is, however, not clear how the contractor was allowed to perform the work without the Board having any knowledge of the existence of a contract.

The contractor was thus paid Rs. 3,736 more than the amount recommended by the Architects and Rs. 20,613 more than that recommended by the Central Public Works Department. The extra payment might have been avoided if the contract had been entered into by the Board after incorporating therein the usual condition of scrutiny and approval of the bills of the contractors by the Central Public Works Department.

The Committee desired to know when the architect was appointed and when he selected the contractor. The representative of the Ministry stated that the architect who was appointed in August, 1958 entered into an agreement with the contractor without specifying terms of contract to them. The architects had agreed to submit the final bills of the contractor for payment to the Handloom Board but the precise terms of the contract between the architects and the contractor were not known to the Board. As a matter of fact, the Board were not even aware that the Architects had entered into a contract with the contractor. The claim was preferred after the exhibition. They had of course given their approval for the lowest tenderer to take up the work of construction. But as they were not aware of the contract, they could not ask for a copy of the same. To a question why Rs. 87,731 were paid to the contractor by the end of September, 1958 when work had not been completed, the witness said that the only justification was that within a month or so the whole thing was to be done. Due to shortage of time at their disposal, they had to agree to such an arrangement. He admitted, however, that the Board should have entered into a contract before the work had started and this laxity should not have happened.

The Committee feel that the explanation that due to shortage of time the Handloom Board agreed to an arrangement for payment before the work was completed, is not convincing.

In their opinion it was a lapse on the part of the Board not to have entered into a contract with the contractor before the work had started.

9. When it was pointed out that only 22nd September, 1958 when part of the work had already been done and the first bill for Rs. 57,731. had been paid on 15th September, 1958 that the C.P.W.D. was asked to certify the bills, the witness stated that by the end of September, 1958, they had the assessment of work for Rs. 87,000 by C.P.W.D. He admitted that this was not a normal thing which would be done under normal circumstances. Asked, whether even the second pay-

ment was not at the instance of the C.P.W.D., it was stated that probably that was right.

The Committee are not happy with the abnormal way in which payments had been made to the contractor. They feel that had the terms of contract been settled by the Handloom Board with the contractor, perhaps the loss would have been avoided.

10. The Committee desired to know if any lump-sum or some rate had been stated in the contract and if so, why the contractor made a claim of Rs. 1,20,183 and the architect and the C.P.W.D. considered Rs. 1,03,995 and Rs. 87,118 to be reasonable. The Secretary, Commerce, stated that during construction stage, a number of items might have to be added or construction details changed.

The Committee are surprised to find that there is a wide disparity in the amount claimed by the contractor and the amount considered reasonable by the Architects and by the C.P.W.D. The fact that during the construction stage a number of items may have to be added or construction details changed would not justify this difference in the figures as these must have been taken into consideration while examining the claims of the contractor.

11. As regards erasing the name and changing it to All India Handloom Board in the contract, it was brought to the notice of the Committee that the erasing was done by the Architect himself as stated by him in the court. But the Handloom Board never signed the contract. It was admitted by the Secretary, Commerce, however that there was an implied contract as the work was allowed to be done and payment made.

The Committee consider it unfortunate that the All India Handloom Board, although they approved the contractor, did not care to find out the terms of the contract. Had the terms of contract been properly scrutinised and then finalised with the approval of the Board, the excess payment to the contractor could have been avoided. The Committee hope that such irregularities will not be allowed to recur in future.

Collection of difference between landed cost of imported rubber and the indigenous controlled price. para 125. pages 153-154.

12. Under the provisions of the Rubber Act, 1947, the Rubber Board was authorised to import rubber for sale or to purchase rubber in the internal market at such prices as the Central Government may fix; the sums realised by the Rubber Board by sales of rubber imported or purchased in the internal market were to

be credited to the 'Pool Fund' of the Rubber Board which was to be utilised only for the rehabilitation of small growers. It was, however, noticed in local audit that while the Board had not imported any rubber for sale, licences were issued by the Chief Controller of Imports and Exports to manufacturers of rubber products for the import of natural rubber from abroad on the condition that the difference between the 'landed price' of the imported rubber and the indigenous controlled price of raw rubber would be paid by the manufacturers to the Rubber Board for credit to the 'Pool Fund'. This was an arrangement outside the provisions of the Rubber Act and the rules issued thereunder.

The Rubber Board had no independent machinery to verify the correctness of the amounts worked out by the manufacturers for credit to the Pool Fund.

The Secretary of the Ministry of Commerce admitted at the outset that it was better to amend the Rubber Act to provide for this kind of recovery. It was arguable that collection of difference between the imported cost and internal cost of rubber was not strictly in accordance with the provisions of the Act. Explaining the reasons for allowing the manufacturers of rubber products to import rubber, the witness stated that there were two alternatives for them. Either the Rubber Board could appoint agents or the entire operation could be financed by the Rubber Board. According to the Act money realised from the import of rubber should be credited into the pool fund. But without the funds, the Rubber Board could not import rubber. So Government gave loans for a commercial operation. On the basis of sale at the internal price, the Board would realise some money which alone would go to the pool fund and not the amount of loan given (which had to be repaid to Government). He agreed, however, that technically the entire proceeds would have to go to the fund. Therefore, they authorised manufacturers of rubber products to import rubber and charged from them the difference between imported cost and the internal cost of rubber. As regards steps taken to ensure that the real difference was paid to the pool fund, the witness stated that they checked the shipping bills etc. and found out the actual amount paid by them. This was now, however, done for every individual case. Asked why the Board had allowed private parties to import rubber instead of doing it themselves, the Secretary stated that both the Ministry and the Board were responsible for this arrangement and according to him such a procedure was not illegal. As regards steps taken to ensure that the proper difference in price was paid to Government in time, it was stated that they would consider this aspect at the time of

amendment of the Act. The witness added that the importers of rubber were not far too many. There were a few manufacturers of rubber products and they would be able to evolve a satisfactory system of control.

The Committee enquired the value of rubber imported during the last five years. The information has since been furnished and the figures of imports are stated to be as under:

Year	Quantity M. T.	Landed Cost Rounded to nearest lakh Rs.
1959	15054	582
1960	22428	921
1961	22497	755
1962	24479	771
1963	14958	485

The Committee were also informed that about 30 licences for import of rubber had been given. The importers were mostly the manufacturers of rubber products like tyres etc. The difference in value was just over a crore of rupees by the end of 1963-64 and the arrear was Rs. 3 lakhs. The witness stated that the Ministry would try to recover these dues and take up quickly the amendment of the Act which was passed 18 years ago. He added that the money collected in the Fund was for the development of rubber industry.

The Committee feel that it would have been better to amend the 'Rubber Act' to provide specifically for recovery of difference between landed price of the imported rubber and the indigenous price of the raw rubber in cases where manufacturers of rubber products were allowed to import rubber. They desire that an early opportunity should be taken to amend the Act suitably. The Committee also desire that suitable machinery should be devised to ensure that the amounts due to the Pool Fund are properly assessed and realised.

13. During evidence, the Committee were informed that the arrears of recovery still to be made were Rs. 3 lakhs and they were trying to recover those dues. The Committee would like to be informed of the recovery made.

Audit Report on the Accounts of the Coir Board, for the Year 1962-63.

14. The Coir Board is a statutory body corporate set up under the Coir Industry Act, 1953 to promote the development of the Coir Industry in India. The activities of the Board extend mainly to the production, export, research and marketing of Coir and its products. The main source of revenue of the Board is the amount made over to it by the Government of India from out of the collections of cess on Coir and Coir Products, under Section 14 of the Act.

Para 2.

In the Audit Report on the accounts of the Board for the year 1960-61, it had been pointed out that payment by the Central Government to the Board in excess over the net collections on account of proceeds of cess levied under the Act was in contravention of section 14 of the Act. The total payment made by the Central Government upto end of 1962-63 amounted to Rs. 58,03,364 as against the total cess collections during the period amounting to Rs. 53,08,000 resulting in an excess payment of Rs. 4,95,364. The quantum of excess would be more if the cost of collection of cess, for which details were not kept separately, was also taken into account.

The Committee enquired the reasons for making payments amounting to Rs. 4.95 lakhs to the Coir Board in excess of the cess collections in contravention of the Coir Board Act. The representative of the Ministry stated that it was examined in consultation with the Law Ministry in 1959. Their advice was that under Art. 282 of the Constitution, the Central Government could make grants for any public purpose. The payment was made in exercise of that power. The witness pointed out that, when the Coir Board was formed, the then Minister of Commerce had told Parliament that if the funds placed at the disposal of the Board under the special law proved to be insufficient, Government would have to draw something from the general exchequer for that purpose and that was done. The act had now been accordingly amended.

The Committee desired that a copy of the opinion of the Law Ministry together with the reference made to that Ministry regarding authority to pay in excess over the net collection might be furnished. The information has been received from the Ministry and is at Appendix I.

The Committee feel that it would have been better to amend the Coir Board Act to make provisions for payments to the Board from Consolidated Fund of India in excess of the net collections on account of proceeds of the cess levied under the Act and the recourse should not have been taken to the provisions of Article 282 of the Constitution. The Committee hope that such cases would not recur in view of the fact that Coir Board Act has been amended.

Para 4.

15. The building for the Central Coir Research Institute at Kalavoor was acquired in April, 1958 at a cost of about Rs. 80,000 but the research work could not be started as the completion of certain additions and alterations (costing Rs. 2 lakhs) to the building and the installation of electricity, water and gas supply arrangements took over three years. Further machines purchased in 1959 and 1960 for a workshop attached to the institution were installed only by the end of March, 1963, as the required building was got ready only by August, 1962. The operation of several items of machinery was stated to be still held up for want of power connection and certain accessories (September, 1963).

As regards the delay in starting the research work in the Coir Research Institute and commissioning the plant and machinery purchased for the Institute, the Secretary of the Ministry admitted that there had been delay. As the existing accommodation which was purchased did not suit for the research work, additions and alterations had to be made and that took time. There was also delay in getting power connection. Some of the accessories had also to be imported. The Committee feel that the work of purchasing this building and making it fit for utilisation, has been carried out in a halting manner with the result that the building which was purchased in 1958 could not be properly utilised till to-date. The Committee regard this as a very unsatisfactory state of affairs. They hope that the work in question will now be completed early and that such delays would be avoided in future.

**Audit Report on the Accounts of the Rubber Board for the year
1962-63**

16. The main source of income of the Board is the amount made over to it by the Government of India under Section 12(7) of the Act, from out of the net proceeds of the duty of excise levied on rubber produced in India. The Board is also levying fees for issue of licences under the Act. Such proceeds are credited to the 'General Fund' of

the Board. During the year 1962-63, the Board received a sum of Rs. 43.04 lakhs as grant from Government of India under Section 12(7) of the Act, as against the total cess collections during the period amounting to Rs. 76.76 lakhs credited to the Consolidated Fund of India.

Financial Results, para 2.

17. A summary of the receipts and payments under the main heads during the year 1962-63 is given below:—

Receipts	(In lakhs of Rupees)	Payments	(In lakh of Rupees)
Opening Balance with the Board	6.53	Collection of Excise Duty (Cess) credited to the C.F.I.	36.16
Collections of Excise duty (cess) received by the Board for credit to the Consolidated Fund of India.	34.75*	Administration	3.30
		Research	1.65
		Development :	
Grant from Central Government from out of Excise duty collections credited to the C.F.I.	43.04	Pay & allowances etc.	2.03
		Other charges contingencies etc.	
Licence fees	0.65	(i) Replanting Subsidy	32.07
		(ii) Distribution of clonal seeds	2.43
		(iii) Nursery expenses	1.77
		(iv) other items	2.18
Miscellaneous Receipts (including receipts kept under suspense).	2.17	Expenditure kept under suspense	0.37
		Closing Balance	5.18
	87.14		87.14

*This does not include an amount of Rs. 40.60 lakhs collected by Revenue Authorities and remitted direct to Government Treasuries.

There was a balance of Rs. 17,932 carried forward from earlier periods remaining unremitted as on 31st March, 1963. The Board had stated that full details of this balance were not readily available and the amount was remitted in September 1963.

The Committee enquired why Rs. 17,932 collected by the Rubber Board as excise duty and carried forward from earlier periods without crediting the amount to Government was credited to Government only in September, 1963. The Secretary of the Ministry stated that it was an omission of a procedural character. **The Committee trust that in future as soon as money is collected by the Rubber Board, it would be credited to Government and no deviation made from the established procedure.**

Arrears in assessment and collection of Excise Duty, para 3.

18. Under Section 12 of the Rubber Act 1947, the Board is responsible for the assessment and collection of excise duty on rubber produced in India. The incidence of duty was on the producers up to 31st March, 1961 and on the manufacturers thereafter.

The assessment of duty on producers for the period prior to 31st March, 1961 was still in arrears in 1,53,676 cases involving an amount of Rs. 52,75,741. Out of an amount of Rs. 140.80 lakhs assessed till 30th June, 1963, Rs. 132.21 lakhs were stated to have been collected upto the end of June, 1963, leaving a balance of Rs. 7.59 lakhs pending collection. The arrears in collection pertained to period from 1955 onwards.

The Board had intimated that it was now keeping only a running account of the amounts due and recovered from the planters and that from the accounts as now kept, it was not possible to get a year-wise break-up of the arrears of Rs. 7.59 lakhs pending realisation.

The assessment of duty on manufacturers introduced from 1st April, 1961 was pending in 1044 cases as on 30th June, 1963 for the period ending 31st March, 1963. In respect of the assessments completed, a sum of Rs. 54.33 lakhs was pending collection (June 1963). The Board had stated that every effort had been made to recover the arrears due from the manufacturers through the Revenue authorities and that difficulty was being experienced in enforcing the recovery proceedings as a result of the stay orders issued by the High Court

The Committee enquired why there were arrears in the assessment and collection of Excise Duty by the Rubber Board from the producers and manufacturers. The Chairman of the Rubber Board stated that there were about 70,000 small holders ranging from one acre to five acres and it took time for them to issue notices. Rs. 193 lakhs was the amount to be assessed out of which Rs. 142 lakhs had since been collected.

As regards cases in arrears pending assessment during the period 1st January, 1955 to 31st December, 1964, the witness stated that the

estimated number of units for assessment in that period would be 3,05,418. Out of it, the number of units already assessed from 1st January, 1955 to 31st December, 1964 was 1,61,817.

In a note subsequently furnished by the Ministry it has been stated that the number of units in which assessments are to be completed as on 31st December, 1964 was 1,43,601 and the number of units assessed after audit (June, 1963) and upto 31st December, 1964 was 10,075.

The Committee enquired the position about the arrears in collection from producers. The Chairman of the Rubber Board stated that they had to collect Rs. 3.21 lakhs out of the amount already assessed. About the manufacturers, the amount was Rs. 67.92 lakhs out of which for Rs. 32.75 lakhs, they had asked the State Governments to effect recovery under the Revenue Recovery Act. There were a number of writ petitions in High Courts of Kerala, Bombay, Punjab and Madras. They were trying to collect the returns to prosecute the defaulters for non-submission of the returns.

The Committee would like to invite attention in this connection to their recommendation in para 37 of their 21st Report (3rd Lok Sabha) wherein they had observed that they were far from happy at the slow progress in the finalisations of the assessment of the cess on Rubber. The Committee regret to learn that out of 3,05,418 units for assessment during the period 1st January, 1955 to 31st December, 1964, the Number of units already assessed upto 31st December, 1964 was 1,61,817. This clearly points to the need for streamlining the machinery for effecting assessments. The Committee would like the Ministry to take proper steps in this direction, and inform the Committee of the tangible results achieved.

Pool Fund, para 4

19. *General*: The Board was also maintaining a Pool Fund into which are required to be credited all sums realised by sale of rubber imported or purchased in the internal market with the previous approval of the Central Government and to which could be transferred any other sum from the General Fund with the previous approval of the Central Government. The Board did not effect any purchase or sale of rubber during 1962-63. The Chief Controller of Import and Exports was, however, issuing licences to the manufacturers for the import of rubber on the condition that the difference between the landed price of rubber and the controlled price of indigenous raw rubber would be paid to the Board and credited to the Pool Fund. A sum of Rs. 99.99 lakhs was credited to the Fund upto 31st March, 1963.

The Pool Fund was applied only for the rehabilitation of small growers. Year-wise details of the expenditure incurred from the Fund and the outstanding balance under the Fund at the close of each year are indicated below:—

Year	Expenditure (in lakhs of Rs.)	Closing balance under the Fund (in lakhs of Rs.)
1957-58	..	13.84
1958-59	0.13	76.21
1959-60	0.43	77.70
1960-61	0.33	77.56
1961-62	1.08	77.33
1962-63	1.47	97.21

The balance under the Fund continues to be very heavy as compared to the actual expenditure in the past years. The Board had stated that various schemes for the rehabilitation of small growers had been drawn up with the approval of Government and were being implemented. The provision for such expenditure in the Revised Estimates for 1963-64 and Budget Estimates for 1964-65 amounted to Rs. 8.16 lakhs and Rs. 9.69 lakhs respectively.

The witness stated that there were 8 schemes in operation. The expenditure incurred from April to December, 1964 to rehabilitate small growers was about Rs. 5½ lakhs. The witness added that a Committee had been appointed for preparing more schemes for fuller utilisation of money of the pool fund and it was hoped that the expenditure would be Rs. 10 lakhs.

The Committee enquired about the steps taken for the development of rubber plantation and the rubber industry since the establishment of the Rubber Board. The witness stated that out of their budget of Rs. 63 lakhs Rs. 50 lakhs was for replanting programme. Their target was to replant about 10,000 acres per year with high yielding strains.

Very meagre expenditure incurred out of the Pool Fund, and the heavy closing balance of the Fund, year after year, seem to indicate that the Rubber Board has not succeeded in its objectives of developing rubber plantations and rehabilitating small growers. The Committee would like the Ministry to pay attention to these two aspects.

II

MINISTRY OF FOOD AND AGRICULTURE

(DEPARTMENT OF AGRICULTURE)

Audit Report on the Accounts of the Indian Council of Agricultural Research for the year 1962-63

20. The main sources of income of the Indian Council of Agricultural Research are:—

- (i) the Cess levied under the Agricultural Produce Cess Act, 1940, at the rate of one half of one per cent, *ad valorem*, on the export of certain agricultural commodities. (The proceeds of the Cess are paid by the Government of India to the Council every quarter, after deducting 2 per cent as cost of collection.)
- (ii) Grants received from the Government of India for specific research schemes to be undertaken by the Council.

A broad analysis of the receipts and expenditure of the Council during the last 3 years is given below:—

Receipts	1960-61	1961-62	1962-63
	(In lakhs of Rupees)		
1. Receipts from the Cess levied under the Agricultural Produce Cess Act XXVII of 1940	49·57	52·04	63·05
2. Interest from investments	6·37	8·21	7·12
3. Grants received from :			
(a) Govt. of India	8·86	41·12	55·38
(b) Other sources	15·48	0·63	1·13
4. Sale of Publications	5·11	5·17	6·48
5. Other receipts including refund of unspent balance of grants made by the Council	9·84	4·51	5·91
6. Excess expenditure met from Council's accumulated balance	13·94	..	..
	109·17	111·68	139·07

(In lakhs of Rupees)

Expenditure	1960-61	1961-62	1962-63
I. Expenditure on standing Charges : —			
(a) Editorial Schemes	5.39	6.05	6.90
(b) Statistical	2.18	2.56	2.82
(c) Accounts Section	1.36	1.59	2.07
(d) Central Publication Distribution	0.84	1.24	0.96
(e) Publicity	0.53	0.49	0.49
(f) Printing of Journals	1.25	1.66	1.12
(g) Miscellaneous	3.67	2.73	3.02
TOTAL I	15.22	16.32	17.38
II. Expenditure on Research Schemes :—			
(a) Schemes undertaken by other agencies mainly State Govts. . .	56.92	55.03	51.82
(b) Schemes undertaken by the Council	33.37	28.38	57.34
TOTAL II	90.29	83.41	109.16
III. Refund of unspent balance of the grant to the Govt. of India	3.29	1.03	0.19
IV. Contribution to International Institutions	0.37	0.38	0.60
V. Excess of receipts over expenditure added to Council's accumulated balances . . . . .	..	10.54	11.74
GRAND TOTAL	109.17	111.68	139.07

According to Audit, the closing cash and Bank balance with the Council at the end of 31st March, 1963 was about Rs. 31.22 lakhs. Besides this, the Council had securities of the value of over Rs. 2 crores.

In evidence, the Committee desired to know the reasons for giving grants to the I.C.A.R. when there were large surpluses with the Council at the end of each year and when the Council was not even able to spend the amount realised as Cess. The representative of the Ministry stated that at a meeting of the Governing Body of the Council held in December, 1957, it was noticed that there was little expenditure on research from the Council's funds on account of lack of interest on the part of States, who pleaded that they did not have sufficient resources to contribute the fifty per cent matching grants. The Governing Body, therefore, proposed to raise the Council's contribution to 75 per cent and to augment their resources they also proposed to raise the rate of Cess from $\frac{1}{2}$ per cent to one per cent. He added that this increase was proposed because it was felt that with the funds available, including the invested balances, the Council would not be able to meet its commitments on schemes already sanctioned and those proposed to be taken up. Explaining further the witness stated that at that time in making the calculations, the Governing Body of the Council seemed to have divided the total expenditure on a project by the number of years for which it was expected to run and used the quotient as the estimated annual expenditure. This, in his opinion, was wrong because the expenditure was not estimated realistically.

He added that due to certain difficulties such as obtaining land, appointment of staff etc. actual expenditure on a scheme hardly came to the average annual expenditure on the basis of the total cost of the project. In many cases sanctioned schemes were not put into force at all and no expenditure was incurred on them, and after giving one or two chances to the State Governments the funds were resumed.

The witness further informed the Committee that while the recommendation of the Council to raise the rate of Cess was not approved, the Ministry of Agriculture decided on 4th April, 1959, that 21 schemes which were financed from the Council's fund and which were considered as schemes of national importance should be financed by the Central Government as Plan Schemes. This was also approved by the Planning Commission. This resulted in more funds accruing to the Council by way of (i) an increase in the grants from Government and (ii) savings from the Cess receipts. The witness added that the position was reviewed in the middle of 1962 and it was decided that those schemes of national importance should also be financed from the Council funds. The Ministry of Finance had stated that no grant would be given either to the Council or to the Commodity Committees unless the funds at the disposal of the autonomous

body, including its closing balance, were inadequate to meet their realistically estimated expenditure for the year.

The Committee regret to observe that the estimates of expenditure on research schemes were not framed realistically by the Indian Council of Agricultural Research. It is also unfortunate that the Ministry of Agriculture did not examine the proposals carefully at the time of deciding to finance the 21 research schemes from Government funds. The Committee would like the Ministry to make a more realistic appraisal of the funds available with the Council, before agreeing to sanction further grants to them.

21. The Committee desired to know as to why grants were not reduced particularly when the Council could not spend the amount from their cess income. The witness stated that the question of reducing the grants was reviewed in 1962. It was found at that time that the Council had a lot of funds and due to emergency, it was decided to finance 21 schemes from the Council's funds. The witness admitted that during the period 1959-62 no review was done. On being pointed out that in subsequent years 1962-63 to 1964-65 Government had given grants of higher order to finance these schemes, the witness stated that in 1962 they had taken off 11 schemes out of the 21 schemes and continued to give grants for the remaining. The Committee desired to be furnished with a note indicating the estimates of expenditure for 21 schemes furnished to the Ministry of Food and Agriculture (Deptt. of Agriculture) in 1957-58 when grants were sanctioned for those schemes. They also wanted to have a statement showing details of grants given since 1958-59 for 21 schemes. The notes submitted by the Ministry are at Appendix II. The Committee observed from the notes furnished to them that in respect of the following schemes, grants given by the Government were far in excess of the estimated annual expenditure as shown below:

Name of scheme	Approx. yearly expenditure	(In lakhs of Rs.)	
		Grants given during	
		1961-62	1962-63
1	2	3	4
Intensification of research on Cotton Oil Seeds and millets	7.00	12.37	18.00
2. Maize Breeding	3.00	6.44	9.78
3. Sheep & Wool Improvement on Regional basis	1.50	2.25	2.25

1	2	3	4
4. Cross-breeding of Cattle	1.00	1.60	1.70
5. National Index on Field Experiments	0.70	0.90	1.37
6. Central Artificial Insemination Centre, Bangalore	0.50	0.72	0.65

The Committee are constrained to observe that the Ministry of Agriculture erred not only at the initial stage in 1959 when they agreed to finance the 21 schemes but also continued to give grants to the Indian Council of Agricultural Research year after year, without considering the financial position of the latter or even properly scrutinising the schemes, with the result that the Council did not spend the money but went on investing it in securities. The Committee, however, note that a decision has now been taken (though somewhat belatedly), that the expenditure in respect of the research schemes will be met entirely from the research funds of the Council as long as the reserves are available and the Government grants will be used only for development schemes.

22. With regard to the research schemes undertaken by the Indian Council of Agricultural Research and the various State Governments and their agencies, the witness admitted that there was considerable amount of duplication because on the same problem several States and State Research Institutes carried on research simultaneously. It was urged that it would be very difficult for the Council to coordinate it because the Council had a voice only in respect of research schemes financed from Council's funds. The witness added that they had not undertaken any review of the research work going on in the States but they would periodically review the research work going on in the Central Research Institutes. In this connection the Review Team which was appointed in October, 1963 had observed as follows:

"One of the biggest problems of agricultural research in India is that of co-ordination, by which we mean the elimination of wasteful overlap of research effort and the infusion of a sense of common purpose into all branches of agricultural researches, which should be collaborating in broad programmes of national or regional importance. In part the problem arises from the size of the country and the long distances between centres working on similar subjects. It is greatly intensified, however, by the multiplicity of channels of responsibility and control and by the inadequacy of the coordinating powers at the disposal of Indian

Council of Agricultural Research. On several occasions we saw research along parallel lines being done at stations situated only a few miles apart but under different authorities, and found no coordination between the programmes."

The Committee need hardly emphasise the desirability of having a close liaison between the various Research Institutes dealing with common problems both from the point of view of achieving fruitful results and avoiding wasteful expenditure. They would like to be informed of the steps taken by the Ministry and the Indian Council of Agricultural Research in this direction.

Grant-in-aid, Para 2.

23. In respect of grants paid to State Governments upto 31st March, 1962, the amount for which utilisation certificates were still awaited from them was Rs. 1.68.26,379. The certificates were outstanding mainly due to non-receipt of departmental accounts of the grants by the State Accountants General.

In this connection, the witness stated that the total amount for which utilization certificates were still awaited was Rs. 1.29.93,000 on 31st December, 1964. The earliest period for which the amount was outstanding was 1940-41 (a Mysore case). In the post independence period, it was 1948-49 (Orissa) and 1949-50 (Maharashtra). The Committee pointed out that as they were outstanding for a long time, some special steps should be taken by the Ministry to clear them. The witness stated that the money had been spent and they could do nothing except write letters to them. They could not take a strict line of action against defaulting State Governments. The Committee desired to be furnished with a note indicating the number of utilisation certificates which were pending disposal, how many of them were more than one year old and which were the major defaulting States.

From the note furnished by the Ministry, the Committee find that 1123 utilisation certificates were outstanding upto 31st December, 1964 out of which 824 utilisation certificates were more than one year old. They feel that unless utilisation certificates are received in time, the Council will not be able to know whether money has been utilised for the purpose it was advanced. The Committee desire that in order to exercise effective control over the utilisation of grants, the Council should insist on obtaining utilisation certificates from States and grantee institutions within a reasonable time. As the number of utilisation certificates is very large, the Committee feel that the Council should examine the reasons for these large outstandings and if considered necessary, streamline the procedure of furnishing utilisation certificates.

Defective Budgeting, Para 3

24. A comparison of the amounts budgeted by the Council for expenditure and the actual expenditure incurred during the last 3 years is given below:

Year	Budget Estimates	Actual Expenditure	Unutilised Budget Provision	
			Amount	Percentage of Saving
(In lakhs of rupees)				
1960-61	182.98	109.17	73.81	68%
1961-62	166.72	101.14	65.58	65%
1962-63	219.61	127.33	92.28	72%

The figures indicated that there had been provision of funds ranging from 65 per cent to 72 per cent in excess of actual requirements during the period of three years ending 1962-63.

On 432 schemes, out of 861 for which provision was made in the budget estimates for 1962-63, the expenditure incurred was nil or less than 5 per cent of the budgeted amount.

With regard to savings, the representative of the Ministry stated that there was excess budgeting to the extent of 40 per cent only and not as stated in audit para. He admitted that it was also not justifiable. The witness added that the budgeting in the past was on the basis of the notional division of the total project expenditure by the number of years for which it was expected to run instead of a realistic estimate as to how much would be spent in the first year, how much in the second year and so on. The Committee enquired whether the Ministry had devised any method by which before giving grants they could scrutinise the schemes properly. The witness stated that when there was a project from the State Government costing Rs. 20 lakhs and lasting for five years, they tried to estimate how long it would take them to acquire the land and then provide a very nominal amount for it in the initial phase. In the matter of staff, they had to go through the Public Service Commission for recruitment of staff. So, they provided a very small amount for staff in that year. In that way, they were trying to arrive at a more realistic figure.

The Committee regret to note that no proper methods of estimation were followed by the Council with the result that there were wide variations in their estimates and actual expenditure.

They trust that suitable remedial measures will be taken to avoid such wide variations between estimates and actual expenditure in future.

Balance Sheet, Para 4.

25. As the Council had assets such as buildings, investments etc., and liabilities such as Reserve Fund etc., it was suggested by Audit in 1958 that the Council might prepare a Balance Sheet for exhibiting the correct financial position of the Council. It was stated by the Council in 1960 that the form of the Balance Sheet will be ascertained from other autonomous bodies. No action had however, been taken to prepare a Balance Sheet.

The Committee enquired as to why balance sheet was not prepared by the Council. The witness stated that they thought that balance sheets were prepared only for commercial operations but now they had agreed to draw up balance sheet and had collected the proforma from different organisations to find out the pattern.

The Committee regret to observe that the Council took more than six years (even after the audit pointed it out) to take a final decision in the matter.

They trust that the Indian Council of Agricultural Research will now implement the decision without further delay.

Publications, Para 7

26. (a) On 30th August, 1961, the Governing Body decided that the Council should maintain accounts of Publications on Commercial lines. The Proforma Accounts of the eleven Journals published by the Council had however, not been prepared so far.

(b) The sale proceeds upto 31st March, 1963 of costly publications priced at Rs. 10 and above per copy printed during the year 1959-60 to 1962-63 was Rs. 4.01 lakhs publications worth Rs. 4.70 lakhs were lying unsold on that date. Some of the costly publications in stock on 31st March, 1963 lying unsold for more than a year ranged from 40 per cent to 91 per cent of the total copies printed.

(c) The total amount pending recovery on 31st March, 1963 from various parties on account of publications sold and advertisement

charges was Rs. 2.53 lakhs. Out of this amount the amounts outstanding for more than a year were Rs. 1.11 lakhs from Government departments and Rs. 39,424 from other parties.

The Committee desired to know what steps were taken to promote the sale of publications by the Indian Council of Agricultural Research. The witness stated that they had increased the sales promotion activities. The value of unsold costly publications priced at Rs. 10 and above per copy was Rs. 3.41 lakhs on 31st March, 1964 and some of them which had been in stock for more than 4 years constituted 41 per cent. The present position was that there were 12 publications the stock of which varied from 41 per cent to 86 per cent with a total value of Rs. 3.41 lakhs. Out of those 12 publications, 3 publications were 4 years or more than 4 years old; 1 publication was more than 3 years old and the remaining publications were 1 to 2 years old. The sale price of 2 publications had been reduced to 40 per cent. The third book was of a general nature. They were making vigorous efforts to step up its sale. If those publications could not be sold, their price would be reduced.

The Committee desired to know about the arrears on account of publications sold and advertisement charges amounting to Rs. 2.53 lakhs pending recovery from some of the State Governments and out of which Rs. 0.30 lakhs were from private parties. The witness stated that out of Rs. 2.53 lakhs as on 31st March, 1963, they had recovered half the amount and were trying to recover the balance.

