

PUBLIC ACCOUNTS COMMITTEE
(1968-69)

(FOURTH LOK SABHA)

FORTY-FIRST REPORT

[Paragraph 41 of Audit Report (Civil), 1968, relating
to the Ministry of Home Affairs
Re: Avoidable Expenditure]



LOK SABHA SECRETARIAT
NEW DELHI

336.3951R January, 1969/Pausa 1890 (Saka)
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PART II*

Minutes of the sitting of the Public Accounts Committee held on
5-7-1968 (F.N.) and 24-1-1969 (F. N.)

PRESENTED TO LOK SABHA ON 18.2.1969

*Not printed (one cyclostyled copy laid on the Table of the House and five copies placed in the Library).

PUBLIC ACCOUNTS COMMITTEE
(1968-69)

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Shri M. R. Masani

MEMBERS

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3. Shri K. Anirudhan
4. Shri S. M. Banerjee
5. Shri C. K. Bhattacharyya
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- *20. Shri G. H. V. Momin
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SECRETARIAT

Shri Avtar Singh Rikhy—*Deputy Secretary.*

Shri K. Seshadri—*Under Secretary.*

*Declared elected on the 19th August, 1968 vice Shri M. M. Dharia resigned from the Committee.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, having been authorized by the Committee to present the Report on their behalf, present this Forty-First Report (Fourth Lok Sabha) on Paragraph 41 (Avoidable expenditure) of Audit Report (Civil), 1968, relating to the Ministry of Home Affairs.

2. The Appropriation Accounts (Civil), 1966-67 together with the Audit Report (Civil), 1968, was laid on the Table of the House on the 3rd April, 1968. The Committee examined the paragraph relating to the Ministry of Home Affairs at their sitting held on the 5th July, 1968 (FN). The Committee considered and finalised this Report at their sitting held on the 24th January, 1969 (FN). Minutes of the sitting of the Committee form part II* of the Report.

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

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

5. The Committee would also like to express their thanks to the officers of the Ministry of Home Affairs for the co-operation extended by them in giving information to the Committee.

NEW DELHI;
February 6, 1969.
Magha 17, 1890 (Saka).

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

*Not printed. (one cyclostyled copy laid on the Table of the House and five copies placed in the Library).

MINISTRY OF HOME AFFAIRS

AUDIT REPORT (CIVIL), 1968

Avoidable Expenditure

Audit Paragraph

In response to a request made by the Government of India in January, 1963 to acquire under the Defence of India Act, 1962 certain lands and buildings at Ajmer, belonging to five different parties, for the construction of quarters for Central Reserve Police Personnel, the Government of Rajasthan initiated action in March, 1963 to requisition the properties under Section 29 of the Act and possession thereof was handed over to the Deputy Inspector General, Central Reserve Police, Ajmer in April and October, 1963.

1.2. Further action to acquire the properties under section 36 of the Act was taken after nearly two years when in April, 1965 properties belonging to four out of the five parties were acquired. In the case of the fifth party private negotiations with regard to the sale of the property were initiated with the owner, instead of acquiring it straightway as was done in the other four cases, even though the property was urgently required by the Government of India. As the owner was not inclined to settle the price through negotiation, a notice to acquire the property belonging to him was served on 4th May, 1967, i.e. after about two years. Owing to delay in acquiring the requisitioned properties, Government had to pay rent under Section 30 of the Act; the rent paid upto 4th May, 1967 amounted to Rs. 1.05 lakhs. No construction work on these lands has been started so far (January, 1968).

[Paragraph No. 41, Audit Report (Civil) 1968].

1.3. From a note and copies of correspondence furnished to the Committee, it is seen that the Government of India addressed the State Government on 30th October, 1962 for the acquisition of these properties. The State Government directed the Collector, Ajmer on 13th November, 1962, under intimation to Government of India, to initiate proceedings under the Land Acquisition Act and notices under Section 4 of the Rajasthan Land Acquisition Act were thereafter issued on 14th December, 1962.

1.4. In the meanwhile, the Government of India decided at an inter-Departmental meeting held on 28th November, 1962 that the properties should be acquired under the Defence of India Act and this decision was communicated to the State Government on 11th January, 1963. During evidence, the Committee were informed that the proceedings under the Land Acquisition Act were withdrawn by the State Government in 1964.

