

PUBLIC ACCOUNTS COMMITTEE
(1971-72)

(FIFTH LOK SABHA)

TWENTIETH REPORT

[Action taken by Government on the recommendations contained in their 113th Report (Fourth Lok Sabha) on Audit Report (Civil), 1969 and Appropriation Accounts (Civil), 1967-68 relating to the Ministry of Transport & Shipping and Audit Reports on the Accounts of Calcutta, Bombay and Cochin Port Trusts]



LOK SABHA SECRETARIAT
NEW DELHI

August, 1971/Bhadra 1893 (Saka)

Price : Rs. 1.00

336.39511

L1

**LIST OF AUTHORIZED AGENTS FOR THE SALE OF LOK
SABHA SECRETARIAT PUBLICATIONS**

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
ANDHRA PRADESH					
1.	Andhra University General Cooperative Stores Ltd., Waltair (Visakhapatnam)	8	12.	Charles Lambert & Company, 102, Mahatma Gandhi Road, Opposite Clock Tower, Fort Bombay.	30
2.	G.R. Lakshminipathy Chetty and Sons, General Merchants and News Agents, Newpat, Chandragiri, Chittoor District.	94	13.	The Current Book House, Maruti Lane, Raghunath Dadaji Street, Bombay-1	60
ASSAM					
3.	Western Book Depot, Pat Bazar, Gauhati.	7	14.	Deccan Book Stall, Ferguson College Road, Poona-4.	81
BIHAR					
4.	Amar Kitab Ghar, Post Box 78, Diagonal Road Jarnhadpur.	31	15.	M/s. Usha Book Depot, 58 1/2, Chitra Bazar, Khas House, Girgaum Road, Bombay-2 B.R.	3
GUJARAT					
5.	Vijay Stores, Station Road, Anand.	33	MYSORE		
5.	The New Order Book Company, Ellis Bridge, Ahmedabad-6.	5	15	M/s. Peoples Book House, Opp. Jaganmohan Palace, Mysore-1.	16
RAJASTHAN					
UTTAR PRADESH					
HARYANA					
7.	M/s. Prabhu Book Service, Nai Subhasnandi, Gurgaon, (Haryana).	14	17.	Information Centre, Government of Rajasthan, Tripolia, Jaipur City.	38
MADHYA PRADESH					
8	Modern Book House, Shiv Vilas Palace, Indore City.	13	18.	Sweetk Industrial Works, 66, Hill Street, Meerut City.	2
MAHARASHTRA					
9.	M/s. Sanderdeo Gianchand 401, Girgaum Road, Near Princess Street, Bombay-2	5	19.	Law Book Company, Sardar Patel Marg, Allahabad-1.	48
10.	The International Book House (Private) Limited, 9, Ash Lane, Mahatma Gandhi Road, Bombay-1	88	WEST BENGAL		
11.	The International Book Service, Deccan Gymkhana Poona 4.	25	20.	Gnanthakka, 3/1, Ambrose Mookherjee Road, Belgachia, 24 Parganas.	10
			21.	W. Newman & Company Ltd., 3, Old Court House Street, Calcutta.	44
			22.	Prasa K. L. Makhopadhyaya 6/1A, Banobhawan Alkap Lane, Calcutta-12.	88
			23.	M/s. Mukherji Book House 8-B, Bull Lane Calcutta-6	6

CONTENTS

	PAGE
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE	(iii)
INTRODUCTION	(v)

CORRIGENDA TO MEMORIAL REPORT OF P.A.C.
(1971-72) PRESENTED TO LOK SABHA ON 10.12.71.

-.-

<u>Page</u>	<u>Para</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
Contents	-	Last line	summary	summary
3	1.10	Line 1	Nbs.	Nos.
10	Heading	2	realisation	realisation
20	-	9 from bottom	parteis	parties
21	-	-	all foot note *not printed.	
27	6	5	e	be
		6	collected	collected
39	-	2	costing	costing
42	2 under heading recommendation	5	deficits	deficits
		6	extent	extent
		6-7	cooperation	cooperation

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.	16
CHAPTER —III Recommendations/Observations which the Committee do not desire to pursue in view of the replies of Government.	61
CHAPTER —IV Recommendations/Observations in respect of which replies have not been accepted by Committee and which require reiteration.	68
CHAPTER —V Recommendations/Observations in respect of which Government have furnished interim replies.	69
APPENDIX Summary of Conclusions and Recommendations.;	73