The Committee suggest that further efforts be made to recover the arrears on account of sale of publications and advertisements. Steps should also be taken to ensure that such arrears do not pile up in future.

Audit Report on the Accounts of the Indian Central Tobacco Committee, Madras, for the year 1962-63

27. An analysis under main headings of the Receipts and Payments of the Committee during the year 1962-63 is given below:

RECEIPTS	(In lakhs of rupees)	PAYMENTS	In lakhs of rupees
Opening Balance	26.24	Administration of Committee :	
Grant from Govt. of India	13.00	Pay & Allowances	1.91
		Contingencies	1.71

Special Grants from Govt. of India for 3rd Five Year Plan schemes	2.94	Improvement of Agriculture or Tobacco	
		Expenditure on Research Stations	9.89
		Grants-in-aid	2.09

			11.98

RECEIPTS		PAYMENTS	
(In lakhs of rupees)		(In lakhs of rupees)	
Interest on Investments	0.23	Development & Improvement of Tobacco & its products Committee Expenditure Schemes	0.83
Receipt from Committee Expenditure Schemes	0.85	Third Five Year Plan Schemes	4.51
Receipts from Third Five Year Schemes	0.16	Miscellaneous	0.76
Indian Central Tobacco Committee Provident Fund	2.47	Closing Balance	22.06
Receipts from Committee's Publications	0.19	Investments	2.84
Other Receipts	1.47	Advances	0.08
		Imprest	24.98
	<u>47.55</u>		<u>47.55</u>

The Indian Central Tobacco Committee paid grants-in-aid of Rs. 4.93 lakhs to State Government and other Institutions in 1962-63.

The Committee enquired about the 5 research centres on which a sum of Rs. 9.89 lakhs was spent. The witness stated that the main institute was at Rajahmundry. There were sub-stations at Dinhat, West Bengal, Pusa, Bihar; Guntur and Veda-sundur. The Rajahmundry institute did not operate on the basis of research scheme as it was run by Tobacco Committee itself. It had agronomic programmes for fertilisers of tobacco etc.

Para 2

28. The Indian Central Tobacco Committee deposited a sum of Rs. 38.01 lakhs with the Central Public Works Department and Electrical Divisions over a period of eleven years from 1951-52 to 1962-63 for executing works in the different Research Stations. Only a sum of Rs. 21.39 lakhs had been adjusted on a lump sum basis so far towards the cost of works executed by the Central Public Works Department. Details of the cost of each work were awaited from the Central Public Works Department. For the balance of Rs. 16.62 lakhs, no adjustment had been made.

The Committee desired to know the reasons why Rs. 38.01 lakhs were deposited with C.P.W.D. The witness stated that for autonomous bodies the C.P.W.D. did the work on agency charges and they had to deposit money with the C.P.W.D. who had given an estimate for a building. He added that buildings were completed recently and the amount advanced would be adjusted.

As regards the delay in the finalisation of the accounts, the witness stated that as four C.P.W.D. divisions were involved viz., Madras, Calcutta, Nagpur and Bombay, it took some time. All the divisions were, however, being reminded regularly. The Committee desired to be furnished with a statement showing whether the construction work for which a sum of Rs. 38 lakhs was deposited with the C.P.W.D. had since been completed and if not, what was the present position.

From the note furnished, the Committee find that against the deposit of Rs. 38·01 lakhs with the C.P.W.D. works of the value of app. Rs. 5·09 lakhs remain to be completed. A statement showing the present position of incomplete buildings is appended (Appendix III).

The Committee find that in respect of items 1(a) and 1(b) viz., Automatic Chlorination at Farmstead Building and glass house at Laboratory Building the design of works had yet to be finalised. In item 3 pump-set and overhead tank have been completed in 1961 but the setting up of water connection to cattle ward etc. etc. had not been done so far.

In the opinion of the Committee the time taken in connection with the execution of these items of work was excessive, reasons for which need to be investigated further. They trust that the works will now be completed without further delay and the accounts settled early.

Para 3

29. For the construction of a hostel and a lecture hall (estimated cost Rs. 2·80 lakhs) at Rajahmundry under the Scheme for Training in the Improved Methods of Tobacco Cultivation, Handling, Curing etc. a plot of land (1·99 acres) was purchased at a cost of Rs. 11,077 in October, 1958, but the work has not started so far.

It was stated by the Indian Central Tobacco Committee in December, 1963 that the preliminary drawing and estimates were received from the Central Public Works Department only in March, 1961 and therefore the work could not be included in the Third Plan. It was re-opened by the Policy and Extension Sub-Committee in 1962-63 and sanction had been accorded in September, 1963 to construct only a hostel. The estimated increase in cost on account of delay in starting the construction was Rs. 56,306. It had been stated by the Indian Central Tobacco Committee (January, 1964) that the construction of the hostel had been deferred on account of paucity of funds, as a result of cuts imposed by the Government in the Indian Central Tobacco Committee's budget.

The Committee desired to know why land was purchased in 1958 for the construction of a hostel and a lecture hall at Rajahamundry when the scheme was not finalised till 1961 and deferred ultimately. The witness stated that a rough sketch with details of the hostel and lecture hall was furnished to the senior architect on 5th September, 1958. After protracted correspondence of two years the preliminary drawing was received from the senior architect of C.P.W.D. on 6th September, 1960. With certain modifications the final plan was received from the C.P.W.D. on 13th December, 1960. After that, the preliminary estimates were received from the Addl. Chief Engineer on 15th March, 1961, at the end of the Second Five Year Plan and it was not possible to obtain Government of India's sanction to deposit the amount with the C.P.W.D. before the end of the financial year.

The witness added that in the first year (1961-62) of the Third Five Year Plan, no provision was made and in 1962-63 a provision of Rs. 1.5 lakhs was recommended only for the lecture hall and hostel whereas the preliminary estimate of the C.P.W.D. was Rs. 2.8 lakhs, plus departmental charges of Rs. 27,000. Fresh plans and estimates had, therefore, been called for from the C.P.W.D. and it was decided in October, 1962 to construct the hostel building only within Rs. 1.5 lakhs, which was to be made available.

He further added that in November, 1962, the senior architect informed the Indian Central Tobacco Committee that no change was necessary in the original drawing. The C.P.W.D. submitted preliminary estimates for the construction of the hostel on 21st March, 1963 for Rs. 1.57 lakhs plus departmental charges of Rs. 20,000 and for the construction of the lecture hall they put down Rs. 1.4 lakhs plus Rs. 17,000.

In September, 1963, the Finance Committee approved the provision of Rs. 50,000 in the normal budget for 1963-64 and a provision of Rs. 1.27 lakhs in the plan budget for the year 1964-65. The Construction of the hostel was deferred by the Indian Central Tobacco Committee because of the cut imposed by the Ministry of Finance that no building programme should be taken up on account of emergency.

The Committee regret to note that due to bad planning the hostel built at a small amount served purely as a regional institution rather than an all India Institution as intended. They are unable to appreciate the delay of more than 2 years in getting the preliminary drawing from C.P.W.D. They feel that the C.P.W.D. unduly delayed the furnishing of drawings and designs. The Ministry of Works and Housing may look into this case and take suitable measures to avoid

such delays in future. The Committee desire that action taken in this regard may be intimated to them.

Audit Report on the Accounts of the Indian Central Coconut Committee, Ernakulam, for the year 1962-63

30. The main source of income of the Committee is the amount paid to it by the Central Government representing the net proceeds of the cess levied under Section (3) of the Indian Coconut Committee Act, 1944. A sum of Rs. 11.78 lakhs was thus paid to the Committee from this source during 1962-63. The Committee also received grants from the Central Government, during the year amounting to Rs. 3.30 lakhs. The total expenditure incurred out of the grants amounted to Rs. 3.21 lakhs.

The Committee runs two research institutions in Kerala State and undertakes schemes for the improvement and development of the cultivation of coconuts and marketing of coconuts and the products (excepting Coir and its products). It also gives grants-in-aid to institutions and to the State Governments for schemes sponsored by the departments. The schemes undertaken by the Departments of Governments include establishment of Coconut Research Stations, Coconut Nurseries etc. During the year the Committee disbursed a sum of Rs. 2.56 lakhs as grants to Government Departments and Rs. 0.05 lakh to other institutions.

To watch the utilisation of the grants-in-aid paid by the Committee, they have arranged for the submission to them of:—

- (i) audit certificates from the Accountants General in respect of Government Departments and Universities the audit of which has been entrusted to them or professional auditors in other cases, regarding the proper utilisation of the grants-in-aid; and
- (ii) Grant-in-aid statements from the State Government Departments showing the sums allotted, actual expenditure incurred, outstanding liabilities and unexpended balance.

It was observed by Audit that these statements were received properly and regularly. Audit certificates and grant-in-aid statements covering amounts of Rs. 7.98 lakhs and Rs. 7.08 lakhs respectively were yet to be received by the Committee till November, 1963. In some cases these certificates and statements were outstanding since 1957-58.

The Committee desired to know the details about the grants-in-aid given to institutions under schemes sponsored State Governments. The witness stated that arrears of pending audit certificates as mentioned in the audit report were in respect of schemes costing Rs. 7.98 lakhs and they had cleared to the extent of Rs. 3.14 lakhs. As regards grants-in-aid statements, he added that the amount mentioned in the audit reports was Rs. 7.08 lakhs, out of which statements for Rs. 3.27 lakhs had been received and they were pursuing it with State Governments as regards the pending amounts. In answer to a question the witness stated that at the annual meeting of the Coconut Committee, progress reports of various schemes for which money was given to State Governments were considered besides the quarterly progress statements on those research schemes.

The Committee trust that more effective steps will be taken to obtain audit certificates and grants-in-aid statements promptly. They would like to be informed about the progress made in the clearance of old cases.

Audit Report on the Accounts of the Indian Central Arecanut Committee for the year 1962-63

31. The Indian Central Arecanut Committee has been registered as a Society under the Registration of Societies Act (XXI of 1860).

The main source of income of the Committee is the amount received by it as grant-in-aid from Government of India. The Committee is giving financial aid in the form of grant-in-aid to different organisations and institutions engaged in growing, curing, processing, grading, marketing and manufacturing of arecanut and its products.

Expenditure on measures undertaken for the improvement of cultivation of arecanut during the year 1962-63 amounted to Rs. 9.09 lakhs i.e. about 71 per cent of the total expenditure of the Indian Central Arecanut Committee; this was incurred on Research Stations and Nurseries, conducting a sample survey for the correct estimation of area and production of arecanut, investigation and control of diseases, simple manurial trials etc. Out of the total expenditure of Rs. 9.09 lakhs, a sum of Rs. 5.71 lakhs was expended direct by the Indian Central Arecanut Committee itself, an amount of Rs. 3.33 lakhs was paid as grants-in-aid to State Governments and Rs. 0.05 lakh to a University.

The proper utilisation of the grants is watched by the Committee by obtaining (1) audit certificates from the Accountants General in

respect of the Schemes sponsored by State Governments and (ii) utilisation certificates in other cases. At the end of August, 1963, Audit and utilisation certificates covering an amount of Rs. 5.05 lakhs were due in 56 cases in respect of grants paid from 1956-57 to 1962-63.

As regards the pending audit and utilisation certificate the representative of the Ministry stated in evidence that out of 56 audit and utilisation certificates involving Rs. 5.25 lakhs for the period 1956-57 to 1962-63, 41 certificates covering Rs. 3.66 lakhs had been received, out of which 34 certificates were accepted as correct. About the remaining certificates some discrepancies had been brought to the notice of the Accountant General concerned and the matter was being pursued. As regards remaining 15 certificates covering Rs. 1.39 lakhs, State Governments were being reminded regularly. The Committee pointed out that the achievements of State Governments were below target and enquired whether any action had been taken at the time of review. The witness stated that the States' representatives were present in the Arecanut Committee meeting and their attention was drawn to it. In the last meeting of the Indian Central Arecanut Committee they felt that the money spent on arecanut research was really not a proper item of expenditure as it was not such an important commodity having any export value. The witness added that it was then felt that it would be much better to spend it on account which would add to vegetable fats which were in short supply.

The Committee feel that in the circumstances explained the position should be examined and an early decision regarding conducting of further research on arecanut be taken.

The Committee would like to be informed of the decision reached in the matter.

Audit Report on the Accounts of the India Lac Cess Committee for the year 1962-63.

32. This Committee was constituted under the Indian Lac Cess Act, 1930.

The main source of income of the Indian Lac Cess Committee is a cess levied under section 3 of the Act. Besides, grants are paid by the Government of India for Schemes under Third Five Year Plan. During the year 1962-63 a special grant of Rs. 3.93 lakhs to cover the expenses of the Indian Lac Research Institute, Namkum, was also given by the Government of India.

A brief analysis of the receipts and expenditure of the Committee for the year 1962-63 is given below:

RECEIPTS		PAYMENTS	
		(In lakhs of Rs.)	
I. Lac Cess collection passed on to the Committee	4.57	I. Administration of Committee	1.04
II. Grants-in-aid for Third Five Year Plan Schemes (Category A)	9.22	II. Expenditure relating to improvement and development of cultivation of lac and manufacture	3.24
III. Special grant for Indian Lac Cess Research Instt. [Head B (iv)]	3.93	III. Measures relating to improvement & development of marketing of lac.	0.57
IV. Sales of Securities and other receipts	2.79	IV. Miscellaneous expenditure	0.17
		V. Third Five Year Plan schemes (Category A)	
TOTAL	20.51	(a) Scheme relating to Entomology Research & cultivation of lac (Major head I)	0.08
		(b) Scheme relating to chemical Research and utilisation of lac (Major head II)	0.91
		(c) Statistical Research and Marketing (Major head III)	5.13
		VI. Expenditure relating to Indian Lac Research Institute [Head B (iv)]	4.62
		TOTAL	15.76

The Committee desired to know why Rs. 3.10 lakhs remained unspent out of the grant of Rs. 9.22 lakhs in the Third Plan. The witness stated that as the institute was situated at an out of the way place, the director and some of the staff had left and for a year there was no director. It was difficult to retain very skilled staff. The witness added that there was also a proposal to send a request to the U.N. Special Fund for expansion of the Institute as it would be necessary to do more research on lac in combination with synthetics as lac by itself had lost its place in the world economy. In reply to a question, the witness stated that production had fallen by 50 per cent and many of the cultivators were giving it up altogether.

The Committee are surprised to learn that for full one year there was no Director in the institute. They would like to know the efforts made by the authorities to secure the services of the Director during this period.

33. During evidence, the witness stated that they intended to request the U.N. Special Fund for expansion of the Institute as it would be necessary to do more research on lac in combination with synthetics as lac by itself had lost its place in the world economy. The Committee may be apprised of the progress made in this direction.

**MINISTRY OF FOOD AND AGRICULTURE
(DEPARTMENT OF FOOD)**

Audit Report (Civil), 1964

Scheme for the purchase of foodgrains—para 67—pages 83—85

34. A broad analysis of the transactions relating to the scheme of State trading of foodgrains during the year 1962-63 is given below:—

	Quantity (in lakh tonnes)	Value (in crores of rupees)		Quantity (in lakh tonnes)	Value (in crores of rupees)
Opening Stock	20.52	84.73	Sales	42.06	166.76
Purchases (including freight, incidental and direct charges)	42.45	179.85	Loss in distribution	0.56	..
Deduct cost of short-landed quantity charged to Insurance	..	(—)0.47	Miscellaneous Receipt	..	0.65
Indirect expenses	..	6.57	Closing Stock		
Interest on Capital (including interest of Rs. 5.41 crores on capital for the period 1943-44 to 1956-57).	..	10.79	(a) Book balance	20.19	
			(b) Storage losses awaiting investigations and regularisation	0.16	20.35
			Loss on transactions (including value of grains lost in transit and distribution)	..	32.57
TOTAL	62.97	281.47	TOTAL	62.97	281.47

Giving the broad reasons for the losses which occurred under the foodgrains scheme, the Secretary of the Ministry stated that the main loss was on account of the subsidy for foodgrains. The other reasons were losses in transit and in storage. The loss in storage was due to infestation by rodents and birds, the dryage and the shrinkage of foodgrains. To some extent, the losses were also due to difference in weight. The transit loss took place when the grain was moved from the ports or other centres to the depots for ultimate distribution. The witness added that the total loss during the year 1962-63 was Rs. 32.57 crores. The further added that the correct figure of the total loss by way of distribution was 43 thousand tonnes (against the original figure of 56 thousand tons.)

As regards storage losses awaiting investigation, the witness stated that out of 3,620 items, covering 16,000 tonnes, 3,185 items covering a quantity of roughly 12,000 tonnes had been investigated and settled.

The balance of 435 items covering a quantity of 3,490 tonnes was under investigation. The Committee pointed out that in the proforma accounts the same amount paid as subsidy had been shown as loss e.g. in 1960-61 the losses in proforma account had been shown as Rs. 18.68 crores while the amount of subsidy paid was also the same and similarly in 1961-62 the loss was Rs. 19.25 crores and the amount of subsidy was Rs. 19.25 crores. In 1962-63 the loss as per proforma accounts was Rs. 23.42 crores while provisionally the amount of subsidy had been shown as Rs. 26.56 crores. The representative of the Ministry stated that he did not have the figures for the earlier years. Nevertheless, those losses had been shown at lower figures as some of the losses discovered in godowns had not been investigated and written off. In reply to a question, the witness stated that the loss shown in the proforma accounts did not represent the total loss. The total loss could not be shown until losses discovered in storage were investigated and either recovered or written off. On being further asked as to how the figure of "loss" and "subsidy" were the same in the years 1960-61 and 1961-62, the witness explained that the term "subsidy" included not only what was given to State Government as straight subsidy but also the total loss incurred in the distribution of foodgrains. In this connection the Committee desired to be furnished with a statement giving transit and storage losses and also losses due to thefts, separately from the trading losses for each of the years 1960-61 to 1963-64. This statement has been furnished and is enclosed as Appendix IV. From this statement the Committee find that losses in transit and storage and losses due to theft though they form a small percentage of the total transactions are quite substantial. For instance in 1962-63, the losses under this head were to the tune of Rs. 1.93 crores.

Keeping in view the general shortage of foodgrains in the country, the Committee would like the Ministry to take special steps to minimise such losses.

The Committee are surprised to note that the total loss incurred in the distribution of foodgrains as shown in the proforma accounts was being treated as subsidy. In their view it is misleading, does not give a true picture and might even cover up administrative deficiencies as it does not show as to how much is the actual subsidy and what are the losses incurred in transit, storage and distribution of foodgrains. They, therefore, desire that in future to make it more specific and clear, the Ministry should show separately in the proforma accounts amount of subsidy and the losses in distribution etc.

35. At the instance of the Committee the Ministry of Food and Agriculture (Deptt. of Food) have submitted a statement showing the number of cases of storage and transit losses during 1962-63 for which responsibility was fixed and amounts of loss recovered.

The Committee find that in the Eastern Region in about 160 cases, an amount of Rs. 20,512 is to be recovered from a transport contractor and in Western Region Rs. 13,846 is to be recovered from some contractors. They trust that early steps will be taken to effect recoveries in these cases.

Working results—sub-para (b) page 84.

36. The proforma accounts for 1962-63 and earlier years as included in the respective Audit Reports/Appropriation Accounts did not incorporate the transactions relating to the stocks of rice taken over from State Governments, at the time of decontrol. Government has agreed (December, 1963) to have a separate statement prepared showing the quantity taken over from the State Governments, their purchase price and sale proceeds.

The Secretary of the Ministry stated that 182 lakh maunds out of 183.73 lakh maunds of rice which were taken over from State Governments at a cost of Rs. 31.01 crores had been disposed of. The balance (1.73 lakh maunds) was lost in storage. The Committee enquired why the stock was sold at a lower price than that paid to State Governments. The witness stated that due to decontrol the prices in the market fell and there was no alternative but to sell it at a lower rate. He added that in 1954 the Government of India took a unilateral decision to decontrol rice. It was then felt that the State Governments should not thereby be put to any loss. Therefore, it was decided to take over the stocks from the State Governments at their economic cost (i.e. Price paid to the cultivator plus incidental charges incurred by State Governments) and bear the loss.

The Committee desired that a note might be furnished showing the procurement price for rice and the price at which payment was made to State Governments and the resultant loss in 1954 at the time of decontrol. **The witness promised to furnish the information which is still awaited.**

Closing stocks—(20.35 lakh tonnes valued at Rs. 81.49 crores)—page 84.

37. The stocks of grains held in depots, etc. as at the close of the financial year were physically verified during 1963; a final report on the verification was still awaited (December, 1963). Audit had been

informed that the difference between the book balances and the actual ground balances would be reconciled and that the opening balances for 1963-64 would be corrected on the basis of this reconciliation.

The Committee desired to know as to why there was a difference between the depot stocks and the total stock as per proforma accounts. The witness stated that the proforma stocks reflected not only stocks in the godowns and the depots but also the stocks in transit (including the holds of steamers) and the transit sheds which awaited clearance. The physical verification was done with reference to the stocks in the godowns and depots. Difference between the book balance and the actual physical stock was estimated at roughly 16,000 tons. The exact reason why that difference or disparity between those figures had resulted was under investigation and in due course they would be able to inform the Committee the reasons for that loss. The Committee desire that the reasons for loss may be ascertained without further delay and the result intimated to them.

38. The Committee enquired whether physical verification was done in respect of each and every bag in every godown. The witness stated that all bags were counted. But in regard to the actual number of bags weighed, the percentage varied from 10 to 15. In a godown there were standardised and non-standardised bags. At the time of physical verification 10 per cent of the standardised bags were weighed and in respect of non-standardised bags, 100 per cent weighment was done. The physical verification was done in February-March, 1963. The Committee enquired whether at all stages the weighment of bags was done and whether any record was kept which could be checked at the time of physical verification. The witness stated that with regard to weighment at the ports, the practice varied. In certain ports they were able to do the weighment and in other ports it was only the approximate weight that was filled into the bag. Those bags were then sent to the godowns where they were weighed and later on standardised. In reply to a question, the witness stated that normally the physical verification was done through their physical verification squads once a year. But in 1963 at the instance of Audit, the special verification of all the physical stock was done by depot officers as physical verification squads could not verify all the stocks in a short period all over the country. After it was done, the physical verification squads had been checking up the book balance with the physical stock.

In reply to question, the witness stated that for some time the physical verification squads were attached to the Ministry. But now

they were working under the direct charge of the Regional Directors who were in charge of stocks.

The Committee feel that the physical verification should be entrusted to persons who do not function under the administrative control of the authority in charge of the stock. They suggest that the Government might examine the desirability of getting physical stock verification done under the supervision of the Chief Pay and Accounts Officer instead of Regional Director, who happens to be in over-all charge of the Stocks.

39. The Committee enquired whether deterioration in quality of foodgrains was assessed at any time and if so, what was the result of such investigations. The representative of the Ministry stated that every fortnight their technical staff used to inspect foodgrains and submit a report on the condition of the stocks to the Director of Storage and Inspection. On those reports appropriate action was taken. The witness added that no such stock had been rendered unfit for human consumption so far. The procedure was that each and every bag was examined and the damaged grain was sorted out. In addition to it they also received stocks which were damaged overseas in the course of import. The Committee desired to be furnished with a statement showing quantities of foodgrain rendered unfit for human consumption from 1960-61 to 1963-64 and how they were disposed of, (including the prices fetched and loss incurred) together with the number of cases in which deterioration occurred due to negligence of the officials. A statement furnished by the Ministry is at Appendix V.

The Committee are constrained to observe that the damage to the foodgrains was substantially heavy during the years 1961-62 and 1962-63. In the year 1961-62 particularly 8016.45 M. Tons were rendered unfit for human consumption and the net loss to the extent of about Rs. 43 lakhs was suffered on this account alone. It has been stated that the losses were not due to negligence of the officials and were due to unprecedented floods at certain places. The losses due to ship damage, damage in rail/road transit etc. were also quite substantial during the years 1960-61 to 1963-64.

The Committee feel that the circumstances in which such large quantities of foodgrains were damaged both in storage and transit should be further enquired into and suitable measures adopted to ensure that such losses do not occur in future.

Outstanding claims against Railways, Pages 84-85

40. 3,002 cases involving a total amount of Rs. 18.59 lakhs on account of claims for shortages in transit in respect of the period up to 31st December, 1962 were pending against the Railways, as on 31st December, 1963. A year-wise analysis is given below:

Year	No. of cases	Amount involved (in lakhs of rupees)
Upto 1958	732	3.52
1959	380	3.22
1960	353	3.65
1961	690	3.68
1962	847	4.52
TOTAL	3002	18.59

Of these, 54 cases involving Rs. 5.22 lakhs were in respect of missing wagons, and 1,847 cases involving Rs. 9.36 lakhs were on account of bags of foodgrains delivered short.

The Committee desired to know the latest position of outstanding claims against Railways. The witness stated that out of 3002 cases referred to in the Audit para, 1,742 cases involving Rs. 9.95 lakhs, remained to be disposed of. The Committee desire that steps should be taken to settle the remaining outstanding claims at an early date.

Avoidable expenditure—para 68, pages 85-86.

41. While forwarding the lowest tender which had been received from a contractor for transport and handling work at Cochin Depot, for the period from 1st February, 1960 to 31st January, 1962, the Regional Director of Food, Madras reported to the Department of Food on the 30th December, 1959, that the contractor had quoted an abnormally high rate of Rs. 7.25 per 100 bags for weighment when loading foodgrains into the trucks at the time of issue, as compared to the rate of Rs. 0.75 per 100 bags for weighment at the time of receipt of the foodgrains. The Department of Food conveyed their acceptance of the tender on 19th January, 1960, but asked the Regional Director to negotiate a reduction of the high rate quoted for weighment at the time of issue. The Regional Director, however, conveyed to the tenderer on the 27th January, 1960 his acceptance of the tender without negotiating any reduction in the rate of weighment, on the ground that the new contract had to commence from the 1st February, 1960 and that there was no time left for negotiating modification of the rate.

The matter was, however, subsequently pursued with the contractor, and on 8th February, 1960 the contractor wrote to the Regional Director agreeing to the reduction in the rate of weighment from Rs. 7.25 to Rs. 0.75 per 100 bags, but claiming an enhancement of the rate of transport from Rs. 0.53 per ton to Rs. 1.23 per ton on the ground that the lower rate had been quoted by him by mistake.

After some further exchange of correspondence, the Ministry ultimately decided on 12th May, 1960 not to accept either the reduction in the rate of weighment or the enhancement asked for by the contractor in the rate of transport, even though the fact that the acceptance of the contractor's proposals in this respect would, on the whole, be cheaper to the Department had been pointed out by the Regional Director of Food on the 8th April, 1960.

On the basis of the actual work turned out by the contractor, a saving of Rs. 91,768 would have accrued to the Government during the period from 1st February, 1960 to 31st January, 1962, if they had accepted the reduction in rate for weighment, offered by the contractor, as well as the increase in the rate of transportation claimed by him.

The contract was further extended for a period of one year from 1st February, 1962 and the savings to the Government during the extended period if they had accepted the terms proposed by the contractor, would have been of the order of Rs. 50,000.

The Committee desired to know as to why the offer of the contractor to reduce the rate of weighment of foodgrain bags (from Rs. 7.25 to Rs. 0.75 per 100 bags) and to increase the charges for transportation (from Rs. 0.53 to Rs. 1.23 per ton) was not accepted by the Department of Food. The Secretary to the Department while explaining the factual position stated that even with the high rate quoted for one item viz. weighment of bags at the time of loading into trucks, the overall offer of this contractor was considered to be the lowest. Hence contract was awarded to him. Afterwards when it was brought to their notice that the figure relating to weighment of bags bore no relation to the previous rates, negotiations were carried out with the contractor. The contractor agreed to reduce that rate but also stated that the transport rate had been quoted by him by mistake and he claimed a higher rate for this work. The Ministry had to make assessment as to whether on the assumed pattern of traffic, the revised offer given by the contractor would be lower or higher than the previous one. It was considered that on that assumed traffic, the saving could have been

Rs. 16,000. But they were not certain that the pattern of road traffic would continue to be as assumed previously. In case there was to be more movement by road, it was considered that a higher amount would have to be paid in view of the higher rate for transportation quoted by the contractor.

The Committee do not see any reason why the Regional Director of Food did not consider it necessary to negotiate with the contractor with a view to seeking a reduction in the abnormally high rate quoted by him before conveying their acceptance to the tender despite clear instruction from the Department of Food to do so. Alternatively all the tenders could be rejected and fresh tenders called at short notice. Subsequently also the Department failed to avail of the opportunity and did not accept the revised rates offered by the contractor. As admitted during evidence on the basis of the assumed traffic, there would have been a saving of Rs. 16,000. In the absence of any concrete facts and developments disproving the assumption about traffic there appeared to be no reason for not accepting the offer of the contractor. The Committee regret to observe that due to lack of vigilance, the judgement of the Deptt. was based on wrong assumption of traffic pattern and this resulted in an avoidable expenditure of Rs. 91,768 during the period 1st February, 1960 to 31st January, 1962 and of Rs. 70,644 during the extended period upto 28th February, 1963. The Committee suggest that the Govt. might examine if there was any apparent lapse in not calculating the traffic pattern of foodgrains accurately.

42. The Committee enquired whether at the time of extending the contract by another year, any assessment was made to find out whether the contract was running in favour of the contractor or the Department. The witness stated that at that time it was decided that as the market rates tended to be upwards, the contract should be extended. He added that if open tenders were called for again, they would have had to pay higher rates. He, however, admitted that no detailed analysis was made at the time when the contract was extended.

The Committee desired to know the rates quoted by contractors when fresh tenders were invited later on. The witness stated that lower rates had been quoted by contractors when fresh tenders were called and admitted that their assumption that if they had invited fresh tenders, they would have to pay more was not correct.

The Committee regret to observe that in this case one error was committed after another. Initially the Deptt. agreed to a contract on the basis of assumption of a traffic pattern which proved to be

wrong. Subsequently when the term of the contract was due to expire on 31st January, 1962, the same was extended by another year without ascertaining whether the contract was going in favour of Govt. or the contractor. The Committee view this lapse seriously as it resulted in further avoidable extra expenditure to Government. The Committee desire that this case should be thoroughly investigated with a view to fixing responsibility for the various lapses.

Extra Expenditure due to loose Bagging of wheat-Para 69, page 86.

43. At the ports of Vishakhapatnam and Madras, wheat unloaded from the hatches of vessels was filled in gunny bags by the Stevedoring Association. The average weight of wheat per bag was about 186 lbs. at Vishakhapatnam; the weight ranged from 185 to 198 lbs. per bag at Madras. These figures were appreciably lower than the capacity of a B. Twill gunny bag which can hold 205 lbs. of wheat, after allowing a margin of 5 lbs. for stitching, etc.

It had been estimated that the failure to fill the bags to their capacity resulted in the use of about 2 lakhs of extra gunny bags at Vishakhapatnam during the period July, 1960 to December, 1961, and of 2.36 lakhs bags at Madras during the period January, 1960 to December, 1961. The additional expenditure incurred by the use of extra gunny bags which under the conditions of sale were given free to the purchasers of wheat, had been estimated at Rs. 3.00 lakhs at Vishakhapatnam and Rs. 3.54 lakhs at Madras. A further avoidable expenditure of about Rs. 1.09 lakhs was incurred on the handling of a larger number of bags at the storage depots, than would have been necessary, if the bags had been properly filled.

Government had informed Audit in December, 1963 that various suggestions were under consideration for improving the position, including the question of introducing standardisation of bags at the time of bagging the wheat unloaded from ships at these two ports.

The Committee desired to know the decision taken in regard to standardisation of bags. The Secretary of the Ministry stated that their main difficulty in regard to standardisation had been the opposition from labour particularly in Madras and Vishakhapatnam and to some extent in the case of Bombay. Recently they were trying out some mechanical device in Bombay by introducing hopper arrangements under which the bags would be automatically weighed. In that case the quantity filled into the bag would be as required. But in Madras and Vishakhapatnam that arrangement was not possible and it had been difficult so far to persuade labour

to agree to this process of weighing because that would automatically affect their out-turn of work. They were paid on the basis of out-turn.