1.5. The Committee enquired about the circumstances under which Government decided that the acquisition should be under the Defence of India Act and not the Land Acquisition Act. The Secretary, Ministry of Home Affairs replied, "This decision was taken towards the end of 1962. I have looked up the files, and I find that there was an inter-departmental meeting, and the decision was recorded that a request might be made to acquire the property under the Defence of India Act . . . The reasons are not mentioned in the file." The witness added, "There is no doubt at all that the property was urgently required for use. So acquisition under the Defence of India Act in the circumstances was justified. Whether the property should have eventually been acquired under the Defence of India Act or acquired under the normal land acquisition law is certainly a point that can be legitimately asked. If the matter had come to me, my preference would have been for acquisition under the land acquisition law in the normal way."

1.6. The Committee pointed out that Government had initiated formal proceedings for acquisition in the case of four parties, but had resorted initially to negotiation in the case of the fifth party, and enquired why two different procedures were adopted. The Secretary, Ministry of Home Affairs stated that they had received a letter from Rajasthan Government towards the end of 1962 to the effect that the fifth party was willing to transfer his properties to the Government by negotiation. The Home Ministry sent a reply in January, 1963, saying that the properties might be acquired under the Defence of India Act but, as an alternative, wanted the possibility of acquiring the property by negotiation on the basis of evaluation made by C.P.W.D. also to be considered in the case of the fifth party.

1.7. The Committee enquired whether there was anything on record to show that the other four parties were not prepared to negotiate. The witness replied that inferentially there was no such indication. The Committee wanted the matter to be checked up from the records. In a note, subsequently furnished to the Committee, it.

was stated by Government that "the question of negotiation was pursued only in the case of the (fifth) property on the indication given by the Government of Rajasthan. There is nothing on record to show that any effort was made to ascertain from the State Government whether any of the other parties were willing to negotiate."

1.8. The Committee enquired whether the fifth party was an influential person in Rajasthan, as even the question of issuing notice to him for the acquisition proceedings took a long time. The witness stated, "I must confess that I have no precise information. . . . I will certainly ascertain what positions he has held in Rajasthan and give the information." The Committee then pointed out that it was well known that this party was now a Minister in the Rajasthan Government.

1.9. On being asked whether the delay in sending the notice for acquisition to the fifth party was responsible for the extra payment pointed out in the Audit paragraph, the witness stated, "This matter was treated somewhat in a routine fashion, which I regret. It was not brought to my notice. If it had been brought to my notice, I would myself have said that either the matter should be settled by negotiation within a few weeks or we should go ahead and acquire. I would admit that there was a mistake here." The witness added, "looking at the old papers the impression I got was that the matters which should have been dealt with a sense of purpose and some understanding was handled in a routine fashion."

1.10. The Committee pointed out that, if the Government had issued the notification in 1963, the fifth party would have been able to claim only on the basis of the market price prevailing at that time but that, having issued the notification in 1967, Government were bound to pay him at the market price prevailing in 1967. The Committee then enquired what prevented the Government from making the first notification in 1963, declaring their intention or resolve to take the property, and settling the price afterwards by negotiation. The witness stated, "I think your observation, if I may say so, is perfectly correct. The delay that had taken place in these negotiations may involve Government having to pay larger amount as compensation than would have been the case if the property had been acquired in the normal way. . . . I think it was a mistake to allow the negotiations to drag on. They should have clinched the matter within a reasonable time. It should not have been handled like that."

1.11. The Committee enquired whether the first proceedings under the Land Acquisition Act were abandoned because the properties of

the fifth party would have otherwise been acquired at the 1962 price level. The witness stated, "I can only say, in my judgment it was absolutely wrong to allow the proceedings to drag on for four years."

1.12. The Committee note that notices under Section 4 of the Land Acquisition Act for the acquisition of these properties were issued by the State Government in December, 1962. These proceedings were apparently dropped as a result of a decision taken by the Government of India to have recourse to the Defence of India Act. The Committee consider this decision to be unfortunate. The Secretary, Ministry of Home Affairs, himself admitted during evidence that his "preference would have been for acquisition under the land acquisition law in the normal way." Had the proceedings under the Land Acquisition Act been continued, Government's liability for compensation for the properties would have been based on the market value as on 14th December, 1962, i.e., the date on which the notification for acquisition was issued. As it turned out, however, action to acquire four properties was not taken till April, 1965, while, in the case of the fifth property, the action was further delayed till May, 1967.