PARLIAMENT LIBRARY
 (L. 1000)
 CONTROL
 35750 (1)
 18 - 12 - 71
 DEPT. OF PARLIAMENTARY AFFAIRS

PUBLIC ACCOUNTS COMMITTEE
(1971-72)

CHAIRMAN

Shri Era Sezhiyan

MEMBERS

2. Shri Bhagwat Jha Azad
3. Shrimati Mukul Banerji
4. Shri ~~B. S. Murthy~~ C. C. Desai
5. Shri K. G. Deshmukh
6. Chaudhari Tayyab Husain Khan
7. Shri Debendra Nath Mähata
8. Shri Mohammad Yusuf
9. Shri B. S. Murthy
10. Dr. Laxminarain Pandey
11. Shri Ramsahai Pandey
12. Shrimati Savitri Shyam
13. Shri Vijay Pal Singh
14. Shri G. Venkatswamy
15. Shri Ram Chandra Vikal
16. Shri S. B. Bobdey
17. Shri B. K. Kaul
18. Shrimati Vidyawati Chaturvedi
19. Shri Jagadish Prasad Mathur
20. Shri Thillai Villalan
21. Shri Shyam Lal Yadav
22. Shri Sheel Bhadra Yajee

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 Twentieth Report on the Action Taken by Government on the recommendations of the Public Accounts Committee contained in their 113th Report (Fourth Lok Sabha) relating to the Ministry of Transport and Shipping and Audit Reports on the Accounts of Calcutta, Bombay and Cochin Port Trusts.

2. On the 8th July, 1971, 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 Bhagwat Jha Azad
 3. Shri Ram Sahai Pandey
 4. Shri C. C. Desai
 5. Shri Thillai Villalan
 6. Shri Shyam Lal Yadav
- Members*

3. The Action Taken Notes furnished by the Government were considered by the Action Taken Sub-Committee of the Public Accounts Committee (1970-71) at their sitting held on 18th December, 1970. Consequent on the dissolution of the Lok Sabha on the 27th December, 1970, the Public Accounts Committee ceased to exist from that date. The Action Taken Sub-Committee of the Public Accounts Committee (1971-72) considered and adopted this Report at their sitting held on the 3rd August, 1971 based on the suggestion of the Sub-Committee of PAC (1970-71) and further information received from the Ministry of Transport and Shipping. The Report was finally adopted by the Public Accounts Committee on the 31st August, 1971.

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

(vi)

5. The Committee place on record their appreciation of the commendable work done by the Convener and the Members of the Action Taken Sub-Committee (1970-71) in considering the Action Taken notes and offering suggestions for this Report which could not be finalised by them because of the sudden dissolution of the Fourth Lok Sabha.

6. 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;
August 31, 1971.

Bhadra 9, 1893 (S).

ERA SEZHIYAN,
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

1.1. This Report of the Committee deals with action taken by Government on the recommendations contained in the 113th Report (Fourth Lok Sabha) on Appropriation Accounts (Civil) 1967-68 and Audit Report (Civil) 1969 relating to the Ministry of Transport and Shipping and Audit Reports on the Accounts of Calcutta and Bombay Port Trusts 1963-64 to 1967-68 and Cochin Port Trust from 1963-64 to 1967-68 which was presented to the House on the 29th April, 1970.

1.2. Action Taken notes/statements have been received, in respect of all the 66 recommendations contained in the report.

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

(i) *Recommendations/observations accepted by Government.*

S. Nos. 1—5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 18, 19, 20, 22—24, 25-26, 27—30, 32, 36-37, 38, 39, 40, 41, 42, 43, 44, 46, 47, 48, 50, 51, 52, 53, 54, 55, 56, 58, 60, 61, 64 and 66.

(ii) *Recommendations/observations which the Committee do not desire to pursue in view of the replies of Government.*

S. Nos. 10, 21, 33, 45, 49, 57, 59 and 65.

(iii) *Recommendations/observations in respect of which replies have not been accepted by Committee and which require reiteration.*

S. No. 17.

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

S. Nos. 31, 34, 35, 62, 63.

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

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

Construction of Fishing jetty at Kandla—para 1.12 (S. No. 1)

1.6. In paragraph 1.12, the Committee made the following observation about non-utilisation of a fishing jetty constructed at Kandla at a cost of Rs. 5.14 lakhs:

“The Committee consider it unfortunate that a fishing jetty built at a cost of Rs. 5.14 lakhs in what has been described as “one of the best fishing grounds in the world” has not been used by a single fishing vessel, though nearly five-years have passed since the jetty was constructed. The jetty was constructed with a view to providing “infrastructure” facilities to the fishing industry based on the Gulf of Kutch; the Deep Sea Fishing Organisation was also expected to deploy their vessels in that area to demonstrate to the industry its potential. However, the fishing industry has not been able to use the jetty as trawlers of the size which could use the jetty are not now being plied by them. The Deep Sea Fishing Organisation has also not used the jetty so far, as they are handicapped by lack of trawlers, which are at present mostly imported.