The Committee pointed out that it was the responsibility of the contractor who employed labour to see that the bags were filled to capacity. According to the orders of the Ministry issued in 1961 the Stevedores Association who employed the labour were told that they should be made fully liable for the loss to Government and the loss suffered by Government on that account should have been recovered from the Stevedores Association. The witness stated that in the contract there was no provision about filling bags to a particular weight as the contractor would have genuine difficulty in carrying out that particular condition. On being asked whether they had tried to put the provision in the contract and whether the contractor had objected to it, the witness stated that they had been trying to improve the methods. He added that there was no weighment arrangement which could be made in the hatches of the steamer and they could not check up whether a particular weight had been put in or not. They only tried to see that the bags were more or less properly filled. The witness further added that the other difficulty was about the availability of space in the holds and transit sheds due to which weighment was not possible.

The witness also stated that Stevedores were paid on the basis of actual weight of the grain unloaded from a ship, but in the godowns payment was made on the basis of the number of bags handled and in that way some extra expenditure was incurred.

On a suggestion from the Committee that a condition might be incorporated in the agreement that the contractor would be paid only if he filled a certain number of bags per hundred tons, the witness promised to examine it.

The Committee desire that the above suggestion might be examined. Meanwhile, suitable measures may be taken to standardise the bags and by tightening up the inspection arrangements to ensure that the bags are properly filled at the ports to avoid these losses.

As regards the loss suffered by the use of more gunny bags, the witness stated that they would examine whether the loss so sustained could not be recovered from the traders who got the extra gunny bags. The Committee may be informed of the decision taken in this regard.

Non-Utilisation of Grain Conveyors—Para 70, Pages 86-87

44. During 1961, the Ministry of Food and Agriculture purchased through the India Supply Mission, Washington, 24 Grain Conveyors at a cost of \$2,88,007 (Rs. 13·71 lakhs) for discharging foodgrains in bulk from ships to box wagons and from the box wagons to "flat storage." The machines were received in India during July-August, 1961, and allotted to fourteen centres, two machines each to ten centres and one each to four centres.

Eleven of these machines have not been put to use so far; the remaining thirteen, after remaining idle for 7 to 9 months, have worked only for 1 to 7 hours a month on an average up to April, 1963.

Government have informed Audit in January, 1964 that these machines could not be fully utilised at the ports due to labour opposition, and to the non-availability of adequate number of rail wagons needed for the transport of bulk foodgrain from the ports to the inland centres, and that they would be used at the internal depots when "flat storage" accommodation was constructed. In the meantime, Government proposed to rent out temporarily ten of the grain conveyors to firms who were engaged in handling bulk foodgrains at Bombay Port.

The Committee desired to know why the 24 Grain Conveyors purchased at a cost of Rs. 13·71 lakhs were not used and what were the terms on which they were given to private parties. The witness stated that in 1960 when agreement under PL-480 was signed, it was anticipated that a large quantity of foodgrains would be imported. At that time at the suggestion of PL-480 authorities two measures were taken to streamline and modernise the method of handling and storage of grains. One was the creation of more flat storage accommodation and the other was the sophisticated method of handling foodgrains both at the ports as well as at the interior centres where storage accommodation would be created. It was in that context that the question of importing equipment for both those purposes was considered. As it was something new which had not been tried before, a rough assessment was made, according to which 10 machines were required for ports and 14 for interior centres. On that basis, order was placed. The witness added that they had difficulties in utilising the machines at the ports because of a labour opposition. They could not be used immediately in the interior because the flat storage accommodation had not yet been created. Thus, he stated, there was a time lag between the placing of orders for the machines and their arrival,

arrival of experts to assemble them and their ultimate utilisation. But thereafter they had been used at the ports to which they had been transferred either on Government account or hired out to private contractors. The witness further informed the Committee that grain conveyors had also been given to private parties on rent at Rs. 300 per day. The total amount collected in one year was Rs. 6.18 lakhs, which was more than adequate not only to cover the interest and depreciation but a part of the cost of the equipment as well.

The Committee are unable to understand why the labour did not object when these machines were used by the private parties. While the Committee are glad to note that the machines have now been put to use and were fetching good rent, they feel that owing to failure on the part of the Deptt. to foresee the initial difficulties costly equipment remained idle for a long time. They trust such cases would not recur.

Locking up funds—Para 71, page 87

45. Out of 3,650 bales of gunny bags purchased in May, 1961 and received by the Department in August, 1961, and stored in a godown near Calcutta, only 226 bales were issued during the period from August, 1961 to August, 1963. The balance of 3,424 bales was still in stock (August, 1963) involving the locking up of Government funds to the extent of Rs. 17.05 lakhs for over two years. These gunny bags were purchased at a cost of Rs. 166 per 100 pieces; the average price during the period January to August, 1963 ranged between Rs. 108.40 and Rs. 114.45 per 100 bags.

In addition, the godown, on which a rent of Rs. 24,700 had been incurred from August, 1961 to August, 1963, could have been more profitably utilised on storage of foodgrains, if steps had been taken to put the gunny bags to use elsewhere.

The Committee were informed that an indent was placed in November, 1960 for 625 lakh pieces on account of the anticipated requirements of 1961-62. This was based on certain import programme that was assumed at that time and also the quantities then calculated to be received at Calcutta port. On that basis their requirement was assessed at 13.2 lakhs gunny bags, including a certain amount of reserves for three months. However, the witness added that in 1960-61 there was a record harvest and import programme was curtailed. On the 25th May, 1961, the D.G.S. & D. was asked to suspend further purchase of gunny bags. But, before that a certain quantity had already been purchased by him which could not be cancelled.

The Committee enquired whether the D.G.S. & D. continued to purchase gunny bags on their behalf even after they advised him not to purchase any more gunny bags. The witness stated that no purchases were made after that but only the deliveries against the previous purchase were received.

In reply to a question, the witness stated that the stock of gunny bags was distributed among several godowns. But in a particular godown for some reason, the turn-over or the rotation of gunny bags was not done, as it should have been done.

The Committee desired that a note might be furnished indicating the extent of damage to the gunny bags due to dampness. The information is still awaited. The Committee trust that the reasons for the loss due to deterioration of bags would be investigated and responsibility fixed.

Infructuous expenditure on a Fish Farm—Para 42, Page 46

46. In February, 1959, Government conveyed administrative approval of a scheme for the construction of a fish farm at Bimlitan Creek (Port Blair) with a view to take advantage of large number of fry and fingerlings of mullets in the creeks and to grow them into marketable sizes.

The scheme involved:

- (a) the construction of bund to form a farm 15 to 20 acres and
- (b) the construction of a nursery pond.

These were estimated to cost Rs. 14,900 and Rs. 11,500 (revised subsequently to Rs. 22,400 and Rs. 11,1,850) respectively.

The nursery pond was completed in November, 1959 at a cost of Rs. 20,961; but the construction of the bund could not be completed as the entire bund subsided after an expenditure amounting to Rs. 51,510 had been incurred thereon.

The Fisheries Adviser to the Government of India who inspected the farm in January, 1962 observed that "the nursery was found to go dry during low tide as it could not retain water, and cracks in the walls and bottom caused by subsidence also rendered it unfit for the purpose." He advised the Administration to abandon the scheme, as even with an additional expenditure of Rs. 1 lakh. for putting up a copper wire net across the creek, the scheme was not likely to be effective in the long run, due to inherent technical and operational difficulties.

A total expenditure of Rs. 72,471 incurred on the scheme has thus proved nugatory.

With regard to the expenditure incurred on the establishment of a fish farm at Bimlitan Creek (Port Blair) which was abandoned after constructing a nursery pond at a cost of Rs. 20,961 and an incomplete bund for Rs. 51,510, the witness stated that the Deputy Fisheries Development Adviser had visited the Andamans Islands in 1951 and had suggested to the local authorities that they might try out a scheme on demonstration-cum-experimentation basis for the establishment of a fish farm. In 1957, the Fisheries Development Adviser forwarded to the Ministry a copy of the survey made showing the site where such a farm could be located along with other broad features of the farm. The Fisheries Development Officer of the Ministry examined the scheme and came to the conclusion that it was feasible. But so far as the engineering aspects were concerned, he raised certain points which he suggested might be checked up by the local authorities before the scheme was finalised. Thereafter, the Fisheries Development Officer, Andamans, examined the scheme and in consultation with local engineers came to the conclusion that the scheme was feasible. The scheme was ultimately sanctioned by the Chief Commissioner.

As far as the actual construction of the bund was concerned, the witness stated that it was considered to have been carried out without collecting full data and without proper trial and thorough investigation of the soundness of the construction aspect of the scheme. When that came to their notice, the Ministry had asked the Ministry of Works and Housing to enquire into this case and the findings of the investigation were awaited in the Ministry of Food and Agriculture (Deptt. of Food). The witness added that an officer of the Ministry would be going to Andamans to find out whether it could not be reviewed again. A team of the Planning Commission was also to review the position.

In a subsequent note furnished to the Committee, the Deptt. of Food has stated that the total expenditure on the construction of the Fish Farm was Rs. 52,971 and not Rs. 72,471 as unused materials worth Rs. 19,500 were returned subsequently to the stores for utilisation by P.W.D. elsewhere.

The Committee regret to note that, as admitted during evidence, the construction of the bund was started without collecting full data and without conducting proper trials and investigations. They would like to be informed of the findings of the enquiry conducted by the Ministry of Works and Housing and action taken thereon. They may also be informed of the results of the reviews which were proposed to be conducted by the Food Department and the Planning Commission.

III

MINISTRY OF HEALTH

Filaria Control Programme—Para 45, pages 48-49.

47. Stocks of the value of about Rs. 35 lakhs became surplus as a result of discontinuance of (a) mass administration of a drug Diethyl-carbamazine, and (d) spraying of the insecticide-Dieldrin, procured for a project for the prevention and control of Filaria.

An expenditure of Rs. 4.92 crores in the meanwhile had been incurred between 1955 and 1961 on the project, which was started in collaboration with T.C.M.

The use of Diethylcarbamazine and the spraying of Dieldrin had to be given up during 1960-61, due to unpleasant reactions observed following the administration of the drug and the unsatisfactory results of the insecticide.

The unutilised stocks of the Diethylcarbamazine and Dieldrin and other equipment procured for the scheme are proposed to be utilised as under:—

Diethylcarbamazine 31.63 million tablets valued at Rs. 5.81 lakhs.	For treatment of positive filaria cases in hospitals and dispensaries.
Dieldrin 284.61 tons valued at Rs. 29.14 lakhs.	Transferred free of charge to Plant Protection Directorate of Ministry of Food and Agriculture for a tilocust and anti-pest measures.
Vehicles and equip- ment.	Are stated to be still in use for control purposes.

The Ministry had informed Audit in December, 1963 that the programme was started on the technical 'Know-how' and scientific knowledge available at that time and it was a 'large-scale pilot programme' to study the available technique and methodology in different terrains and conditions available in the country. The T.C.M. authorities had, however, observed in April, 1962 that—

- (a) "The procurement of these tablets (diethylcarbamazine) in such large quantities was unwise before making a use assessment in advance on small quantities"; and

- (b) "There should have been a proper assessment of the usefulness of dieltrin received in the initial stages (January, 1956) under the original agreement before ordering such large quantities under supplements I and II (which were signed in March, 1956 and April, 1957).

Explaining the working of the Filaria Control Programme, the Secretary, Ministry of Health stated in evidence that it was originally started in 1955 and it was meant to be a large-scale pilot project to carry out surveys on filariasis, to undertake large-scale pilot studies as well as to train professional and ancillary personnel. Prior to indenting these drugs Diethylcarbamazine and Dieltrin, experimental projects to evaluate their efficacy had been carried out in the State of Orissa and Kerala. Since it was extremely difficult to find out who actually had the filarial infection it was decided to try it out as a mass therapy and all persons in a given area who were exposed to the risk of infection were treated with this drug. It was supposed to be given for 5 days continuously. But when it was found that a number of persons developed unpleasant symptoms and because some people also started an agitation against the tablets on account of these unpleasant reactions, this therapy had to be stopped. He added that the tablets had been given to hospitals and other establishments for treatment of cases of filariasis. So far as dieltrin was concerned, it was meant to be used for anti-larvel measures and for spraying out, but when these measures were tried it was found that in certain cases mosquitoes were not susceptible and in other cases they developed immunity to this insecticide. This insecticide was given in consultation with the T.C.M. to the Food and Agriculture Ministry which had found it extremely useful for locust control. Therefore, the witness urged that, although for the purpose of the project the procurement of the drugs had not been useful, there had been no actual loss, because they were still being used elsewhere.

Explaining the observation made by T.C.M. that to order the tablets in such a large quantity without making experiments on small projects was an unwise step, the representative of the Ministry of Health stated that for 5 years a pilot project was carried out in Orissa sponsored jointly by the Government of Orissa as well as the I.C.M.R. The T.C.M. had agreed to the pilot trials and it was because of this that they agreed to what now looked like a very large supply of drugs.

The Committee enquired as to why it was not possible to make an evaluation earlier than 5 years. The witness explained that it had to be done on a sufficiently large scale and at a number of places before final conclusions could be arrived at. It was urged that the

evaluation could not be done earlier because the distribution of the drug in this programme was not the only approach. All the methods stipulated by the pilot trials in Orissa had to be carried out for a continuous period of five years before significant results could be achieved. The witness further stated that since this was an infection that manifested only after five years of continued exposure, the whole programme was drawn up for a full period of five years before which no evaluation was possible.

In reply to a question as to why the mass programme was abandoned in 1961 when there was no failure of the drug, the representative of the Ministry stated that it was abandoned because of "operational difficulties". The witness urged that treating all the people with the drug, irrespective of the fact whether they were infected or not, was found to be unworkable.

The Committee asked as to why in view of the observation of the Assessment Committee of the I.C.M.R. that the mass drug administration had its limitations and was of a restricted value in a central programme in the country, it was carried on a mass scale. The representative of the Ministry of Health stated that in the beginning there was only an organisation to carry out filaria surveys in a restricted area, but when the organisation improved and when a large number of people were trained to carry out surveys, filaria was found to be existing even in areas which had been considered free from it before.

In reply to a question as to the percentage of persons who suffered from various symptoms as a result of the administration of the drug and the number of fatalities, the witness stated that there was no fatality and the number of persons developing adverse reactions was never more than 20%. The Committee understood from Audit that according to the report of the assessment committee of July, 1961, the percentage of adverse reaction was 30.

Asked to state the total amount spent so far on the anti-filaria programme, the witness informed the Committee that this expenditure, which included the expenditure incurred by States came to about Rs. 5.7 crores. As regards the achievements of the programme it was claimed that:—

- (i) a great deal of advancement had been made in technical knowledge relating to the problem;
- (ii) the people in the country had become conscious of filaria and its effects on them;
- (iii) a large number of professional and semi-professional people were trained whose services had been utilised;
and

- (iv) in areas where the programme had been pursued, there had been a reduction in the number of afflicted people. There was reduction in the incidence of filaria, in areas like Khurda, Ranchi, Cuttack, Nagpur, Patna, Ballia and Muzaffarpur etc.

In reply to another question, the Committee were informed that the number of persons trained for the purpose was 338 inspectors and 159 professional people like medical officers and biology graduates. The witness added that non-medical biologists were also being trained for the programme, because medical graduates were not attracted towards this kind of work.

While the Committee appreciate the achievements made, they cannot help concluding that in their enthusiasm to combat the disease the authorities embarked on the programme on a mass scale without considering its *pros and cons*. Had the project been started on a restricted scale the set back could have been avoided. Further, the Committee feel that the toxic reaction of the drug should have been known to the medical authorities when they conducted trials in Orissa and Kerala. If so, the Committee do not see why suitable measures were not taken to educate the people about these temporary reactions in advance.

The Committee are glad to know that the drugs are being utilised and there has been no loss on this account. They would like to be informed as to how much of the stock of diethylcarbazine has since been utilised and whether the balance would be consumed before it outlives its life.

48. In regard to dieldrin the Committee learnt from Audit and the first consignment was received in India in January, 1956 and that no adverse report on the use of insecticide was received upto April, 1957 when the second supplement for 470 tons was signed. Subsequently it was reported that there was no appreciable reduction in the vector density even during the week following application of the spray. The Committee feel that the Ministry should have arranged to collect the data about the efficacy of the drug before placing orders for such a large quantity. They trust that such mistakes will be avoided in future.

Grants to private medical colleges though not covered by the Scheme—para 96, pages 133-134.

49. During 1959-60 to 1962-63, grants amounting to Rs. 72 lakhs were paid by the Ministry to six private medical colleges mainly for the construction of buildings and purchase of equipment.

The grants to these colleges were generally released without fully examining the financial needs of the colleges and without

specific written requests from the grantee institutions as shown below:

Name of the Institution	Year	Amount of the grant applied for	Amount paid Rs.
S.R.M. Medical College, Kakinada.	1960-61	Request received in the Ministry on 22-3-1961 but sanction issued on 17-3-1961.	} 10 lakhs
	1961-62	No request for grant	
Kasturba Medical College, Manipal.	1960-61	Do.	5 lakhs
Kakatiya Medical College, Warangal.	1960-61	Rs. 5 lakhs	8 lakhs
Devasom Medical College, Alleppey.	1962-63	Rs. 3.40 lakhs	5 lakhs

In the following cases, the grants were released in advance and in excess of requirements as indicated below:—

Year	Amount of grant paid	Amount utilised	Unspent balance at the end of each year.
	Rs.	Rs.	Rs.
(a) Medical College Manipal.			
1959-60	5 lakhs	1.33 lakhs	3.67 lakhs
1960-61	5 lakhs	1.18 lakhs	7.49 lakhs
1961-62	5 lakhs	(Not known)	(Not known)
1962-63 (Upto June 1963)	Nil		8.29 lakhs
(b) Vidarbha Ayurvedic Mahavidyalaya, Amaravati.			
November, 1961 lakhs	6,360	3,63,650 (Upto August, 1963).	
(c) Rajkot Medical Relief Association.			
March, 1963	50,000	Nil	50,000

Explaining the position, the Secretary, Ministry of Health stated that the policy of Government was not to make any definite provision for assistance to medical colleges. It depended entirely upon the savings which were expected and these could not be estimated till the end of March. Secondly, the witness pointed out, the grants were made not on the basis of records but on the basis of the personal knowledge of the Minister of Health or the D.G.H.S. about the functioning of these colleges. Both the Union Health Minister and the D.G.H.S. had visited the colleges and it was at the request of those voluntary agencies that the grants were sanctioned. The witness added that though actually the applications had been received subsequently, the personal or oral request was made at the time of the visit. Sometimes, these colleges asked for specific grants but they represented that their needs were much more in fact. The witness informed the Committee that to warangal medical-college, a total grant of Rs. 8 lakhs was made; part of the grant was made in November or December and subsequently a grant of Rs. 5 lakhs was asked for by them. According to Audit a further grant of Rs. 2 lakhs only was asked for by the college. In the case of Alleppey College, Rs. 3.4 lakhs was a purely national amount which was calculated on the basis of assistance which was being given to certain State colleges, but the actual needs were much more and so a grant of Rs. 5 lakhs was given to them.

On being asked whether utilisation certificates had been received from the Colleges, the Secretary, Ministry of Health stated that the Kakinada College had furnished utilisation certificates upto 1962-63, the warangal college upto 1961-62 and for the other colleges the audit report was still awaited.

The Committee observed that it appeared somewhat irregular to sanction grants without any written application or request and enquired whether there were any other similar cases. The Secretary, Ministry of Health agreed with the above view and stated that grants should be properly examined before they are sanctioned. He added that for the purpose of safeguarding the grants, besides inspection and utilisation certificates, it was proposed to impose further conditions regarding the governing bodies and the working of the colleges.

The Committee pointed out that the Manipal medical college was given grants of Rs. 5 lakhs each in the years 1959-60, 1960-61 and 1961-62 without checking the fact whether the grants in the previous years had been utilised or not. The Secretary, Ministry of Health admitted it to be true, but added that the latest position was that

the total of Rs. 15 lakhs had been fully utilised by the college and the utilisation certificates were awaited.

While the Committee do not object to the granting of financial assistance to private medical colleges, they deprecate the manner in which grants were given in contravention of the elementary principles of financial propriety. Rule 149(3) of the General Financial Rules provides that before any grant is paid to a public body or institution the sanctioning authority shall, as far as possible, insist on obtaining an audited statement of the account of the body or institution concerned in order to see whether any previous grant was spent for the purpose for which it was intended. The Committee regret to observe that this Rule was not properly followed and grants were continued to be given, year after year, without checking the fact whether the grants given in the previous years had been properly utilised or not.

50. At the instance of the Committee the Ministry of Health have furnished a note stating the circumstances in which grants were given to the colleges without proper written request and in excess of their demands, which is at appendix VI. It has been stated that in the case of Rangaraya Medical College, Kakinada to which a grant of Rs. 5 lakhs each was sanctioned on 17-3-1961 and 17-3-1962, the President of the Medical Education Society, Kakinada had, in his d.o. No. 51/61, dated 18-3-1961, addressed to Health Minister requested sanction of *ad hoc* grant to the College before the close of the financial year 1960-61. Further, as the case of this college for the grant of central assistance was on par with the other two colleges, a grant of Rs. 5 lakhs was also sanctioned to the college on 17-3-1962. It has been further added in the note that although for some of these colleges, written requests are not on record, it has to be stated that their representatives came to Delhi to request personally for these grants after orally stating their case. On a few occasions, the D.G.H.S. himself visited the colleges on the spot to satisfy himself about the needs.

The Committee deplore the practice adopted by the Ministry in sanctioning grants to private institutions without even having a written request from them what to say of proper assessment of their needs and scrutiny of their proposals. The Committee are also unable to find any justification in several instances, of the Ministry sanctioning grants in excess of what the institutions themselves had asked for.

51. The Committee were also anxious to know the circumstances in which the Ministry of Finance concurred in these grants. A note submitted to them by the Ministry of Finance (Health Branch) is at

Appendix VII. It appears from the 'note' that no pattern of assistance to private medical colleges or rules governing such grants-in-aid were formulated nor any policy decision appears to have been taken as to the extent to which the *ad hoc* grants would entail commitments on Government for assistance in future years. It is observed that on 23-2-1962 the Ministry of Finance objected to the giving of the *ad hoc* grants in following terms: "It is against all canons of financial propriety to propose expenditure as in the present case merely because savings are expected in the budget provision for the current years." They also pointed out that there were no written requests from some of the institutions. Subsequently on being pointed out that the authorities of the two colleges had represented the matter to H. M. personally, the Ministry of Finance concurred in the proposal. In another note the Ministry (Finance) had written "However, having regard to the fact that we are at the fag end of the financial year and by the time the points raised in the foregoing remarks are clarified the year would be over and consequently funds would lapse, we may, in deference of Health Minister's wishes agree to give grants to all the four colleges." **The Committee are surprised at the manner in which the Ministry of Finance, who are supposed to ensure financial propriety in Governmental expenditure, acquiesced in the proposals of the Ministry of Health.**

ALL INDIA INSTITUTE OF MEDICAL SCIENCES

Audit Report on the accounts of the All India Institute of Medical Sciences for the year 1962-63

Non-recovery of dues from a Professor of Thoracic Surgery, para 2

52. A sum of Rs. 15,963 was due from a Professor of Thoracic Surgery of the Institute on account of the following items.

	Rs.
Salary for the months of October, November and December, 1962 drawn by the Professor from the Institute while in service of the Seton Hall College in U.S.A.	5,685 -
H.R. and Water charges in respect of Flat No. C-II-15	2,215 -
Other recoveries due from the Professor	63 -
Damages on account of non-fulfilment of an assignment abroad (30-9-62 to 29-12-62)	8,000/-
	<hr style="width: 100%; border: 0.5px solid black;"/>
	15,963 -

The Professor tendered his resignation on 1-4-1963, the acceptance of which is stated to be still under consideration (November,

1963). The amount due from the Professor has also not been recovered so far, although it has been decided by the Institute to recover it.

Explaining the case, the representative of the Institute stated that along with two others the professor whose case was mentioned in Audit para was sent to the U.S. for training in heart surgery. He was to return some time in January 1963 and on 12-2-1963 he was asked to indicate the date by which he would return to the Institute. After some correspondence he sent his resignation on 1-4-1963 stating that his Provident Fund and life insurance amounts might be appropriated towards the expenses incurred on his travel to U.S. and that the balance, if any, would be paid by him.

The Committee pointed out that since the person concerned had not disputed the claim, there should not have been any delay on the part of the Institute in making the recovery. The Secretary, Ministry of Health stated that the doctor's Provident Fund was with the institute but the legal position as to the point whether it could be appropriated was to be clarified. The representative of the Institute stated the according to the rules, the Institute could forfeit its own contribution, but the contribution of the employee could not be touched.

He added that the professor had been informed on 15th October, 1963 that the recovery as suggested by him could not be affected from the Provident Fund amount or the L. I. policy but no reply had been received to this letter. The witness added that the position would be further examined and the amounts to the credit of the individual in his Provident Fund account would be appropriated to recover the outstanding dues.

From a subsequent note furnished to them the Committee find that the professor had contributed a sum of Rs. 2,160 in the Contributory Provident Fund, and the surrender value of the Insurance policies taken by him, which were being financed out of the C.P.F. is Rs. 5,439.80 approx. It has been added that these amounts cannot be taken by the Institute under the C.P. Funds Rules unless the Professor himself gives a full acquittance for the entire amount at his credit in the C.P.F. Account.

The Committee suggest that early steps should be taken to adjust the amounts standing at the credit of the professor against the outstanding amount, as he has already given his consent for the same and the balance recovered from him. The Committee may be informed of the final outcome.

Overpayments—Rs. 35,497

53. At the instance of the Institute the Chief Technical Examiner's Organisation of the Government of India conducted a technical audit of some of the works which had been completed by the Institute and reported in December 1962 and June, 1963 an overpayment of Rs. 35,497 relating to Teaching Block and Ancillary Buildings. The details of the overpayment and the remarks of the Institute thereon are given below:—

	Rs.	Remarks of Institute
(i) Material issued in excess by the Institute.	19,534	Under reference the C.T.E.
(ii) Difference between the material used and that required.	2,944	Accepted and will be adjusted against the contractor's security deposit.
(iii) Providing materials of inferior quality or for sub-standard works.	13,019	Out of this amount a sum of Rs. 4,275/ has since been dropped by the C.T.E. overpayment to the extent of Rs. 6,345 - has not been accepted and the balance amount will be recovered from the contractors security deposits.

Explaining the items of over-payments the representative of the Institute stated that an amount of Rs. 19,534 represented the recovery of 156.772 tonnes of cement at penal rates, which was said to have been issued in excess to the contractors. Subsequently the matter had been further discussed with the Chief Technical Examiner and the relevant extracts from the cement registers, cement consumption statements etc. forwarded to him on 21-12-64. Final reply was awaited from him. The witness added that this amount should not therefore be taken as over-payment.

As regards the over-payment of Rs. 2,944 the witness stated that this amount represented the difference in the costs of shutters required and those used in the Teachers Block by the contractor. A

sum of about Rs. 5,000 had been withheld from the security deposit of the contractor.

Asked to explain the overpayment of Rs. 13,019 due to providing material of inferior quality or for substandard works, the witness stated that one item of Rs. 6,345 was about locks. The contractors were to supply Godrej locks, but the firm supplied its own locks, which were found to be of inferior quality. The Building Committee went into this question and made a reduction of 10 per cent in the price to be paid for these locks. According to the CTE, a further reduction in the price should have been made. The others were stated to be small items.

The Committee may be informed of the final recovery of these overpayments.

DELHI DEVELOPMENT AUTHORITY

Unauthorised occupation of public lands—Para 111, Page 144.

54. The para in the Audit Report stated the position as on 31-8-1963 of assessment and recovery of damages against the unauthorised squatters as follows:—

(a) No. of squatters	18,245
(b) No. of cases in which notice of assessment not issued.	1,365
(c) No. of cases in which assessment has not been finalised (upto March, 1963).	2,860
(d) No. of cases in which demand assessed.	14,020
(e) Amount of demand assessed	Rs. 71.33 lakhs
(f) Amount recovered upto March, 1963.	Rs. 16.36 lakhs

In evidence, the Vice-Chairman of the Delhi Development Authority informed the Committee that fresh cases of squatting had since been discovered bringing the total number of squatters to 18,689. The D.D.A. had assessed damages in respect of 14,106 cases; 4,583 cases were pending. Explaining the difficulties in this regard he added that some of the persons had left and were not traceable. He, however, assured the Committee that the D.D.A. were doing their utmost in dealing with the problem. He added that the Authority had since decided that the post-August 1950 squatters should also be charged at pre-August 1950 rates, which were about one-third of the new rates. Consequently, the amount to be recovered had been reduced substantially and as on 31st December, 1964, the balance due for recovery was Rs. 26.94 lakhs.

The witness further added that special steps including allowance of rebate for prompt payment were being taken and it was expected that the position would improve substantially.

In reply to a question the witness stated that in about 1,000 cases, involving Rs. 4 to Rs. 5 lakhs, people had left the premises and in case they were not traced the amount would have to be written off.

On being asked whether any fresh survey had been conducted since 1959, the witness stated that on the basis of fresh encroachments coming to their notice, the lists were being reviewed, but a fresh survey had not been made.

In reply to another question the representative of the Ministry gave the following figures of collections made since 1958-59:

1958-59	— Rs.	44,000
1959-60	— Rs.	1,53,000
1960-61	— Rs.	2,51,000
1961-62	— Rs.	2,82,000
1962-63	— Rs.	6,51,000
1963-64	— Rs.	7,82,000

At the instance of the Committee the Ministry of Health have submitted a note stating the latest position as on 31-12-64 which is as follows:—

	(As on 31-8-63)	(As on 31-12-64)
(a) No. of squatters	18,245 (as per Sikni Girdawari of 1959)	18,733
(b) No. of cases in which notices of assessment not issued	1,365	126
(c) No. of cases in which assessment has not been finalised	2,850	3,895
(d) No. of cases in which demand assessed	14,020	14,712
(e) Amount of Demand assessed	Rs. 71.33 lakhs	Rs. 84.30 lakhs
(f) Amount recovered	Rs. 16.36 lakhs	Rs. 27.01 lakhs
(g) Reduction in Assessment due to application of pre-August 1950 rates to post-August 1950 residential squatters	..	Rs. 18.10 lakhs
(h) Balance Recoverable	Rs. 54.97 lakhs	39.19 lakhs

It has been further stated that when the survey of squatters was carried out in the year 1959-60, 18,245 families were registered. Since then 488 cases of pre-1959-60 survey came to notice. Out of them about 3,800 have since been evicted by providing alternative accommodation to them. Thus, the number of actual squatters on 31-12-64 from the pre-survey time comes to 14,933. It has been added that fresh surveys of squatters are not being made as surveys confer some sort of claim on old squatters for alternative accommodation before they are evicted and therefore their cases are dealt with on an *ad-hoc* basis.

The Committee can hardly appreciate the plea that "surveys confer some sort of claim on old squatters for alternative accommodation". The fact that as many as 488 cases had come to light after the survey conducted in 1959-60 goes to show that either the survey was not properly conducted or the records of the DDA are not maintained correctly. The Committee trust that the DDA will take suitable action to ensure that their records are brought upto-date and no cases are left out.

55. Explaining the increase in the number of cases in which first assessment has not been finalised it has been stated that 1727 fresh notices were issued during the period September, 1963 to December, 1964 out of which 692 cases were finalised during the period leaving a balance of 3,895 cases. In addition, 8,936 cases of further assessments, reviews etc. were dealt with during the period. It has been added in the note that the slow progress of the remaining cases was due to the fact that a large number of these cases "are complicated and are keenly contested by the parties." As regards the outstanding damages as on 31-12-64, it has been mentioned that the amount of instalments which had fallen due for recovery from the squatters upto 31-12-64 was Rs. 26.94 lakhs. Out of this assessment orders on about 900 squatters amounting to Rs. 4.51 lakhs are still to be served. Damages amounting to about Rs. 1 lakh are covered by stay orders of the courts and nearly Rs. 1½ lakhs are recoverable from squatters who are no more at sites and may have to be written off. Thus, the actual recoverable damages on 31-12-64 amount to about Rs. 20 lakhs. It has been added that vigorous steps for their recovery are being taken.

