

**PUBLIC ACCOUNTS COMMITTEE
(1972-73)**

(FIFTH LOK SABHA)

FIFTY-SECOND REPORT

**[Action taken by Government on the Recommendations
contained in their 10th Report (Fifth Lok Sabha)
on Super Bazar, New Delhi.]**



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

November, 1972/Agrahayana, 1894

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CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE	(iii)
INTRODUCTION	(v)
CHAPTER—I REPORT	I
CHAPTER—II Recommendations/Observations that have been accepted by Government	22
CHAPTER—III Recommendations/Observations which the Committee do not desire to pursue in view of the replies of Govern- ment	49
CHAPTER—IV Recommendations/Observations in respect of which re- plies have not been accepted by Committee and which require reiteration	51
CHAPTER—V Recommendations/Observations in respect of which Government have furnished interim replies	54
APPENDIX Summary of Conclusions and Recommendations	57

19.2.22

PUBLIC ACCOUNTS COMMITTEE (1972-73)

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SECRETARIAT

Shri B. B. Tewari—*Deputy Secretary.*

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

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Fifty-Second Report on the Action taken by Government on the recommendations of the Public Accounts Committee contained in their Tenth Report (Fifth Lok Sabha) on Super Bazar, New Delhi.

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

1. Shri B. S. Murthy—Convener
2. Shri Ramsahai Pandey
3. Shri M. Anandam
4. Shrimati Savitri Shyam
5. Shri H. M. Patel
6. Shri Sham Lal Yadav
7. Shri Bhagwat Jha Azad

3. The draft Report was considered and adopted by the Sub-Committee at their sitting held on the 18th October, 1972 and finally adopted by the Public Accounts Committee on the 18th November, 1972.

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

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

NEW DELHI;
November 23, 1972.
Agrahayana 2, 1894 (Saka).

ERA SEZHIYAN,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Committee deals with action taken by Government on the recommendations contained in their Tenth Report (Fifth Lok Sabha) on Super Bazar, New Delhi relating to the Department of Cooperation which was presented to the House on the 10th August, 1971.

1.2. Action taken notes have been received in respect of all the 49 recommendations.

1.3. The action taken notes on the recommendations have been categorised under the following heads:—

(i) *Recommendations|observations which have been accepted by Government.*

Sr. Nos. 1—8, 11—13, 16—30, 32—35, 37—41 and 43—49.

(ii) *Recommendations|observations which the Committee to not like to pursue in view of the replies of Government.*

Sr. Nos. 15 and 42.

(iii) *Recommendations|observations replies to which have not been accepted by the Committee and which require re-iteration.*

Sr. Nos. 9 and 10.

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

Sr. Nos. 14, 31 and 36.

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

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

*Share Capital and membership of the Store: (Sr. Nos. 1 and 2—
Paras 2.7 and 2.8)*

1.6. Dealing with the share capital and membership of the Co-operative Store Ltd., Delhi in paragraphs 2.1 to 2.9 in their Tenth Report (Fifth Lok Sabha), the Committee had observed:

“2.7 The Committee regret to note that the Cooperative Store Ltd., Delhi, registered on 20th June, 1966, has not been able to build up its own share capital to any appreciable extent as yet. As on 30th June, 1970, the share capital of the society stood at Rs. 44.63 lakhs of which as much as Rs. 41.76 lakhs were contributed by Government of India as loan. An additional share capital contribution of Rs. 25 lakhs has also been sanctioned by Government during 1970-71 raising their contribution to 96 per cent. The Committee need hardly point out that if the store is to become truly cooperative in character it should take immediate steps to broaden the base of its membership.

2.8 The Committee find that the liability of members other than Government and Associate Members extends to ten times the face value of their subscribed share and that this is one of the serious impediments in broadening membership base. The Committee would suggest that the feasibility of amending suitably the relevant bye-law of the Society might be considered so as to attract more members. However, the Committee feel that unless the working results of the Store show improvement there are hardly any chances of significant increase in the share capital contribution by individual members.”

1.7. In a note dated the 11th April, 1972, the Ministry of Agriculture (Department of Cooperation) stated:

“The observations and recommendations of the Committee have been noted by the Super Bazar authorities, who will continue to make efforts to increase membership and members' share capital, as recommended.”

1.8. The Committee desire that Government should keep under constant watch the progress made by the Store in increasing membership and share capital as suggested by the Committee so that necessary measures could be taken if the progress is not found satisfactory.

has been adopted by the Management of the Store. It envisages special measures to improve sales and earn better margins, reduce overhead expenses, increase non-trading and other miscellaneous income and tighten inventory control. The need for attaining economic viability at the earliest, especially with the additional financial assistance provided has been repeatedly stressed on the store."

"3.10 The observations of the Committee have been noted by the Super Bazar authorities.

With the provision of additional financial assistance of Rs. 65 lakhs given in March, 1971, level of Bank borrowings has since gone down to about Rs.40 lakhs during 1971-72 as against Rs. 66 lakhs to Rs. 82 lakhs during the years 1966-67 to 1969-70."

1.11. The Committee would like Government to have a close and constant watch on the financial position of the Store particularly in regard to repayment of Government loans and building up of its own working capital.

Losses: (Sr. No 7—Paragraph 4.15):

1.12. Commenting upon the losses suffered by the Store, the Committee had observed as under in paragraph 4.15 of their Tenth Report:

"4.15 The Committee are distressed to find that the Store has been incurring losses since its inception continuously over the past four cooperative years ended 30th June, 1970. The biggest loss of Rs. 22.05 lakhs was in 1967-68 which was only marginally brought down to Rs. 19.27 lakhs and about Rs. 17.21 lakhs during the subsequent years 1968-69 and 1969-70 respectively. The accumulated losses so far are about Rs. 66.41 lakhs. Apart from incurring deficits due to mismanagement, overstaffing, heavy pilferage and theft, high rent liability, injudicious purchases and decline in sales, burden of interest on over-drafts etc., the Store experimented unsuccessfully on mechanisation of accounts and started a vegetable farm both of which cost it heavily. The Committee notice a rather amateurish handling of the affairs of the Store. They trust that taking lessons from the past mistakes which largely arose out of either undue over-optimism or lack of sufficient expertise and control, the Store will plug the loop-

holes and improve the working results so that the accumulated losses could be wiped out as early as possible."

1.13. In their note dated the 11th April, 1972. Ministry of Agriculture (Department of Cooperation) stated:

"The Super Bazar has taken several measures to improve its working. There has been a sizeable reduction of staff: the total staff strength has been reduced from 1167 in August 1966 to 863 in December, 1971. Further, two new branches were opened, at Safdarjung and Willingdon Hospitals, without recruiting any additional staff, excepting two qualified pharmacists for sale of drugs and medicines. By tightening security measures, pilferage and shop-lifting of goods have been reduced, as a result of which deficits of stock have come down considerably. The Super Bazar has also taken up with the N.D.M.C. the question of purchase or liberalisation of the present terms and conditions of lease, of the Pant Super Market building in Connaught Circus. The surplus space available in its three large branches is being increasingly put to use, so as to earn more income for the Super Bazar. The vegetable farm which was started by the management as an experimental measure but ultimately proved to be an uneconomic proposition has been given up. Efforts are being made by the Super Bazar to plug loopholes and improve its working, with the result that the gross profit of the Store has shown considerable improvement."

1.14. The Committee note that due to the corrective steps taken, the gross profit of the Store has shown improvement. They would however like Government to keep under constant watch the impact of the measures taken by the Super Bazar on its working results.

1.15. Commenting upon the losses incurred by the Store in dealing with non-essential commodities, the Committee had observed in paragraph 4.17 (Sr. No. 9) of their Tenth Report:

"The Committee do not think that the Store should aim at being a one-stop shopping centre for the entire range of goods rather than supplying the essential consumer goods at reasonable prices. They, however, find that a number of new departments such as 'transistor', 'toys and sports goods', 'furniture' etc. have been added to the Store in addition to giving on contracts departments such as 'electric repair', 'optical', 'photography' etc; barring the 'foot-

wear' department which yielded a very small profit all the other departments in the store are running in loss. The Committee would suggest that the departments which do not deal in essential commodities and on which considerable losses are incurred should be investigated to determine whether it is worthwhile continuing them. The results of such investigations and remedial action taken should be intimated to them."

1.16. In their note dated the 11th April, 1972, the Ministry of Agriculture (Department of Cooperation) stated:

"The margin of profit in essential commodities like foodgrains, groceries etc. is considerably less than in other goods. However, the observations of the Committee have been noted by the Super Bazar authorities, who will continue to review the working of various departments and take appropriate remedial steps where necessary."

1.17. Asked to state whether any special review was undertaken as desired by the Committee and with what results the Department of Cooperation intimated in their note dated 26th May, 1972 as follows:—

"The Working results of all the departments are reviewed every quarter and are shown in the quarterly audit Reports. The reviews reveal that the losses incurred by the Departments which deal in non-essential items, are not such as to warrant their closure, as the gross earnings are considerably higher than those of the departments dealing in essential commodities."

1.18. The Committee feel that Government's reply does not meet the point raised. They are of the view that trading in non-essential commodities would be justified only if it does not result in losses. The Committee, therefore, wish to reiterate that Government should investigate into the working of Departments dealing in non-essential commodities which are incurring losses. They would like to be informed about the result of such investigation.

Impact of Super Bazar on Retail market: (Sr. No 10—Paragraph 5.12)

1.19. Analysing the impact of Super Bazar on the prices in retail market in paragraphs 5.1 to 5.14 of their Tenth Report, the Committee had observed as under:—

"5.12 Admittedly it was somewhat a tall claim that the department stores would hold the price line. An expert of

the International Labour Organisation has also stated bluntly that "this is an impossible thing to expect of them". The prices of consumer goods have been going up due to increase in manufacturing costs. The Committee were, however, informed that the store was following an "active price policy" which meant selling goods at slightly less than the market prices. But they find from the fortnightly data collected in the months of June-July, 1970 that in the case of quite a few consumer goods the prices of the Store, far from being lower, were consistently higher than the market prices over a considerable period. The Committee would like to know the reasons for this phenomenon and whether such disparities which run counter to the *raison d'être* of the store, have been brought out in the weekly market surveys avowedly conducted to make necessary adjustments in the prices to relate them to prevailing market rates. The Committee find that paradoxically enough, the store instead of leading the market finds itself being led."

1.20. In their note dated the 11th April, 1972, Department of Cooperation (Ministry of Agriculture) stated:

"Prices quoted by the Super Bazar are, by and large, slightly less than those quoted by the private trade, for comparable qualities of goods. The reasons why Super Bazar prices of certain groceries items could sometimes be higher than the market prices are mainly that the Super Bazar sells them pre-cleaned, laboratory tested, and hygienically pre-packed, and maintains a high standard of quality. Besides, notice has also to be taken of the fact that there is considerable evasion of sales-tax, terminal tax, etc. along with adulteration, sale of spurious and sub-standard goods, underweighment and other malpractices, on behalf of some sections of the private trade. These are scrupulously avoided by the Super Bazar, which also pays all taxes in full and complies with labour laws, and other rules and regulations applicable to shops and commercial establishments.

The periodical Market Surveys conducted by the Super Bazar bring out the disparities in prices and, on the basis of the surveys, necessary price adjustments are made."

1.21. Asked to state whether such disparities as were pointed out by the Committee were in fact brought out in the market sur-

vey and what action was taken, the Department of Cooperation intimated in their note dated 28th May, 1972:

“Similar disparities have been brought out in the market survey reports of the Super Bazar for June and July, 1970. The matter was specifically considered in June, 1970, and it was decided not to reduce the prices. As already stated, Super Bazar maintains a high standard of quality and sells these goods pre-cleaned and pre-packed.”