The Committee note that the construction of 40 trawlers has now been taken up in the Mazagaon Docks. They hope that out of these an adequate number of trawlers would be made available both to the fishing industry as well as the Deep Sea Fishing Organisation, so that the fish in abundance in those waters is caught and the jetty put to productive use.”

1.7. In their reply dated the 7th December, 1970 the Ministry of Shipping and Transport have stated as follows:—

“The recommendation has been brought to the notice of the Department of Agriculture in the Ministry of Food and Agriculture and Community Development and Cooperation on 22nd August, 1970 for urgent consideration.”

1.8. In their reply dated 6th May, 1971, the Department of Agriculture had stated as under:

“The break up of the 40 trawlers is that 18 vessels are meant for the State Governments, of which Government of Gujarat have ordered two numbers. They have taken delivery

of one tawler which is undergoing trials. The Deep Sea Fishing Station has ordered 20 of which two vessels have been taken delivery of, another eight vessels are likely to be delivered shortly. The Deep Sea Fishing Station has proposed in its Annual Plan for 1970-71 establishment of an exploratory sub-station at Kandla in the current year, Preliminary arrangements are being made regarding organisation of the sub-station consisting of taking delivery of vessels, training of staff, manufacture of gear etc. Two vessels are likely to be posted shortly. Government of Gujarat are also likely to operate some vessels from Kandla but the exact position will be known after Gujarat Government have taken delivery of vessels and got them equipped and manned."

1.9. The Committee note that the Deep Sea Fishing Organisation has so far received 2 out of the 20 trawlers ordered by them while eight more trawlers are likely to be delivered shortly. Besides, the Government of Gujarat have taken delivery of one out of two trawlers ordered by them. The Committee hope that the remaining number of trawlers will be delivered to the Deep Sea Fishing Organisation and the Gujarat Government as early as possible. The Committee would watch the progress made in the utilisation of the jetty which has not been put to use for several years since its construction.

Loss in the maintenance of a Marine Dockyard at Port Blair—paras 1.31 and 1.33 (S. Nbs. 2 and 3).

1.10. Referring to the loss disclosed in the working of the Marine Dockyard, Port Blair the Committee made the following observation in para 1.31 of their 113th Report (Fourth Lok Sabha):—

"The Committee are concerned to find that the Marine Dockyard at Port Blair has been continuously running at a loss since 1963-64. The loss which was Rs. 0.84 lakhs in 1963-64 jumped to over Rs. 2 lakhs in the subsequent two years and further increased to Rs. 3.13 lakhs in 1966-67. There was, however, reduction in the loss in 1967-68 when it amounted to Rs. 1.94 lakhs.

While it is true that about 90 per cent of the work done in the dockyard is on Government account, the Committee cannot for that reason take a complacent view of the losses."

1.11. In their reply dated the 29th July, 1971 the Ministry of Shipping and Transport have stated as follows:—

“Optimum use is being made at present of the existing dry dock and slipways. In spite of difficulties experienced in procuring essential materials for carrying out repairs etc., more jobs have been secured. Programmes for periodical surveys and repairs of the vessels belonging to various departments of the A & N Administration has been drawn up by the Administration. The four boats belonging to the Forest Department, namely, (1) ML ‘Sagar Dulal’; (2) ‘Sagar Ratana’, (3) ‘Sagar Ganga’, and (4) LCT ‘Sagar Kanya’ have been taken up for surveys and repairs during the year 1970. Recently one of the inter-island ferry vessels, SS Cholunga was also docked for routine inspection of under-water fittings and clearing of hulls. The facilities for docking are also being extended to naval vessels (patrol crafts) stationed at Port Blair. With the appointment of a Marine Engineer it has been possible to have firm check on utilisation of labour and results have been encouraging. It has been possible to reduce idle hours to the minimum during 1969-70. The idle labour in terms of infructuous expenditure was only around Rs. 46,396 as against Rs. 1,80,521 and Rs. 1,58,934 during 1968-69 and 1967-68 respectively. All this has resulted in a considerable improvement in the working results of the dockyard. During 1969-70, the total loss incurred by the Department was only Rs. 1,45,539 as against the losses of Rs. 2,55,241 and Rs. 1,94,040 incurred during the previous two years. Further efforts to improve the position continue to be made by the Andaman Administration.”