While considering the position of arrears relating to the assessment and recovery of damages from the unauthorised occupants mentioned in the Audit Report, 1963 the P.A.C. in para. 20 of their 18th Report had expressed the hope that with the coming into force of the Delhi Development (Amendment) Act, 1963 the D.D.A. will be able to tackle the problem in a competent manner and would be able

to recover the damages at least from the unauthorised occupants who are not *bona fide* displaced persons. The Committee regret to observe that no appreciable improvement has been made so far despite the fact that the Authority has been clothed with additional powers. The Committee would like the Authority to make an all out effort to dispose of the cases of assessments which are pending for a long time to avoid the contingency of persons not being traceable as had happened in a number of cases. Further, fresh cases of encroachments coming to light should be dealt with firmly instead of giving concessions one after the other as seems to have been done in the past.

Non-recovery of damages and non-revision of rates—Para 112, pages 144-145.

56. After partition, the displaced and other persons squatted on 'Nazul land' as well as the land in possession of the Delhi Development Authority in Delhi and New Delhi. The unauthorised occupation was neither regularised by the grant of leases nor were any damages recovered upto the end of 1951. The erstwhile Delhi Improvement Trust prescribed certain rates of damages to be applicable with effect from 1st January, 1952. In 1954, these rates were reduced by 50 per cent. in respect of pre-August, 1950 squatters and were increased by 50 per cent. in respect of post-August, 1950 squatters. These rates of damages were revised upward with effect from 1st July, 1958. But these were not given effect to and the Authority decided in August, 1961 that the rates prescribed in 1954 would apply for assessment up to 31st March, 1961. This decision was further extended up to 31st March, 1962. In the meantime, the Authority found that the grouping of the rates in zones was defective as areas of different standards of development were grouped in a zone with a common rate of damages. Accordingly, the rates were compared with the rates adopted by the New Delhi Municipal Committee and the Land Development Office and revised rates were worked out in July, 1961. Audit was informed that certain tentative decisions had been taken for dealing with the problem by the Authority at their meeting held on the 13th November, 1963.

In evidence, the Committee desired to know as to why the concession of charging pre-August, 1950 rates was given to persons who occupied the land after 1950 and who were not *bona fide* displaced persons. The Vice-Chairman DDA explained that since the post-August, 1950 rates were about three times of the earlier rates, attempts were made by those who came later to prove that they were

occupying the premises before August, 1950. Courts had to be established to examine their cases and work increased considerably. He further added that it was then thought that by allowing this concession the Authority would be able to recover the dues quickly. On being asked whether in pursuance of the recommendation of the PAC a census had been taken to ascertain the number of genuine displaced persons and others the representative of the Ministry stated that it would be difficult to carry out such an enquiry and take correct evidence. The Committee desired to be furnished with further information about the number of persons who were in unauthorised occupation of land prior to August, 1950. It has been stated in a note submitted by the Ministry that out of 18,245 squatters listed in the Survey conducted by the Authority in 1959, 9077 squatters were recorded to be in unauthorised occupation of the land prior to August, 1950 as claimed by them.

The Committee feel that granting of a concession to such a large number of squatters (more than 50 per cent.) who were not genuine displaced persons, merely on the plea that work had increased in settling their cases can hardly be justified. It is also unfortunate that the hopes of the Authority that by allowing this concession they would be able to recover the dues quickly, have not materialised.

57. As regards the delay in settling the cases and recovering damages the Vice-Chairman, DDA stated that problem of squatting had assumed vast proportions after the partition of the country when a large number of people who were not displaced persons also took advantage of the situation. He admitted that it was not a satisfactory situation that the problem had dragged on. Government had now sanctioned the "Jhuggies and Jhompries" scheme which would cost about Rs. 10 crores in the form of providing land and tenements to the people elsewhere and efforts were being made by the Authority to solve the problem to the best of their ability. In reply to another question the witness stated that 4 or 5 officers of the DDA were processing the cases. Besides, cases were also referred to the Courts and Collection Officers. He expressed the hope that in 4 or 5 years it would be possible to wipe out the problem completely. As regards fresh encroachments it was stated that the DDA had police force and whenever encroachments came to their notice they were removed by them. The Committee were further informed that in respect of persons who had squatted till 1960 an assurance had been given that they would each be given a plot measuring 80 sq. yds. before they are evicted. The Municipal Corporation were developing these plots every year and the families were being shifted to the new sites. In a subsequent note the Committee have been informed

that 3,800 old squatters had been evicted already and that the Ministry of Works and Housing has been approached to give priority to the eviction of Delhi Development Authority's squatters.

A further note submitted by the Ministry indicating action taken by the DDA in the matter of realisation of damages etc., after the 18th Report of Public Accounts Committee (Third Lok Sabha) is at Appendix VIII. It has *inter alia* been stated in the note that during the first half of the current financial year the position of recovery of damages was not satisfactory due to shortage of staff. The matter was reviewed in the month of September, 1964 and the following steps were taken:—

- (i) One of the Estate Officers was appointed as Recovery Officer (Damages) in order to supervise the entire recovery work.
- (ii) A whole-time Tehsildar (Damages) and a Naib Tehsildar (Damages) were appointed.
- (iii) Detailed statements giving the latest position of outstanding damages against each individual were prepared.
- (iv) Coercive measures had been increased. During this period October to December 1964, 37 warrants of arrest and 12 warrants of attachments were issued.

It has been added that as a result of these steps, the position of recovery of damages had improved during the period from October to December, 1964 when Rs. 1.70 lakhs were recovered as against Rs. 1.50 lakhs during the corresponding period of 1963.

The Committee are not satisfied with the result namely recovery of Rs. 1.70 lakhs during the period October to December, 1964 as against Rs. 1.50 lakhs during the corresponding period of 1963. It is unfortunate that during the first half of the financial year no serious effort seems to have been made to recover the damages. If there was staff shortage, it should have been removed. Even after their appointing more staff the progress made is almost negligible. The Committee desire that the machinery may be further geared up to step up the progress of recovery of the outstanding dues.

Delay in execution of lease deeds and recovery of damages—Para. 113, page 145.

58. An omission to raise demands in respect of an area of 12,555 sq. yds. of Nazul land in Sadar Bazar North Estate was pointed out by the internal audit section of the Authority in April, 1963, after a

review of the records relating to this Estate. This unauthorised possession was not shown in the survey conducted in 1959 and action to evict the occupants remains to be taken. Even at pre-August, 1950 residential rates, the damages for the period 1st January, 1962 to 31st December, 1962 worked out to Rs. 1.65 lakhs. The Authority informed Audit in December, 1963 that necessary action would be taken as soon as the records establishing Government ownership of the lands became available.

The Committee enquired as to how even after the survey conducted by the D.D.A. in 1959 the unauthorised occupation of land was not detected. The Vice-Chairman D.D.A. explained that the land was shown in the records of the Authority as under lease and was thus not included as under unauthorised occupation in the survey conducted by the Authority. Subsequently it was noticed that the land was occupied by seven parties without any lease deed since 1925-26 and the question of their eviction and recovery of damages was taken up by the D.D.A. Action was being taken under the Public Premises (Eviction) Act. Six out of the seven notices issued to the parties could, however, not be served as the parties were not traceable. On being pointed out that three Cottah numbers were occupied by the Municipal Corporation and not by private parties, the witness promised to verify the facts and furnish a note to the committee stating the names of the parties in occupation of the land. The Ministry of Health have accordingly submitted a note which indicates that of the seven parties one is the S.P.G. Mission, three cottahs nos. are shown in the name of the Municipal Committee through certain private parties. The remaining three plots are shown in the name of private parties. On being pointed out that the matter was reported by the Internal Audit in April, 1963, whereas notices were served to the parties only in October, 1964, the representative of the Ministry explained that the matter was referred to the Land Section of the Authority, who started investigation about the title to the land etc. It was, however, admitted that there was undoubtedly a delay in dealing with the case. The Committee further desired to be furnished with a note indicating action taken by the Authority ever since the matter was brought to notice by their Internal Audit.

The Ministry have stated in a note that in the *Jamabandi*, the occupants were shown as without rent. Even in the 'Record of Rights' prepared after the Settlement (1925) the parties were shown as occupants paying no rent. This warranted that the records prior to 1925 should be examined in order to find out the circumstances under which no rent was being charged. The field staff made repeated attempts to inspect the old records in the Sadar Office of the

Deputy Commissioner but have not succeeded in finding out the relevant documents. It has been further added that due to failure in finding out any papers substantiating the title of these persons to the land, it was decided to start proceedings against them under the Public Premises (Eviction of Unauthorised Occupants) Act, 1958. It has been found that there are a large number of persons actually in occupation of the site. Notices for eviction and for payment of damages upto 31-12-64 are now being issued against them.

The Committee feel concerned to note that even though two years have elapsed since the matter was pointed out by Internal Audit no suitable action has been taken by the Authority either to evict the unauthorised occupants or to realise damages from them. It is surprising that the field staff were making futile attempts all this time to inspect the old records but no action was taken even to serve notices on the parties. The Committee desire that the matter may be further examined and responsibility fixed for the inaction and delay on the part of officials concerned.

Failure to resume leases—Para. 114, page 145.

59. During the survey conducted towards the end of 1959, it was noticed that on 712 plots leased in 1943-44 and onwards, no building had been constructed by the lessees and the leases were not resumed in accordance with the terms and conditions of the leases. 449 of these plots within an area of 1.84 lakhs sq. yards were found to have been encroached upon by third parties after vacant possession had been given to the lessees in 423 cases. The position as on 31st August, 1963 was indicated in the Audit para. as shown below:—

Cases at the end of 1959.	. . . . .	—712
Fresh cases . . . . .	. . . . .	—55
	Total	<u>—767</u>

		Penalty recovered	
		Rs.	
Cases finalised. . . . .	. . . . .	—59	96,618
Cases in which the penalty is not leviable . . . . .	. . . . .	—197	
Cases in which extension of time allowed . . . . .	. . . . .	—89	1,41,715
Pending cases in which show cause notice issued . . . . .	. . . . .	—422	
	Total	—767	

Of the 27 cases in which the lessees, who had already been given vacant possession, requested the Authority to take action for the

eviction of persons who had subsequently encroached on those lands, the Authority initiated legal proceedings in 20 cases at the cost of the Authority. In June, 1963, however, the Authority decided that eviction proceedings should be initiated at their cost only in those cases where vacant possession of the plot had not been given to the lessees in the first instance.

The Vice-Chairman, D.D.A. informed the Committee in evidence that the intention being not to oust the lessees but to force them to construct the buildings, penalties were being imposed. The latest position as on 31st December, 1964 was as follows:—

Actionable cases upto 31-8-63	—511
Fresh cases	—106
Total	—617
Cases finally disposed of	—140
Pending cases	—477

It was added that out of the 477 cases, penalties (Rs. 2.33 lakhs) had been recovered in 143 cases. The total amount recovered as penalties in all cases was Rs. 4.09 lakhs.

The Committee desire that the settlement of old cases may be pursued more vigorously and the results achieved reported to them. The Committee consider it strange that the Authority should have initiated legal proceedings in 20 cases, at the cost of the Authority, even though the lessees had already been given vacant possession. The Committee desire that this lapse should be properly investigated and responsibility fixed.

Non-revision of ground rent on the due dates—Para 115, page 146.

60. A test check of the cases relating to the Sadar Bazar zone had shown that ground rent had not been revised upwards though it became due for enhancement according to the terms of lease deeds on the dates indicated against each:

No. of cases, locality	Due dates of renewal	Remarks
1	2	3
51 cases Sadar Bazar North	31-3-1948	Ground rent was to be enhanced upto a maximum of $\frac{1}{4}$ th of the rental value of the property. The amount of recovery has yet to be assessed.

1	2	3
3 cases Sadar Bazar South	1-4-1938 & 1-4-1958	Ground rent was to be enhanced at double the existing rates. The amount due for recovery upto March 1963 worked out to Rs. 23,000.
1 case Sadar Bazar South	1-1-1938 & 1-1-1958	

The Committee enquired the present position of the 51 cases in the Sadar Bazar North Area. The Vice-Chairman, D.D.A. stated that the site had been inspected and necessary preliminaries settled. The final decision as to the rateable value of the premises was, however, still under consideration of the Authority. On being pointed out that the revision of rent was due in the year 1948, the Secretary to the Ministry of Health explained that the matter was brought to the notice of the D.D.A. by the Internal Audit in April, 1963. Before that it must have been with the predecessor authorities and apparently no action had been taken by them. He added that action should have been taken to enhance the rates and arrange recoveries and that it was not commendable that it was still pending. The Vice-Chairman, D.D.A. also admitted that it was not a happy state of affairs. He, however, informed the Committee that *Jamabandies* had since been brought upto-date, and a year-wise list prepared of all cases of leases which would expire upto the year 1970. He further expressed the hope that the omissions of the nature as mentioned in the Audit Report were not likely to arise in future.

In a subsequent note submitted to the Committee the Ministry has stated that out of 1659 cases of perpetual leases, the enhancement of rent fell due upto 31st December, 1964 in only 163 cases, including 51 cases of Sadar Bazar North mentioned in the Audit Report in which the enhancement of rent was to be made on the basis of letting value of the site in 1948. As the records of the Authority did not provide this information, the field staff had to visit the office of the Municipal Corporation several times for the purpose of reference to their records but without success. Efforts

were also made to refer to the mutations carried out in 1948, but unfortunately no mutation was carried out in this Estate in 1948. Now, after taking into consideration the approximate market value of the commercial area of Sadar Bazar in 1948, proposals for enhancement of rent in each case have been prepared for being placed before the Authority for approval. Thereafter, recovery of rent will be made at the enhanced rates with effect from the due dates in 1948.

This is another case in which a matter pointed out by the internal Audit was not dealt with promptly by the Authority. The Committee would watch the results of the steps taken by the D.D.A. namely preparation of the year-wise list of all cases of leases, etc. through subsequent Audit Reports.

61. As regards the four cases in the Sadar Bazar (South), it was urged in evidence that the entries in the records of rights prepared in 1925-26 indicated that the leases in all the 4 cases were for a period of 50 years. Subsequently in the *Jamabandi* prepared in 1938-39 the period was shown as 90 years and the date of enhancement of ground rent shown as 31st December, 1937 in the case of one piece of land and 31st March, 1938 in the other cases. This, the witness stated, was apparently a mistake. The original lease deeds being not traceable in the records of the D.D.A., duplicate copies would be obtained from the Registrar's office. In reply to question the witness stated that the Registrar's office had not been approached so far for the duplicate copies of the lease deeds.

The witness further explained that according to clause 7 of the lease deeds the enhancement of rent was to be effected after the expiry of the period of 50 years i.e., on 31st December, 1967 in one case and 31st March, 1968 in other case. Thus there was no financial loss involved in these cases.

The Committee are surprised to learn that even the Registrar's office had not been approached so far to get the duplicate copies of the deeds. Such lapses as reported in this and earlier paragraphs the Committee feel, do not speak well of the working of the D.D.A.

62. Discussing in general, the Committee enquired whether the Authority had considered the desirability of appointing a special officer for the purpose of regularising the arrears and making assessments as it appeared to be a fairly big problem. The Vice-Chairman D.D.A. agreed that a special officer would be able to reorganise the whole system of property registers, regulation of

arrears etc. The Committee would suggest that necessary steps, including appointment of a special officer, should be taken to gear up the machinery dealing with management of lands, assessment and recovery of damages, rent etc. without further delay.

*Unauthorised possession of land and non-recovery of premium. etc.—
Para 116, pages 146-147.*

63. The followers of a Pir have been in unauthorised occupation of an area of about 6,400 sq. yards of land on Nehru Parbat in Jhandewala Estate since 1948. The former Delhi Improvement Trust resolved in 1957 to allot 3,803·77 sq. yards of land to the Pir on payment of a premium (Rs. 1·90 lakhs at Rs. 50 per sq. yard) with 2½ per cent thereon as annual ground rent on perpetual lease basis. An essential condition of the allotment was that the followers of the Pir would vacate the remaining area in excess of 3,803·77 sq. yard allotted to them. In November, 1958, the Authority cancelled the allotment since, according to the Planners, this allotment involved certain complications in widening the existing road.

No remedial measures to regularise or remove the unauthorised occupation were taken thereafter for over four years. In June, 1963, the Authority resolved that provisionally, there was no objection in allotting the proposed land subject to the Dargah getting itself registered under the Societies Registration Act of 1860, clearly laying down its aims and objects also.

The Vice-Chairman of the D.D.A. informed the Committee that it was a nazul land which was under the management of the D.D.A. There were 40 parties stated to be followers of a Pir of international fame who had built temporary structures on the land in question. So far damages had been assessed in respect of 38 persons and recoveries were being made by the Authority. As regards the allotment of land on a lease basis the question was under examination of the Ministry of Works and Housing, who had acquired the land. The witness further stated that the land would be required in connection with a scheme for widening of the road, which had not been finalised so far. He added that the whole matter would be settled when that scheme is taken up.

The Committee regret to note the vacillating attitude taken by the D.D.A. in the case. They desire that early steps to regularise or remove the unauthorised occupation may be taken as the matter has been outstanding for a long time.

Waiver of penalty without approval of the Government—Para 118, pages 147-148.

64. In December, 1958, the Authority was informed by Government that the re-entry in respect of the plots purchased by individuals might not be insisted upon, if the lessees were willing to execute a supplemental Agreement for payment of 5 per cent. per annum as penalty. These orders were applicable to cases where the plots remained unbuilt beyond 14th July, 1958. The penalty was to be calculated from the date by which the lessees had to complete the building according to the terms of the lease. The Authority has, however, so far (January, 1964) adhered to the earlier decision taken by them in August, 1958, according to which (a) no penalty was to be levied for periods prior to 1st January, 1956; (b) the penalty for the period 1st January, 1956 to 31st March, 1958 was to be 5 per cent for the entire period; and (c) penalty at 5 per cent per annum as fixed by Government, was to be charged from 1st April, 1958. The Committee learnt from Audit that on receipt of the Government letter the matter was considered by the Authority first in February, 1960 and then again in February, 1962 and it was decided that the penalty should be calculated at 5% of the premium and not the market value as decided in the Authority's Resolution of August, 1958 and that the penalty would be reduced by 50% (i.e., 2½% of the premium per annum) if at least a single storey of the minimum covered area had been constructed.

In evidence, the Committee desired to know as to how the orders passed by Government in 1958 were considered by D.D.A. only in 1960. The Vice-Chairman D.D.A. explained that the orders were received by the Authority in December 1958. The matter was considered in the context of a resolution passed by the D.D.A. in August 1958 and it took some time to process the matter. It was placed before the Authority in February, 1960. In August 1960, the Authority took a decision to levy only 50 per cent of the penalty in cases where single storeyed houses had been constructed by the lessees. The matter was thereafter referred to Government and the letter approved the proposal in April, 1962. The witness admitted that it took unconscionably long time to process the matter. In reply to another question the witness clarified that in all other cases the orders of the Government passed in 1958 were followed. The Committee enquired from the Secretary, Ministry of Health, whether he was satisfied with the manner in which the D.D.A. had carried out the directions of the Government. He stated that technically speaking, D.D.A. should have applied and followed the orders of the Government while seeking a revision if they felt it was necessary. But there

would have been certain practical difficulties in case they recovered the amounts from the lessees in accordance with those orders. He added that "there seems to have been some tacit understanding that they had an arguable point which is a reason why the Ministry of Works and Housing agreed to a meeting being convened and the matter was further discussed."

The Committee do not approve the casual manner in which the D.D.A. treated the direction issued by Government in 1958. Even if there was some tacit understanding in the Ministry that the authority had an arguable point, it can hardly justify the D.D.A.'s action in not implementing Government's order and representing for its revision after more than a year. The Ministry of Health would be well advised to take suitable measures to guard against recurrence of such cases.

Audit Report on the accounts of the D.D.A. for the year 1962-63

Cost of Administration:

65. The expenditure on Administration allocated to the General Development Account was Rs. 1.99 lakhs during the year 1962-63, although the volume of transactions handled was comparatively small, as shown below:—

(Rs. in lakhs)

Amount realised by ground rent etc.	3.40
Expenditure on land development.	2.11

The Administration charges during the year in respect of Nazul Account I amounted to Rs. 7.72 lakhs against the revenue realised and expenditure incurred as indicated below:—

(In lakhs of Rs.)

Ordinary Revenue (Gross)	10.07
Revenue from works and improvements schemes	10.31
Expenditure on works and improvements schemes	0.28

The Committee enquired as to why the expenditure on administration was very high even though the dealings of the Authority during the year were small. The Vice-Chairman explained that during the initial stages certain preparatory steps had to be taken and the expenditure was comparatively higher than in the later years. Referring to Nazul Account II the witness mentioned that

the premium on lease of land had increased from Rs. 56,000 in 1962-63 to Rs. 125 lakhs during 9 months of 1964-65, whereas the expenditure on administration had been reduced from Rs. 6.59 lakhs during 9 months of 1963-64 to Rs. 6.18 lakhs in 1964-65. As regards the Development Account he admitted that the expenditure was comparatively higher. He added that as advised by the C. & A.G. the Authority had decided to break up the expenditure under different heads and from next year it would be possible to allocate expenditure *pro rata* under the different heads of account.

In this connection the Committee would invite attention to observations contained in paras 4 and 5 of their 18th Report (Third Lok Sabha), indicating scope for economy in staff, and suggest that a comprehensive review of staff required in the various branches of the D.D.A. may be conducted without further loss of time.

Acquisition, Development and allotment of land under the Master Plan.

66. In the course of evidence the Committee desired to know as to how the D.D.A. determined the areas to be acquired, price paid to the owners of land, and what method was adopted in the allotment of developed lands. The Vice-Chairman, D.D.A. explained that in the Master Plan of Delhi which came into force in September 1962 areas had been separately earmarked for residential, industrial and other purposes. A total of 50,000 acres would be needed of which the D.D.A. had already acquired 16,000 acres of land at a cost of about Rs. 18 crores. The work of development was proceeding step by step in accordance with the Master Plan and the Zonal development plans.

In reply to another question he stated that about 5,000 acres would be utilised by Government for housing purposes, 6,000 acres required by the Municipal Corporation and about 3,000 acres allotted to co-operative societies. Of the balance some land would be utilised by other organisation like Railways, Defence etc. and the rest would be allotted to the public.

As regards the price paid to the parties whose land was acquired the witness stated that the market price of the land plus 15% solatium was paid. He added that it was a semi-judicial procedure and two separate courts had been appointed for the purpose. Their decisions were subject to appeal to the High Court. He added that if the person whose land was acquired, did not possess another piece of land in Delhi, he was also allotted a plot of land in the developed area at pre-determined rate, which was generally lower than the rates at which plots were auctioned to public. In reply to a question the witness stated that as far as possible plots were allotted to such people in the same area.

In a note submitted at the instance of the Committee it has been stated that under the Master Plan for Delhi, the land-use, e.g. residential, industrial, commercial, institutional, open spaces, etc., of the various areas of Delhi has been prescribed and it may happen that the land acquired from an individual may fall in an area the land-use of which is not residential or even if it is residential the particular land may be required for public use, such as Government housing. In that case, he has to be allotted an alternative residential plot in the nearest residential area. Similarly, in the case of co-operative house-building societies, land is allotted as near the place where their acquired land was situated as possible subject, of course, to the provisions of the Master Plan regarding land-use and also requirements of the public authorities. It has been added that except as aforesaid, the question of allotment of land to persons at places other than the areas in which their land was acquired would not arise.

The Committee trust that the D.D.A. will strictly follow the principles mentioned above in the allotment of land to the people whose land has been acquired by them.

67. Explaining the method of allotment of land the witness informed the Committee that residential plots were allotted either by auction or draw of lots. On the industrial side the work was lagging behind as the question of terms on which land was to be allotted had been referred to Government. He added that three types of allotments were made as follows:

- (i) people whose land had been acquired;
- (ii) people who were being shifted from non-conforming areas; and
- (iii) persons who obtained licences from the Ministry of Industry for setting up new medium scale industries.

In the case of (i) and (ii) lands were allotted at pre-determined lower rates, whereas in the third case land was given at the proper market price. As regards allotment of industrial plots to people who were required to shift their establishment, the Committee enquired the number of such industries and the area allotted to them. The Vice-Chairman, D.D.A. stated that there are about 14,000 to 15,000 industries in Delhi most of which were in non-conforming areas. The Authority had been able to consider the cases of 300 so far. Although details had been finalised in their cases formal allotment of land had not been made. As regards the two big industries viz., the Birla Mills and the D.C.M. the Committee

were informed that the Master Plan had provided a period of twenty years for their shifting. He added that about 100 acres of land would be made available for each of the two industries. At present they were occupying less area but in the new site they would have scope for expansion.

Referring to the case dealt with in paras 21—27 of their 18th Report (Third Lok Sabha) the P.A.C. pointed out that the D.C.M. had already been allotted land for the purpose of shifting their Mills. The witness explained that although the intention was that they should shift, in the actual documents and the resolution of the Delhi Improvement Trust this condition was not included and so legally they could not be forced to shift. The Company had established another factory on the land. On being pointed out that a part of the land had been sublet by the D.C.M. the witness stated that the question of resuming the land which had been sold/sublet by the Mills to the Hindustan Insecticides was under consideration of the Authority. The matter was referred to the Ministry of Petroleum and Chemicals and their comments had been received. Legal opinion had also been taken and the question was under consideration by the D.D.A.

It was further pointed out that in a note the Ministry of Health had informed the P.A.C. (1963-64) that the fact that the Mills were putting up a new unit on the land allotted came to the notice of the Delhi Improvement Trust in 1947 and on a reference to the Chief Commissioner orders were then issued that in future no land should be allotted to the D.C.M. without obtaining his (Chief Commissioner's) previous approval. The Committee, therefore, enquired whether the Chief Commissioner's sanction had been obtained for making the proposed allotment of land to the D.C.M. The witness stated that no further land had been allotted and that all the aspects including the utilisation of the available land would be considered. In reply to another question he stated that new land would not be given till there was a legally binding agreement requiring that the industry would shift within 30 months.

At the instance of the Committee the Ministry of Health have submitted a note regarding allotment of about 100 acres of land to the Delhi Cloth Mills, which is at appendix IX. It has been stated *inter-alia*—

“The exact requirements of land for industrial and residential uses of the Delhi Cloth Mills and the Birla Cotton Textile Mills will have to be worked out in detail at the proper time when the land has been acquired and developed and the Delhi Cloth Mills approach the Delhi

Development Authority with the request for allotment of land for re-location of their industrial unit in the non-conforming area of the City. It may be mentioned in this connection that there is no scope for the relocation of the Delhi Cloth Mills in the land already sold to them in the industrial area at the Najafgarh Road. In Delhi Development Authority for permission to allow fact, the Delhi Cloth Mills authorities recently approached the Delhi Development Authority for permission to allow additional coverage, over and above that permitted by the Master Plan for Delhi, on its land for the expansion of its units in the industrial area on the Najafgarh Road and the Delhi Development Authority had not acceded to this request."

The Committee trust that the D.D.A. will benefit by their earlier experience and ensure that before making further allotment of land to the industrial units for shifting them from the non-conformed areas specific agreements are entered into and guarantees obtained for the proper implementation of the intention. The Committee are also of the view that the land to be allotted to the industrial units for shifting from the non-conforming areas should be more or less equivalent to the existing land in the non-conformed areas. Any additional land for future expansion etc. should, if necessary, be allotted separately at full market rates like any other industries.

68. The Ministry have also furnished a detailed note on the execution of agreement by the Delhi Development Authority with the Delhi Cloth Mills in connection with the allotment of land referred to in the 18th Report (Third Lok Sabha) which is at Appendix X.

The Committee observe from this note that the sale deed which could not be executed since 1948 has finalised within a period of 3 months after the P.A.C. recommended in February, 1964 to review the position. It is also observed that "the second recital of the sale-deed clearly indicates that the allotment of the land to the Company was for the removal of their establishment from the city area to the said land." The Committee are surprised that the intention of the allotment of the land has not been incorporated in the operative portion of the agreement. They desire that the D.D.A. should review the whole position as already suggested in para 22 of their Eighteenth Report (Third Lok Sabha) and examine what could be done to see that the intentions of the allocation of land are really fulfilled. The results of the review undertaken should be reported to the Committee.

IV

MINISTRY OF HOME AFFAIRS

Transactions kept outside the Consolidated Fund of India Para 31, pages 36-37.

69. A Scheme for opening Grih Kalyan Kendras in the residential colonies of the Government servants was started in September, 1958 as a staff welfare scheme. Apart from giving training to the families of Government employees, the Kendras undertake specific jobs entrusted to them by the Defence Department, autonomous bodies and other private organisations.

There were 50 Centres working as on 31st March, 1963 in different parts of Delhi under the Organiser, Grih Kalyan Kendra.

The Grih Kalyan Kendra is being run as a departmental activity of the Ministry under the charge of a Deputy Secretary who also acts as the Organiser of the different Kendras. The expenditure on the Kendras is met in the following manner:—

- (i) The pay and allowances of a Deputy Secretary, one Section Officer, one Assistant and one Accountant are being met direct from the Ministry's budget;
- (ii) Other expenditure is covered by grants given by the Ministry which amounted to Rs. 2.68 lakhs during 1962-63.

The detailed accounts of the Kendras are kept outside the Government account and are being audited by a Chartered Accountant. Thus the Grih Kalyan Kendra is being treated as a limb of the Government and also as a private institution for the purpose of grants-in-aid, although no grants can be paid to an institution which has no legal entity.

The Ministry of Law who were consulted by the Ministry about the status of the Kendras advised in September, 1962 that they should be registered as a Society in order to acquire a legal status.

Explaining the present position regarding the giving of legal status to Grih Kalyan Kendra, the Secretary, Ministry of Home Affairs stated that the position had not been satisfactory and there

had been undoubtedly an avoidable delay in registering the Grih Kalyan Kendra into a Society. He, however, added that the bye-laws had been drafted, other preparatory steps had been taken in that direction and that in a couple of weeks or so, the Grih Kalyan Kendra would be a registered society. The Secretary admitted that after the Law Ministry advised to get the Kendra registered as a Society in September, 1962, the Grih Kalyan Kendra should have been registered as a Society. However they had tried to study the organisations and the bye-laws etc. of other similar Societies viz., the Central Social Welfare Board and the Industrial Institute, Dayalbagh. Then the Emergency came in and the Kendra had received heavy defence orders.

The Committee find it difficult to accept the explanation of the Ministry for the delay in registering the Grih Kalyan Kendra as a Society. They are unable to appreciate how the Emergency or the receipt of heavy defence orders by the Kendra could affect the registration of the Kendra as a Society. The Committee feel that the excuse of "Emergency" is used too often by the Government departments to explain various omissions. They regret to note that no suitable steps were taken by the Ministry for a long time even though the Ministry of Law advised them as far back as September, 1962 to get the Grih Kalyan Kendra registered as a Society in order to acquire a legal status. The Committee are of the opinion that at least steps should have been taken in that direction at the time when the Grih Kalyan Kendra undertook jobs of large magnitude entrusted to them by the Defence Department. It is not understood how the Defence Ministry could place orders with this organisation which had no legal entity. The Committee desire that this aspect of the matter should be inquired into and result reported to them. The Committee reiterate their earlier recommendation contained in para 25 of their Eighth Report (3rd Lok Sabha) and suggest that giving of grants to institutions which have not acquired legal status is not only irregular, but also fraught with risk in cases of default.

The Committee hope that suitable steps will be taken by the Ministry without any further delay to have the Grih Kalyan Kendra registered as a Society*.

Delhi Police Clothing and Equipment Funds—Para 97, pages 135-136.