1.22. The Committee do not appreciate the approach of Government as brought out in their reply. They feel that keeping in view the object with which the Super Bazar has been started, its goods should not only be good in quality but should also be cheaper.

Procurement of Goods: (Sr. No. 14—Paragraph No. 6.11)

1.23. Dealing with the manner in which the Store was procuring the goods and making payments therefor, the Committee had observed in paragraph 6.11 of their Tenth Report:

“6.11 The Committee find that the audit of purchase bills presented difficulties in the absence of regular terms and conditions of purchases in all cases for the third year in succession during 1968-69. The Chartered Accountants have reported that instances of discrepancies between the terms and conditions wherever available and those given in the supplier's bills checked by the Department Managers, have been pointed out to the management. The Government have, however, stated that specific instances have not been pointed out. The Committee wish that the matter should be sorted out with the auditors and a review made to ascertain whether any recoveries are due for non-compliance with the terms and conditions by the suppliers. Suitable action should also be taken for the ineffective check by the Department Managers.”

1.24. In a note dated the 11th April, 1972, the Department of Cooperation (Ministry of Agriculture) stated:

“Purchase orders are now being issued by the Super Bazar authorities, indicating the terms and conditions governing rate, quantity, date of supply etc., and bills are passed for payment after they are checked with the purchase orders by the Department Managers and by the Accounts Department.

The review envisaged in the recommendation will be conducted by the Super Bazar authorities in consultation with the auditors.”

1.25. The Committee note that as suggested by them the Super Bazar authorities are going to make a review in consultation with auditors, to ascertain whether any recoveries were due from suppliers for non-compliance with the terms and conditions of the supply. The Committee desire that this review should be expedited.

Sales: (Sr. No. 16—Paragraph 7.15)

1.26. Dealing with the sales of the store in paragraphs 7.1 to 7.18 of their Tenth Report, the Committee had observed:

“7.15 The shrinking sales figures speak eloquently of the performance of the Store. With the Super Bazar at Connaught Circus functioning for the whole year, Apna Bazar in INA Market for 9 months and Apna Bazar at Patel Nagar for less than a month, the sales during the year 1966-67 amounted to Rs. 458.13 lakhs which came down steeply to Rs. 335.79 lakhs in 1969-70 with all the units functioning for the whole year besides addition of a number of new departments and a whole-sale unit in the meantime. Unattractive prices, inadequate stock of fast moving articles, poor salesmanship, absence of effective sales promotion are some of the factors that contributed to this steep decline. The Committee would like to strongly emphasise the need for taking immediate steps to launch a major sales offensive in order to pull the Store out of the morass.”

1.27. In a note dated the 11th April, 1972, Department of Co-operation stated:

“The observations of the Committee with regard to launching a sales offensive have been noted by the Super Bazar authorities, and various sales promotion measures have been adopted. Efforts will continue to be made by them for increasing sales.”

1.28. The Committee note that the Store has adopted various sales promotion measures and that it will continue to make efforts for increasing its sales. The Committee would like to know the extent of increase in sales as a result of these measures.

1.29. Dealing with the mark up of sales prices over the purchase prices of the Store and its impact on its sale, the Committee had observed in paragraph 7.16 (Sr. No. 17) of the Tenth Report as under:

"Admittedly the prices of the store are not competitive any more. It is interesting to find that the average mark up of sale prices over the purchase prices has been increased by the Store progressively over the year 1966-67 to 1968-69 from 10 per cent to 13.5 per cent contrary to the expected reduction from 10 per cent to 8 per cent in 1967-68. This is self defeating as increased mark up is bound to affect sales in the long run. The Committee wish that the impact of such increases on sales turnover should be studied and the optimum mark up determined for each commodity which will ensure good sales turnover consistent with reasonable gross profit."

1.30. In their note dated the 11th April, 1972, the Department of Cooperation stated:

"The Committee's observations have been noted by the Super Bazar authorities. The mark up for each commodity is determined with due regard to handling costs and prevailing market rates."

1.31. The Committee are not satisfied with the reply of the Government. They would like to reiterate that the impact of the mark up of prices on sales should be studied and optimum for each commodity fixed. The Committee would like to be informed of the out-come of study.

1.32. Commenting upon the need for an effective coordination between the selling and purchase departments of the store, the Committee had observed in paragraph 7.17 (Sr. No. 18) of their Tenth Report as under:

"It is obvious that the Store should sell what the people want to buy. For this purpose the Committee would suggest that a survey of buying habits and the changing consumer preferences should be undertaken periodically and an effective coordination should be maintained between the selling and purchase departments".

1.33. In a note dated the 11th April, 1972, the Department of Cooperation (Ministry of Agriculture) stated:

"The suggestions have been conveyed to the Super Bazar, and noted by it."

1.34. The Committee would like to know whether their suggestions regarding periodical surveys of buying habits and changing

preferences of consumers and an effective coordination between the selling and purchase departments have been implemented and if so with what results.

Sales through Commission Agents : (Sr. No. 22 paragraph 8.16).

1.35. Dealing with the sales effected by the Store through commission agents in paragraphs 7.1 to 8.17 of their Tenth Report, the Committee had observed:

"8.16 The Committee find that some of the departments run initially by the Store and on which losses were incurred such as 'canteen' 'fruit and vegetables', 'meat and fish', were let out on contract getting an assured income. It was pleaded before the Committee, that the basic proposition remains that with the given level of efficiency in any departmental organisation and motivation under the departmental arrangement there would be risk of loss on perishable commodities" and "if the system of sale is changed over to 'personal basis' the position becomes different". The Committee would like the position in this regard in a few well organised department stores in the country to be examined and intimated to them. They would also like Government to examine as to what incentive should be given or improvement made under the present system so that the employees may acquire a stake in the success of such departments."

1.36. In their note dated the 11th April, 1972, the Department of Cooperation stated:

"Cooperative department stores have had varying degrees of success in these departments, which have been found unprofitable in many cases. The authorities of the Super Bazar had felt that certain departments, including those dealing in certain perishable commodities and certain specialised services to the consumers, which involved greater chances of risk could best be run by approved parties, subject to their compliance with certain conditions relating to the quality of the goods and services and other matters, thereby assuring certain essential services to the consumers and assured income to the institution. These arrangements are, however, subject to review of the Managing Committee from time to time.

Incentive schemes for salesmen and other employees have been considered and adopted by some cooperative department stores, including the Super Bazar, Delhi, and are also periodically discussed and reviewed by its Managing Committee."

1.37. The Committee had earlier suggested a study of a few well organised departmental stores in the country in regard to sale of such commodities as have been entrusted by the Super Bazar to the contractors. They would like to know whether such a study had been undertaken and if so the results of the study and the action taken thereon.

1.38. Commenting upon the economic of the departments left out on contract, the Committee observed in paragraph 8.17 (Sr. No. 23) of their Tenth Report:

"The Committee are not clear as to whether the Commission realised from the contractors fully covered the proportionate expenditure on rent and other overheads incurred by the Store. During 1968-69, the Commission realised in respect of Super Bazar at Connaught Circus was Rs. 5.14 lakhs for 18,850 sq. ft. of selling space occupied by private parties whereas the commission realised in respect of the Apna Bazars at INA Market and Patel Nagar was only Rs. 0.82 lakh and Rs. 0.38 lakh respectively for 5,372 sq. ft. and 6,705 sq. ft. of selling space occupied. It is thus obvious that the commission realised is not commensurate with the selling space occupied at least in the two Apna Bazars. The Committee would suggest that costing of expenses in respect of individual departments let out on contract should be done to determine whether any loss is incurred by the Store. After knowing the individual profitability thus it should be examined whether it is worthwhile continuing the contracts in respect of departments which do not pay as recommended by the Committee earlier in this report."

1.39. In their note dated the 11th April, 1972, the Department of Cooperation stated:

"The location of the branches at I.N.A. market and Patel Nagar is not sufficiently attractive for private parties to start business there on commission basis. Efforts are being continued by the Super Bazar authorities to increase the amount of commission earnings at these branches.

Apart from commission as a fixed percentage of sale, a daily minimum commission is also prescribed for these sections, with due regard to the space occupied by them and the nature of their business. Besides, offers and quotations are invited from parties by advertisement and the best available offer is accepted. However, the observations of the Committee have been noted by the Super Bazar authorities."

1.40. The Committee would like to reiterate that the Store should find out whether the commission realised from the contractors is commensurate with the rent and other over-head charges paid by the Store for the space occupied by them and close such departments as add to the losses of the store surrendering space rendered surplus. They would like to be informed of the action taken in this regard.

Overhead Expenses: (Cr. No. 24—Paragraph No. 9.2)

1.41. Dealing with the increasing over-head expenses of the Store in paragraphs 9.1 to 9.17 of their Tenth Report, the Committee had observed in paragraph 9.2 as under:

"The overhead expenses of the Store other than those relating to "salaries and wages" and "rent" jumped from 2.7 per cent of the sales turnover in 1966-67 to 5.5 per cent in 1967-68 and again rose to 6.4 per cent in 1968-69 as against the norm of 2 per cent formulated by the Ministry. The Committee would like to emphasise that there should be strict control over these expenses and for this purpose it is advisable to have norms prescribed for each component thereof. The Committee feel that there is ample scope for economy especially on 'administrative expenses' and 'interest'."

1.42. In a note dated the 11th April, 1972, the Department of Co-operation (Ministry of Agriculture) stated:

"Measures have been taken by the Super Bazar authorities to bring down the administrative expenses by effecting economy. With the reduced level of bank borrowings during the current year the expenditure on account of interest charges is also expected to come down. The feasibility of fixing norms for each component of the overhead expenses is being examined by the Super Bazar authorities, who have noted the Committee's observations in this regard for guidance."

1.43. The Committee desired to know the result of the examination in regard to fixing of norms for each component of overhead expenses. The Department of Cooperation stated in their note dated the 28th May, 1972 as under:—

“The following targets for income and expenditure have been set for the Super Bazar for the Cooperative year 1971-72:—

	As percentage of sales
Gross Profit	10
Misc. receipts	4
	<hr/>
TOTAL INCOME	14
	<hr/>
Establishment	
Expenditure	6.14
Rent	2.51
Interest	1.14
Others	4.13
	<hr/>
Total overhead expenditure	13.92
	<hr/>
Net profit08
	<hr/>

The Super Bazar is making efforts to maintain the income and expenditure in this proportion to the extent possible. The position will be reviewed by the Managing Committee on the basis of the results for the Cooperative year ending June, 1972..

1.44. The Committee note that the Super Bazar had fixed targets for income and various items of expenditure in terms of percentage of sales for the cooperative year 1971-72 and that the position would be reviewed on the basis of the results. The Committee, however, find that the target of expenditure on establishment fixed at 6.14 per cent as against the prescribed norm of 3 per cent of sales was still on the high side and similarly the target of expenditure on overheads fixed at 5.27 per cent was much higher than the norm of 2 per cent of sale. The Committee desire that all efforts should be

made to bring down the expenditure on these items.

Over-staffing (Sr. No. 25—Paragraph 9.15)

1.45. Commenting upon the over-staffing in the Store, the Committee had observed in paragraph 9.15 of their Tenth Report as under:

“The Committee are distressed to note, the thoughtless over-staffing of the Store. That the number of staff which was 1167 in August, 1966 with only the Super Bazar at Connaught Circus functioning could be progressively brought down to 891 in July, 1970 with the addition of two Apna Bazars besides a number of new departments, shows the extent of over-staffing at the beginning. It is interesting to note that even this reduced strength of 891 contains a surplus of 75 employees. The Committee would like Government to take very early steps to eliminate the surplus staff.”

1.46. In a note dated the 11th April, 1972, the Department of co-operation stated:

“The Super Bazar has taken steps to eliminate the surplus staff. The total staff strength was further brought down to 863 by December, 1971. Besides, two new branches were opened, at Safdarjung and Willingdon Hospitals without recruiting additional staff excepting two qualified pharmacists, which was obligatory for the Drugs and Medicines Section”.