1.13. The Committee are not able to appreciate why Government did not adopt a uniform procedure for the acquisition of the properties from the different parties involved. In the case of four parties, notices were issued under the Defence of India Act in April, 1965, while in the case of the fifth party who is a Minister in the Rajasthan State Government, negotiations for acquisition were started. It is also regrettable that, having entered into negotiations with the fifth party, the matter, which should have been handled with a sense of purpose and some understanding, was handled in a routine fashion, as admitted by Government. As further admitted by the Secretary, "the delay that had taken place in these negotiations may involve Government having to pay a larger amount as compensation than would have been the case if the property had been acquired in the normal way." In addition, Government also have to pay rent over a longer period. The Committee would like to be informed in due course of the extra expenditure that Government had incurred in this case as a result of the decision to negotiate with the party.

1.14. The Committee would like the Government to undertake a detailed study of this case and other similar cases and to issue guidelines about the procedure to be followed in acquiring properties required for Government use, so as to eliminate all avoidable delay in the issue of notifications. The Committee consider that where, in Government's interest, the price of a property is to be settled by

negotiation, it would be an advantage to prescribe a definite target date for settling the issue, failing which Government should take recourse to the normal provisions of the law to acquire the property. In this connection, it may also be examined whether in cases where negotiations are undertaken, Government could issue a notification under Section 4 of the Land Acquisition Act before negotiations are started, so that, in the event of the failure of negotiations, Government's interests are not adversely affected.

M. R. MASANI,

NEW DELHI;
January 24, 1969.
Magha 4, 1890 (Saka).

Chairman,
Public Accounts Committee.

APPENDIX

Summary of main Conclusions/Recommendations

S.N.	Paragraph No. of the Report	Ministry of	Conclusions/Recommendations
(1)	(2)	(3)	(4)
1.	I 12	Home Affairs	<p>The Committee note that notices under Section 4 of the Land Acquisition Act for the acquisition of these properties were issued by the State Government in December, 1962. These proceedings were apparently dropped as a result of a decision taken by the Government of India to have recourse to the Defence of India Act. The Committee consider this decision to be unfortunate. The Secretary, Ministry of Home Affairs, himself admitted during evidence that his "preference would have been for acquisition under the land acquisition law in the normal way." Had the proceedings under the Land Acquisition Act been continued, Government's liability for compensation for the properties would have been based on the market value as on 14th December, 1962, i.e., the date on which the notification for acquisition was issued. As it turned out, however, action to acquire four properties was not taken till April, 1965, while, in the case of fifth property, the action was further delayed till May, 1967.</p>

2.

I-13

Do.

The Committee are not able to appreciate why Government did not adopt a uniform procedure for the acquisition of the properties from the different parties involved. In the case of four parties, notices were issued under the Defence of India Act in April, 1965, while in the case of the fifth party who is a Minister in the Rajasthan Government, negotiations for acquisition were started. It is also regrettable that, having entered into negotiations with the fifth party, the matter, which should have been handled with a sense of purpose and some understanding, was handled in a routine fashion, as admitted by Government. As further admitted by the Secretary, "the delay that had taken place in these negotiations may involve Government having to pay a larger amount as compensation than would have been the case if the property had been acquired in the normal way." In addition, Government also have to pay rent over a longer period. The Committee would like to be informed in due course of the extra expenditure that Government had incurred in this case as a result of the decision to negotiate with the party.

3.

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(1)

(2)

(3)

(4)

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22.	Atma Ram & Sons, Kashmir Gate, Delhi-6	9	31.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
23.	J. M. Jaina & Brothers, Mori Gate, Delhi.	12	32.	Hind Book House, 82, Janpath, New Delhi.	95
24.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	33.	Bookwell, 4, Sant Narakari Colony, Kingsway Camp, Delhi-9.	96
25.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	MANIPUR		
26.	Lakshmi Book Store, 42 Municipal Market, Janpath, New Delhi.	23	34.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annex, Imphal.	77
27.	Bahree Brothers, 188, Lajpatrai Market, Delhi-6.	27	AGENTS IN FOREIGN COUNTRIES		
28.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66	35.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.-2	
29.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1	68			

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