70. The Delhi Police Clothing and Equipment Funds were started with the object of supplying personal clothing and equipment to

*The Committee understand that the Grih Kalyan Kendra has already applied for registration.

police force. The funds are credited with (a) subventions from Government according to fixed scales, (b) receipts from the sale of old stocks and (c) recoveries from members of the Force who lose or cause undue damage to articles in their possession.

An account of the receipts and disbursements relating to the Funds, as per books of the Department, is given below:—

(In lakhs of rupees)

Year	Government contribution	Other receipts	Disbursement	Closing balance	Remarks
CLOTHING FUND					
1958-59 . . .	5.01	0.37	2.92	19.88	The opening balance
1959-60 . . .	6.66	0.45	1.86	25.13	as on 1-4-1958 was
1960-61 . . .	4.53	0.40	9.14	20.92	Rs. 17.42 lakhs.
1961-62 . . .	4.53	0.32	3.97	21.82	
1962-63 . . .	4.84	0.36	2.86	24.16	
EQUIPMENT FUND					
1958-59 . . .	0.97	0.01	0.25	6.21	The opening balance
1959-60 . . .	1.74	0.01	0.56	7.39	as on 1-4-1958 was
1960-61 . . .	0.82	0.01	3.46	4.47	Rs. 5.47 lakhs.
1961-62 . . .	0.32	0.01	1.98	2.82	
1962-63 . . .	0.39	..	0.86	2.35	

The heavy accumulation of balances in the Clothing Fund indicates that no realistic estimates of the annual subventions had been prepared. The Ministry stated in November, 1963 that the position of Funds would be reviewed at the time of submission of budgetary proposals for 1964-65 and that the balances available in the Funds would be kept in view before determining the further grants to be made.

The following points were noticed by Audit during a test check of the transactions of the Funds:

(i) *Excess Payment of Contribution to the Fund*

- (a) The issue of rain coats and mosquito-nets, etc., to the lower subordinates was discontinued with effect from 16th March, 1956. Nevertheless Government contribution continued to be paid resulting in an excess contribution of about Rs. 1 lakh during the period from April, 1956 to March, 1963.

The Ministry informed Audit in October, 1963 that the Inspector General of Police had been advised to stop forthwith the drawal of contribution to the Fund in respect of these two items and to refund the surplus amount.

- (b) The Government contribution of Rs. 190 (initial) on account of equipment sanctioned for upper subordinates includes a sum of Rs. 180 for cost of saddlery. Although, the strength of mounted police is only about 80, the contribution is paid at this rate for the entire strength of 1,200 upper subordinates. The total excess contribution to the Equipment Fund on this account would be about Rs. 2 lakhs.

The Ministry informed Audit in October, 1963, that in view of changed working and living conditions, the practice of providing funds for this purpose would be discontinued.

(ii) *Unnecessary Purchase*

Though the issue of mosquito-nets and rain coats was discontinued from the 16th March, 1956 the purchase of these items continued to be made till September, 1958 and an expenditure of Rs. 1.27 lakhs was incurred during the period 1956 to 1958, on such articles. The Ministry stated that the purchases were not discontinued during 1956-57 and 1957-58 as a proposal to reconsider the issue of articles was under consideration. The whole matter was reported to be under investigation (November, 1963).

(iii) *Non-reconciliation of balances in the Fund*

The differences in the balances in the Fund accounts as shown in the Treasury Pass Books and the Departmental Cash Books are shown below:

	Departmental Cash books	Treasury Pass books
	Rs.	Rs.
Clothing	21,81,610	21,96,220
Equipment	2,82,151	2,85,792

These differences relate to the period from April, 1957 and January, 1959 respectively but had not been located till June, 1963. Since September, 1962, the Treasury Pass Books had not been got written up by the Treasury Officer.

Explaining the reasons for the excess amount under the "Clothing and Equipment Fund", the Secretary, Ministry of Home Affairs pointed out that the figures mentioned in the Audit para did not represent the reality in the sense that they were based on the figures in the departmental books. There were a number of debits which were not shown in the departmental books and intimated to the Delhi Administration. The expense from the Fund had been far larger and the balance as on 31st March 1964 had been only Rs. 7,53,000 or so in the Clothing Fund and Rs. 1,20,054 in the Equipment Fund. There had been further withdrawals in the course of the current year and it was expected that the Clothing Fund balance at the end of current financial year would come down to something like Rs. 3 lakhs and the Equipment Fund would have a minus figure.

In reply to a further question, the witness stated that there should have been more liaison between A.G.C.R. and Delhi Administration in intimating the debits. The Delhi Administration should have also taken initiative in the matter. They did not, however, receive regular intimation of the debits and that was why the figures did not represent the actual state of affairs.

The witness further added that there was no doubt about facts, but the process of not showing debits in the departmental books had been spread over a number of years. On being asked about the purpose of the Fund, the Secretary, Ministry of Home Affairs stated that there were two patterns in the country. In many States the provision for Clothing and Equipment was made in the annual budget. In the Punjab system which had been adopted in Delhi, a certain amount was granted for the purpose to the fund and withdrawals were made according to necessity. In that system the only particular advantage (which the witness did not think to be a particularly strong point) was that there was no interruption of indenting as funds were there. The witness further stated that there was no objection if that system was discontinued and a pattern that was followed in other States was followed in Delhi.

In the light of past experience of operating Clothing and Equipment Funds, [viz. (i) heavy accumulation of balances, and (ii) time-lag in the process of raising debits against the funds], the Committee suggest that the expenditure towards clothing and equipment may be met direct from the funds provided in the annual budget as is the case in most of the States.

71. In reply to the question why purchase of rain coats and mosquito nets was continued even after the issue of such articles to the

lower subordinates was discontinued on 16th March, 1956, the Secretary, Ministry of Home Affairs stated in evidence that it was not correct that under the relevant orders, the issue of mosquito nets was to be discontinued. It was restricted to police men living in barracks. The orders required that only those who stayed in barracks were to be supplied with those things and those who stayed outside were not entitled. There was no further order cancelling it. The Delhi Police felt that the distinction between those who lived in barracks and others was not a valid distinction and in fact all the police men needed mosquito nets. They were urging their point of view before the Government on the presumption that the Government would accept their proposal which they considered to be reasonable. This presumption ultimately turned out to be wrong. In the meantime the purchases were also continued to be made on a restricted scale. The purchase related only to the restricted quantity. In reply to a further question in regard to the purchases made, the Secretary, Ministry of Home Affairs stated that the purchases related to the entitled number of people and there was no excess stock and all had been issued.

The I.G. of Police further added that in 1953, Government had issued orders to the effect that the mosquito nets and rain coats should be restricted to only Head Constables and Constables living in barracks and Police Stations and to the others those items of equipment were not to be issued. The order was not formally communicated to the units below the office of the I.G. of Police. Indents for these items were continued to be placed according to normal calculations of the total number of persons and so on. The statement that from 1956 onwards, the issue of those articles was completely stopped was not correct. There was no order of the Government to that effect but there was only a departmental order. In view of the correspondence that was going on at that time, the issue was slowed down and the indents were also reduced round about 1956. In 1963 for the first time audit raised the objection in regard to the purchase of those items. The supplies received between 1956 and 1963 were totalled up and it was found that quantity of items indented for and received was not in excess of the total number of personnel entitled to those items on a restricted basis. In 1964, with the approval of the Administration, the stock in hand was issued to the entitled personnel and by about the middle of 1964 there was no excess stock in hand. He added that on getting every item checked, it was found that the mosquito nets and the rain coats were in perfectly good condition and those items had not deteriorated.

In reply to a further question regarding the basis on which the then I.G. of Police made a statement to the effect that the stocks were lying for four years and were deteriorating, the I.G. of Police Delhi stated that it was found that a report to this effect had been received from the Superintendent of Police in Charge of Clothing. The Superintendent had submitted a report to the then I.G. of Police and had stated that there were a large number of mosquito nets and rain coats on hand and wanted permission to issue the equipment to Constables and Head Constables. He added that the Superintendent of Police was making out a case for the immediate issue of stock to the entitled Constables and the Head Constables.

In reply to a further question, the witness stated that if a calculation of number of persons entitled to those items had been made at that time, it would have been found that the stock was not in excess of the number of people entitled to those items. The fact was that persons who were entitled were not actually supplied with.

When it was pointed out that there was no issue of mosquito nets at all during the year 1962-63 and upto October, 1963. The witness admitted that it was so and added that they were investigating the matter in regard to the orders, the authorised issue and the persons who had been issued with those items etc. After the audit inspection in 1963, the matter was thoroughly gone into. Round about the middle of May, 1964, it was made sure that there were many people who were entitled to those items and those items had all now been issued. No complaints had been received about the quality of those articles.

In reply to a further question the I.G. of Police stated that neither the Superintendent of Police who made out a case for the issue of the articles, nor the staff were now available as most of them were on deputation from other States. The Superintendent of Police was not available for questioning and only the records were examined.

The Committee regret to note that the orders issued in 1953 restricting the issue of rain coats and mosquito nets to only Head Constables and Constables living in barracks and police stations were not implemented by the office of the Inspector General of Police. No action seems to have been taken against any officer for this lapse. The Committee are not in a position to understand as to how the rain coats and mosquito nets received were not found in excess when actually upto 1956 indents were continued to be placed according to normal calculations based on total number of persons

and indents were reduced only round about 1956. It was obviously the failure to implement Government orders of 1953 on the part of I.G.'s Office which resulted in excessive issue of indents upto 1956. The Committee view with concern this lapse on the part of Office of the Inspector General of Police who is supposed to enforce law and order.

The Committee also note with regret the action of the Superintendent of Police who tried to make out a case for immediate issue of articles on wrong premises. This tendency should be taken serious notice of.

72. In reply to a question regarding the excess contribution to the 'Equipment Fund' on account of saddlery, the Secretary Ministry of Home Affairs stated in evidence that the A.G.C.R. had been requested to reduce the balance of clothing and equipment fund by the amount of about Rs. 2 lakhs and authorise surrender of excess contribution.

On being asked as to how the contribution was made on the basis of the full strength of 1200 when the strength was reduced, the Secretary, Ministry of Home Affairs stated that the original order itself was wrong as it was defectively worded. It was stated that the equipment was to be acquired for the entire group of upper subordinate staff, when in fact it was needed only for the mounted police. As such, the authorisation was far in excess of the requirements. There had been undoubtedly a mistake.

The Committee are unhappy to note that due to defective wording of the order there was excess contribution to the Equipment Fund. They hope that such mistakes would be avoided in future and all orders and instructions drafted in clear and unambiguous terms.

73. The Committee enquired whether the difference in the balances as indicated in the Treasury Pass Books and the Departmental Cash Books had since been reconciled. The I.G. of Police, Delhi stated in evidence that the accounts had been fully reconciled and found to be correct. The witness added that the figures in the Treasury Pass Book did not exactly tally with the corresponding figures in the Departmental Cash Book. The difference was investigated and precise details explaining the differences were noted in the pass book and the Cash Book which amounted to complete reconciliation. As an instance, the witness quoted that the figures as on 1st December, 1964 for clothing in the Treasury Pass Book was Rs. 16,29,726.73 and in the Departmental Cash Book Rs. 16,19,708.73. There was a

difference which had been explained as due to the time lag in the adjustment of accounts.

The Committee pointed out that the differences referred to in the Audit Report related to the period from April, 1957 and January, 1959 respectively and enquired whether those differences had been reconciled. The I.G. of Police stated that those figures had been reconciled and adjustments were made in figures. On being asked as to whether the departmental cash book was correct, the witness replied that to the extent that some of the entries made in the departmental cash book were not transmitted to the Treasury, the departmental cash book was correct. He added that the reconciliation had been brought upto date to make it complete, and the upto date figures were found to be correct.

When it was pointed out that the Treasury Pass Books were not got written up at all, the I.G. of Police replied that the entries in the Pass Books were got subsequently written up during the course of reconciliation.

The Secretary, Ministry of Home Affairs admitted that the entries in the Treasury Books were supposed to be contemporary entries. After the audit objections were received, an attempt had been made to bring things upto date in a proper way and in that process the Treasury Office was involved. He added that no investigation had been made about the reasons for not writing the Treasury Pass Book from September, 1962, but it was inefficiency and irresponsibility on the part of the Officers concerned.

The Committee regret to note that the entries in the Departmental Cash Book and the Treasury Pass Books are not made regularly and simultaneously and attempts to bring the figures upto date were made only after the audit objection. The Committee are surprised that without any reason this work was allowed to fall into arrears. They are also surprised that there was no system under which such arrears could come to light. It was only when audit pointed out that these arrears came to light. This is a clear case of inefficiency and irresponsibility on the part of the officers concerned and does no credit to an important organisation like the Police Department. The Committee hope that vigorous steps would be taken to ensure that such lapses do not recur.

MINISTRY OF INDUSTRY AND SUPPLY (DEPARTMENT OF INDUSTRY)

Infructuous Expenditure—Para 48, pages 57-58.

74. The Ministry of Commerce and Industry set up a Small Industries Service Institute at Gauhati in October, 1956, to assist in the development of small scale industries in Assam. Subsequently, in 1957, the Ministry sanctioned the establishment of a workshop attached to the Institute and three extension centres at Jorhat, Tinsukia and Silchar. Purchase of machinery and equipment started two years later, from November, 1959, and was completed in September, 1963, at a total cost of Rs. 4.99 lakhs.

The construction of the buildings required for the Institute and the workshop was, however, started only in March, 1962 and had not been completed till October, 1963. Meanwhile, expenditure totalling about Rs. 67,000 had been incurred upto September, 1963 towards rent for the Institute's office, and for a godown hired in November, 1958 for the storage of machines, etc. (one year before the machines started arriving). The machinery in respect of the chemical laboratory was put into commission from May, 1962, and that in respect of the electrical and mechanical workshop, from March, 1963.

At Jorhat, a building for the extension centre was purchased in November, 1960 at a cost of Rs. 82,493. The work of installation of machines was completed in 1963 except for the work of power wiring. The centre was yet to be commissioned till October, 1963. Meanwhile, an expenditure of Rs. 45,000 (approx.) had been incurred upto September, 1963 on staff entertained since June, 1960.

At Tinsukia, a building was hired for the extension centre on 16th November, 1959 at a rental of Rs. 538 per month. The centre, however, started functioning only in March, 1963. Meanwhile, the full scale of staff had been posted since March, 1960 and a total expenditure of about Rs. 39,000 (approx.) was incurred on them up to February, 1963.

Government have stated in October, 1963 that in addition to demonstration of improved techniques and running of common facility, services, the centres undertake industrial counselling for small industries which can be given even prior to the setting up of workshops.

As regards Silchar, it was decided in June, 1962 to shift the Centre to Tezpur. Due to the Chinese invasion in N.E.F.A., however, the proposal was given up, and accordingly, machinery and equipment of the value of over Rs. 86,000 purchased during November, 1959 to 1961, which had remained stored in the godown at Gauhati were transferred in the second quarter of 1963 to the State Government for their small scale industries scheme, by treating the value of machinery and equipment as a grant-in-aid to the State Government.

The Committee desired to know how it happened in the case of the Institute at Gauhati and three extension centres at Jorhat, Tinsukia and Silchar, that the machinery started arriving since November 1959, land for the buildings was selected in March, 1960 and construction work started in March, 1962. The representative of the Ministry stated that the actual extension centre and the staff for the extension centre were put in position as early as 1957-58 when the orders for the machinery were also placed and the question of land for putting up the Institute Building and the workshops had to be settled in consultation with the State Government. So actually the land was made available much later than the arrival of the machinery. In Assam, when first a piece of land was given to the Development Commissioner, it was found that there were squatters on it and unless they were evicted, there was really no use in proceeding with the construction on that land. After some time the State Government gave another piece of land and by the time it was taken over, the squatters had gone into that area also. So the C.P.W.D. were told that unless they had prepared the plans and estimates and taken over the land, it would be extremely difficult to keep the land free. The witness admitted that though a great deal of time was taken by the C.P.W.D., the Ministry was also partly responsible for the delay of 2 years and 4 months after the acquisition of land as they could not decide about the kind of building required and the place where it should be located.

The Committee enquired if at the time the decision was taken by the Ministry to set up the Institute at Gauhati it was decided to hire a building and later on construct their own building. The witness stated that the setting up a branch Institute at Gauhati was part of a general decision of setting up institutes all over the country and it was decided by the end of 1956 or early 1957. It was also decided to have their own building but as it would take time, the work was started in hired premises.

The Committee desire to be furnished with a note indicating the date when the date when the Assam Government was requested to

acquire land for the construction of the workshop and the small Industries Services Institute at Gauhati, together with the date of allotment of the land and the actual date of its possession. This information has been furnished by the Ministry of Industry and Supply and is at Appendix XI.

The Committee regret to observe that even though the land was taken over by the Director, Small Industries Service Institute, Gauhati in May, 1960, C.P.W.D. failed to commence construction work with the result that there were encroachments. The delay on the part of C.P.W.D. in not taking possession of land to start construction even though repeated requests were made to them, seems to be unconscionable. The Committee desire that the reasons for the inordinate delay in not finalising the plans for the building and commencing construction may be further investigated and responsibility fixed.

75. In answer to a question as to why the godown was hired a year in advance of receipt of machinery, the witness stated that in Assam there was the danger of heavy rains and it was thought that unless covered accommodation was assured in advance, the machinery when arrived, would lie in the open and rapidly deteriorate. There was really a time lag of one year before it arrived and the godown was actually not utilised for the purpose it was hired for nearly one year. The witness added that the actual godown rent was Rs. 234 per month and it was lying unutilised for a period of one year. Hence an expenditure of about Rs. 2,500 to Rs. 3,000 could be termed as infructuous.

While the Committee appreciate that the hiring of the godown in advance was done with a view to protect the machinery from rains, they feel that with a little forethought, and coordination with the supply department the Institute could have ascertained the probable time of arrival of the machinery and thus saved this infructuous expenditure of about Rs. 2,500 to Rs. 3,000.

76. In reply to a question, the witness stated that the construction of the Institute at Gauhati was taken up in March, 1962 and the administration building and the workshop were completed in October, 1963 and August, 1964 respectively. Even after the transfer of the machinery to the regular premises, it was not working as there was no electricity.

The Committee have been informed in a note subsequently that it has been reported by the C.P.W.D. that the delay in completing

the work was mainly attributable to:

- (i) unusually heavy rains;
- (ii) the declaration of Emergency in the country following the Chinese aggression in October, 1962 and consequent;
 - (a) shortage of essential building materials like cement, iron etc.
 - (b) large scale exodus of the labour force from Assam.

In answer to a question, the witness stated that electricity would be supplied within the next two months i.e. by March, 1965. Though the wiring contract was given in September, 1964 there was delay in the wiring of the building for electricity as there was difficulty about getting proper contractors to work in that place.

The Committee feel that this is another instance of lack of planning on the part of administration as they did not initiate action for placing wiring contract simultaneously with the construction of the building. Had the wiring been completed earlier, electricity could have been supplied soon after the construction of the building and this contingency of plant and machinery remaining unutilised would not have arisen.

Extension Centre, Jorhat.

77. The Committee were informed in evidence that the extension centre at Jorhat was started in 1960 but the workshop started functioning in September, 1963. The witness further stated that extension service work was different from the working of the workshop. The workshop had started working. Extension to the extent of giving guidance to people was done from the very beginning as soon as staff was appointed from 1960. The complete centre was not working because even after the workshop came into existence for training people, it took time to organise training programme. In a note furnished by the Ministry of Industry and Supply, it has been stated that a plot of land measuring about 6 bighas together with a building thereon at Jorhat was purchased from the Department of Industries, Government of Assam for the Extension Centre at a total cost of Rs. 82,493. The cost of the building alone was estimated as Rs. 40,000.

The Committee find that though the Extension Centre at Jorhat was started in 1960, the workshop attached to it started functioning only in 1963. The Committee feel that this time lag of about three years is excessive and it indicates lack of co-ordination and proper planning.

Tinsukia Extension Centre.

78. The Committee desired to know the present position of Tinsukia Centre and the justification for posting the full complement of staff long before they were needed. The witness stated that some of the staff were used "for giving extension advice" and they had not necessarily to wait for the machinery to come. The witness added, "It is true that four machine operators and two mistries who were really in the nature of operative staff, had been entertained even before arrival of the machinery and its commissioning and they were there for about one year. To that extent one could say that they were entertained before they were actually required. But all other staff were really fully utilised in the same way as in other centres."

To a question, the witness stated that the staff other than operators employed were one Assistant Director, one Junior Field Officer and one or two clerks. The staff started working from the day they were posted because they could do the extension work which was merely giving advice even without any machinery.

The Committee desired to be furnished with a note showing how much was spent on the pay of machine operators out of Rs. 39,000 spent on staff at Tinsukia Centre and how far it was infructuous and the number of cases in which advice was given by that centre to small Industries before machines were installed. This information has been furnished by the Ministry of Industry and Supply and is at Appendix XI.

In answer to a question, the witness stated that the whole basis of small industries extension centre was to take the experience of what had happened in industrially advanced places like cities and impart it to people in outlying areas. Officers of the centre were to contact people interested in setting up industries and also give them advice about the way in which the machinery should be purchased, information on whether there were local artisans who were already engaged in some sort of work like smithy, carpentry and machine making and also instruct them in some advanced methods of working. In this way, a sort of climate was created in which more and more people could be drawn into putting up industries. The witness further stated that in Tinsukia the emphasis was generally on light engineering works and this centre worked both as a basic advice centre and a demonstration centre. The witness admitted that the full utility in all these centres would be achieved only with the arrival of the machinery when it could be demonstrated how the improved processes could be employed. But pending the arrival of the machinery a certain amount of educative work could be done. The

witness added that it should be not be construed that the whole thing was a waste. A certain amount of advice was given and a certain number of people developed an interest in some industry. After the machines had been procured at Tinsukia centre people were being trained and also advised as to how to improve the existing units.

The Committee are of the view that the employment of operative staff (machine operatives and mistries) about one year before the arrival of the machines was without justification. Further, the Committee regret to observe from the note furnished by the Ministry that the workshop could not be started due to non-completion of power wiring, for more than 8 months. It is unfortunate that such an essential item of work was not initiated in time.

Silchar Extension Centre.

79. The Committee enquired why it was decided to shift the centre from Silchar to Tezpur. The witness stated that the State Government had suggested to shift the centre to Tezpur in January, 1960 and the proposal was agreed to on 27th June, 1962. In view of the Chinese Aggression it became necessary to drop the proposal to set up the centre at Tezpur and all the machinery and equipment were handed over to the State Government for their small scale industries. The witness added that it was decided to give up the idea of having a centre at Tezpur early in 1963 on the advice of the State Government.

In answer to a question as to why the decision to transfer the centre from Silchar to Tezpur was taken only in 1962, the witness stated that as no accommodation was available they could not practically do anything about it.

The Committee note that the Assam State Government had reported in January, 1960 about the non-availability of the building for the Extension Centre at Silchar. The Committee do not see any reason as to why more than 2 years were taken by the Administration in deciding to shift the centre to Tezpur. The Committee trust that such delays and lapses in planning and coordination will be avoided in future.

The Committee were given to understand that the question of handing over extension centres to respective State Governments was under consideration. The Committee would like to be informed of the decision taken.

Delay in Recovery of Loans—Para 101, pages 139-140.

80. During the period 1953-54 to 1957-58 eight loans aggregating Rs. 2.75 lakhs were advanced to the Family Welfare Cooperative Industrial Society Ltd., New Delhi to enable it to set up a factory for hand-made matches for providing employment to women workers belonging to the lower middle class income group. An initial grant of Rs. 52,415 for training purposes and for the purchase of a pick up van had also been given to the society.

*The setting up of the society had been sponsored by Government in consultation with the Central Social Welfare Board, and under its bye-laws, the Managing Committee was to be nominated by Government for the first five years. The financial position of the society, however, progressively deteriorated and the Balance Sheet as on 30th June, 1958 showed accumulated loss amounting to Rs. 1.03 lakhs. The share capital of the society on that date was Rs. 1.099.

The Managing Committee of the society decided in July, 1958 that it should be closed. The Central Social Welfare Board made a proposal to Government in April, 1959 for taking over the assets of the society in settlement of the loans. The matter remained under consideration of Government and in December, 1962, Audit was informed that a draft agreement to settle the terms of repayment of loans by the society was under consideration in consultation with the Ministry of Law. In February, 1963, the society passed a resolution to go into voluntary liquidation and a liquidator was appointed to wind up its affairs, before any agreement as proposed by the Government was executed by the society.

During the period of nine years till 1963, only a sum of Rs. 16,000 had been deposited by it towards repayment of the loans paid to the society, although according to the terms of the original sanctions, the first seven loans were repayable in five equated annual instalments, commencing from the expiry of one year after the date of drawal of each loan and the eighth loan of Rs. 25,000 sanctioned in October, 1957, was repayable within three months of the drawal.

The Committee desired to know how the loans and grants were given to the institute without any formal agreement. The witness stated that in 1953, it was thought that on the analogy of what was happening in the South, small factories making matches had much employment potential and might be tried in Delhi in order to give employment to poor women. The Social Welfare Board was asked to organise a cooperative society and it was agreed to give them a loan of Rs. 2.05 lakhs and also a grant of Rs. 60,000 in order to set up

this centre. The witness accepted that no agreement was entered into at that time so that the work could start immediately and no agreement had been entered into till today (18th January, 1965). At one stage a draft agreement had been drawn up and it was on the point of being signed but at that time the society went into liquidation and the legal opinion was that once liquidation proceedings started it was not possible to finalise the agreement.

The witness further stated that even if there was an agreement the position would not have been better in regard to the realisation. The Managing Committee of the society were not going to give any guarantee on their own individual assets. All the property of the society was with the Government. On these assets, the law Ministry felt that Government's was the first charge. In answer to a question, the witness stated that there was no mortgage. The only thing was that other liabilities were comparatively of small amounts. Hence even if Government did not have any prior claim, the value of the property was such that Government would realise their dues.

The Committee enquired whether Government had appointed an expert to see that the grant of Rs. 52,415 given to the society was utilised properly and whether there was any person to advise the society for its proper functioning so that it could be a paying proposition. The witness stated that the original idea was to bring an expert on making matches and attach him to the society but no body actually arrived.

In answer to a question, the witness stated that the Managing Committee originally consisted of three nominees of the Central Social Welfare Board, one Deputy Development Officer in the Ministry of Commerce and Industry and an Under Secretary in the Ministry of Finance.

Asked whether the Development Officer of the Ministry or the Finance Ministry's representative reported to the Ministry at any time that the society was not functioning properly, the witness stated that it was known to the Ministry from time to time that there were not enough women workers coming forward to work on this unit. On 9th September, 1957 there were only 37 women and in November, 1957 there were only 27, whereas they were expecting to have at least 70 or 80 women present all the time. The witness further added: "Even in 1958, the Minister said that the number of women workers were not coming forward to work in the factory and we would have to re-consider whether we should give any further loans."

Asked as to why loans were given when the society had defaulted in repayment of the loans already advanced, the witness stated that

Government were hoping against hope that they would make a success of this kind of enterprise in the country. The witness added that there was the predilection for trying to start it in the small sector because matches were coming from the small units in the South. They had no reason to think that it could not be manufactured locally. But the women did not develop the aptitude for it or were unwilling to take to this kind of job.

At the instance of the Committee the Ministry of Industry and Supply have intimated that the regular production of matches was started with effect from the 1st April, 1955. The quantitative production figures were not available. The year-wise value of the production of matches, was as indicated below:—

Year	Production value (Rs.)
1954-55	11,890
1955-56	71,471
1956-57	80,590
1957-58	20,116
1958-59	50,316
1959-60	..
Total	4,15,383

The witness further added that no conditions about the capital and the minimum of members that must form the Co-operative Society and the minimum subscription to be paid by the members, were imposed when Government sanctioned the loan to this society. In a sense, it was not even a union co-operative. It was really started with a committee of management by an agreement between the Central Social Welfare Board and the Government. There was a representative of Finance also in the management Committee.

The Committee enquired how another society viz. Delhi Garment Society had come and occupied the buildings and lands belonging to the Match Society. The witness stated that when the work of the

Match Society came to an end in 1958, the **Delhi Garment Society** had been started for the rehabilitation of certain tailors and they were allowed to occupy the premises here.

In a note furnished by the Ministry of Industry and Supply it has been stated that the building was rented out to the **Delhi Garments Co-operative Industrial Society** on the 1st November, 1958 on a rental of Rs. 881.50 per month as fixed by the C.P.W.D. and an Agreement was entered into between the **Family Welfare Cooperative Industrial Society Ltd.** (as the LESSOR) and the **Delhi Garment Cooperative Industrial Society Ltd.** (as the LESSEE).

Asked a question the witness stated that the **Match Society** had a minimum skeleton staff and they did make purchases of the raw materials for making the boxes. It was as a result of bringing it to the notice of the Government that the running of the Society was costing much more and that it might go into liquidation at some time, a Committee was appointed to review the working of the Society in 1958 and a decision was taken to wind it up.

The Committee were informed in a note by the Ministry of Industry and Supply that in accordance with the decision of the Central Government in the late Ministry of Commerce and Industry, the Assistant Registrar Cooperative Societies (Industry), Delhi, ordered that the **Delhi Garments Cooperative Industrial Society** be wound up with effect from 5th March, 1964.

The Committee are not happy at the manner in which unusual concessions were given to the Society and that proper steps were not taken to safeguard the financial interests of Government.

The Committee have noted the following disquieting features in this case:

- (i) The financial assistance by way of loan and grant was given without a formal agreement; this agreement was not executed either by July, 1958 when the Managing Committee recommended the closing of the Society or till February, 1963 when the liquidator was appointed;
- (ii) Although the Society was sponsored by Government there was no arrangement to review the working of the Society and to take prompt action either to remedy the state of affairs or to ensure the security of the loan granted to the Society; and
- (iii) at the same time loans continued to be given for a period of five years upto 1957-58 although there had been defaults in repayment of earlier loans.

The Committee desire that the matter may be further investigated with a view to ascertain whether Government nominees in the Society were informing the Ministry from time to time during the period 1954—58 of the state of affairs of the Society and its increasing losses and if so, what action was taken on these reports in the Ministry. The Committee may also be informed of the final position of the recovery of the outstanding dues from the assets of the Society.

NEW DELHI;
Dated March 31, 1965.
Chaitra 10, 1887 (Saka).

R. R. MORARKA,
Chairman.
Public Accounts Committee.

APPENDICES

APPENDIX I

(Ref. para. 14 of Report)

Extracts from file No. 42-SSI(B) (2)/52

MINISTRY OF COMMERCE & INDUSTRY

S.S.I. (B) SECTION

Under Section 13 of the Coir Industry Act, the Government of India is empowered to levy cess on exports of Coir fibre, Coir yarn and Coir products at a rate not exceeding Re. 1 per Cwt. At present a cess of 50 nP. per Cwt. is levied on exports of coir fibre and coir yarn only. Under Section 14 of the Act, the proceeds of the cess are first credited to the Consolidated Fund of India and thereafter from time to time, the Central Government pays to the Board *from and out of such proceeds* such sums of money as it thinks fit.

2. Hitherto, the funds sanctioned to the Board did not exceed the cess collections. Of late the Board has embarked upon schemes like publicity, propaganda, establishment of Coir Research Institutes etc. which involve considerable expenditure. It is anticipated that due to expansion of the activities of the Board during the last two years of the 2nd Plan, the requirements of the Board will be more than the collections of Cess. It was proposed to Ministry of Finance that additional funds may be sanctioned to the Board from the General Revenues but the Ministry of Finance have stated that in view of the provision in the Coir Industry Act funds cannot be sanctioned to the Board from the General Revenues and have suggested that the views of the Ministry of Law may be obtained on the subject. Ministry of Law (Department of Legal Affairs) may kindly see and let us have their advice.

Sd/- T. S. SESHKUTTY,
8-4-59.

Ministry of Law (Deptt. of Legal Affairs)

Ministry of Commerce & Industry U.O. No. 42-SSI(B) (2) '52.
dated 9th April, 1959.