1.47. The Committee note that the Super Bazar has taken steps to eliminate surplus staff. The staff strength which was reduced from 1167 in August, 1966 to 891 in July, 1970 has been further reduced to 863 by December, 1971. Besides, new branches have been opened at Safdarjung and Willingdon Hospitals without recruiting additional staff except two qualified pharmacists. The Committee desire that staff position should be periodically reviewed and surplus staff eliminated.

Surplus accommodation: (Sr. Nos. 29 and 30—Paragraphs 9.33 and 9.34)

1.48. Dealing with the heavy rent paid by and surplus accommodation with the Store in paragraphs 9.18 to 9.36 of their Tenth Report, the Committee had observed as under:

“9.33. At the present level of sales in Super Bazar at Connaught Circus, the rate of rent per sq. ft. per month works

out to about 60 paise which in the Committee's opinion cannot be regarded as high considering the locality. The Committee, therefore, feel that the high rent liability which is of the order of Rs. 8 lakhs per annum is not entirely on account of high rate of rent but mainly due to surplus space occupied by the Store. It is seen from a study report (1970) that by a proper rationalisation of the selling space and correlating space to sales it may be possible to release surplus space of about 60,000 sq. ft. As it has been explained that surrender of a portion of the building and its occupation by independent parties would interfere with the business of the store and create problems of security, the Committee would suggest that the Store might consider vacating entirely two or more floors of the building for occupation by any related Government Departments/Nationalised Institution in need of accommodation."

"9.34. The Committee have dealt with the surrender during 1967-68 of 76 out of 224 shops hired by the Store near I.N.A. Colony and the question of settlement of dues of the Store, in their 5th Report (Fifth Lok Sabha). They find that after this surrender in the Apna Bazar, I.N.A. Market, the Store itself occupies a selling space of 31,578 sq. ft. in 1969-70 and the commission agents occupy 6380 sq. ft. According to the Study Report (1970) there is a scope for releasing further surplus space of 5 to 6 thousand sq. ft. in this unit of the Store. The Committee would like Government to release forthwith or put to economic use the surplus accommodation."

1.49. In a note dated the 11th April, 1972 the Department of Co-operation stated:

"The suggestion has been noted by the Super Bazar, and possibilities of utilising surplus space in the manner recommended by Public Accounts Committee are being explored by its Managing Committee.

Ways and means for utilising the surplus accommodation are under active consideration of the Super Bazar authorities."

1.50. In a subsequent note dated 26th May, 1972 the Department of Co-operation intimated the steps taken to utilise the surplus accommodation as desired by the Committee:

The Super Bazar authorities have intimated that proposals for allotting space, surplus to the requirements of the Connaught Circus Branch, to the National Cooperative Consumers' Federation and the National Agricultural Cooperative Marketing Federation, are under negotiation with the institutions concerned. Efforts are being made by them to utilise the surplus space in other ways also, as for example, some space has been given to a travel agency, and a hall is being utilised for exhibitions and similar activities.

The Super Bazar authorities have stated that negotiations are in progress with the Syndicate Bank and a Travel Agency for allotment of surplus space to them in I.N.A. Branch. Part of the available surplus space is also proposed to be utilised by the Super Bazar authorities for setting up spices powdering and atta chakki units, plans for which are being finalised by them."

1.51. The Committee note that the Super Bazar is trying to allot its surplus space in Connaught Circus Branch to the National Cooperative Consumer's Federation and the National Agricultural Cooperative Marketing Federation and that in its I.N.A., Branch to the Syndicate Bank and a Travel Agency. The Committee desire that efforts to allot surplus accommodation to these and other organisations should be vigorously pursued.

1.52. Commenting upon the construction of an un-authorized shed in the Connaught Circus Branch, the Committee had observed in paragraph 9.36 (Sr. No. 32) of their Tenth Report as under:

"Yet another instance of unauthorised construction of a shed in a vacant space in the Connaught Circus Branch which had to be handed over to the N.D.M.C. involving avoidable expenditure of Rs. 46,816 has been reported by the Chartered Accountants. The necessity for this construction when the Store had already surplus accommodation and the action taken against the officials responsible may be reported to the Committee. The Committee hope that such acts of indiscretion will not be committed in future."

1.53. In their note dated the 11th April, 1972, the Department of Cooperation stated:

"It appears that the shed was constructed in the vacant space adjacent to the Connaught Circus Branch for being used

initially as storage and cleaning space for vegetables and later as additional self-service area attached to groceries and toiletries Departments, which are usually visited by a large number of customers. This site appears to have been chosen as it was contiguous to the Groceries and Toiletries Departments, and was on the ground floor which is more suitable for these activities. The surplus accommodation was on the upper floors. Super Bazar authorities have noted the observations of the Committee."

1.54. The Committee would like to be informed of the action taken against the officers responsible for unauthorised construction of the shed in the Connaught Circus Branch.

Over-stocking of Goods: (Sr. No. 34—Paragraph 10.19)

1.55. Commenting on the over-stocking of goods by the Store the Committee had observed in paragraph 10.19 of their Tenth Report as under:

"The Committee find that there has been considerable over-stocking of certain goods. Old stock in selling areas has not been identified. The Committee wish that in addition to improving stock accounts minimum and maximum reordering levels should be prescribed so as to have effective inventory control."

1.56. In their note dated the 11th April, 1972, the Department of Cooperation stated:

"The suggestions have been noted by the Super Bazar authorities."

1.57. Asked to indicate the precise action taken in the matter the Department of Cooperation stated in a subsequent note dated the 26th May, 1972:—

"The Super Bazar authorities have stated that the stock level has been reduced from about Rs. 101 lakhs at cost to about 79 lakhs over the past three months (December 1971 to February 1972), by closely reviewing the stock turn rate for various departments and exercising strict control over re-ordering and purchases. The Super Bazar authorities have stated that since at present they are engaged in making special efforts to increase sales, which are fluctuating, it may not be advisable at this stage to fix rigid

limits for maximum and minimum stock level and level of re-ordering. The position will, however, be reviewed by its Managing Committee after the working results for the cooperative year 1971-72 are available."

1.58. The Committee note that the stock level has been reached by the Super Bazar from about Rs. 101 lakhs at cost to about Rs. 79 lakhs by February, 1972. The Committee hope that the Cooperative year, 1971-72 having already ended the working results relating thereto would be available. They would therefore, like the question of fixing minimum and maximum level of re-ordering to be reviewed early and the Committee informed.

Shortage in Stores: (Sr. No. 36—Paragraph 10.21) . .

1.59. Commenting upon the shortages in stores, the Committee had observed in paragraph 10.21 of their Tenth Report as under:—

"The store has been facing the menace of shortages aggregating about Rs. 22 lakhs during 1966-67 to 1968-69 which account for more than two-fifth of the losses incurred by the Store during these years. The Committee do not think that the correct position of shortages has been ascertained in the absence of reliable stock accounts over these years. The Committee wish that norm should be fixed on realistic basis for driage, leakage, spillage etc. and that surprise check of stock together with stricter security measures undertaken to provide for deterrent effect on pilferages. The Store should also analyse pilferages departmentwise and ensure a tightened control in specific departments where pilferage are more."

1.60. In a note dated the 11th April, 1972, the Department of Co-operation stated:

"Steps have been taken to keep strict vigilance over losses on account of shortages due to pilferage etc. The various steps taken by the Super Bazar, including the appointment of an officer of the rank of Dy. Superintendent of police as Security Officer, on deputation from the Delhi Administration, has progressively brought down the losses from year to year. The Super Bazar has however, been advised to further improve the position in this respect. The Committee's recommendation regarding fixing norms of driage, leakage etc. has been noted by the Super

Bazar authorities, as also regarding department-wise check on pilferages."

1.61. In a subsequent note dated the 26th May, 1972, the Department of Cooperation stated the following in regard to the progress of fixing norms for driage, leakage, etc as desired by the Committee:

"Studies to determine the extent of loss incurred on account of driage, leakage, etc. in respect of some of the spices processed in Super Bazar have been conducted by them. Similar studies in respect of other commodities will also be conducted, and, after the results have been obtained, the Super Bazar authorities will fix suitable norms for the purpose."

1.62. The Committee note that, as suggested by them, the Super Bazar has conducted the studies to determine the extent of loss incurred on account of driage, leakage, etc., in respect of some of the commodities and that similar studies in other commodities will also be conducted in order to fix norms. The Committee would like an early action to be taken to complete the studies and fix norms for various commodities.

1.63. The Committee also desire that action should be taken to analyse pilferages department-wise to ensure tightened control in specific departments where pilferage has been on the high side.

Cash Shortage: (Sr. No. 41—Paragraph 11.19)

1.64. Dealing with short deposits of cash in paragraph 11.19 of their Tenth Report, the Committee had observed as under:

"The Committee take a serious view of the absence of prompt action to regularise short deposits of cash. Out of shortages amounting to Rs. 37,209 (Rs. 45,792 according to Audit) a sum of Rs. 29,021 has been recovered upto 30th June, 1970. The Committee wish that stringent action is taken against persons responsible. Adequate security should be obtained in future from staff handling cash."

1.65. In a note dated the 11th April, 1972, the Department of Cooperation stated:

"Out of the balance amount of Rs. 8,188, mentioned by the Committee, an amount of Rs. 1,516.96 has since been re-

covered by the Super Bazar authorities, from the persons responsible. Further action is being taken by the Super Bazar in regard to the remaining amount.

A system of cash control has since been introduced by the Super Bazar authorities, whereby the sales for each department are computed separately in the Accounts Department and compared with the actual cash remitted. Shortages, if any, are recovered from the persons responsible. Cash security and fidelity bonds are obtained from the Cashiers. The Super Bazar authorities have noted the observation of the Committee that stringent action should be taken in cases of this nature, which can be done where individual responsibility is fixed."

1.66. Asked to state in how many cases action has been taken, the Department of Cooperation stated in their subsequent note dated the 26th May, 1972 as follows:

"According to the existing system of cash collection, the cashiers deposit the cash every evening. Each cashier is entrusted with a fixed amount of imprest. At the close of the day, the cashier deposits the entire collection less his imprest. The tallying is done the following day. If any shortage in cash is detected, the concerned cashier is asked to make good the shortage. In all cases the short deposits are recovered; hence the need for stringent action has not arisen. However, in cases of repeated default, the persons concerned are warned. Cases relating to the earlier period are being pursued by the Super Bazar authorities, as already stated."

1.67. The Committee note that out of short deposits of cash amounting to Rs. 37,209 (Rs. 45,792 according to Audit) a sum of Rs. 30,538 have been recovered by the Super Bazar so far and that further action is being taken to recover the remaining amount. A system of cash control has also been introduced for the future. The Committee hope that stringent action would be taken in suitable cases relating to the earlier period where there were short deposits of cash. ..

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS ACCEPTED BY GOVERNMENT

Recommendation

The Committee regret to note that the Cooperative Store Ltd., Delhi, registered on 20th June, 1966, has not been able to build up its own share capital to any appreciable extent as yet. As on 30th June, 1970, the share capital of the society stood at Rs. 44.63 lakhs of which as much as Rs. 41.76 lakhs were contributed by Government of India as loan. An additional share capital contribution of Rs. 25 lakhs has also been sanctioned by Government during 1970-71 raising their contribution to 96 per cent. The Committee need hardly point out that if the store is to become truly cooperative in character it should take immediate steps to broaden the base of its membership. [S. No. 1 (Para 2.7) of Appendix IX to 10th Report (Fifth Lok Sabha)].

Action Taken

The observations and recommendations of the Committee have been noted by the Super Bazar authorities, who will continue to make efforts to increase membership and members' share capital, as recommended. [Deptt. of Cooperation O.M. No. G. 25015|1|71-GOP dated 11-4-1972].