NOTES IN THE MINISTRY OF LAW (DEPARTMENT OF
LEGAL AFFAIRS) ADVICE (A) SECTION

The Coir Board is a body corporate and is not a Government organisation. The only financial resources of the Board are the Coir

Fund formed under Section 15 of the Coir Industry Act, apart from the borrowings made under section 16. The Coir Fund is made up of the proceeds of the cess made over to the Board by the Central Government and the fees levied and collected under the Act or the Rules made thereunder. The Act itself does not provide for any additional financial assistance from the general revenues. Nevertheless article 282 of the Constitution enables the Government to make any grants for any public purpose. In exercise of this power Government can certainly make grants to the Coir Board for utilisation thereof for purposes which could properly be described as public purposes. Apart from this expedient and apart from an amendment of the Act, there does not appear to be any way out to ensure allotment of funds by Government for the purposes of the Coir Board.

Sd/- B. N. LOKUR,
Jt. Secretary & Legal Adviser.
16th April, 1959.

Min. of Commerce & Industry

Deptt. of Legal Affairs), U.O. No.
12212/59-Adv. (A), dated 16-4-59.

APPENDIX II

(Ref. para 21 of Report)

MINISTRY OF FOOD AND AGRICULTURE

(Department of Agriculture)

Item No. 2.—What were the estimates of expenditure for 21 schemes furnished to the Ministry of Food & Agriculture (Department of Agriculture) in 1957-58. When were the grants sanctioned for these schemes?"

A proposal was taken up in 1957-58 to finance 21 schemes from the Government funds instead of from the Research funds. A list of these schemes together with estimated annual expenditure thereon is attached.

At the instance of the Ministry of Finance, the above mentioned list was re-examined in consultation with the experts of the Council and it was decided to finance the following 10 schemes only from Government funds with effect from 1961-62:—

1. Project for Intensification of Regional Research on Cotton, Oilseeds and Millets.
2. Maize Breeding.
3. Sheep and Wool Improvement on Regional basis.
4. Cross-breeding of cattle.
5. Co-ordinated Scheme to study the Economics of specialised Dairy farming under various conditions.
6. National Index of Field Experiments.
7. Camel Breeding Scheme in Rajasthan.
8. Central Artificial Insemination Centre, Bangalore.
9. Selective Breeding & Grading up of cattle, Orissa, West Bengal, Bihar and Madras.
10. Comparative values of grading up with Sindhi and Cross-breeding with Jersey for increased milk production, Kerala and Himachal Pradesh.

List of 21 Schemes

Sl. No.	Name of Scheme	Approx. yearly expenditure in lakhs
1.	Intensification of Research on Cotton Oilseeds and millets	7.00
2.	Co-ordinated Maize Breeding Scheme	3.00
3.	Research on Fodder Production in various States	0.40
4.	Horticulture Research Schemes in various States	1.00
5.	Establishment of Research Station on Pepper and Cardamom	1.50
6.	Investigation into the methods and practices of Farming	0.40
7.	Influence of the different systems of rearing on sex behaviour of breeding bulls	1.00
8.	Progeny testing of Murrah Buffalo Bulls & other bulls under Indian conditions.	2.00
9.	Sheep & Wool improvement on regional basis	1.50
10.	Cross-breeding of cattle	1.00
11.	Animal Nutrition in various States	2.00
12.	Poultry development scheme at American Mission Madras and Y.M.C.A. Martandam.	1.50
13.	Coordinated scheme to study the Economics of specialised dairy farming under various conditions	0.70
14.	Contribution to Commonwealth Agri. Bureau	0.30
15.	National Index on field Experiments (Statistical Scheme)	0.70
16.	Scheme for Camel breeding Rajasthan	0.90
17.	Central Artificial Insemination Centre, Bangalore	0.50
18.	Selective Breeding and grading up of cattle (Units at Orissa, West Bengal & Madras)	1.25
19.	Scheme for Investigating the Comparative value of grading up with Sindhi Bulls and Cross Breeding with Jersey Bulls for increased milk production, Kerala	0.35
20.	Physiological Genetics of Indian Cattle, West Bengal	1.00
21.	Cattle Breeding Scheme, Himachal Pradesh	0.45
TOTAL		28.45

Item No. 3.—“A statement showing details of grants given since 1958-59 to 21 schemes may be given”.

As stated against item No. 2, 10 schemes only were finally approved for being financed from Government funds with effect from 1961-62. The details of the grants received from the Government of India in respect of these schemes are given in the attached statement. Out of the 10 schemes mentioned above, 7 schemes are being financed from the Research funds instead of from the Government funds with effect from 1963-64. Thus grants for these schemes were drawn only for two years.

Grants drawn from the Government of India

Sl. No.	Name of the Scheme	1961-62	1962-63	1963-64	1964-65
		Rs.	Rs.	Rs.	Rs.
1.	PIRRCOM.	12,37,000	18,00,000	17,00,000	Not yet drawn.
2.	Maize Breeding	6,44,000	9,77,800	7,52,950	Not yet drawn.*
3.	Sheep & Wool Improvement on Regional basis	2,25,000	2,25,000	..	..
4.	Cross-breeding of Cattle	1,60,000	1,70,000	..	..
5.	Coordinated Scheme to study the Economics of specialised Dairy farming under various conditions	12,700	38,000	..	..
6.	National Index of Field Experiments	90,000	1,37,000	1,53,700	Not yet drawn.
7.	Camel Breeding Rajasthan	52,200	73,100	..	..
8.	Central Artificial Insemination Centre, Bangalore	72,000	65,000	..	..
9.	Selective Breeding and Grading of Cattle in Orissa, West Bengal, Bihar & Madras	1,00,000	1,20,000	..	..
10.	Comparative values of grading up with Sindhi and cross-Breeding with Jersey for increased milk production: Kerala and Himachal Pradesh	45,000	60,000	..	..

APPENDIX III

Department of Agriculture

(Ref. para. 28 of Report)

*Audit Report on the Accounts of the Indian Central Tobacco
Committee for the year 1962-63*

Para 2 (10).—It is understood that a sum of Rs. 38.01 lakhs was deposited with the C.P.W.D. for some construction work. Has the construction work been completed since? If not, what is the present position?

Remarks.—The deposit of Rs. 38.01 lakhs was for different works at the various stations of the Indian Central Tobacco Committee. Against this deposit, works of the value of app. Rs. 32.92 lakhs have already been completed. A statement showing the works which are still incomplete and the present position of those works is enclosed.

ENCLOSURE

A Statement showing the position of incompletd buildings and the present position thereof

	Amount deposited	Present Position
Rs.		
1. Central Tobacco Research Institute, Rajahmundry		
(a) Automatic Chlorination at Farmstead Building.	2,130	These two items of work were new items to be taken up by the C.P.W.D. authorities concerned. Designs of works has not yet been finalised.
(b) Glass House at Laboratory Building under Second Five Year Plan.	45,727	
2. Wrapper and Hookah Tobacco Research Station, Dinhat		
Cattle-shed	19,000 (Estimated)	Cattle-shed is not yet completed and handed over to the Committee.
3. Tobacco Research Station, Hunsur		
Rs.		
(a) Setting up of a pump set, construction of over head tank and providing pipe connections for water and gas.	10,000	Pump-set and overhead tank have been completed in 1961, but the setting up of water connection to cattle ward etc. had not been done so far.
(b) Residential quarters 5 Nos.	50,360	Main constructions have been completed in 1964. Electric and water connections are yet to be completed.
4. Hookah and Chewing Tobacco Research Station, Pusa		
(a) Laboratory Buildings	3,82,695 (Estimated)	Laboratory Buildings are in progress at the Station.
Total amount involved in incompletd buildings.	5,09,912	

APPENDIX IV
MINISTRY OF FOOD AND AGRICULTURE
 (Department of Food)
 (Ref. para . 34 of Report)

Statement showing the subsidy borne by Government in the sale of food grains during 1960-61, 1961-62, 1962-63 and 1963-64

Year	Commodity	Transit and Storage losses and also losses due to theft as brought to accounts in the Proforma accounts.		Trading loss other than transit and storage losses (including interest on Capital)		Total loss i.e. the amount of subsidy borne by Government in the sale of foodgrains	Remarks
		Quantity M.T.	Value Rs.	Quantity imported/procured M.T.	Loss Rs.		
1	2	3	4	5	6	7	8
1960-61	Wheat . . .	33,907	1,33,58,341	44,01,991	8,30,65,570	18,67,77,371	
	Rice . . .	11,697	64,80,957	10,46,949	8,37,71,670		
	Other grains .	367	1,00,833	53,488	..		
		45,971	1,99,40,131	55,02,428	16,68,37,240	18,67,77,371	
1961-62	Wheat . . .	11,601	48,46,202	27,66,452	11,79,61,513	19,25,21,368*	*Excluding Rs. 3.21 crores accounted for in 1962-63.
	Rice . . .	2,555	15,62,536	7,16,795	6,81,32,159		
	Other grains .	69	18,958	..	..
		14,225	64,27,696	34,83,247	18,60,93,672	19,25,21,368	

1	2	3	4	5	6	7	8	
1962-63	Wheat . . .	35,382	1,49,03,960	35,42,206	16,34,01,962	} 26,62,90,154@	@Including Rs. 3.21 crores relating to 1961-62 accounted for in 1962-63 and excluding Rs. 5.41 crores on account of interest on capital for years prior to 1956-57. Total loss appearing in the Revised Proforma Account is Rs. 32.04 crores. The original figure of loss of Rs. 32.57 crores shown in the Proforma A/cs. printed in the Audit Report was reduced to Rs. 32.04 in the Revised Proforma Accounts.	
	Rice . . .	7,241	44,20,631	6,97,426	8,35,56,458			
	Other grains . . .	26	7,143					
		(%)42,649	1,93,31,734	42,39,632	24,69,58,420	26,62,90,154	(%) Quantity shown in the Proforma Accounts printed in the Audit Report 1964 is 56,395 tons. But after rectification of an error of 13,746 tonnes the quantity shown in the revised Proforma Account is 42,649 tonnes.	
1963-64	Wheat . . .	19,094	81,05,594	41,90,559	20,70,55,520	} 33,87,21,357		
	Rice . . .	4,933	30,41,195	11,31,624				
	Other grains . . .	414	1,06,030	1,911	12,04,13,018			
	TOTAL . . .	24,441	1,12,52,819	53,24,094	32,74,68,538	33,87,21,357		
		<i>Details of losses due to theft.</i>				Rs.		
		1960-61					3,087	
		1961-62					3,641	
		1962-63					8,000	
		1963-64					2,266	

APPENDIX V
MINISTRY OF FOOD AND AGRICULTURE
 (Dept. of Food)
 (Ref. para. 39 of Report)

PROFORMA I

Statement showing quantities of foodgrains rendered unfit for human consumption in the Central storage depots due to rains, Floods, Damp etc. and their Disposal for the years 1960-61 to 1963-64.

(Figures in M. Tons)

Year	Quantities of foodgrains rendered unfit for human consumption	Quantities disposed of as				Total value realised (In rupees)	Net loss in value (In rupees)
		Cattle poultry feed	Industrial use	Manure	Dumping		
1960-61	427.02	363.79	33.22	15.38	1.41	38682.21	149364.28
1961-62	8016.45	944.96	3769.98	185.61	2979.36	192352.92	4299761.97
1962-63	1485.04	357.60	69.09	500.91	569.47	37658.29	614532.42
1963-64	506.11	344.01	31.82	59.36	10.41	68016.25	125225.33

- (i) In none of these cases the damage took place due to negligence of the officials.
- (ii) The difference between quantities rendered unfit for human consumption and those disposed of in various categories is attributed to the fact that all the stocks rendered unfit during a particular year could not be disposed of during the same year.
- (iii) The damage to foodgrains was comparatively heavy during 1961-62 and 1962-63 due to unprecedented floods at Visakhapatnam, Poona, Jarod, Meerut and Muzzafarnagar.

PROFORMA II

Statements showing quantities of Foodgrains rendered unfit for human consumption due to ship damage, damage in Rail/Road transit etc. and their disposal for the years 1960-61 to 1963-64.

(Figures in M. Tons)

Year	Quantities of foodgrains rendered unfit for human consumption	Quantities disposed of as				Total value realised [†] (In rupees)	Net loss in value (In rupees)
		Cattle/ poultry Feed	Industrial use	Manure	Dumping		
1960-61	8408.69	1995.47	4715.76	533.08	417.51	382867.54	1854488.40
1961-62	5486.01	1871.33	2419.37	246.23	268.87	309140.40	2248173.87
1962-63	9650.69	3232.30	2231.52	579.71	584.69	395418.09	3048751.28
1963-64	6188.11	2903.16	2950.70	587.18	433.61	474980.45	2172236.10

(i) In none of these cases the damage took place due to negligence of the officials.

(ii) The difference between quantities rendered unfit for human consumption and those disposed of in various categories is attributed to the fact that all the stocks rendered unfit during a particular year could not be disposed of during the same year.

APPENDIX VI

MINISTRY OF HEALTH

(Ref. para. 50 of Report)

Note on points on which the Public Accounts Committee desired to be furnished with further information at their sitting held on the afternoon of 15-1-1965

Grants to private medical colleges—para 96, pages 133-134.

(i) *Circumstances in which the grants were given to the colleges without proper written requests.*

The P.A.C. appear to have (in mind the cases of the Kasturba Medical College, Manipal to which a grant of Rs. 5 lakhs was given on 17th March, 1961 and of Rangaraya Medical College, Kakinada to which a grant of Rs. 5 lakhs each was given during 1960-61 and 1961-62. So far as the case of Kasturba Medical College, Manipal is concerned the position is that the Government of Mysore had requested the Ministry of Health in their letter No. HLH-22-MOA 58, dated 30-3-59 that the College had been pressing for assistance for non-recurring grant of Rs. 15 lakhs for the construction of buildings required for the clinical section of the college. The State Govt. had recommended the request of the College for the grant of Central assistance. While sanctioning the grant of Rs. 5 lakhs to the College on 17-3-61, the Min. of Health had kept in view the request of the College for grant of Central assistance to the extent of Rs. 15 lakhs received through the Government of Mysore.

Regarding the case of Rangaraya Medical College, Kakinada to which a grant of Rs. 5 lakhs each was sanctioned on 17-3-61 and 17-3-62, the position is that the President of the Medical Education Society, Kakinada had, in his d.o. No. 51/61, dated 18-3-61, addressed to Health Minister (Shri D. P. Karmarkar) requested sanction of *Ad-hoc* grant to the College before the close of the financial year 1960-61.

An *ad-hoc* grant of Rs. 5 lakhs each was sanctioned on 17-3-62 to the Kasturba Medical College, Manipal and Kakatiya Medical College, Warangal. As the case of Rangaraya Medical College, Kakinada for grant of Central assistance was on par with the above mentioned colleges, a grant of Rs. 5 lakhs was also sanctioned on 17-3-62 to the Rangaraya Medical College, Kakinada. Although for

some of these colleges, written requests are not on record, it has to be stated that their representatives came to Delhi to request personally for these grants after orally stating their case. On a few occasions, the D.G.H.S. himself visited the colleges on the spot to satisfy himself about the needs.

(ii) *Circumstances in which the grants were given to the colleges in excess of the demands.*

The P.A.C. presumably refers to the two cases where the requests from the Kakatiya Medical College, Warangal, and the T.D. Medical College, Alleppey, were for lesser amount than the sum actually sanctioned.

The position is that during 1959-60, among others, an *ad hoc* grant of Rs. 5 lakhs was given to the Rangaraya Medical College, Kakinada. Subsequently in 1960, a request was received from the Medical College, Warangal, for the grant of Rs. 5 lakhs on the analogy of the grant given earlier to the Kakinada Medical College. However only Rs. 3 lakhs was sanctioned to the Warangal Medical College in November, 1960. While giving *ad hoc* grants to certain private institutions during 1960-61, Rs. 5 lakhs each was given to the Medical Colleges at Kakinada and Warangal. The Warangal Medical College again repeated their earlier request that it should be treated on par with the Kakinada Medical College for the purpose of the grant. Thus it may be seen that while a total grant of Rs. 10 lakhs was given to the Kakinada Medical College during 1959-60 and 1960-61, only Rs. 8 lakhs was sanctioned to the Warangal Medical College even though its request was for Rs. 10 lakhs as given to the former college.

The Medical College, Alleppey applied for assistance for 20 additional admissions under the emergency scheme @ non-recurring Rs. 15,000 per admission and recurring Rs. 2,000 per admission per annum or a total grant of Rs. 3,40,000. Since the college was a newly started one and was not eligible for assistance under the emergency scheme it was given Rs. 5 lakhs as Central assistance as given to other institutions during 1962-63. The request for Rs. 3.40 lakhs was based on the formula and had no relationship to actual needs which were larger. The institution has again approached the Government for another grant of Rs. 10 lakhs. It may also be mentioned that under the normal scheme for assistance to medical colleges, the formula is Rs. 60,000 for non-recurring (buildings & equipment) and Rs. 4,000 recurring per student per annum as ceiling, the due amount (ceiling) for 20 students would have been 12,00,000. As against this only Rs. 5 lakhs were paid.

APPENDIX VII
MINISTRY OF FINANCE
(HEALTH BRANCH)

(Ref. para 51 of Report)

Further information as called for by the PAC vide sl. No. 4 of list of points appended to the L.S.S. O.M. No. 2|1|10|64|PAC, dated 16-1-65.

The circumstances in which the Ministry of Finance concurred in the grants mentioned in para 96 of the Audit Report 1964 are as follows:

2. Early in 1960, the Ministry of Health, with the approval of the Minister, proposed that grants may be given to 3 private Medical Colleges, namely, Kasturba Medical College, Manipal, Bankura Sammilani Medical College, Bankura and Medical Education Society (S.R.M. College), Kakinada and three State Medical Colleges viz. those at Tanjore, Srinagar and Bikaner in respect of which requests were stated to be pending. There were other demands pending also, but in view of the limitation of funds it was proposed to confine attention to the colleges mentioned above. Assistance to private medical colleges was considered necessary evidently in the interest of expansion of medical education. The Ministry of Health consulted the Planning Commission in regard to sanctioning of grants to those colleges at the rate of Rs. 5 lakhs each. This was quite modest with reference to what was admissible to State Medical Colleges. After the Planning Commission had agreed to the proposal the matter was discussed with the then Health Minister and also with the Finance Ministry and it was decided to sanction the above amounts to the private medical colleges. The proposal was then formally agreed to in the Finance Ministry. The amounts were sanctioned in March, 1960.

3. There was a request in April, 1960, addressed to the Minister, from Medical College, Warangal for financial assistance on the same lines as Kakinada Medical College which was described as a sister institution. The request was endorsed by the State Government and some important persons. The Ministry of Health proposed a grant of Rs. 5 lakhs in this case also having regard to the amount sanctioned in the case of Kakinada college. The Ministry of Finance agreed

to the payment of Rs. 3 lakhs only having regard to the limited requirements of buildings for the college then known. The amount was sanctioned in November, 1960.

4. In 1961, there was a further request from Bankura Medical College for financial assistance. The Health Ministry referred to the Planning Commission, who, however, reserved their views in the matter until it has been processed by the Health Ministry. In the Health Ministry, the matter was discussed and it was proposed, at the suggestion of the Minister, to pay Rs. 5 lakhs each *ad hoc* to (1) Kasturba Medical College, Manipal, (2) Bankura Sammilani Medical College, Bankura, (3) Kakinada Medical College and (4) Medical College, Warangal. The Ministry of Finance, however, agreed to a grant of Rs. 5 lakhs each to Manipal and Kakinada Colleges. They also agreed to a grant of Rs. 5 lakhs to Warangal Medical College as a similar sum was being sanctioned to the sister institutions at Kakinada. In the case of Bankura Medical College, a grant of Rs. 4 lakhs was agreed to, having regard to the amount of Rs. 5 lakhs already sanctioned and the total demand of the colleges for Rs. 9.28 lakhs. This was subject to the approval of the Planning Commission as in the earlier year. The Health Ministry issued sanction in March 1961, after consulting the Planning Commission and obtaining their agreement informally.

5. In November 1961, there was a further request from the Medical College, Warangal for financial assistance to the extent of Rs. 15 lakhs. The Ministry considered this request along with the requirements of other private medical colleges and proposed that an *ad hoc* grant of Rs. 10 lakhs each may be sanctioned to 5 colleges namely, (i) Kakinada Medical College, (ii) Manipal Medical College, (iii) Warangal Medical College, (iv) Christian Medical College, Vellore and (v) Christian Medical College, Ludhiana. This was not agreed to by the Ministry of Finance. A copy of the note dated 23rd February, 1962 recorded by the Finance Ministry on the Health Ministry's file is enclosed. The Planning Commission, whom the Ministry approached, also did not agree. At this stage, the Health Minister who saw the case, proposed that instead of Rs. 10 lakhs, Rs. 5 lakhs only might be given only to newly started colleges namely, Kakinada Medical College, Manipal Medical College and Warangal Medical College. He also spoke to the Member, Planning Commission. On reconsideration, the Planning Commission agreed to the proposal and this was also agreed to in the Ministry of Finance subject to the condition that the earlier grants were utilised fully. A copy of the notes dated 14th February, 1962 of Health Ministry and the note dated 15th March, 1962 of the Finance Ministry recorded on Health

Ministry's file is enclosed. The amounts were sanctioned in March, 1962.

6. At the end of 1962-63, there was another request from Warangal College for financial assistance. At this stage, the Ministry of Health reviewed the question of giving the financial assistance to various private Medical Colleges having regard to their written as well as verbal requests. They proposed a grant of Rs. 5 lakhs each for the following colleges, namely, Warangal Medical College (Rs. 5 lakhs), Kakinada Medical College (Rs. 5 lakhs), Medical College, Jamshedpur (Rs. 5 lakhs) and Medical College, Alleppey (Rs. 5 lakhs). Grants to these colleges was urged, having regard to the necessity to create greater capacity and facility for M.B.B.S. education which was considered all the more necessary having regard to the requirements of the emergency. This proposal was accordingly agreed to in the Ministry of Finance. A copy of the notes dated 16th March, 1963, 19th March, 1963 and 25th March, 1963, recorded by the Finance Ministry on the Health Ministry's file is enclosed.

It may be mentioned in this connection that a new sub-head namely, "A.3(2)(32)—Grants to private institutions for medical education" was opened in the Demand for Grants for 1962-63.

Copy of Ministry of Finance Note recorded in the Ministry of Health file No. F. 35-41/61-MI.

MINISTRY OF FINANCE

(HEALTH BRANCH)

It is against all canons of financial propriety to propose expenditure as in the present case merely because savings are expected in the budget provision for the current year. Further, the question of savings has to be examined with reference to the Plan provision for "Medical Education" and the anticipated commitments during the Third Plan period. There is no indication that the proposal has been so examined.

2. As regards the proposal to give *ad hoc* grants of Rs. 5 lakhs each to the five Medical Colleges, there is no request for assistance from any of the colleges, except that at Warangal. There is also no prior commitment by the Govt. of India that assistance would be forthcoming for these colleges. Even in respect of the Warangal Medical College, the proposed *ad hoc* grant would require full justification *vis-a-vis* the approved pattern of assistance. In this connection, attention is invited to notes on pages 5-7 of Health Ministry's file No. 35-13/60-MI.

3. We would, therefore, request the Ministry of Health kindly to consider the proposal in more detail as indicated above, and also obtain the approval of the Planning Commission before the case is referred to us again.

N.V.S.
23-2-62.

I agree with the above note throughout.

Sd./- O. V. RAMADORAI
23-2-62.

Ministry of Health (Shri Krishna Bihari)

Ministry of Finance u.o. No. 1025-H/62, dated 26-2-62.

Copy of notes recorded in the Ministry of Health file No. 35-41/61-MI

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MINISTRY OF HEALTH

The Finance Ministry may see and kindly concur in the proposal made at 'B' on prepage. The official request of the Medical College, Warangal, is on the file. The authorities of the other two colleges have represented the matter to H.M. personally.

Sd/ KRISHNA BIHARI
14-3-62.

Dy./A.

Notes from page 7 *ante* may kindly be seen. The Planning Commission has now agreed to the modified proposal of the Health Ministry. In view of this, and the position stated at 'X' above, we may agree to the proposal. It may, however, be pointed out that usually further grants may be paid only if the utilisation certificate for the earlier grant has been given. We are not aware if this condition is fulfilled in this case. If it is not fulfilled, the institutions may kindly be asked to do so urgently.

I td. N.V.S.
15-3-62.

Sd/ O. V. RAMADORAI
15-3-62.

Ministry of Health (Shri Krishna Bihari)

Ministry of Finance u.o. No. 1643-H/62, dated 15-3-62.

Copy of Finance Ministry's notes recorded in the Health Ministry's
file No. F. 35-30/62-MI

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MINISTRY OF FINANCE

(HEALTH BRANCH)

As already pointed out on several occasions that in the absence of ceiling of Central assistance to teaching institutions and the duration for which the Central assistance would be forthcoming to a particular institution, there is a tendency among Voluntary Organisations to obtain Central assistance without adequate justification. Last year when the case was referred to us we had then pointed out certain pre-requisites on the part of the grantee institutions—particularly in cases of this type where *ad hoc* grants are given. These conditions *inter alia* provide for audited statement of accounts, utilisation certificate, estimates of the expenditure for which the Central assistance is required, financial resources of the grantee, so that in the event of cessation of Central assistance the organisation would continue to function. The grants are intended only for newly started colleges as would be noticed from the then Health Minister's minute and is primarily meant to meet the expenditure of non-recurring type including cost of building, equipment etc. We are not aware when this 'newness' of these colleges would cease to exist so that further grants to these colleges are stopped. Of the four colleges, three colleges viz. two in Andhra Pradesh and one in Mysore—we feel, do not qualify for assistance on the basis of 'newness'. These colleges have already received Central assistance for sufficient duration. However, having regard to the fact that we are at the fag end of the financial year and by the time the points raised in the foregoing remarks are clarified the year would be over and consequently funds would lapse, we may, in deference of Health Minister's wishes agree to give grants to all the four colleges, particularly when these colleges directly or indirectly contribute to our defence effort, to enable them to overcome initial "teething troubles" with which, very often, newly started institutions are faced.

Next year when the case is referred to us, the Ministry of Health are requested to see to it that the papers are complete in all respects and the points raised in this note are clarified.

Itd. V.K.L.

16-3-63.

D.F.A.

We agree to the grants. The purposes of the grants and the conditions relating thereto should be clearly specified in the orders (no capitation charges and only usual Govt. scale of fees).

2. As a separate sub-head of budget exists already at A.3(2) (32) on p. 9 of the Health Ministry's Book of Demands, I take it there is no objection to this proposal from the budget point of view i.e. to the re-appropriation of Rs. 20 lakhs to this sub-head from savings in the total Demand.

3. Budget Divn. may kindly see as regards para 2 above, and return quickly.

Sd/- R. K. AGRAWAL.
19-3-63

Budget Divn. (Shri A. R. Shirali)

Min. of Finance u.o. No. 1173-H/63, dt. 19-3-63.

MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

(BUDGET DIVISION)

The Health Ministry have been sanctioning during the last few years Grants-in-aid to the same three or four private medical colleges by utilising the savings available under the Grant. The extent of these grants-in-aid amounted to Rs. 14.25 lakhs in 1960-61 and Rs. 18 lakhs in 1961-62, and the proposal now is to sanction Rs. 20 lakhs during the current year, though in none of these cases was any provision for the purpose shown even at the Revised Estimates stage, much less at the Budget stage. The grants-in-aid seem to be generally allowed for the purpose of meeting expenditure on buildings and equipment urgently required for the colleges and also described as expenditure in connection with the Plan. The sanctions also require the colleges to furnish audited statements of accounts along with certificates that the grants had been utilised for the purposes they were sanctioned but as far as can be gathered, there is no evidence of this condition having been fulfilled or enforced. This procedure of utilising the savings for giving grants to the same private medical colleges continuously for the last three years is likely to be criticised in Audit and elsewhere, especially considering the amounts involved. I would therefore suggest that if the present proposal is to be accepted, it may be got approved by J.S. (Per) or, if necessary even Secretary (E).

Sd/- A. R. SHIRALI.
21-3-1963

Deptt. of Expenditure (Health Branch) (Shri R. K. Agarawal).

Min. of Fin. (E.A.D) u.o. No. 1331-BI/63, dt. 21-3-63.

Health Ministry may kindly see and reconsider. Fuller grounds may be indicated for making an exception to the normal procedure in these cases.

Sd/- R. K. AGRAWAL.

21-3-63.

D.S. (H)

MINISTRY OF FINANCE

(HEALTH BRANCH)

Notes following our note on pages 5-6 *ante*, may kindly be glanced through. The idea underlying to our referring the case to our Budget Division was to get clearance from that Division from budgetary point of view i.e. whether or not there was any objection to the grants being paid in the absence of budget provision. From that Division's note it is noticed that there is no serious objection to the grants being paid in the absence of provision but they have raised certain points which is solely our concern. These points are not new and have already been discussed in our note referred to above. All these points are aimed to ensure that the amounts are utilised in the public interest and the bonafides of these institutions are above doubt. The Health Ministry's preceding note does not leave any doubt about it and we agree to the proposal.

Itd. V. K. L. 25-3-63

D.F.A.

(From page 1 *ante*—particularly from p. 8).

I think we may agree to the grants as now proposed for Warangal, Kakinda (old subsidised), Jamshedpur and Allaphey colleges (New) about the need of which Health Ministry appear to be satisfied. The projects for which these funds are required and proposed to be granted are not indicated to us. Later I will like the Ministry to ascertain why the amounts sanctioned during 1961-62 do not appear under Actuals at p. 8 of the Demand—A.3(2) (32).

Sd/- R. K. AGRAWAL,

25-3-1963

J.S. (Per).

Sd/- R. P. PADHI

25-3-1963

Ministry of Health (Shri Krishna Bihari)

Min. of Fin. u.o. No. 1367-H/63, dt. 26-3-63.

Observations by Audit

It is observed that the concurrence of the Finance Ministry was accorded in March, 1960 for payment of *ad hoc* grants @ Rs. 5

lakhs each to the private Medical Colleges namely (i) Kasturba Medical College, Manipal, (ii) Bankura Sammilani Medical College, Bankura and (iii) Medical Education Society (S.R.N. College), Kakinada though there was no indication in the file that the Ministry of Health had examined with reference to audited statement of accounts of these colleges that the grant-in-aid was justified by the financial position of the grantee. No pattern of assistance to private medical colleges or rules governing such grants-in-aid were also formulated and no policy decision appears to have been taken as to the extent to which the *ad hoc* grants would entail commitments on Government for assistance in future years. The Planning Commission had agreed to the payment of grant to any or all the colleges referred to by the Ministry of Health to the extent there were any savings during the year 1959-60.

In May, 1960, a request was received from the Bankura Sammilani Medical College, Bankura for a further grant of Rs. 9.28 lakhs but it was kept pending till the assessment of the saving under the grant concerned. Subsequently, while agreeing to the release of a further grant of Rs. 4.00 lakhs to the institution, the Ministry of Finance was aware that no details of anticipated expenditure were available with the Ministry of Health nor there was any information whether the grants of Rs. 5 lakhs released in previous year had been utilised fully. It is also observed that the request of Medical College, Warangal was for an additional grant of Rs. 2 lakhs only.

While agreeing to the release of grants during the year 1961-62, the Finance Ministry was aware that the prerequisite conditions namely submission of audited statement of accounts, of previous grants, utilisation certificates, estimates of expenditure etc. for release of further grants were not fulfilled by the grantee institutions.

It has been stated by the Ministry that a new sub-head was opened during the year 1962-63. This subhead was obviously opened to indicate the "actuals" of the year 1960-61 as no provision was made for payment of grants to private medical colleges even in the budget for 1962-63.

APPENDIX VII

MINISTRY OF HEALTH

(Ref. para 57 of Report)

Note indicating action taken by the Delhi Development Authority in the matter of realisation of damages etc. after the 18th Report of Public Accounts Committee was presented to Parliament.

During the first half of the current financial year, the position of the recovery of damages was not satisfactory. A full time Tehsildar (Damages) was not available and the post of one Naib Tehsildar (Damages) also could not be filled due to non-availability of officers. The residential squatters also stopped making payments after D.D.A.'s Resolution No. 325, dated 4th June, 1964, reducing the demands to 1/3rd in the case of post-August 1950 residential squatters as they wanted to be told the net balance outstanding against them after adjustment of the payments made earlier by them against the reduced demands.

The matter was reviewed in the month of September, 1964 and the following steps have since been taken to improve the position of the recovery of damages:—

- (i) One of the Estate Officers was appointed as Recovery Officer (Damages) in order to supervise the entire recovery work, and in order to have complete co-ordination of all the wings of Damages Section, he has also now been appointed as Co-ordinating Officer of the Damages Section.
- (ii) A wholetime Tehsildar (Damages) and Naib Tehsildar (Damages) have been appointed.
- (iii) In order to have the latest position of outstanding damages against each individual encroacher as on 31st December 1964, detailed statements have been prepared for expeditious action against defaulters with heavy amounts.

(iv) Coercive measures have been increased in cases where non-recovery certificates have been issued to recover the outstanding amount as arrears of Land Revenue. From October, 1964 to December, 1964, 37 warrants of arrest and 12 warrants of attachments were issued.

As a result of these steps, the position of recovery of damages has improved from October to December, 1964 when Rs. 1.70 lakhs were recovered as against Rs. 1.50 lakhs during the corresponding period of 1963.

APPENDIX IX
MINISTRY OF HEALTH

(Ref. para 67 of Report)

A note regarding proposed allotment of about 100 acres of land at Narela for the relocation of the Delhi Cloth Mills.

The question of allotment of about 100 acres of land at Narela for the relocation of the Delhi Cloth Mills is only at the planning stage.

The Master Plan for Delhi, which came into force with effect from the 1st September, 1962, has made the following recommendations regarding discontinuance of industrial non-conforming uses:—

“Such industrial uses that do not conform to the land-use shown in the Master Plan, will have to be shifted in gradual stages to industrial areas earmarked in the plan. In allocating new industrial sites, the demands of the non-conforming uses will have to be given priority by the authorities and if possible other inducements may have to be given for expediting the shifting. This can be in the shape of providing extra land needed for expansion by the industry at the new site, allowing the present owners to develop land from which they are shifting in accordance with the land-use shown in the plan, providing a loan, etc. It should also be noted that the shifting of industry according to plan will be possible only if suitable land for the purpose is available.

While it is agreed that the non-conforming industries should be given suitable time to shift from their present site, it is necessary to have a uniform policy on which to lay down a time schedule for their shifting. It is recognised that this process must be largely governed by the fact that there should be the minimum amount of dislocation of production and the industries and workers should not put to undue hardship.

Time-Schedule:

- (1) Noxious industries must be the first to go from their present location. A three years period may be stipulated within which they have to be shifted with additional time if the capital value exceeds one lakh rupees.

- (2) Industries which are not noxious, but are causing nuisance should be given up to four years for shifting.

However, additional time limit, as per table, upto a maximum of 10 years may be given to nuisance industries on a sliding scale on the following criteria:

- (a) The capital value of land, structure and machinery allowing for depreciation; more time is given to industry with higher capital value.
 - (b) The registered employment of industry. More time is given to industries employing more workers.
 - (c) The production floor space per worker. More time if the industry has more floor space per worker which is computed by dividing the total production floor space in square feet by the total registered industrial employment.
- (3) Non-nuisance industries will get more time on each of the counts upto a maximum of 20 years.
- (4) A non-conforming use tax will be levied if the industry wants to stay after the moratorium period has lapsed and it is considered by the Competent Authority that such permission should be given. In such cases, the extension should not exceed ten years.

Time-Schedule for Non-conforming uses:

Industrial Uses

Condition for Moratorium	Noxious industries	Nuisance industries	Non-nuisance industries
	No. of years	No. of years	No. of years
1	2	3	4
Industries with No. of registered employees 1 to 19, with production floor space per worker 50 sq. ft. and below and capital value less than one lakh .	3	4	6
No. of registered employees between 20 to 99 (additional years) .	..	1	2
No. of registered employees 100 and above (additional years) . . . .	..	1	2

	1	2	3	4
Production floor space per worker between 51 to 100 sq. ft. (additional years) .	..		1	2
Production floor space per worker of over 100 sq. ft. (additional years) .	..		1	2
Capital value between one and five lakhs (additional years)	1		1	2
Capital value above five lakhs (additional years)	1		1	4
		5	10	20

NOTE 1. Time is given on each count listed in the table and is cumulative in the order given in Table.

2. Noxious and hazardous industry is that "which is or may be dangerous to life or injurious to health or property" *caused by fumes, effluent, or smoke or by producing or storing inflammable materials.
3. Nuisance industry is that "which causes or is likely to cause injury, danger, annoyance or offence to the sense of slight, smell or hearing or disturbance to rest or sleep"*.
4. Capital value is cost of land, structure and machinery allowing for depreciation on the date of sanctioned Master Plan.
5. The employment noted in table is for industry using power. For industry not using power the employment is to be taken as double.

"As defined in 2(33) of Chapter I of the Delhi Municipal Corporation Act, 1957."

Steps are accordingly being taken to develop land in the approved industrial zones round about Delhi. While the small and medium-scale industries will be relocated in the industrial areas around Delhi, the large-scale industries, like the Delhi Cloth Mills and the Birla Cotton Textile Mills would be shifted to the industrial area at Narela. As recommended in the Master Plan, inducement in the shape of providing extra land needed for expansion by the industry at the new site will have to be offered to industrial unit which are proposed to be shifted from the non-conforming areas in the city. It had, therefore, been suggested that the Birla Cotton Textile Mills would need about 100 acres of land (both for industrial and residential uses) for the re-location of the existing unit in the City and their expansion programme. No such request for allotment of land had been received from the Delhi Cloth Mills but it was felt that, if this unit is to be shifted from its non-conforming location in the City, about 100 acres of land would also have to be provided for them both for industrial and residential

uses. In other words, while planning the industrial area at Narela, the requirement of the Delhi Cloth Mills has to be kept in view since, under the Master Plan for Delhi, this unit will also have to be ultimately shifted. The exact requirements of land for industrial and residential uses of the Delhi Cloth Mills and the Birla Cotton Textile Mills will have to be worked out in detail at the proper time when the land has been acquired and developed and the Delhi Cloth Mills approach the Delhi Development Authority with the request for allotment of land for relocation of their industrial unit in the non-conforming area of the City. It may be mentioned in this connection that there is no scope for the relocation of the Delhi Cloth Mills in the land already sold to them in the industrial area at the Najafgarh Road. In fact, the Delhi Cloth Mills authorities recently approached the Delhi Development Authority for permission to allow additional coverage, over and above that permitted by the Master Plan for Delhi, on its land for the expansion of its units in the industrial area on the Najafgarh Road and the Delhi Development Authority has not acceded to this request.

APPENDIX X
MINISTRY OF HEALTH

(Ref. para 68 of Report)

A detailed note on the execution of agreement by the Delhi Development Authority with the Delhi Cloth Mills may be furnished.

The detailed facts relating to sale of land in the Najafgarh Industrial area to the Delhi Cloth Mills have been given in the Eighteenth Report of the Public Accounts Committee (Paras 21 to 25). The position briefly is that in 1937, the Delhi Improvement Trust conceived a scheme of development, for industrial purposes, of a block of land on the Najafgarh Road. The interest of the Delhi Cloth Mills in the Industrial Area scheme commenced in 1937. While making an application for the allotment of about 250 acres of land in the Industrial Area, the Mills stated in their letter dated the 31st May, 1937 that they were asking for the land—

“on free hold basis for the purpose of eventually building our Mills there.”

By a resolution of the 9th June, 1942, the Trust approved the sale of land measuring 268 acres to the Delhi Cloth Mills. The Company approached the Trust for additional land measuring 10 acres for brick-kilns and this was also acceded to. Thus the total demand of the Company came to 278 acres. Possession of land measuring 174.84 acres was given in different parcels from February 1943 to February 1945. Subsequently in December 1948 by an exchange of plots between the Company and the Trust, the Mills got another additional piece of land measuring 5.15 acres, thus making a total area of 179.99 acres (increased to 181.04 acres in December, 1958).

2. When the Trust passed a Resolution on 9th January, 1942, the question of removal of the Mills from the city area to the Najafgarh Road was somehow or the other not mentioned in the Resolution. The Delhi Cloth Mills did not remove their Mills from the city area but started a number of new factories in the Industrial area including the Delhi Cloth Mills Chemical Works and the Swatantra Bharat Mills Ltd. The question of shifting the Mills was not pursued by the Delhi Improvement Trust with the Delhi Cloth Mills. This came to notice when the Delhi State Government wanted land for

building houses for industrial workers in the Industrial area including workers of the Delhi Cloth Mills and the Delhi Cloth Mills Chemical Works. The matter was taken up with the Company in 1955 but as the Resolution of the Delhi Improvement Trust making the allotment was silent on this point, they did not agree to any change. Thereafter, further allotment of land to the Company was stopped.

3. In 1955, out of the area of 179.99 acres (increased to 181.04 acres) allotted to them, the Delhi Cloth Mills wanted to sell 5½ acres of land to the late Ministry of Production for constructing a D.D.T. factory at Rs. 40,000 per acre. When their attention was drawn to the undertaking given by them to the effect that they would not sell any portion of the land without first offering it to the Delhi Improvement Trust, the Mills changed their position and leased out the land to that Ministry at Rs. 4,000 per annum. When this transaction was made known, it appeared to the Ministry of Health that the D.C.M. were trying to speculate in and made profit out of the land secured at a nominal cost. The Ministry of Law were consulted as to (a) whether the unbuilt land in the possession of the Mills could be resumed because the company had not shifted their Mills from the city area to the industrial area and (b) whether the D.I.T. could conclude a sale-deed in respect of the built up land in the possession of the Mills as no formal sale deed had been executed in respect of that land in favour of them. The Ministry of Law considered it necessary to obtain the opinion of the Additional Solicitor General. A copy each of the Statement of the case submitted to the Additional Solicitor General and his Opinion thereon is enclosed (Annexure I and II). The matter was then considered by Government at the level of the Secretaries in the Ministries of Health, Finance and Commerce and Industry and keeping in view the advice given by the Additional Solicitor General, it was decided that action be taken in the matter as indicated below:

- (i) A sale deed in respect of the entire area of 179.99 acres (increased to 181.04 acres) which has already been allotted to the Delhi Cloth Mills irrespective of the fact whether it has been built upon or is lying unbuilt, should be executed.
- (ii) Proceedings may be initiated by the Ministry of Commerce and Industry for acquiring 5½ acres of land required for the D.D.T. Factory (Hindustan Insecticides); and
- (iii) Withhold action for allotment of any further land to the Delhi Cloth Mills which was previously earmarked for them in that area.

4. Accordingly the Delhi Development Authority were informed to take necessary action *vide* this Ministry's letter No. F.3-46/55-LSG, dated the 31st March, 1959 (copy enclosed—Annexure III). This had also the approval of the Ministers of Health and Finance.

5. The sale-deed in respect of 181.04 acres of land in favour of Delhi Cloth Mills has been executed on the 20th May, 1964 and registered on the 30th May, 1964. Before the sale-deed was executed, the Delhi Cloth Mills had surrendered the excess area of 6.78 acres which was in their unauthorised occupation. It may be observed that the second recital of the sale-deed clearly indicates that the allotment of the land to the Company was for the removal of their establishment from the city area to the said land.

ANNEXURE I

Statement of the case to Additional Solicitor General

1. The Delhi Improvement Trust (hereinafter referred as "the Trust") was constituted in March 1937 under the U.P. Town Improvement Act, (U.P. Act VIII of 1919). This Act was extended to Delhi with certain modifications under the Delhi Laws Act, 1912.

2. As it was considered desirable to provide an industrial area for the city of Delhi, the Trust framed a scheme known as Industrial Areas Scheme by resolution No. 78 of 29th March, 1940 (hereinafter referred to as the scheme) for the development of a factory areas on Najafgarh Road, West of Delhi, the underlying purpose being to encourage industrial concerns in Delhi to move out of the city, thereby reducing congestion and establishing a self-contained industrial suburb for Delhi.

3. The Delhi Cloth and General Mills Ltd. (hereinafter referred to as "the Company") got interested in the scheme. In letter dated the 29/31st May, 1937 (briefed) the Company requested the Trust for allotment of 250 acres of land on "free hold basis, for the purpose of eventually building our Mills there".

4. In the Scheme 208.6 acres were reserved for the Company as would be clear from the following extract of the resolution of the trust—

"From an early stage in the Trust's dealings with this scheme the Delhi Cloth Mills have expressed a requirement for land not less than 200 acres in extent, to be situated as near Delhi as possible. This request has again been stressed recently. In view of the fact that the Delhi Cloth Mills employ a large number of labourers, and that the removal of the Delhi Cloth Mills to the outskirts of Delhi would be a substantial measure in the relief of congestion, and also because the establishment of a big concern like the Delhi Cloth Mills in the Industrial Area would afford great stimulus to the development of the area, it is thought that the provision of site suitable for the Delhi Cloth Mills, should be allowed for in the factory area scheme from the outset....".

After this resolution the Company asked for some additional area and while sanctioning the scheme, the Chief Commissioner increased the area to be allotted to D.C.M. from 208.6 acres to 268 acres.

5. In its letter dated the 9th July, 1941 the Trust informed the Company that at their instance an area of 268 acres in the Industrial Area scheme was being reserved for disposal to them free-hold for use as factory sites in the Industrial Area Scheme prepared by the Trust. After prolonged negotiations regarding the purchase of 268 acres, the Company wrote to the Trust on 8th January, 1942 that the matter be put before the Trust in their meeting on 9th January, 1942. The Trust by its resolution No. 19 dated 9th January, 1942 approved the sale of land of 268 acres to the D.C.M. on the following terms:

- “(i) The Company will pay to the Trust actual cost of acquisition of the land plus 10 p.c. on this cost as the price of the land.
- (ii) In addition to the above price, the Company will pay Rs. 40,000 to the Trust towards cost of development of the Industrial Area. The land to be purchased will be developed by the Company at their own cost.
- (iii) The Company will contribute proportionately on area basis towards the cost of providing the water main from the bulk supply point to the point of supply of water to the company and execute an agreement to that effect which will remain to the cost of a water borne sewerage system on acreage basis if provided within 7 years.
- (iv) If within the next 15 years following from the date of registration of the sale-deed the Company desire to sell the said land or a portion of it, it shall give the Trust the first offer to purchase it on payment of the price for this land at the rate at which the Trust will charge from the Company for the same and for buildings or other improvements, if any, done on the land by the Company, or in the case of dis-agreement to be settled by arbitration under the Indian Arbitration Act, 1940. This will be provided for in the sale-deed”.

Clause 4 was included in the resolution as a result of the assurance given by Lala Shri Ram of the Company in his letter dated the 11th December, 1941, addressed to the Trust that the Company had absolutely no intention of speculating in land and that he would be able to induce them to give an undertaking for a period, say 10 years not to part with it, except to the Trust.

6. On 4th February, 1942, the Trust sent a copy of the above resolution to the Company and requested them to accept the sale of land on the terms proposed. The Company in their letter dated 15th May, 1942 acknowledged the Trust's letter dated 4th February, 1942 and accepted the Trust's proposal for the sale of 268 acres of land and further applied for additional 10 acres of adjoining land. This request was also acceded to by the Trust in their letter dated 26th May, 1942.

7. No sale-deed was, however, executed as contemplated in the Trust's resolution dated 9th January, 1942. Nor was any agreement of sale executed in the manner required by Rule 16, framed under section 72(1)(f) of the U.P. Town Improvement Act, under which "every such contract or agreement on behalf of the Trust shall require its previous approval and shall be signed by the Chairman on behalf of the Trust and sealed with the common seal of the Trust...."

8. As the Trust could give to the 'Company' land measuring only 174.84 acres in the Industrial Area, a supplementary scheme, called "Industrial Area Supplement Scheme" was formulated to enable the Trust to acquire 103.16 acres of private land at an estimated cost of 0.25 lakhs. This scheme was approved by the Trust in its resolution No. 144 dated 31st July, 1944 (briefed) and was sanctioned by the Chief Commissioner under section 42 of the Act, vide notification No. F.1(73)146 dated 28th June, 1946. The land under this supplementary scheme has since been acquired, but no part of it has been given to the Company.

9. In pursuance of the resolution of 1942, the Trust made over possession of the land measuring 174.84 acres to the 'Company' in different parcels from February 1943 to February 1945. Subsequently on 20th December, 1948 by an exchange of plots of land 'the Company' got another additional land measuring 3.85 acres, thus leaving a balance of 82.83 acres, which the Trust, in terms of the resolution of 1942, has still to allot to the Company.

10. A sum of Rs. 4 lakhs was received by the Trust from the Company from 27th January, 1942 to 1st April, 1946, towards the price etc., of the land which has been adjusted as under:—

(a) Rs. 3,33,546/6/- as the total cost of acquisition plus 10 p.c. of this cost.

(b) Rs. 40,000 towards the cost of development of the Industrial Area, according to term No. 2 of resolution No. 19 of 9th January, 1942.

(c) Rs. 26,453/10/- is in deposit with the Trust for further adjustments in terms of above resolution.

11. As stated earlier, no sale-deed has, so far been executed by the Trust in favour of the Company in respect of the sale of this land. During this period, the Company has put up several mills, factories and buildings on the land obtained from the Trust. The entire area of 179.99 acres has, however, not been used. The constructions have been made with the special approval of the Trust in accordance with the normal procedure laid down in the Trust's rules and regulations.

12. The Company has, however, not shifted its existing mills from the city to the industrial area. It is felt that the primary object of the scheme, that is relief of congestion resulting from the shifting of mills from the city area and for which such a large area was agreed to be sold to the Company has not been achieved. Unfortunately, however, neither in the resolution of 1942, nor in the correspondence with the Company, this particular term, namely, that the land was allotted to the Company only on the condition that the existing mills of the Company would be shifted from the city to the industrial area has not been specifically mentioned or even hinted anywhere. Thus the position is that notwithstanding the avowed object of the Trust in having the scheme declared in its official pronouncements, there is no evidence oral or documentary to show that the Company had agreed to purchase the land on that understanding.

13. In 1955 the Ministry of Production requested the Company to sell them a piece of land measuring $5\frac{1}{2}$ acres, out of the allotted land for the construction of D.D.T. factory. Notwithstanding the assurance of the company that it would not speculate in land, and that if the Company desired to sell the land or a portion of it, it shall give the Trust the first offer to purchase it, the Company attempted to sell $5\frac{1}{2}$ acres to the Ministry of Production at the rate of Rs. 40,000 per acre. As the Company had got the land at the rate of 2 as. 9 pies per square yard only, it was considered that the proposed transaction amounted to nothing but speculation in land, contrary to the understanding given by the Company. When attention of the Company was drawn to the conditions mentioned in the resolution the Company changed its position and instead of selling the land, leased out the same for Rs. 4000 per annum to the Ministry of Production, who have since constructed the D.D.T. factory on the site.

14. On the 16th March, 1956, the Trust gave a notice to the Company stating that as the Company had, notwithstanding the understanding that they would shift their mills from the city to the industrial area, not shifted their mills, and had attempted to speculate in land by negotiating with the Ministry of Production for the sale of the land, the Trust intended to resume possession of the land already allotted to the Company and also intended that no further allotment should be made to the Company. It was also stated in the notice that the Trust intended to resume 5½ acres proposed to be leased by Company to the Ministry of Production, as the land had been allotted on the understanding that it would be used for the purpose of shifting their mills from the city area, and that in the event of the Company not requiring any particular portion of land so allotted to them, the Company should give it back to the Trust.

15. In their reply dated the 17th April, 1956, the Company took the stand:—

- (1) that they had never promised to buy this land for the purpose of shifting the factory from the city to the industrial area, and the terms and conditions of the contract are those contained in the Trust's resolution No. 19 dated 9th January, 1942.
- (2) that they had invested crores of rupees in the industrial area by setting up several factories, the plans for which were passed by the Trust from time to time.
- (3) that they never had any intention of speculating in land and the transfer of 5½ acres of land to the Ministry of Production was made on account of their insistent demands, to enable them to set up the D.D.T. factory, and
- (4) therefore they called upon the Trust to hand over possession of the remaining 83 acres of land in terms of the original resolution.

16. The Transfer of Property Act, 1882, does not apply to Delhi (Some sections of the Act, viz., 54, 107 and 123, have been made applicable to the city of Delhi by notification, but these do not apply to the Industrial Area, the area being out of the city limits), and as such oral sales of immovable property of the value of Rs. 100 or more are permissible (*R.H. Skinner vs. Bank of Upper India Ltd.*, A.I.R. 1937 Lah. 507 at page 513). Therefore, normally, the Company can claim that, it having received the possession of the land from the Trust for valuable consideration, the title in the land has passed from the Trust to the Company. But there is a difficulty in

the way of the Company in the setting up of this plea, that is, the Trust could enter into a contract or an agreement only under seal in accordance with Rule 16 framed under section 72(1)(f) of the U.P. Towns Improvement Act. The result of the non-compliance with the formality laid down in this rule will be that the resolution of the Trust together with the correspondence exchanged between the Company and the Trust never ripened into a valid contract and as such, the title in land could not have passed to the Company. It has been held in several cases, that when the statutory requirement as to the formality of seal etc. is imperative, the agreement is invalid and cannot be the foundation of a transaction. If that be the legal position, it is doubtful if the Company can claim to have obtained the legal ownership in the land. The Trust therefore may be legally able to resume the unbuilt portion of the allotted land.

17. The question is whether in such a case, the Company cannot successfully set up the plea of part-performance to that part of the land, of which the possession has been already delivered to the Company. The doctrine of part-performance being an equitable principle, is applicable to Delhi and the Punjab, notwithstanding the fact, that the Transfer of Property Act is not in force there (*Milka Singh vs. Mst. Shankari* A.I.R. 1947 Lah. page 1). It has, however, been held in some cases, that section 53-A of the Transfer of Property Act does not apply, unless there is a valid contract of sale, that is a contract capable of being specifically enforced (*Persram Vs. Deorao*, A.I.R. 1947 Nagpur 188, at page 191). The resolution of the Trust approving of the proposal to sell the land on the terms specified, is not such a contract, because a valid contract binding on the Trust can be made only under seal in accordance with Rule 16 referred to above. Thus, as there is no valid contract binding on the Trust, it is doubtful if the Company can successfully set up the plea of part-performance. The Company itself also cannot sue the Trust for the specific performance of the contract, as apart from the absence of a binding contract, such an action would be barred by limitation.

18. The Government thinks that it will not be now practicable to compel the Company to shift its mills from the city to the industrial area, except by paying heavy compensation. The Government, therefore, desires now to take the following action:—

- (1) to resume the unbuilt area not so far utilised by the Company out of the land allotted to it,
- (2) to resume 5½ acres of land occupied by the D.D.T. factory and transfer it to the Ministry of Production,

- (3) decline to allot the 103 acres of land to the Company as originally contemplated, and
- (4) to execute a sale deed in favour of the Company in respect of the land utilised by the Company.

The Government thinks that if a sale-deed were to be executed in favour of the Company for the entire land, and then the land is acquired by way of acquisition proceedings, it will have to pay very heavy compensation to the Company.

19. The legal opinions recorded from time to time by the Law Ministry, Government Pleader and the Legal Adviser of the Trust on the subject are briefed.

20. The opinion of the Additional Solicitor-General is, therefore, requested on the following points:—

- 1. (a) Whether the unbuilt portion of the area in possession of the Company can be resumed—and in what manner?
- (b) If the Company resists the action for the recovery of any portion of the land already given to them, is the Company likely to succeed.
- 2. (a) Can the Government withhold the transfer of possession of the balance of the land, 103.16 acres, which were to be handed over to the Company in terms of the Trust's resolution and subsequent arrangement.
- (b) If the Company files a suit for specific performance for the recovery of 103.16 acres of land, can this suit be successfully resisted?
- (c) Generally.

Sd/- K. S. PANDALAI,
Deputy Legal Adviser.
 November 22, 1958.
 Tel. No. 32935.

ANNEXURE II

OPINION

1. The Trust by its Resolution No. 19 approved the sale of ~~268~~ acres of land to the Company on certain terms. The Company asked for additional 10 acres of land. This request was also acceded to by the Trust.

2. The Trust has made over possession of land measuring 174.8 acres to the Company. Subsequently, additional land measuring about 3.85 acres was also made over by the Trust to the Company.

3. Subsequently a scheme was formulated under which the Company was to get from the Trust 103.16 acres of private land. The land under this supplementary scheme has since been acquired but no part of it has been given to the company. No sale deed has, however, been executed as contemplated in the Resolution mentioned in paragraph 1 hereof.

4. The Resolution of the Trust communicated to the company and accepted by it would not amount to a valid and binding contract between the Trust and the Company, Rules 15, 16, 17 and 18 framed under section 72 of the U.P. Town Improvement Act are as follows:—

- “15. The Chairman may, on behalf of the Trust, enter into contract or agreement, whereof the value of amount shall not exceed one thousand rupees in such manner and form as, according to the law for the time being in force, would bind if such contract or agreement were on his own behalf, and every such contract or agreement shall be reported to the Trust at the next ordinary meeting thereof.
16. Every other contract or agreement on behalf of the Trust shall require its previous approval and shall be signed by the Chairman on behalf of the Trust and sealed with the common seal of the Trust as hereinafter provided.
17. The common seal of the Trust shall not be affixed to any contract or other instrument, except in the presence of

the Chairman who shall attach his signature to the contract or instrument in token that the same was in his presence.

18. No contract or agreement shall be binding on the Trust unless it is executed and sealed in the manner laid down in these rules."

In the absence of compliance with the provisions of the above rules, there is no binding contract. Reference may be made to 8 A.C. 517: I.L.R. 43 Calcutta 790: I.L.R. 1944(2) Calcutta 101—A.I.R. 1946 Calcutta p. 23.

5. If there is no contract as in the present case, no suit will lie for specific performance or for damages. Therefore, it follows:—

(a) The Company cannot sue for specific performance of any contract; nor can he file any suit for damages for breach of such alleged contract. It follows that the Company's claim for execution of a sale deed in its favour in pursuance of an alleged contract in respect of the lands mentioned in paragraphs 1, 2 or 3 hereof will fail.

(b) Similarly, the claim of the Trust for specific performance will also fail.

6. It appears to me that it will not be possible to establish that the land given to the company or proposed to be given to the company was on the basis of a condition express or implied that the company will shift its existing mills from the present site to the land given or proposed to be given as hereinbefore stated. Such condition does not appear in the Resolutions mentioned in the Statement of Case.

7. The question that arises is whether the Trust can resume possession of the unbuilt area not so far utilised by the company out of the land allotted to it. If the Trust cannot recover possession from the company of the entirety of the land mentioned in paragraph 2, hereof, there is no legal justification supporting the claim of the Trust to recover the possession of only a portion of the land. The transaction is a single one and cannot be divided into two parts.

8. The next question is if the company resists the recovery of any portion of the land already given to it, is the company likely to succeed? If a suit is filed by the Trust for recovery of the possession of the land which has been allotted to the company, the company will not be entitled to any defence under section 53A of the T.P. Act. Section 53 postulates among other things that there must be a contract in writing. In the instant case, there is no contract at

all. Therefore, the defence under 53A will not be open to the Company. Besides, Section 53A does not apply to the industrial area of Delhi. If it is argued that the principle underlying section 53A applies, the answer to such contention will be as stated in paragraph 4 hereof, viz., that there is no contract at all.

9. Reference may now be made to section 51 of the T.P. Act. Although this section does not apply to the industrial area, the principle of equitable estoppel underlying this section will apply. This principle was considered at length by the Judicial Committee in 58 I.A. 91 at pp. 101—103. The passage from the judgment of the Judicial Committee above referred to is set out below:—

“There remains for consideration the other ground upon which the High Court based its decision—namely, that the case fell within the doctrine of equitable estoppel laid down in *Gregory v. Mighell* (18 Ves. 328), as explained in the first principle stated by Lord Kingsdown in *Ramsden v. Dyson* (L.R. 1 H.L. 129, 170, 171). It appears to their Lordships that in this regard there has been some misapprehension. The relevant language of Lord Kingsdown is as follows:—

“If a man under a verbal agreement with a landlord for a certain interest in land, or what amounts to the same thing, under an expectation, created or encouraged by the landlord that he will have a certain interest, takes possession of such land with the consent of the landlord and upon the faith of such promise or expectation by him, with the knowledge of landlord and without objection by him lays out money upon the land, a court of equity will compel the landlord to give effect to such promise or expectation. This was the principle of the decision in *Gregory v. Mighell*, and as I conceive it, is open to no doubt”.

It will be noticed that Lord Kingsdown in dealing with the case of express verbal contract or something “which amounts to the same thing.” He nowhere puts the case of estoppel; the word is not mentioned. He would appear to be dealing simply with the equitable doctrine of part performance. His reference to *Gregory v. Mighell* confirms this view, for that case was simply an earlier instance of the application of the doctrine. In that case a bill for specific performance of a verbal agreement for

the grant of a lease has been filed by a person in possession of the land. The Statute of Frauds was pleaded; but it will be held that the possession being referable to the verbal agreement, there was part performance and the statute of Frauds according to the circumstances no defence, specific performance was decreed. That is the whole decision in *Gregory v. Mighell*.

Reference is made by the learned judge to the case of *Forbes v. Ralli* (L.R. 52 I.A. 178) before this Board, but that decision was based upon an estoppel grounded upon a statement of fact. It was a case in which the plaintiff in ejectment was held estopped under s. 115 of the Indian Evidence Act, 1872, from denying that a certain registered written agreement was an agreement for a permanent tenancy. It is obviously no authority to assist the respondent here."

10. It cannot be disputed that the company has put up several mills, factories and buildings on the land obtained from the Trust. The constructions have been made with the special approval of the Trust in accordance with the normal procedure laid down in Trust's Rules and Regulations. On these facts, it will be open to the company to contend that the Trust is estopped from ejecting the company from the land in any event without payment of compensation. Such contention on behalf of the company, in my opinion, is likely to succeed.

11. The other two questions are:—

Can the Government withhold the transfer of possession of the balance of the land, 103.16 acres, which were to be handed over to the company in terms of the Trust's resolution and subsequent arrangement?

&

If the company files a suit for specific performance for the recovery of 103.16 acres of land, can this suit be successfully resisted?

As already indicated, the company cannot succeed if it files a suit for specific performance in respect of 103.16 acres. The reason is that there is no contract and there cannot be any specific performance if there is no contract at all. If possession is withheld from the company of the balance of the land, the company will have no claim in a court of law in respect of such land.

13. Generally, I am of the view that a suit for ejection of the company from any portion of the land already allotted to it is not likely to succeed.

Sd/- H. N. SANYAL,
Addl. Solicitor General of India.

NEW DELHI;
February, 17, 1959.

ANNEXURE III

Copy of D.O. No. F.3-46/55-LSG, dated the 31st March, 1959 from Shri A. P. Mathur, Under Secretary, Ministry of Health, addressed to Shri G. Mukharji, Vice-Chairman, Delhi Development Authority, New Delhi.

This is in regard to the allotment of land to the Delhi Cloth Mills in the Delhi Industrial Area, which subject, as you are aware, was under consideration of this Ministry in consultation with the Solicitor General. Keeping in view the advice given by the Solicitor General, it has been decided that action be taken in the matter as indicated below:—

- (i) A sale deed in respect of the entire area of 179.99 acres which has already been allotted to the Delhi Cloth Mills irrespective of the fact whether it has been built upon or is lying unbuilt, should be executed.
- (ii) Proceedings may be initiated by the Ministry of Commerce and Industry for acquiring 5½ acres of land required for the D.D.T. Factory (Hindustan Insecticides); and
- (iii) Withhold action for allotment of any further land to the Delhi Cloth Mills which was previously earmarked for them in that area.