Recommendation

The Committee find that the liability of members other than Government and Associate Members extends to ten times the face value of their subscribed share and that this is one of the serious impediments in broadening membership base. The Committee would suggest that the feasibility of amending suitably the relevant bye-law of the Society might be considered so as to attract more members. However, the Committee feel that unless the working results of the Store show improvement there are hardly any chances of significant increase in the share capital contribution by individual members. [S. No. 2 (Para 2.8) of Appendix IX to 10th Report (5th Lok Sabha)]

Action Taken

The observations and recommendations of the Committee have been noted by the Super Bazar authorities, who will continue to make efforts to increase membership and members' share capital as recommended. (Deptt. of Cooperation O.M. No. G 25015|1|71 GOP dated 11-4-1972).

Recommendation

The Government loan capital was to be repaid to the extent of 50 per cent within five years and the balance in another ten years. The repayment schedule has however been subsequently revised so as to allow of repayment of one-tenth of the loan every year commencing from sixth year. The Committee hope that with the expected improvement in the management of the Store and an effective membership drive the Store will be able to adhere to the revised repayment schedule. [S. No. 3 (Para 2.9) of Appendix IX to 10th Report (5th Lok Sabha)]

Action Taken

The Super Bazar expects to be able to adhere to the revised repayment schedule. (Deptt of Cooperation O.M. No. G125015|1|71. GOP dated 11-4-1972).

Recommendation

A review of the financial position of the store reveals a disquieting picture. The cumulative loss of about Rs. 66.41 lakhs upto 30th June, 1970 has virtually wiped out the entire share capital of Rs. 44.63 lakhs. Further a sum of about Rs. 16 lakhs in excess of loans (other than loan capital) and subsidies received from Government is locked up in building, furniture and fittings. These have contributed to a precarious ways and means position for the Store. In the succeeding sections of this Report the Committee have dealt with the reasons for the recurring losses and identified the areas of weakness of the Society. The Committee would like to emphasise that the Management of the Store should take appropriate corrective measures with a view to attaining economic viability before long. [S. No. 4 (Para 3.9) of Appendix IX to 10th Report (5th Lok Sabha)].

Action Taken

The Government of India have provided, in March, 1971, additional financial assistance amounting to Rs. 65 lakhs, of which Rs. 40 lakhs is as loan, and Rs. 25 lakhs as share capital. This has led substantially to ease the ways and means position of the Super Bazar.

A Scheme for improvement in the working of the Super Bazar, with a view to enabling it to attain economic viability, has been adopted by the Management of the Store. It envisages special measures to improve sales and earn better margins, reduce overhead expenses, increase nontrading and other miscellaneous income and tighten inventory control. The need for attaining economic viability at the earliest, especially with the additional financial assistance provided has been repeatedly stressed on the Store. (Deptt. of Co-operation O.M. No. G. 25015|1|71. GOP dated 11-4-1972).

Recommendation

Benefit of working capital, the store has been subsisting only on over-drafts which ranged from Rs. 66 lakhs to Rs. 82 lakhs during the years 1966-67 to 1969-70 with the attendant heavy interest liability. The Committee find that during 1970-71 Government have sanctioned a further assistance of Rs. 65 lakhs of which Rs. 40 lakhs will be long term loan and Rs. 25 lakhs additional share capital contribution. The Committee hope that with this liberal assistance the Store will rehabilitate itself soon and by prudent management of resurces at least in future, will maintain adequate working capital which is essential for the survival of the Store. [S. No. 5 (Para 3.10) of Appendix IX to 10th Report (5th Lok Sabha)]

Action Taken

The observations of the Committee have been noted by the Super Bazar authorities.

With the provision of additional financial assistance of Rs. 65 lakhs given in March, 1971, level of Bank borrowings has since gone down to about Rs. 40 lakhs during 1971-72 as against Rs. 66 lakhs to Rs. 82 lakhs during the years 1966-67 to 1969-70. (Deptt. of Co-operation O.M. No. G. 25015|1|71. GOP dated 11-4-1972).

Recommendation

The Committee find that the Store invested a sum of Rs. 55.87 lakhs on construction of building and providing furniture and fittings as against the loans and subsidies amounting to Rs. 39.75 lakhs only received from Government for the purpose. The Committee are at

a loss to understand how the Store would incur considerable additional expenditure of capital nature without ensuring additional resources which partly accounted for the financial stringency of the institution. In the opinion of the Committee there was no samblance of any realistic and prudent planning in evidence for which the management should be held responsible. [S. No. 6 (Para 3.11) of Appendix IX to 10th Report (5th Lok Sabha)] .

Action Taken

The Super Bazar was the first cooperative department Store set up in this country, with no previous experience in the cooperative or private sector, to draw upon. Besides, the institution had to be set up in a situation of extreme urgency, with only two or three weeks to make all preliminary arrangements. It was not practicable to make a correct estimate of the amount of assistance that would be needed for acquisition of fixed assets, and as such there was a short-fall which was met from the available funds of the institution. (Deptt. of Cooperation O.M. No. G-25015 i 71. GOP dated 11-4-1972).

Recommendation

The Committee are distressed to find that the store has been incurring losses since its inception continuously over the past four cooperative years ended 30th June, 1970. The biggest loss of Rs. 22.05 lakhs was in 1967-68 which was only marginally brought down to Rs. 19.27 lakhs and about Rs. 17.21 lakhs during the subsequent years 1968-69 and 1969-70 respectively. The accumulated losses so far are about Rs. 66.41 lakhs. Apart from incurring deficits due to mismanagement, over-staffing, heavy pilferage and theft, high rent liability, injudicious purchases and decline in sales, burden of interest on overdrafts etc., the Store experimented unsuccessfully on mechanisation of accounts and started a vegetable farm both of which cost it heavily. The Committee notice a rather amateurish handling of the affairs of the Store. They trust that taking lessons from the past mistakes which largely arose out of either undue over-optimism or lack of sufficient expertise and control, the Store will plug the loopholes and improve the working results so that the accumulated losses could be wiped out as early as possible. [S. No. 7 (Para 4.15) of Appendix IX to 10th Report (5th Lok Sabha)].

Action Taken

The Super Bazar has taken several measures to improve its working. There has been sizeable reduction of staff: the total staff strength has been reduced from 1167 in August 1966 to 963 in December, 1971. Further, two new branches were opened, at Safdarjung and Willingdon Hospitals, without recruiting any additional staff, excepting two qualified pharmacists for sale of drugs and medicines. By tightening security measures, pilferage and shop-lifting of goods have been reduced, as a result of which deficits of stock have come down considerably. The Super Bazar has also taken up with the N.D.M.C. the question of purchase or liberalisation of the present terms and conditions of lease, of the Pant Super Market building in Connaught Circus. The surplus space available in its three branches is being increasingly put to use, so to earn more income for the Super Bazar. The vegetable farm which was started by the management as an experimental measure but ultimately proved to be an uneconomic proposition has been given up. Efforts are being made by the Super Bazar to plug loopholes and improve its working, with the result that the gross profit of the Store has shown considerable improvement. (Deptt. of Cooperation O.M. No. G. 25015 1 71. GOP dated 11-4-1972).

Recommendation

The Committee learn that the accounts are not maintained in such a way as to find out the profit or loss of each branch/department of the Store. In order to have adequate control by the management based on the individual profitability or otherwise of each department/branch, the Committee feel that appropriate system of accounts should be introduced forthwith. [S. No. 8 (Para 4.16) of Appendix IX to 10th Report (5th Lok Sabha)].

Action Taken

The present system of accounts maintained by the Super Bazar enables the Management to obtain department-wise working results. The need for maintaining accounts so as to obtain branch-wise working results has also been stressed on the Super Bazar. (Deptt. of Cooperation O.M. No. G-25015 1 71, GOP dated 11-4-1972).

Further Information

Branch-wise working results of the Super Bazar can now be computed from there books of accounts, as has already been done for the cooperative year 1969-79 (1-7-1969 to 30-6-1970) and shown in the statutory audit Report for that year. (Deptt. of Cooperation O.M. No. G-25015/171-GOP, dt. 26-5-1972).

Recommendation

Apart from following an active price policy, the store can exert a healthy influence on the retail market in other two ways. By holding adequate stocks of scarcity goods, the Store can ensure a steady supply to bonafide consumers whenever there is scarcity outside. Studying the market conditions, the Store can also procure in bulk consumer goods from manufacturers and sell them at lower prices without taking 'inventory gain' when the procurement prices go up in the meantime. These will go a long way in stemming the artificial and hence avoidable increase in retail prices. [S. No. 11 (Page 5.13) of Appendix IX to 10th Report (5th Lok Sabha)].

Action Taken

The Committee's observations have been noted by the Super Bazar authorities. (Deptt. of Cooperation O.M. No. G-25015/171. GOP dated 11-4-1972).

Recommendation

At the present shortage of finances has come in the way of sufficient stocks being maintained by the Store. The Committee hope that with the assistance sanctioned by Government recently, the Store will be in a position to ensure adequate stocks to supply goods at reasonable prices at all times as suggested in the foregoing paragraph if the store is to justify its existence. [S. No. 12 (Para 5.14) of Appendix IX to 10th Report (5th Lok Sabha)].

Action Taken

With the additional financial assistance given by Government in March, 1971, the Super Bazar has been making efforts to maintain adequate stocks, as recommended. (Deptt. of Cooperation O.M. No. G 25015/171. GOP dated 11-4-1972).

Recommendation

It is needless for the Committee to point out that purchase is the most important operation on which depends the success of the store. The Committee are, however, constrained to observe that adequate planning and experience have not been brought to bear on this operation. Further, on the plea of lack of adequate liquid resources purchases are being made from stockists and wholesale commission agents. Non-standard items available on short credit are also procured. These have resulted in reduced sales margin and accumulation of slow moving unsaleable stock. The Committee hope that necessary improvements will be made early and the purchase and procedure rationalised as suggested by the Study Team which conducted a study of the working of the store in April 1970. The highlights of the suggestions of the Team are—institutionalisation of purchases, ban on purchases of non-standard items from local market, preparation of a purchase budget, standardisation of inventory for each item relating it to sales etc. [S. No. 13 (Para 6.10) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The suggestions made by the Study Team have been examined by the Super Bazar for implementation. The Super Bazar is now mostly dealing in branded articles, which are, as far as possible, procured from manufacturers/wholesalers direct. Sometimes, the Super Bazar has to take resort to local markets for procurement, when they are found to offer more advantageous terms than the manufacturers (as for example, when the manufacturers insist on the Super Bazar taking an entire cross section of the products, which might include a large proportion of slow-moving and not readily saleable items or when heavy advance payments are required to be made). Possibilities of increasing bulk purchase in collaboration with the National Cooperative Consumers Federation and the National Agricultural Cooperative Marketing Federation Ltd. are also explored by the Super Bazar from time to time.

The purchase policy and procedures are presently being reviewed by the Managing Committee of the Store, in the light of the PAC's observations. [Deptt. of Cooperation O.M. No. G. 25015/1/71. GOP dated 11-4-1972].

Recommendation

The shrinking sales figures speak eloquently of the performance of the Store. With the Super Bazar at Connaught Circus functioning for the whole year, Apna Bazar in INA Market for 9 months and Apna Bazar at Patel Nagar for less than a month, the sales during the year 1966-67 amounted to Rs. 458.13 lakhs which came down steeply to Rs. 335.79 lakhs in 1969-70 with all the units functioning for the whole year besides addition of a number of new departments and a whole-sale unit in the meantime. Unattractive prices, inadequate stock of fast moving articles, poor salesmanship, absence of effective sales promotion are some of the factors that contributed to this steep decline. The Committee would like to strongly emphasise the need for taking immediate steps to launch a major sales offensive in order to pull the Store out of the morass. [S. No. 16 (Para 7.15) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The observations of the Committee with regard to launching a sales offensive have been noted by the Super Bazar authorities, and various sales promotion measures have been adopted. Efforts will continue to be made by them for increasing sales. [Deptt. of Co-operation O.M. No. G. 25015/171. GOP dated 11-4-1972].

Recommendation

Admittedly the prices of the store are not competitive any more. It is interesting to find that the average mark up of sale prices over the purchase prices has been increased by the Store progressively over the year 1966-67 to 1968-69 from 10 per cent to 13.5 per cent contrary to the expected reduction from 10 per cent to 8 per cent in 1967-68. This is self defeating as increased mark up is bound to affect sales in the long run. The Committee wish that the impact of such increase on sales turnover should be studied and the optimum mark up determined for each commodity which will ensure good sales turnover consistent with reasonable gross profit. [S. No. 17 (Para 7.16) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The Committee's observations have been noted by the Super Bazar authorities. The mark-up for each commodity is determined with due regard to handling costs and prevailing market rates [Deptt. of Cooperation O.M. No. G. 25015/171. GOP dated 11-4-1972]

Recommendation

It is obvious that the Store should sell what the people want to buy. For this purpose the Committee would suggest that a survey of buying habits and the changing consumer preferences should be undertaken periodically and an effective coordination should be maintained between the selling and purchase departments. [S. No. 18 (para 7.17) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The suggestions have been conveyed to the Super Bazar, and noted by it. [Deptt. of Cooperation O.M. No. G-25015.1/71. GOP. dated 11-4-72].

Recommendation

The need to improve salesmanship and sales promotion is clearly indicated. The Committee would also like the feasibility of changing the working hours of the various branches of the Store to be examined with reference to the conditions of each locality to improve sales. [S. N. 19 (Para 7.18) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The suggestions have been noted by the Super Bazar. The working hours of hospital branches have already been suitably varied, as also of certain departments, such as drugs and medicine, groceries, fruits and vegetables, meat and fish, and hair-dresser in the Connaught Circus branch. [Deptt. of Cooperation O.M. No. G. 25015 1 71. GOP dated 11-4-72]

Further Information

The variations made in the working hours of the Hospital branches and some of the departments of the other branches of Super Bazar are shown below:—

Branches/departments	Working hours	Date from which these hours became effective
1	2	3
Irwin Hospital Branch	10.00 A.M. to 6.30 P.M. (with Lunch break from 1.30 P.M. to 2.30 P.M.) (Weekly Holiday-Sunday)	1-3-1970

1	2	
Willingdon Hospital Branch	10.00 A.M. to 6.30 P.M. (with Lunch break from 1-30 P.M. to 2,30 P.M. (Weekly Holiday-Sunday)	3-2-1971 9-6-1972
Safdarjang Hospital Branch	Do.	
Drugs & Medicines, Fruits, Vegetables, eggs, bread & butter, groceries, and fish & meat departments of Connaught Circus Branch.	10.00 A.M. to 7.30 P.M.) without Lunch break (Weekly Holiday— Tuesday)	July, 1966
All other department and branches of Super Bazar.	11.00 A.M. to 7.30 PM) (*with Lunch break from 2.00 PM to 3.00 PM (Weekly Holiday—Tuesday)	July, 1966

*NOTE: There is no Lunch break at the Connaught Circus Branch.

(Deptt. of Cooperation O. M. No. G.-25015/1/71 Gop. dt. 11-4-1972)

Recommendation

Gradually several departments of the Store are allowed to be run by private contractor on commission basis. There are as many as 23 departments run by private parties who occupy more than a sixth of the total selling space of the three units of the Store. The Commission realised on this account rose from Rs. 2.95 lakhs in 1967-68 to Rs. 6.34 lakhs in 1968-69. The Committee thus find that the Store not only makes its purchase through middlemen but also sales through middlemen. [S. No. 20 (Para 8.14) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The Super Bazar is running, on commission or agency basis, those sections, which were found uneconomical on direct management, or those which relate to specialised lines of business and services, for which the required expertise is not yet available to the Super Bazar. Under these arrangements the Super Bazar earns an assured and regular net income without its own capital investment to rise of loss. [Deptt. of Cooperation O.M. No. G.25015/1/71. GOP dated 11-4-72)].

Recommendation

The Committee were, however, informed that close check is exercised both on the price and quality of the goods sold or services rendered by the lessees. The Committee would like to stress that there should be a strict control in this regard in the interest of consumers. [S. No. 21 (Para. 8.15) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

A close check on both the price as well as the quality of the goods or services rendered, is maintained, as recommended. [Deptt. of Cooperation O.M. No. G. 25015/1/71, GOP dated 11-4-1972].

Recommendation

The Committee, find that some of the department run initially by the Store and on which losses were incurred such as 'canteen, fruit and vegetables', 'meat and fish', were let out on contract getting an assured income. It was pleaded before the Committee that "the basic proposition remains that with the given level of efficiency in any departmental organisation and motivation under the departmental arrangement there would be risk of loss on perishable commodities" and "if the system of sale is changed over to 'personal basis' the position becomes different". The Committee would like the position in this regard in a few well organised department stores in the country to be examined and intimated to them. They would also like Government to examine as to what incentive should be given or improvement made under the present system so that the employees may acquire a stake in the success of such departments. [S. No. 22 (para. 8.16) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

Cooperative department stores have had varying degrees of success in these departments, which have been found unprofitable in many cases. The authorities of the Super Bazar had felt that certain departments, including those dealing in certain perishable commodities and certain specialised services to the consumers, which involved greater chances of risk could best be run by approved parties, subject to their compliance with certain conditions relating to the quality of the goods and services and other matters, thereby assuring certain essential services to the consumers and assured income to the institution. These arrangements are, however, subject to review of the Managing Committee from time to time.

Incentive schemes for salesmen and other employees have been considered and adopted by some cooperative department stores, including the Super Bazar, Delhi, and are also periodically discussed and reviewed by its Managing Committee. (Deptt. of Cooperation O.M. No. G. 25015/1/71. GOP dated 11-4-1972).

Recommendation

The Committee are not clear as to whether the Commission realised from the contractors fully covered the proportionate expenditure on rent and other overheads incurred by the Store. During 1968-69, the commission realised in respect of Super Bazar at Connaught Circus was Rs. 5.14 lakhs for 18,850 sq. ft. of selling space occupied by private parties whereas the commission realised in respect of the Apna Bazars at INA Market and Patel Nagar was only Rs. 0.82 lakhs and Rs. 0.38 lakhs respectively for 5,372 sq. ft. and 6,705 sq. ft. of selling space occupied. It is thus obvious that the commission realised is not commensurate with the selling space occupied at least in the two Apna Bazars. The Committee would suggest that costing of expenses in respect of individual departments let out on contract should be done to determine whether any loss is incurred by the Store. After knowing the individual profitability thus it should be examined whether it is worthwhile continuing the contracts in respect of departments which do not pay as recommended by the Committee earlier in this report. [S. No. 23 (para 8.17) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The location of the branches at I. N. A. Market and Patel Nagar is not sufficiently attractive for private parties to start business there on commission basis. Efforts are being continued by the Super Bazar, authorities to increase the amount of commission earnings at these branches.

Apart from commission as a fixed percentage of sale, a daily minimum is also prescribed for these sections, with due regard to the space occupied by them and the nature of their business. Besides, offers and quotations are invited from parties by advertisement and the best available offer is accepted. However, the observations of the Committee have been noted by the Super Bazar authorities.

(Deptt. of Co-operation O.M. No. G. 25015/1/71, GOP dated 11-4-72)

Recommendation

The overhead expenses of the Store other than those relating to

"salaries and wages" and "rent" jumped from 2.7 per cent of the sales turnover in 1966-67 to 5.5 per cent in 1967-68 and again rose to 6.4 per cent in 1968-69 as against the norm of 2 per cent formulated by the Ministry. The Committee would like to emphasise that there should be strict control over these expenses and for this purpose it is advisable to have norms prescribed for each component thereof. The Committee feel that there is ample scope for economy especially on 'administrative expenses' and 'interest' [S. No. 24 (para 9.2) of Appendix IX to 10th Report (Fifth Lok Sabha)]

Action taken

Measures have been taken by the Super Bazar authorities to bring down the administrative expenses by effecting economy. With the reduced level of bank borrowings during the current year. The expenditure on account of interest charges is also expected to come down. The feasibility of fixing norms for each component of the overhead expenses is being examined by the Super Bazar authorities who have noted the Committee's observations in this regard for guidance. [(Department of Co-operation O.M. No. G. 25015/1/71 GOP dated 11-4-1972)]

Further Information

The following targets for income and expenditure have been set for the Super Bazar for the cooperative year 1971-72:—

	As percentage of sales
Gross profit	10%
Misc. receipts	4%
Total income	14%
Establishment expenditure	6.14%
Rent	2.51%
Interest	1.14%
Others	4.13%
Total overhead expenditure	13.92%
Net profit	08%

The Super Bazar is making efforts to maintain the income and expenditure in this proportion to the extent possible. The position will be reviewed by the Managing Committee on the basis of the

results for the cooperative year ending June, 1972. (Deptt. of Cooperation O.M. No. G. 25015|1|71 GOP, dated 26-5-72).

Recommendation

The Committee are distressed to note the thoughtless over-staffing of the Store. That the number of staff which was 1167 in August, 1966 with only the Super Bazar at Connanght Circus functioning could be progressively brought down to 891 in July 1970 with the addition of two Apna Bazars besides a number of new departments, shows the extent of overstaffing at the beginning. It is interesting to note that even this reduced strength of 891 contains a surplus of 74 employees. The Committee would like Government to take very early steps to eliminate the surplus staff. [S. No. 25 (Para 9.15) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken:

The Super Bazar has taken steps to eliminate the surplus staff. The total staff strength was further brought down to 863 by December, 1971. Besides, two new branches were opened, at Safdarjung and Willingdon Hospitals without recruiting additional staff excepting two qualified pharmacists, which was obligatory for the Drugs and Medicines Section. (Department of Corporation O.M. No. G. 25015|1.71. GOP dated 11-4-1972).

Recommendation

The Committee find that the strength of non-selling staff increased from 162 in August, 1966 to 299 in July, 1970 whereas there was reduction of selling staff from 793 to 473. It was explained as partly due to reclassification of posts. According to Audit paragraph the sales per salesman per day were Rs. 214.31 only as against the norm of Rs. 300 to Rs. 400 depending on the nature of business activity. As correct classification of personnel into selling and non-selling is necessary to apply the norm of sales, the Committee would suggest that it should be carefully examined and guiding criteria laid down to keep the non-selling staff to the minimum. [S. No. 26 (Para 9.16) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The suggestion has been noted by the Super Bazar. (Department of Cooperation O.M. No. G-25015|1|71-GOP dated 11-4-1972).

Further Information

The Super Bazar authorities have stated that they have classified their staff in the following four broad categories:

- (i) Those engaged in administration, accounting, audit and other office work.
- (ii) Those directly engaged in selling of goods.
- (iii) Those engaged on purchasing, processing, maintaining stocks in central stores and issuing them.
- (iv) Those engaged on repair, maintenance, watch and ward, and security.

The category at (iii) above are not directly engaged in sales but they undertake work preparatory to sales. The Super Bazar authorities have already decided not to recruit any more selling or non-selling staff, except technical personnel like qualified Pharmacists required for new drugs and medicines shops that may be opened. (Department of Cooperation O.M. No. 25015/1/71 GOP dated 26-5-1972).