I am also desired to inform you that action should be taken to ensure that when land is transferred to private parties, all conditions relevant to the transfer are properly recorded in the resolutions of the bodies sanctioning the transfer and a suitable clause inserted to ensure that Government have a right to resume the land if it is not utilised for the object for which it is given within a reasonable period of time. This should be brought to the notice of all concerned in the D.D.A. for strict compliance.

The receipt of this communication may kindly be acknowledged and we may be informed in due course of the action taken to implement these decisions.

APPENDIX XI

(Ref. paras 74 and 78 Report)

MINISTRY OF INDUSTRY

Reply to the further points raised by the Public Accounts Committee at their sitting held on 18-1-65 in regard to para 48 of the Audit Report (Civil) 1964 relating to Ministry of Industry and Supply (Department of Industry).

SMALL INDUSTRIES SERVICE INSTITUTE, GAUHATI

On what date Assam Government was requested to acquire land for the construction of the workshop and the Small Industries Service Institute at Gauhati? On what date was the land allotted and on what date actual possession of land given?

REPLY

The State Government were approached on 8th April, 1958 regarding the allotment of land for the construction of the Institute's building at Gauhati.

The State Government allotted the land on 28th October, 1958 and simultaneously took steps for its acquisition. The acquisition proceedings were, however, completed in November, 1959.

The plot of land was taken over by the Director, Small Industries Service Institute, Gauhati on 17th May, 1960 after encroachment thereon was removed with police assistance. However, a sadhu and his followers encroached on the land once again on 18th May, 1960. The Deputy Commissioner was requested again to evict them. On 28th November, 1960, C.P.W.D. were requested to take necessary action to start construction. They however, informed the Institute on 12th January, 1961 that encroachment should first be removed. On 23rd January, 1961, they were requested to indicate the date on which they proposed to take over the land, so that the district authorities should be requested to provide police assistance for evicting the trespassers. C.P.W.D. informed us in May, 1961 that they will take possession immediately before starting the construction as otherwise the land was liable to be encroached upon once again. They had not taken possession by 27th October, 1961. The exact date on which the C.P.W.D. actually took possession of land is being ascertained from them, but it is assumed that this was done early in 1962 i.e., before the commencement of the construction of the building.

EXTENSION CENTRE, TINSUKIA

Out of Rs. 39,000 spent on staff at Tinsukia Centre, how much was spent on the pay of machine operators and how far it was infructuous?

REPLY

A plot of land measuring about 6 bighas together with a building thereon at Jorhat was purchased from the Department of Industries, Government of Assam for the Extension Centre at a total cost of Rs. 82,492.50 p. The cost of the building alone was estimated as Rs. 40,000.

The purchase of machinery for the Extension Centre, Tinsukia was completed by February-March, 1962. It was expected that the work would be completed soon and it would be possible to commission on the workshop. As it is not always possible to get qualified and trained Machine Operators in Assam, the recruitment action was taken simultaneously with the installation work and some persons were appointed in February-March, 1962. Further, it was also considered desirable that the operators, who were to handle the machines should have first hand knowledge about installation and erection. The workshop could not be started, as anticipated, due to the non-completion of the power wiring.

APPENDIX XII

Summary of main Conclusions/Recommendations of the 35th Report of the Public Accounts Committee

Sl. No.	Para No. of Report	Ministry concerned	Conclusions/recommendations
1	2	3	4
1	1	Commerce	The Committee find no justification for giving grants in the closing months of the year 1969-60 when they could not have been utilised during the year. They are also unhappy to note that the grants had been given before the institutions were in a position to start training-cum-production schemes. They feel that before the release of the grants, the All India Handloom Board should have satisfied themselves about the capabilities of the institutions of starting training-cum-production schemes.
2	2	—do— <hr/> Deptt. of Security <hr/> Finance	The Committee are not happy to note that the money had been disbursed to the Central Social Welfare Board in excess of their capacity to spend. They trust that in future the Central Social Welfare Board would not keep large unutilised funds meant to be disbursed to individual institutions with them. They also feel that the

1	2	3	4
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Ministry of Commerce in consultation with the Ministry of Finance and the Ministry of Education should devise some procedure by which for all types of welfare work, administrative approval for each scheme might be given by the concerned Ministries and the grants might be channelised through a single Ministry. The Committee also suggest that as far as possible, the grants should be given to ultimate institution directly without too many intermediaries.

3	3	Commerce	The Committee are not happy over the delay in communicating order of the Ministry of Finance to the Central Social Welfare Board and hope that such delays would be avoided in future.
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4	4	<u>Commerce</u> All Ministries	The Committee are happy to note that at long last the register showing the block accounts of assets is maintained by the Central Social Welfare Board and grantee institutions. They trust that there would be no failure to keep the Register upto date. In this connection, the Committee would also like the Administrative Ministries concerned to ensure that the autonomous or semi-autonomous Boards etc. under them carry out all the instructions issued by Government for compliance.
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5	5	Commerce	The Committee feel that the explanation that due to shortage of goods (exhibits received from abroad) were allowed to remain in godown. They feel that had prompt action been taken to dispose
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them of, the exhibits would not have got damaged or further deteriorated.

In the present case, the Committee feel that at least after July, 1958, when it came to the notice of All India Handloom Board that some fabrics had been damaged by white ants, more vigorous action was called for, for proper storage and disposal of goods. The Committee recommend that steps should be taken to ensure that no such loss occurs in future. They desire that necessary steps for proper storage and timely disposal should be taken.

6 6 —do— The Committee trust that early steps would be taken in disposing of fabrics worth Rs. 44,621 before the goods are further damaged or deteriorated. The Committee would like to be informed about it.

7 7 —do— The Committee would like to be informed of the results of the efforts being made to trace the exhibits not received back in India. They would also like the Ministry to take steps to ensure that all the fabrics sent as exhibits are properly accounted for and do not remain untraceable.

8 8 —do— The Committee feel that the explanation that due to shortage of time the Handloom Board agreed to an arrangement for payment before the work was completed, is not convincing.

In their opinion it was a lapse on the part of the Board not to have entered into a contract with the contractor before the work had started.

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9	9	Commerce	<p>The Committee are not happy with the abnormal way in which payments had been made to the contractor. They feel that had the terms of contract been settled by the Handloom Board with the contractor, perhaps the loss would have been avoided.</p>
10	10	—do—	<p>The Committee are surprised to find that there is a wide disparity in the amount claimed by the contractor and the amount considered reasonable by the Architects and by the C.P.W.D. The fact that during the construction stage a number of items may have to be added or construction details changed would not justify this difference in the figures as these must have been taken into consideration while examining the claims of the contractor.</p>
11	11	—do—	<p>The Committee consider it unfortunate that the All India Handloom Board, although they approved the contractor, did not care to find out the terms of the contract. Had the terms of contract been properly scrutinised and then finalised with the approval of the Board, the excess payment to the contractor could have been avoided. The Committee hope that such irregularities will not be allowed to recur in future.</p>
12	12	—do—	<p>The Committee feel that it would have been better to amend the 'Rubber Act' to provide specifically for recovery of difference between landed price of the imported rubber and the indigenous price of the raw rubber in cases where manufacturers of rubber products were</p>

allowed to import rubber. They desire that an early opportunity should be taken to amend the Act suitably. The Committee also desire that suitable machinery should be devised to ensure that the amounts due to the Pool Fund are properly assessed and realised.

13 13 —do— The Committee would like to be informed of the recovery of the arrears of Rs. 3 lakhs from importers of rubber.

14 14 —do— The Committee feel that it would have been better to amend the Coir Board Act to make provisions for payments to the Board from Consolidated Fund of India in excess of the net collections on account of proceeds of the cess levied under the Act and recourse should not have been taken to the provisions of Article 282 of the Constitution. The Committee hope that such cases would not recur in view of the fact that Coir Board Act has been amended.

15 15 —do— The Committee feel that the work of purchasing the building for the Central Coir Research Institute and making it fit for utilisation, has been carried out in a halting manner with the result that the building which was purchased in 1958 could not be properly utilised till to date. The Committee regard this as a very unsatisfactory state of affairs. They hope that the work in question will now be completed early and that such delays would be avoided in future.

16 17 —do— The Committee trust that in future as soon as money is collected by the Rubber Board, it would be credited to Government and no deviation made from the established procedure.

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17	18	Commerce	<p>The Committee would like to invite attention in this connection to their recommendation in para 37 of their 21st Report (3rd Lok Sabha) wherein they had observed that they were far from happy at the slow progress in the finalisations of the assessment of the cess on Rubber. The Committee regret to learn that out of 3,05,418 units for assessment during the period 1st January, 1955 to 31st December, 1964, the number of units already assessed upto 31st December, 1964 was 1,61,817. This clearly points to the need for streamlining the machinery for effecting assessments. The Committee would like the Ministry to take proper steps in this direction and inform the Committee of the tangible results achieved.</p>
18	19	—do—	<p>Very meagre expenditure incurred out of the Pool Fund, and the heavy closing balance of the Fund, year after year, seem to indicate that the Rubber Board has not succeeded in its objectives of developing rubber plantations and rehabilitating small growers. The Committee would like the Ministry to pay attention to these two aspects.</p>
19	20	<u>Food and Agriculture</u> (Deptt. of Agriculture)	<p>The Committee regret to observe that the estimates of expenditure on research schemes were not framed realistically by the Indian Council of Agricultural Research. It is also unfortunate that the Ministry of Agriculture did not examine the proposals carefully at the time of deciding to finance the 21 research schemes from Government funds. The Committee would like the Ministry to make a</p>

more realistic appraisal of the funds available with the Council, before agreeing to sanction further grants to them.

20 21 —do—

The Committee are constrained to observe that the Ministry of Agriculture erred not only at the initial stage in 1959 when they agreed to finance the 21 schemes but also continued to give grants to the Indian Council of Agricultural Research year after year, without considering the financial position of the latter or even properly scrutinising the schemes, with the result that the Council did not spend the money but went on investing it in securities. The Committee, however, note that a decision has now been taken (though somewhat belatedly), that the expenditure in respect of the research schemes will be met entirely from the research funds of the Council as long as the reserves are available and the Government grants will be used only for development schemes.

21 22 —do—

The Committee need hardly emphasise the desirability of having a close liaison between the various Research Institutes dealing with common problems both from the point of view of achieving fruitful results and avoiding wasteful expenditure. They would like to be informed of the steps taken by the Ministry and the Indian Council of Agricultural Research in this direction.

22 23 —do—

From the note furnished by the Ministry, the Committee find that 1123 utilisation certificates were outstanding upto 31st December, 1964 out of which 824 utilisation certificates were more than one year old. They feel that unless utilisation certificates are received in time, the Indian Council of Agricultural Research will not be able to know

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whether money has been utilised for the purpose it was advanced. The Committee desire that in order to exercise effective control over the utilisation of grants, the Council should insist on obtaining utilisation certificates from States and grantee institutions within a reasonable time. As the number of utilisation certificates is very large, the Committee feel that the Council should examine the reasons for these large outstandings and if considered necessary, streamline the procedure of furnishing utilisation certificates.

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Deptt. of Agriculture

The Committee regret to note that no proper methods of estimation were followed by the I.C.A.R. with the result that there were wide variations in their estimates and actual expenditure.

They trust that suitable remedial measures will be taken to avoid such wide variations between estimates and actual expenditure in future.

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The Committee regret to observe that the I.C.A.R. took more than six years (even after the audit pointed it out) to take a final decision in the matter of preparing a Balance Sheet.

They trust that the Indian Council of Agricultural Research will now implement the decision without further delay.

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The Committee suggest that further efforts be made to recover the arrears on account of sale of publications and advertisements.

Steps should also be taken to ensure that such arrears do not pile up in future.

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In the opinion of the Committee the time taken in connection with the execution of the items of work at the different Research Institutions under Indian Central Tobacco Committee was excessive, reasons for which need to be investigated further. They trust that the works will now be completed without further delay and the accounts settled early.

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Deptt. of Agriculture
Works & Housing

The Committee regret to note that due to bad planning the hostel built at Rajahmundri at a small amount served purely as a regional institution rather than an all India Institution as intended. They are unable to appreciate the delay of more than 2 years in getting the preliminary drawing from C.P.W.D. They feel that the C.P.W.D. unduly delayed the furnishing of drawings and designs. The Ministry of Works and Housing may look into this case and take suitable measures to avoid such delays in future. The Committee desire that action taken in this regard may be intimated to them.

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Deptt. of Agriculture

The Committee trust that more effective steps will be taken by the Central Coconut Committee to obtain audit certificates and grants-in-aid statements promptly. They would like to be informed about the progress made in the clearance of old cases.

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The Committee feel that in the circumstances explained the position should be examined and an early decision regarding conducting of further research on arecanut be taken.

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The Committee would like to be informed of the decision reached in the matter.

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Deptt. of Agriculture

The Committee are surprised to learn that for full one year there was no Director in the Indian Lac Research Institute. They would like to know the efforts made by the authorities to secure the services of the Director during this period.

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The Committee may be apprised of the progress made in the direction of requesting U.N. Special Fund for expansion of the Indian Lac Research Institute.

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Food and Agriculture

(Deptt. of Food)

(i) Keeping in view the general shortage of foodgrains in the country, the Committee would like the Ministry to take special steps to minimise losses in transit and storage of foodgrains.

(ii) The Committee are surprised to note that the total loss incurred in the distribution of foodgrains as shown in the proforma accounts was being treated as subsidy. In their view it is misleading, does not give a true picture and might even cover up administrative deficiencies as it does not show as to how much is the actual subsidy and what are the losses incurred in transit, storage and distribution of foodgrains. They, therefore, desire that in future to make it more specific and clear, the Ministry should show separately in the proforma accounts amount of subsidy and the losses in distribution etc.

- 33 35 —do— The Committee find that in the Eastern Region in about 160 cases, an amount of Rs. 20,512 is to be recovered from a transport contractor and in Western Region Rs. 13,846 is to be recovered from some contractors. They trust that early steps will be taken to effect recoveries in these cases.
- 34 36 —do— The witness promised to furnish the information regarding procurement price for rice, price at which payment was made to State Governments and the resultant loss which is still awaited.
- 35 37 —do— The Committee desire that the reasons for loss detected as a result of stock verification may be ascertained without further delay and the result intimated to them.
- 36 38 —do— The Committee feel that the physical verification should be entrusted to persons who do not function under the administrative control of the authority in charge of the stock. They suggest that the Government might examine the desirability of getting physical stock verification done under the supervision of the Chief Pay and Accounts Officer instead of Regional Director, who happens to be in over-all charge of the stocks.
- 37 39 —do— The Committee are constrained to observe that the damage to the foodgrains was substantially heavy during the years 1961-62 and 1962-63. In the year 1961-62 particularly 8016.45 M. Tons were rendered unfit for human consumption and the net loss to the extent of about Rs. 43 lakhs was suffered on this account alone. It has been stated that the losses were not due to negligence of the officials and

were due to unprecedented floods at certain places. The losses due to ship damage, damage in rail/road transit etc. were also quite substantial during the years 1960-61 to 1963-64.

The Committee feel that the circumstances in which such large quantities of foodgrains were damaged both in storage and transit should be further enquired into and suitable measures adopted to ensure that such losses do not occur in future.

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Food and Agriculture
(Deptt. of Food)

The Committee desire that steps should be taken to settle the remaining outstanding claims regarding shortage in transit at an early date.

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The Committee do not see any reason why the Regional Director of Food did not consider it necessary to negotiate with the contractor with a view to seeking a reduction in the abnormally high rate quoted by him before conveying their acceptance to the tender despite clear instructions from the Department of Food to do so. Alternatively all the tenders could be rejected and fresh tenders called at short notice. Subsequently also the Department failed to avail of the opportunity and did not accept the revised rates offered by the contractor. As admitted during evidence on the basis of the assumed traffic, there would have been a saving of Rs. 16,000. In the absence of any concrete facts and developments disproving the assumption,

about traffic, there appeared to be no reason for not accepting the offer of the contractor. The Committee regret to observe that due to lack of vigilance, the judgement of the Department was based on wrong assumption of traffic pattern and this resulted in an avoidable expenditure of Rs. 91,768 during the period 1st February, 1960 to 31st January, 1962 and of Rs. 70,644 during the extended period upto 28th February, 1963. The Committee suggest that the Government might examine if there was any apparent lapse in not calculating the traffic pattern of foodgrains accurately.

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The Committee regret to observe that in this case of transport and handling of foodgrains one error was committed after another. Initially the Department agreed to a contract on the basis of assumption of a traffic pattern which proved to be wrong. Subsequently when the term of the contract was due to expire on 31st January, 1962, the same was extended by another year without ascertaining whether the contract was going in favour of Government or the contractor. The Committee view this lapse seriously as it resulted in further avoidable extra expenditure to Government. The Committee desire that this case should be thoroughly investigated with a view to fixing responsibility for the various lapses.

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—do—

(i) The Committee desire that the suggestion to incorporate a condition in the agreement that the contractor would be paid only if he filled a certain number of bags per 100 tons might be examined.

Meanwhile, suitable measures may be taken to standardise the bags and by tightening up the inspection arrangements to ensure that the bags are properly filled at the ports to avoid these losses.

(ii) As regards the loss suffered by the use of more gunny bags, the witness stated that they would examine whether the loss so sustained could not be recovered from the traders who got the extra gunny bags. The Committee may be informed of the decision taken in this regard.

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Deptt. of Food

The Committee are unable to understand why the labour did not object when the machines (grain conveyors) were used by the private parties. While the Committee are glad to note that the machines have now been put to use and were fetching good rent, they feel that owing to failure on the part of the Department to foresee the initial difficulties, costly equipment remained idle for a long time. They trust such cases would not recur.

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The information regarding the extent of damage to the gunny bags due to dampness is still awaited. The Committee trust that the reasons for the loss due to deterioration of bags would be investigated and responsibility fixed.

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The Committee regret to note that, as admitted during evidence, the construction of the bund was started without collecting full data and without conducting proper trials and investigations. They

would like to be informed of the findings of the enquiry conducted by the Ministry of Works and Housing and action taken thereon. They may also be informed of the results of the reviews which were proposed to be conducted by the Food Department and the Planning Commission.

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Health

While the Committee appreciate the achievements made, they cannot help concluding that in their enthusiasm to combat the disease the authorities embarked on the programme on a mass scale without considering its pros and cons. Had the project been started on a restricted scale, the set-back could have been avoided. Further, the Committee feel that the toxic reaction of the drug should have been known to the medical authorities when they conducted trials in Orissa and Kerala. If so, the Committee do not see why suitable measures were not taken to educate the people about these temporary reactions in advance.

The Committee are glad to know that the drugs are being utilised and there has been no loss on this account. They would like to be informed as to how much of the stock of diethylcarbamazine has since been utilised and whether the balance would be consumed before it outlives its life.

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In regard to Dieldrin the Committee learnt from Audit that the first consignment was received in India in January, 1956 and that no adverse report on the use of the insecticides was received upto April, 1957 when the second supplement for 470 tons was signed. Subsequently it was reported that there was no appreciable reduction in

the vector density even during the week following application of the spray. The Committee feel that the Ministry should have arranged to collect the data about the efficacy of the drug before placing orders for such a large quantity. They trust that such mistakes will be avoided in future.

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Health

While the Committee do not object to the granting of financial assistance to private medical colleges, they deprecate the manner in which grants were given in contravention of the elementary principles of financial propriety. Rule 149(3) of the General Financial Rules provides that before any grant is paid to a public body or institution, the sanctioning authority shall, as far as possible, insist on obtaining an audited statement of the account of the body or institution concerned in order to see whether any previous grant was spent for the purpose for which it was intended. The Committee regret to observe that this Rule was not properly followed and grants were continued to be given, year after year, without checking the fact whether the grants given in the previous years had been properly utilised or not.

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The Committee deplore the practice adopted by the Ministry in sanctioning grants to private institutions without even having a written request from them; what to say of proper assessment of their needs and scrutiny of their proposals. The Committee are also unable to find any justification in several instances, of the Ministry

sanctioning grants in excess of what the institutions themselves had asked for.

49 51 Finance The Committee are surprised at the manner in which the Ministry of Finance, who are supposed to ensure financial propriety in Governmental expenditure, acquiesced in the proposals of the Ministry of Health.

50 52 Health The Committee suggest that early steps should be taken to adjust the amounts standing at the credit of the professor against the outstanding amount, as he has already given his consent for the same, and the balance recovered from him. The Committee may be informed of the final outcome.

51 53 —do— The Committee may be informed of the final recovery of the over-payments relating to Teaching Block and Ancillary Buildings of the A.I.I.M.S.

52 54 —do— The Committee can hardly appreciate the plea that "surveys confer some sort of claim on old squatters for alternative accommodation". The fact that as many as 488 cases had come to light after the survey conducted in 1959-60 goes to show that either the survey was not properly conducted or the records of the DDA are not maintained correctly. The Committee trust that the DDA will take suitable action to ensure that their records are brought up-to-date and no cases are left out.

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53	55	Health	<p>While considering the position of arrears relating to the assessment and recovery of damages from the unauthorised occupants mentioned in the Audit Report 1963, the P.A.C. in para 20 of their 18th Report had expressed the hope that with the coming into force of the Delhi Development (Amendment) Act 1963, the D.D.A. will be able to tackle the problem in a competent manner and would be able to recover the damages at least from the unauthorised occupants who are not bonafide displaced persons. The Committee regret to observe that no appreciable improvement has been made so far despite the fact that the Authority has been clothed with additional powers. The Committee would like the Authority to make an all-out effort to dispose of the cases of assessments which are pending for a long time to avoid the contingency of person not being traceable, as had happened in a number of cases. Further, fresh cases of encroachments coming to light should be dealt with firmly instead of giving concessions one after the other as seems to have been done in the past.</p>
54	56	—do—	<p>The Committee feel that granting of a concession to such a large number of squatters (more than 50 per cent) who were not genuine displaced persons, merely on the plea that work had increased in settling their cases can hardly be justified. It is also unfortunate that the hopes of the Delhi Development Authority that by allowing this concession they would be able to recover the dues quickly, have not materialised.</p>

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The Committee are not satisfied with the result, namely recovery of Rs. 1.70 lakhs during the period October to December, 1964 as against Rs. 1.50 lakhs during the corresponding period of 1963. It is unfortunate that during the first half of the financial year no serious effort seems to have been made to recover the damages. If there was staff shortage, it should have been removed. Even after their appointing more staff the progress made is almost negligible. The Committee desire that the machinery may be further geared up to step up the progress of recovery of the outstanding dues.

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The Committee feel concerned to note that even though two years have elapsed since the matter was pointed out by Internal Audit, no suitable action has been taken by the Authority either to evict the unauthorised occupants or to realise damages from them. It is surprising that the field staff were making futile attempts all this time to inspect the old records but no action was taken even to serve notices on the parties. The Committee desire that the matter may be further examined and responsibility fixed for the inaction and delay on the part of officials concerned.

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The Committee desire that the settlement of old cases of leases where buildings had not been constructed may be pursued more vigorously and the results achieved reported to them. The Committee consider it strange that the Authority should have initiated legal proceedings in 20 cases, at the cost of the Authority, even though the lessees had already been given vacant possession. The Committee desire that this lapse should be properly investigated and responsibility fixed.

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58	60	Health	This is another case of non-revision of ground rent relating to Sadar Bazar Zone in which a matter pointed out by the internal Audit was not dealt with promptly by the Authority. The Committee would watch the results of the steps taken by the D.D.A., namely preparation of the year-wise list of all cases of leases, etc. through subsequent Audit Reports.
59	61	—do—	The Committee are surprised to learn that even the Registrar's office had not been approached so far to get the duplicate copies of the deeds pertaining to cases of Sadar Bazar South. Such lapses as reported in this and earlier paragraphs the Committee feel, do not speak well of the working of the D.D.A.
60	62	—do—	The Committee would suggest that necessary steps, including appointment of a special officer, should be taken to gear up the machinery dealing with management of lands, assessment and recovery of damages, rent etc. without further delay.
61	63	—do—	The Committee regret to note the vacillating attitude taken by the D.D.A. in the case reported in para 63. They desire that early steps to regularise or remove the unauthorised occupation may be taken as the matter has been outstanding for a long time.
62	64	—do—	The Committee do not approve the casual manner in which D.D.A. treated the direction issued by Government in 1958. Even if there was some tacit understanding in the Ministry that the Authority had

an arguable point, it can hardly justify the D.D.A.'s action in not implementing Government's order and representing for its revision after more than a year. The Ministry of Health would be well advised to take suitable measures to guard against recurrence of such cases.

63 65 —do—

In this connection the Committee would invite attention to observations contained in paras 4 and 5 of their 18th Report (Third Lok Sabha), indicating scope for economy in staff, and suggest that a comprehensive review of staff required in the various branches of the D.D.A. may be conducted without further loss of time.

64 66 —do—

The Committee trust that the D.D.A. will strictly follow the principles mentioned in the paragraph of Report in the allotment of land to the people whose land has been acquired by them.

65 67 —do—

The Committee trust that the D.D.A. will benefit by their earlier experience and ensure that before making further allotment of land to the industrial units for shifting them from the non-conformed areas, specific agreements are entered into and guarantees obtained for the proper implementation of the intention. The Committee are also of the view that the land to be allotted to the industrial units for shifting from the non-conforming areas should be more or less equivalent to the existing land in the non-conformed areas. Any additional land for future expansion etc. should, if necessary, be allotted separately at full market rates like any other industries.

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66	68	Health	<p>The Committee observe from the note furnished by the Ministry that the sale-deed which could not be executed since 1948 was finalised within a period of three months after the P.A.C. recommended in February 1964 to review the position. It is also observed that, "the second recital of the sale-deed clearly indicates that the allotment of the land to the Company was for the removal of their establishment from the city area to the said land." The Committee are surprised that the intention of the allotment of the land has not been incorporated in the operative portion of the agreement. They desire that the D.D.A. should review the whole position as already suggested in para 22 of their 18th Report (Third L.S.) and examine what could be done to see that the intentions of the allocation of land are really fulfilled. The results of the review undertaken should be reported to the Committee.</p>
67	69	Home Affairs	<p>The Committee find it difficult to accept the explanation of the Ministry for the delay in registering the Grih Kalyan Kendra as a Society. They are unable to appreciate how the Emergency or the receipt of heavy defence orders by the Kendra could affect the registration of the Kendra as a Society. The Committee feel that the excuse of "Emergency" is used too often by the Government departments to explain various omissions. They regret to note that no suitable steps were taken by the Ministry for a long time even though the Ministry of Law advised them as far back as September, 1962 to</p>

get the Grih Kalyan Kendra registered as a Society in order to acquire a legal status. The Committee are of the opinion that at least steps should have been taken in that direction at the time when the Grih Kalyan Kendra undertook jobs of large magnitude entrusted to them by the Defence Department. It is not understood how the Defence Ministry could place orders with this organisation which had no legal entity. The Committee desire that this aspect of the matter should be inquired into and result reported to them. The Committee reiterate their earlier recommendation contained in para 25 of their Eighth Report (3rd Lok Sabha) and suggest that giving of grants to institutions which have not acquired legal status is not only irregular, but also fraught with risk in cases of default.

The Committee hope that suitable steps will be taken by the Ministry without any further delay to have the Grih Kalyan Kendra registered as a Society*.

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68 70 -do-

In the light of past experience of operating Clothing and Equipment Funds, [viz. (i) heavy accumulation of balances, and (ii) time-lag in the process of raising debits against the funds], the Committee suggest that the expenditure towards clothing and equipment may be met direct from the funds provided in the annual budget as is the case in most of the States.

69 71 -do-

The Committee regret to note that the orders issued in 1953 restricting the issue of rain coats and mosquito nets to only Head Constables and Constables living in barracks and police stations were not implemented by the office of the Inspector General of Police. No

* already applied for registration.

action seems to have been taken against any officer for this lapse. The Committee are not in a position to understand as to how the rain coats and mosquito nets received were not found in excess when actually upto 1956 indents were continued to be placed according to normal calculations based on total number of persons and indents were reduced only round about 1956. It was obviously the failure to implement Government orders of 1953 on the part of I.G.'s Office which resulted in excessive issue of indents upto 1956. The Committee view with concern this lapse on the part of Office of the Inspector General of Police who is supposed to enforce law and order.

The Committee also note with regret the action of the Supdt. of Police who tried to make out a case for immediate issue of articles on wrong premises. This tendency should be taken serious notice of.

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Home Affairs

The Committee are unhappy to note that due to defective wording of the order there was excess contribution to the Equipment Fund. They hope that such mistakes would be avoided in future and all orders and instructions drafted in clear and unambiguous terms.

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The Committee regret to note that the entries in the Departmental Cash Book and the Treasury Pass Books are not made regularly and simultaneously and attempts to bring the figures up-to-date were made only after the audit objection. The Committee are surprised that without any reason this work was allowed to fall into arrears. They are also surprised that there was no system under which such arrears could come to light. It is only when Audit pointed out that

these arrears came to light. This is a clear case of inefficiency and irresponsibility on the part of the officers concerned and does no credit to an important organisation like the Police Department. The Committee hope that vigorous steps would be taken to ensure that such lapses do not recur.

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Ministry of Industry
and Supply
(Department of Industry)

The Committee regret to observe that even though the land was taken over by the Director, Small Industries Service Institute, Gauhati, in May 1960, C.P.W.D. failed to commence Construction Work with the result that there were encroachments. The delay on the part of C.P.W.D. in not taking possession of land to start construction even though repeated requests were made to them, seems to be unconscionable. The Committee desire that the reasons for the inordinate delay in not finalising the plans for the building and commencing construction may be further investigated and responsibility fixed.

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While the Committee appreciate that the hiring of the godown in advance was done with a view to protect the machinery from rains, they feel that with a little forethought, and coordination with the supply department the Institute could have ascertained the probable time of arrival of the machinery and thus saved this infructuous expenditure of about Rs. 2,500 to Rs. 3,000.

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The Committee feel that this is another instance (construction of Institute at Gauhati) of lack of planning on the part of administration as they did not initiate action for placing wiring contract simultaneously with the construction of the building. Had the wiring been completed earlier, electricity could have been supplied soon

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75	77	Ministry of Industry and Supply Department of Industry)	<p>after the construction of the building and this contingency of plant and machinery remaining unutilised would not have arisen.</p> <p>The Committee find that though the Extension Centre at Jorhat was started in 1960, the workshop attached to it started functioning only in 1963. The Committee feel that this time-lag of about three years is excessive and it indicates lack of co-ordination and proper planning.</p>
76	78	—do—	<p>The Committee are of the view that the employment of operative staff (machine operatives and mistries) about one year before the arrival of the machines was without justification. Further, the Committee regret to observe from the note furnished by the Ministry that the workshop could not be started due to non-completion of power wiring, for more than 8 months. It is unfortunate that such an essential item of work was not initiated in time.</p>
77	79	-do-	<p>The Committee note that the Assam Government had reported in January, 1960 about the non-availability of the building for the Extension Centre at Silchar. The Committee do not see any reason as to why more than 2 years were taken by the Administration in deciding to shift the centre to Tezpur. The Committee trust that such delays and lapses in planning and coordination will be avoided in future.</p> <p>The Committee were given to understand that the question of handing over extension centres to respective State Governments was under consideration. The Committee would like to be informed of the decision taken.</p>

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The Committee are not happy at the manner in which unusual concessions were given to the Society and that proper steps were not taken to safeguard the financial interests of Government.

The Committee have noted the following disquieting features in this case:

- (i) The financial assistance by way of loan and grant was given without a formal agreement; this agreement was not executed either by July, 1958 when the Managing Committee recommended the closing of the Society or till February, 1963 when the liquidator was appointed;
- (ii) although the Society was sponsored by Government there was no arrangement to review the working of the Society and to take prompt action either to remedy the state of affairs or to ensure the security of the loan granted to the Society; and
- (iii) at the same time loans continued to be given for a period of five years upto 1957-58 although there had been defaults in repayment of earlier loans.

The Committee desire that the matter may be further investigated with a view to ascertain whether Government nominees in the Society were informing the Ministry from time to time during the period 1954—58 of the state of affairs of the Society and its increasing losses and if so, what action was taken on these reports in the Ministry. The Committee may also be informed of the final position of the recovery of the outstanding dues from the assets of the Society.