The wage bill of the Store increased from Rs. 24.47 lakhs in 1966-67 to Rs. 28.66 lakhs despite reduction in number of staff, due to rise in wages. The percentage of establishment expenditure on sales was as high as 7.39 per cent in 1968-69 compared to the norms of 3 per cent. The Committee would like Store to take suitable measures to rationalise further the strength of staff so that the sale per salesman comes upto the norm of Rs. 300-400 per man. [S. No. 27 (Para 9.17) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The recommendation has been noted by the Super Bazar. Some measures taken to reduce the number of its staff are mentioned against para 9.15 above. Although considerable economy has since been effected by reducing the number of the staff of the Super Bazar, some increase in wage bill has also taken place because of obligatory implementation of the award of the Arbitrator about payment of additional dearness allowance with every ten point increase in the price index. (Deptt. of Cooperation O.M. No. G. 25015/1/71. GOP dated 11-4-1972).

Recommendation

According to Audit paragraph the rent liability of the Store works out to 2.6 per cent of sales as against the norm of 1 per cent. The

Committee closely examined the plea of high rent liability in respect of the Super Bazar at Connaught Circus. The Store is paying to the N.D.M.C. for this building Rs. 5 lakhs per annum plus 1 per cent of the gross sales. Thus the rent will be invariably more than the norm of 1 per cent of the sales. Acceptance of the fixation of rent *ab initio* was, therefore, not well advised. [S. No. 28 (Para 9.32) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

As stated against Para 4.15 above, the question of purchases of the Pant Super Market building, at Connaught Circus, or revision and rationalisation of its terms and conditions of lease has been taken up with the N.D.M.C. for the period beyond the 26th June, 1971, when the original lease period expired. The Managing Committee of the Super Bazar has constituted a Sub-Committee to negotiate with the N.D. M.C. in this matter. (Deptt. of Cooperation O.M. No. G. 25015|1|71, GOP dated 11-4-1972).

Further Information

The main points for negotiation between N.D.M.C. and the Sub-Committee constituted by the Super Bazar Managing Committee, apart from the question of purchase of the building, are as follows:—

- (i) A fixed rent for the Pant Super Market building should be agreed upon, instead of the present rate of Rs. 5 lakhs per annum plus 1 per cent of the gross sales;
- (ii) Super Bazar should be allowed greater freedom in regard to utilisation of the accommodation, as for example, sharing it with institutions having close business dealings with them, like branch of a commercial bank which offers cash credit facilities, the National Cooperative Consumers' Federation, and the National Agricultural Cooperative Marketing Federation, which make bulk supplies of certain goods;
- (iii) Super Bazar should be free to utilise the outer walls of the building and other areas for increasing its income through hoardings, advertisements etc.
- (iv) While major repairs should remain the responsibility of N.D.M.C., Super Bazar may carry out annual repairs and maintenance of the building (including lifts), for which an equivalent of one month's rent in a year should be allowed by N.D.M.C.

(v) The new lease should be for a period of 10 years, with provision for further extension;

(vi) Other related matters. (Department of Cooperation O.M. No. G. 25015/1/71. GOP dated 26-5-1972).

Recommendation

At the present level of sales in the Super Bazar at Connaught Circus, the rate of rent per sq. ft. per month works out to about 60 paise which in the Committee's opinion cannot be regarded as high considering the locality. The Committee, therefore, feel that the high rent liability which is of the order of Rs. 8 lakhs per annum is not entirely on account of high rate of rent but mainly due to surplus space occupied by the Store. It is seen from a study report (1970) that by a proper rationalisation of the selling space and correlating space to sales it may be possible to release surplus space of about 60,000 sq. ft. As it has been explained that surrender of a portion of the building and its occupation by independent parties would interfere with the business of the store and create problems of security, the Committee would suggest that the Store might consider vacating entirely two or more floors of the building for occupation by any related Government Department/Nationalised Institution in need of accommodation. [S. No. 29 (Para 9.33) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The suggestion has been noted by the Super Bazar, and possibilities of utilising surplus space in the manner recommended by Public Accounts Committee are being explored by its Managing Committee. (Deptt. of Cooperation O.M. No. G. 25015/1/71. GOP dated 11-4-1972).

Further Information

The Super Bazar authorities have intimated that proposals for allotting space, surplus to the requirements of the Connaught Circus Branch, to the National Cooperative Consumer's Federation and the National Agricultural Cooperative Marketing Federation, are under negotiation with the institutions concerned. Efforts are being made by them to utilise the surplus space in other ways also, as for example, some space has been given to a travel agency, and a hall is being utilised for exhibitions and similar activities. (Department of Cooperation O.M. No. G. 25015/1/71—GOP dated 26-5-1972).

Recommendation

The Committee have dealt with the surrender during 1967-68 of 76 out of 224 shops hired by the Store near I.N.A. Colony and the question of settlement of dues of the Store, in their 5th Report (Fifth Lok Sabha). They find that after this surrender in the Apna Bazar, I.N.A. Market, the Store itself occupies a selling space of 31,578 sq. ft. in 1969-70 and the commission agents occupy 6,380 sq. ft. According to the Study Report (1970) there is a scope for releasing further surplus space of 5 to 6 thousand sq. ft. in this unit of the Store. The Committee would like Government to release forthwith or put to economic use the surplus accommodation. [S. No. 30 (para 9.34) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

Ways and means for utilising the surplus accommodation are under active consideration of the Super Bazar authorities [Department of Cooperation O.M. No. G. 25015-171. GOP dated 11-4-72].

Further Information

The Super Bazar authorities have stated that negotiations are in progress with the Syndicate Bank and a Travel Agency for allotment of surplus space to them in I.N.A. Branch. Part of the available surplus space is also proposed to be utilised by Super Bazar authorities for setting up spices powdering and *atta chakki* units, plans for which are being finalised by them. [Deptt. of Cooperation O.M. No. G-25015-171—GOP dt. 26-5-72].

Recommendation

Yet another instance of unauthorised construction of a shed in a vacant space in the Connaught Circus Branch which had to be handed over to the N.D.M.C. involving avoidable expenditure of Rs. 46,816 has been reported by the Chartered Accountants. The necessity for this construction when the Store had already surplus accommodation and the action taken against the officials responsible may be reported to the Committee. The Committee hope that such acts of indiscretion will not be committed in future. [S. No. 32 (para-9.36) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

It appears that the shed was constructed in the vacant space adjacent to the Connaught Circus Branch for being used initially as storage and clearing space for vegetables and later as additional

self-service area attached to groceries and toiletries Departments, which are usually visited by a large number of customers. This site appears to have been chosen as it was contiguous to the Groceries and Toiletries Departments, and was on the ground floor which is more suitable for these activities. The surplus accommodation was on the upper floors. Super Bazar authorities have noted the observation of the Committee. [Department of Cooperation O.M. No. 25015/1/71. GOP dated 11-4-1972].

Recommendation

The Committee regret to find that the maintenance of quantity and value accounts of stock has been neglected badly. The Chartered Accountants have been drawing attention to this vital deficiency in their successive reports on the audit accounts of the Store. The Committee hope that necessary action will be taken forthwith to improve the stock accounting. [S.No. 33 (para 10.18) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

Stocks can be divided into two parts: (a) those held in the central store; and (2) those held at the sales counters. Commodity-wise stock accounts (in quantity and value) are maintained in the central store. As Super Bazar deals in over 50,000 items, the accounts of the counters are maintained on the basis of value of the total stock held. Efforts to improve the system of stock accounting are being continued, in consultation with the auditors. [Department of Cooperation O. M. No. G. 25015/1/71. GOP dated 11-4-1972].

Recommendation

The Committee find that there has been considerable overstocking of certain goods. Old stock in selling areas has not been identified. The Committee wish that in addition to improving stock accounts minimum and maximum reordering levels should be prescribed so as to have effective inventory control. [S. No. 34 (Para 10.19) of Appendix IX to 10th Report (5th Lok Sabha)]

Action taken

The suggestions have been noted by the Super Bazar authorities. [Department of Cooperation O.M. No. G. 25015/1/71 GOP dated 11-4-1972].

Further information

The Super Bazar authorities have stated that the stock level has been reduced from about 101 lakhs at cost to about Rs. 79 lakhs over the past three months (December 1971 to February, 1972), by closely reviewing the stock turn rate for various departments and exercising strict control over re-ordering and purchases. The Super Bazar authorities have stated that since at present they are engaged in making special efforts to increase sales, which are fluctuating, it may not be advisable at this stage to fix rigid limits for maximum and minimum stock level and level of re-ordering. The position will, however, be reviewed by its managing Committee after the working results for the Cooperative year 1971-72 are available. [Deptt. of Cooperation O.M. No. G. 25015/171. GOP dated 26-5-72].

Recommendation

The Committee are concerned to find that there has been no systematic segregation of old, defective and damaged stock lying with the store as well as in selling areas. This is all the more important in the case of groceries and toiletries departments as these are to be replaced by the suppliers. The Committee, however, find that such stocks to the extent of about Rs. 10 lakhs in the household readymade and textile departments have been reduced to Rs. 2.5 lakhs and that the damaged goods replacement cell which started functioning with effect from December, 1968 is pursuing the replacement of stocks wherever necessary. The Committee trust there will be better control in future. [S. No. 35 (para 10.20) Appendix IX to 10th Report (15th Lok Sabha)]

Action taken

The Committee's observation has been noted by the Super Bazar authorities who are taking action to improve inventory control, and also introduce "date marking" of stocks in order to identify them all. [Department of Cooperation O.M. No. G. 25015/171 GOP dated 11-4-72].

Recommendation

The Committee are not happy over the present arrangement for dealing with cases of shop lifting. At present the alleged offenders are fined by the Store upto five times the value of the goods. The Committee were informed that a sum of Rs. 5,775 has been collected as fine upto 1969-70 in respect of 902 cases. The Committee do not

approve of imposing fines without due process of law.

[S. No. 37 (para 10—22) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The observation of the Committee in this regard has been noted by Super Bazar. [Deptt. of Cooperation O. M. No. G.25015/1/71. GOP dated 11-4-1972].

Recommendation

The Chartered Accountants have brought out in their reports various cases of mis-appropriation of stores by the employees. In some cases resignation to persons have been accepted without finalising disciplinary proceedings. The Committee do not appreciate any leniency being shown towards delinquent officials and they are of the view that no true trade unionism will stand in the way of checking pilferage and misappropriations. There are as many as 26 cases of pilferages/shortages for which staff were held responsible. The Committee hope that these cases will be pursued vigorously with a view to recovering the amounts and finalising disciplinary action. The Store should also consider obtaining sufficient security from the staff handling stores. [S. No. 38 (para 10.23) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

Suitable action against the delinquents is being taken by the Super Bazar in all cases of pilferages/shortages, by the employees, coming to their notice. The suggestion regarding obtaining security has been noted by the Super Bazar authorities. [Department of Cooperation O. M. No. G. 25015/1/71. GOP dated 11/4/1972].

Further information

The staff handling stores and the cashiers in the Super Bazar are required to furnish a cash security of Rs. 2,000 each. The salesman are required to furnish a cash security equivalent to half a months salary. [Department of Cooperation O. M. No. G. 25015/1/71 GOP dated 26-5-72].

Recommendation

As the shortages/pilferages are stated to be lower in the self service department which also accounts for low cost of staff, the Committee suggests that the possibility of extension of the self

service system to cover more departments might be considered by the Store. [S. No. 39 (para 10.24) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The Super Bazar has noted the suggestions of the Committee. [Department of Cooperation O.M. No. G-25015/171.GOP dated 11-4-1972].

Recommendation

One more area of weakness of the store is Accounting. The Committee are at a loss to understand how even after four years of functioning of the Store the accounts have not been put on scientific basis. The arrears in the compilation of accounts are yet to be pulled up. It is surprising to find that the Internal Audit Unit was formed only in September, 1968. The Committee hope that the deficiencies in the accounting system will be attended to with well-defined targets so that it may become an effective management tool for plugging the loopholes in the organisation before long.

[S. No. 40 (para 11.18) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

Steps have been taken by the Super Bazar to remedy deficiencies in accounting. The arrears in compilation of accounts have since been cleared. The accounts for the cooperative year ended June 30, 1971, were compiled by October, 1971. [Department of Cooperation O.M. No. G. 25015/171. GOP dated 11-4-72].

Recommendation

The Committee take a serious view of the absence of prompt action to regularise short deposits of cash. Out of shortages amounting to Rs. 37,209 (Rs. 45,792 according to Audit) a sum of Rs. 29,021 has been recovered upto 30th June, 1970. The Committee wish that stringent action is taken against persons responsible. Adequate security should be obtained in future from staff handling cash. [S.No. 41 (para 11.19) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

Out of the balance amount of Rs. 8,188, mentioned by the Committee, an amount of Rs. 1,516.96 has since been recovered by the Super Bazar authorities, from the persons responsible. Further action is being taken by the Super Bazar in regard to the remaining amount.

A system of cash control has since been introduced by the Super Bazar authorities, whereby the sales for each department are computed separately in the Accounts Department and compared with the actual cash remitted. Shortages, if any, are recovered from the persons responsible. Cash security and fidelity bonds are obtained from the Cashiers. The Super Bazar authorities have noted the observation of the Committee that stringent action should be taken in cases of this nature, which can be done where individual responsibility is fixed. [Department of Cooperation O.M. No. G. 25015/171. GOP dated 11-4-1972].

Further Information

According to the existing system of cash collection, the cashiers deposit the cash every evening. Each cashier is entrusted with a fixed amount of imprest. At the close of the day, the cashier deposits the entire collection less his imprest. The tallying is done the following day. If any shortage in cash is detected, the concerned cashier is asked to make good the shortage. In all cases the short deposits are recovered; hence the need for stringent action has not arisen. However, in cases of repeated default, the persons concerned are warned. Cases relating to the earlier period are being pursued by the Super Bazar authorities, as already stated. [Department of Cooperation O.M. No. G. 25015/171. GOP dated 26-5-1972].

Recommendation

The Committee find that for remodelling the interior of rented buildings at Connaught Circus (cost Rs. 14.54 lakhs) and I.N.A. Colony (cost Rs. 7.22 lakhs) and designing and supervision of construction works for the Patel Nagar branch (cost Rs. 13.74 lakhs), the management appointed a firm of architects on a fee of 10 per cent of the cost of re-modelling works and 8 per cent of that of construction works. The total claim of the architects was for Rs. 3.32 lakhs of which they had agreed to forego fee to the extent of Rs. 32,568. There was no written agreement with the architects. The Committee consider the rates of fee paid to the architects to

be excessive. While the Committee appreciate that there was no time to call for tenders in view of the extreme urgency with which the work had to be attended to, they do not find any reason why the management did not attempt to check up the reasonableness of the rates in consultation with CPWD. [S.No. 43 (para 12.8) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The Committee's observations have been noted by the Super Bazar for future guidance. [Department of Cooperation O.M. No. G. 25015/1/71. GOP, dated 11-4-1972].

The records of the Super Bazar do not throw any light on this subject. However, it appears that, as a cooperative institution they did not consider it obligatory to consult the C.P.W.D. in the matter, especially as the works had to be taken in hand at short notice and completed within a very short time, and also because the reasonableness of the rates offered by the firm of architects was certified by the President of the Indian Institute of Architects.

[Department of Cooperation O.M. No. G.25015/1/71 GOP dated 26-5-72].

Recommendation

For re-modelling works at the Connaught Circus and INA Colony no detailed estimates were prepared either by the architects or by the management. The architects awarded the works to a firm of contractors without inviting tenders on the understanding that the latter would carry out the works on the same terms and conditions on which they had carried out similar works for the Central Cottage Industries Emporium, New Delhi, although the volume of work executed in the Store was about 7 to 12 times more than that in the Emporium. The Committee also note that the rates for extra items of work not mentioned in the agreement with the Emporium were fixed by the architects. The Committee do not think that it was correct to allow the architects to fix the rates for the work when their fee depend on the cost of the work. In their opinion the management did not serve the financial interest of the Store in entering into such an arrangement with the architects which is sought to be justified on the grounds of urgency. [S. No. 44 (para 12.9) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The Committee's observations have been noted by the Super Bazar for future guidance. [Department of Cooperation O.M No. G.25015|1|71|GOP, dated 11-4-1972].

Further Information

It appears that the Management felt that they could entrust the tasks of fixing the rates for the works also to the architects, who had carried out similar works, though of lesser volume, for the Central Cottage Industries Emporium, New Delhi, because the job had to be completed with great urgency. The observations of the Committee have, however, specifically been brought to the notice of the Managing Committee of the Super Bazar for future guidance. [Deptt. of Cooperation O.M. No. G25015|1|71. G.O.P. dated 26-5-1972].

Recommendation

According to the Audit paragraph the rental income of sale of advertisement space (wall panel and show windows) was Rs. 0.31 lakh in 1966-67 Rs. 0.79 lakh in 1967-68 as against the estimated income of Rs. 12 lakhs per annum. This has subsequently risen to Rs. 2.5 lakhs in 1969-70. The Committee would like the procedure in this regard to be streamlined and the revenue augmented. [S. No. 45 (para 12.13) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The procedure for letting out advertisement space is being streamlined by the Super Bazar authorities and steps are being taken by them to augment revenue on this item. Sometime back the Super Bazar introduced a new step for augmenting its income through advertisement, on the lines of the commercial advertising of the All-India Radio, by taperecording commercial announcements about important brand articles, on realisation of advertisement charges from the beneficiary firms. [Departt. of Cooperation O.M. No. G. 25015 1 71. GOP dated 11-4-1972].

Recommendation

In the wake of devaluation, the Government of India formulated a scheme for the promotion of consumer cooperative department stores in large urban areas in order to make a tangible impact on

the distributive trade and to arrest trend of rising prices. The Super Bazar at New Delhi is a pioneer among all the cooperative department stores in the country. The Committee would like to record that the concept of Super Bazar is a laudable one. They have a vital role to play in the stabilisation of prices of consumer articles in the interest of the common consumer. The Committee have no doubt that if organised and conducted with prudent, vigilance and imagination the Super Bazar can become commercially viable institutions of great service to the community. [S. No. 46 (para 13.1) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The Committee's observations have been noted. [Deptt. of Cooperation O.M. No. G-25015/171. GOP dated 11-4-1972].

Recommendation

The New Delhi Super Bazar was opened about five years ago with great enthusiasm and high hopes. There is no denying the fact that the Super Bazar did make an impact on prices of consumer goods in the beginning. However, after reviewing the working of the Store over the past four years, the Committee cannot resist a feeling that the difficulties now being faced by the store are the result of gross over staffing, lack of realistic and prudent planning and mismanagement during the formative period. [S. No. 47 (para 13.2) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The observation have been noted and remedial measures are being taken by the management of the Super Bazar. [Deptt. of Cooperation O.M. No. G-25015/171. GOP dated 11-4-1972].

Recommendation

While the role of the Super Bazar is generally recognised and appreciated, the question that often exercises the public mind is its continuing losses and unimaginative operation. In the earlier chapters of this Report the Committee have tried to focus attention on the various drawbacks and shortcomings observed by them in the working of the Super Bazar and have made suggestions for their correction. They hope that Government would take appropriate remedial measures for improvement of operations including rationalisation of staff strength and strict action against the persons responsible for mismanagement and other specific lapses. [S. No. 48 (para 13.3) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The suggestions made by the Committee have been conveyed to the Super Bazar and noted by it. The Super Bazar authorities have also been advised to take urgent remedial measures, and follow up action. [Deptt. of Cooperation O.M. No. G-25015/1/71. GOP dated 11-4-1972].

Recommendation

As pointed out in an earlier portion of this Report, there is urgent need for transforming the Super Bazar which at present is a Government sponsored and financed organisation into a genuine cooperative which will be supported, financed and managed by the elected representatives of the voluntary members. It should be the constant endeavour of the Super Bazar to increasingly win the confidence of the consumers through keener and more efficient salesmanship and service. The Store is expected to make best possible use of the additional financial assistance recently given by the Government and function as a viable unit. It should endeavour to become a watchword for guaranteed quality of goods at most competitive prices. It should in fact provide the 'best buy' in the town. In short, the Super Bazar should aim at becoming a model store for quality of goods reasonableness of prices, prompt, efficient and courteous service, awed by unscrupulous traders eager to exploit the shortages—real or artificial of consumer goods and as a source of inspiration to similar cooperative consumer stores in the country. [S. No. 49 (para 13.4) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

These observations and recommendations have been noted by the Super Bazar and the management has been advised to continue efforts to develop Super Bazar on the lines indicated. [Deptt. of Cooperation O.M. No. G-25015/1/71. GOP dated 11-4-1972].

CHAPTER III

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

Recommendation

The Committee are surprised to note that 14,406 Kgs. of sub-standard quality of walnuts which was in excess of 3 years' requirements was procured resulting in a loss of Rs. 36,000. The Committee are not able to appreciate how walnuts which are known to become rancid with time, were purchased in such grossly excessive quantities. The Committee are informed that the Department Manager concerned has been warned. Apart from the adequacy of disciplinary action, the Committee would like to be informed of effective measures, if any, taken to obviate recurrence in purchase of such like goods. [S. No. 15 (para 6.12) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

This is a case of over-stocking, which took place in the early stages of the working of the Super Bazar, when exact estimate of requirements could not be made. The need for exercising strict inventory control and avoiding over-stocking has been stressed on the Super Bazar authorities, who have also issued instructions to the personnel of their Purchase Department to exercise greater care and vigilance in the purchase of such goods. In the circumstances, the action taken against the Department Manager concerned may be deemed to be adequate. [Deptt. of Cooperation O.M. No. G. 25015/1/71. GOP dated 11-4-1972].

Recommendation

The Committee note that the unsuccessful experimentation with the mechanisation of accounts cost the Store Rs. 6.42 lakhs. They would like to know how the scheme was embarked upon despite the objection of the Chief Accounts Officer and without ensuring adequate number of experienced personnel to operate the machines. [S. No. 42 (para 11.26) of Appendix IX to 10th Report (5th Lok Sabha)].

Action Taken

The views expressed by the Chief Accounts Officer were taken into account by the Management before deciding to introduce a mechanised system of accounting, which is appropriate for a modern retailing institution of a large size. However, according to the Super Bazar authorities, the system did not produce the desired results due to technical deficiencies and the attitude of a section of the staff who were against this system. [Deptt. of Cooperation O.M. No. G. 25015|1|71. GOP dated 11-4-1972].

CHAPTER IV

RECOMMENDATIONS|OBSERVATIONS IN RESPECT OF WHICH REPLIES HAVE NOT BEEN ACCEPTED BY COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation

The Committee do not think that the Store should aim at being a one-stop shopping centre for the entire range of goods rather than supplying the essential consumer goods at reasonable prices. They, however, find that a number of new departments such as 'transistor', 'toys and sports goods', 'furniture' etc, have been added to the store in addition to giving on contracts departments such as 'electric repair', 'optical', 'photography' etc; but barring the 'footwear' department which yielded a very small profit all the other departments in the store are running in loss. The Committee would suggest that the departments which do not deal in essential commodities and on which considerable losses are incurred should be investigated to determine whether it is worthwhile continuing them. The results of such investigations and remedial action taken should be intimated to them. [S. No. 9 (para 4.17) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The margin of profit in essential commodities like foodgrains, groceries etc. is considerably less than in other goods. However, the observations of the Committee have been noted by the Super Bazar authorities, who will continue to review the working of various departments and take appropriate remedial steps where necessary. [Deptt. of Cooperation O.M. No. G. 25015:171. GOP dated 11-4-1972].

Further information

The working results of all the departments are reviewed every quarter and are shown in the quarterly audit reports. The reviews reveal that the losses incurred by the departments which deal in non-essential items, are not such as to warrant their closures, as their gross earnings are considerably higher than those of the departments dealing in essential commodities. [Department of Cooperation O.M. No. G.25015:171.GOP dated 26-5-1972].

Recommendation

Admittedly it was somewhat a tall claim that the department stores would hold the price line. An expert of the International Labour Organisation has also stated 'bluntly' that "this is an impossible thing to expect of them." The prices of consumer goods have been going up due to increase in manufacturing costs. The Committee were, however, informed that the store was following an "active price policy" which meant selling goods at slightly less than the market prices. But they find from the fortnightly data collected in the months of June-July, 1970 that in the case of quite a few consumer goods the prices of the Store, far from being lower, were consistently higher than the market prices over a considerable period. The Committee would like to know the reasons for this phenomenon and whether such disparities which run counter to the *raison d'etre* of the store, have been brought out in the weekly market surveys avowedly conducted to make necessary adjustments in the prices to relate them to prevailing market rates. The Committee find that paradoxically enough, the store instead of leading the market finds itself being led. [S. No. 10 (para 5.12) of IX to 10th Report (5th Lok Sabha)].

Action taken

Prices quoted by the Super Bazar are, by and large, slightly less than those quoted by the private trade, for comparable qualities of goods. The reasons why Super Bazar prices of certain groceries items could sometimes be higher than the market prices are mainly that the Super Bazar sells them pre-cleaned, laboratory tested, and hygienically pre-packed, and maintains a high standard of quality. Besides notice has also to be taken of the fact that there is considerable evasion of sales-tax, terminal tax, etc. along with adulteration, sale of spurious and sub-standard goods, underweighting and other malpractices, on behalf of some sections of the private trade. These are scrupulously avoided by the Super Bazar, which also pays all taxes in full and complies with labour laws, and other rules and regulations applicable to shops and commercial establishments.

The periodical Market Surveys conducted by the Super Bazar bring out the disparities in prices, and, on the basis of the surveys, necessary price adjustments are made. [Department of Cooperation O.M. No. G.25015/1/71. GOP dated 11-4-1972].

Further Information

Similar disparities have been brought out in the market survey reports of the Super Bazar for June and July, 1970. The matter was specifically considered in June, 1970, and it was decided not to reduce the prices. As already stated, Super Bazar maintains a high standard of quality and sells these goods pre-cleaned and pre-packed. [Deptt. of Cooperation O.M. No. G. 25015/1/71. GOP dated 26-5-1972].

CHAPTER V

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

Recommendation

The Committee find the audit of purchase bills presented difficulties in the absence of regular terms and conditions of purchases in all cases for the third year in succession during 1968-69. The Chartered Accountants have reported that instances of discrepancies between the terms and conditions wherever available and those given in the supplier's bills checked by the Department Managers, have been pointed out to the management. The Government have, however, stated that specific instances have not been pointed out. The Committee wish that the matter should be sorted out with the auditors and a review made to ascertain whether any recoveries are due for non-compliance with the terms and conditions by the suppliers. Suitable action should also be taken for the ineffective check by the Department Managers. [S. No. 14 (para 6.11) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

Purchase orders are now being issued by the Super Bazar authorities, indicating the terms and conditions governing rate, quantity, date of supply etc, and bills are passed for payment after they are checked with the purchase orders by the Department Managers and by the Accounts Department.

The review envisaged in the recommendation will be conducted by the Super Bazar authorities in consultation with the auditors [Department of Cooperation O.M. No. G.25015/171. GOP dated 11-4-1972].

Recommendation

The Committee are surprised to find that the Store constructed a pucca building costing about Rs. 15 lakhs on a land taken on lease from the D.D.A. on a year to year basis. The D.D.A. have objected to this and wanted the super structure to be removed as the land was required for their own developmental purposes. The Committee

were informed that the matter would be taken up with D.D.A. to allow the Store undisturbed in the building to save loss. The Committee may be apprised of the outcome. Incidentally, the Committee find that the Store, carries a surplus space of about 25,000 sq. ft. in this unit (Apna Bazar, Patel Nagar) too, the proposed utilisation of which may be intimated. [S. No. 31 (para 9.35) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

The matter has been taken up with the Lt. Governor, Delhi Administration and the Chairman, D.D.A., with the request to allow the Super Bazar to continue to occupy the building until it is provided with alternative accommodation in the proposed shopping complex. The matter is being pursued with the authorities concerned for settlement.

The surplus accommodation in the Patel Nagar building has since been given for utilisation by the Defence Ministry and the Syndicate Bank. [Department of Cooperation (O.M. No. G.25015 1 71.GOP dated 11-4-72)].

Recommendation

The store has been facing the menace of shortages aggregating about Rs. 22 lakhs during 1966-67 to 1968-69 which account for more than two-fifth of the losses incurred by the Store during these years. The Committee do not think that the correct position of shortages has been ascertained in the absence of reliable stock accounts over these years. The Committee wish that norm should be fixed on realistic basis for driage, leakage, spillage etc. and that surprise check of stock together with stricter security measures undertaken to provide for deterrent effect on pilferages. The Store should also analyse pilferages department-wise and ensure a tightened control in specific departments where pilferage are more. [S. No. 36 (para 10.21) of Appendix IX to 10th Report (5th Lok Sabha)].

Action taken

Steps have been taken to keep strict vigilance over losses on account of shortages due to pilferage etc. The various steps taken by the Super Bazar, including the appointment of an officer of the rank of Dy. Superintendent of Police as Security Officer, on deputation from the Delhi Administration, has progressively brought down the losses from year to year. The Super Bazar, has however, been advised to further improve the position in this respect. The Com-

mittee's recommendation regarding fixing norms for driage, leakage etc. has been noted by the Super Bazar authorities, as also regarding department-wise check on pilferages. [Department of Cooperation O.M. No. G.25015/1/71. GOP dated 11-4-1972].

Further Information

Studies to determine the extent of loss incurred on account of driage, leakage, etc. in respect of some of the spices processed in Super Bazar have been conducted by them. Similar studies in respect of other commodities will also be conducted, and, after the results have been obtained, the Super Bazar authorities will fix suitable norms for the purpose.

NEW DELHI;

November 23, 1972

Agrahayana 2, 1894 (S).

ERA SEZHIYAN,
Chairman,

Public Accounts Committee.

APPENDIX

Summary of main Recommendations/Conclusions

Sl. No.	Para No.	Ministry/Deptt Concerned	Recommendations/Conclusions
1	2	3	4
1	1 4	Ministry of Agriculture (Dept. of Co-operation)	The Committee hope that final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.
2	1 8	—Do—	The Committee desire that Government should keep under constant watch the progress made by the Store in increasing membership and share capital as suggested by the Committee so that necessary measures could be taken if the progress is not found satisfactory.
3	1 11	—Do—	The Committee would like Government to have a close and constant watch on the financial position of the Store particularly in regard to repayment of Government loans and building up of its own working capital.
4	1 14	—Do—	The Committee note that due to the corrective steps taken, the gross profit of the Store has shown improvement. They would, however, like Government to keep under constant watch the impact of the measures taken by the Super Bazar on its working results.

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5. 1.18 —Do—

The Committee feel that Government's reply does not meet the point raised. They are of the view that trading in non-essential commodities would be justified only if it does not result in losses. The Committee, therefore, wish to reiterate that Government should investigate into the working of Departments dealing in non-essential commodities which are incurring losses. They would like to be informed about the result of such investigation.

6. 1.22 —Do—

The Committee do not appreciate the approach of Government as brought out in their reply. They feel that keeping in view the object with which the Super Bazar has been started, its goods should not only be good in quality but should also be cheaper.

7. 1.25 —Do—

The Committee note that as suggested by them the Super Bazar authorities are going to make a review in consultation with the auditors, to ascertain whether any recoveries were due from suppliers for non-compliance with the terms and conditions of the supply. The Committee desire that this review should be expedited.

8. 1.28 —Do—

The Committee note that the Store has adopted various sales promotion measures and that it will continue to make efforts for increasing its sales. The Committee would like to know the extent of increase in sales as a result of these measures.

9. 1.31 Ministry of Agriculture (Deptt. of Cooperation) The Committee are not satisfied with the reply of the Government. They would like to reiterate that the impact of the mark up of prices on sales should be studied and optimum for each commodity fixed. The Committee would like to be informed of the outcome of study.
10. 1.34 —Do— The Committee would like to know whether their suggestions regarding periodical surveys of buying habits and changing preferences of consumers and an effective coordination between the selling and purchase departments have been implemented and if so with what results.
11. 1.37 —Do— The Committee had earlier suggested a study of a few well organised departmental stores in the country in regard to sale of such commodities as have been entrusted by the Super Bazar to the contractors. They would like to know whether such a study had been undertaken and if so the results of the study and the action taken thereon.
12. 1.40 —Do— The Committee would like to reiterate that the Store should find out whether the commission realised from the contractors is commensurate with the rent and other over-head charges paid by the Store for the space occupied by them and close such departments as add to the losses of the store surrendering space rendered surplus. They would like to be informed of the action taken in this regard.
13. 1.44 —Do— The Committee note that the Super Bazar had fixed targets for income and various items of expenditure in terms of percentage of sales for the cooperative year 1971-72 and that the position would
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be reviewed on the basis of the results. The Committee, however, find that the target of expenditure on establishment fixed at 6.14 per cent as against the prescribed norm of 3 per cent of sales was still on the high side and similarly the target of expenditure on overheads fixed at 5.27 per cent was much higher than the norm of 2 per cent of sales. The Committee desire that all efforts should be made to bring down the expenditure on these items.

14. 1.47 Ministry of Agriculture (Deptt. of Cooperation) The Committee note that the Super Bazar has taken steps to eliminate surplus staff. The staff strength which was reduced from 1167 in August, 1966 to 891 in July, 1970 has been further reduced to 863 by December, 1971. Besides, new branches have been opened at Safdarjang and Willingdon Hospitals without recruiting additional staff except two qualified pharmacists. The Committee desire that staff position should be periodically reviewed and surplus staff eliminated. 8
15. 1.51 —Do— The Committee note that the Super Bazar is trying to allot its surplus space in Connaught Circus Branch to the National Co-operative Consumer's Federation and the National Agricultural Co-operative Marketing Federation and that in its L.N.A. Branch to the Syndicate Bank and a Travel Agency. The Committee desire that efforts to allot surplus accommodation to these and other organisations should be vigorously pursued.

16. 1.54 —Do— The Committee would like to be informed of the action taken against the officers responsible for unauthorised construction of the shed in the Connaught Circus Branch.
17. 1.58 —Do— The Committee note that the stock level has been reduced by the Super Bazar from about Rs. 101 lakhs at cost to about Rs. 79 lakhs by February, 1972. The Committee hope that the Cooperative year, 1971-72 having already ended the working results relating thereto would be available. They would therefore, like the question of fixing minimum and maximum level of re-ordering to be reviewed early and the Committee informed.
18. 1.62 —Do— The Committee note that, as suggested by them, the Super Bazar has conducted the studies to determine the extent of loss incurred on account of driage, leakage, etc., in respect of some of the commodities and that similar studies in other commodities will also be conducted in order to fix norms. The Committee would like an early action to be taken to complete the studies and fix norms for various commodities.
19. 1.63 —Do— The Committee also desire that action should be taken to analyse pilferages department-wise to ensure tightened control in specific departments where pilferage has been on the high side.
20. 1.67 —Do— The Committee note that out of short deposits of cash amounting to Rs. 37,209 (Rs. 45,792 according to Audit) a sum of Rs. 30,538 have been recovered by the Super Bazar so far and that further action

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is being taken to recover the remaining amount. A system of cash control has also been introduced for the future. The Committee hope that stringent action would be taken in suitable cases relating to the earlier period where there were short deposits of cash.

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