1.12. The Committee notice slight improvement in the working of the Dockyard during the year 1969-70 resulting in reduction of losses to some extent as provisionally assessed by the Department. The Committee hope that efforts will continue to be made to improve the working of the Dockyard so that losses do not occur in future.

1.13. In para 1.33 of the Report, the Committee made the following suggestion for keeping establishment expenses under check in the Marine Dockyard:—

“Apart from measures to increase work-load it would also be necessary for the dockyard to adopt commercial practices, particularly in the matter of estimation of cost of jobs, standardisation of work, etc. As labour is at present not

being fully utilised, particular efforts will be necessary to ensure that establishment expenses are kept under constant watch and check."

1.14. In their reply dated the 8th December, 1970 the Ministry of Shipping and Transport have stated as follows:—

"As most of the jobs undertaken in the dockyard, are of the nature of repairs it is difficult to prepare accurate advance estimates of costs of jobs. However, a proposal to form an estimating cell in the Marine Dockyard manned by technically qualified hands is under consideration of the Administration."

1.15. The Committee hope that an early decision will be taken on the proposal to set up an estimating cell in the Marine Dockyard, Port Blair. The Committee further desire that Government should also consider the question of standardisation of work as suggested by them earlier.

Decline in the traffic at Hooghly Port—para 2.16 [S. No. 14(4)]

1.16. Referring to the progress of construction of a new port at Haldia the Committee made the following observation in para 2.16 of their 113th Report (Fourth Lok Sabha):—

- (4) 'A close supervision has to be kept over the progress of construction at Haldia so that it is completed not only according to time schedule but also there is no snag in the construction works. The Study Team of International Ports and Harbours had drawn attention to the fact that "the Chief Engineer in charge of this mammoth project keeps in touch with construction progress by means of a once a week trip to the site from Calcutta". The Team pointed out that "considering the magnitude and importance of this project and the fact that it is already two years behind schedule, we do not feel that this degree of supervision is adequate." The Committee are constrained to note that such a glaring deficiency was overlooked by the Port Trust and it had to be pointed out by a foreign Team. They trust that every effort will be made to catch up with the schedule.'

1.17. In their reply dated the 23rd November, 1970 the Ministry of Shipping and Transport have stated as follows:—

"A close supervision is being kept on the progress of the construction work at Haldia so that it can be completed ac-

coming to schedule. An officer in the rank of a Deputy Chief Engineer is stationed at Haldia permanently. Moreover, there is very urgent need for the Chief Engineer to be available at Calcutta for conferences with main suppliers and fabricators, for bringing deviations of work to the notice of the principal suppliers, for disposing of references from allied participants in the project like the Haldia Refinery. The work of coordination expected of the Chief Engineer can be best arranged if he is based on headquarters. The Chief Engineer is of course in daily touch with Haldia and visits Haldia very frequently. It has not been so far considered essential to ask him to be physically present at Haldia all the time."

1.18. The Committee are not convinced with the argument advanced by Government for allowing the Chief Engineer, Haldia to be stationed in Calcutta. In their opinion the headquarters of the Chief Engineer should be shifted forthwith to Haldia to ensure that degree of supervision which is necessary for the expeditious completion of the project. If the coordination work in Calcutta needs a full-time officer the Committee would suggest posting of a liaison officer of suitable rank for the purpose.

Recurring losses in working of Calcutta Port Commissioner's Railway—para 2.20 (S. No. 15)

1.19. Commenting on the losses in the working of Calcutta Port Commissioner's Railway the Committee made the following observation in para 2.20 of their 113th Report (Fourth Lok Sabha):—

"The Committee are dissatisfied with the working of the Port Railways. This section of the port's operations suffered a loss of Rs. 1.60 crores in 1965-66, Rs. 1.89 crores in 1966-67, Rs. 2.19 crores in 1967-68 and Rs. 1.25 crores in 1969-69. The railway line is very old and no improvement has apparently been made in tracks and rolling stocks for a long time. According to the Port Trust, sizeable traffic of Port Trust has been diverted to road transportation but the Railway cannot be dispensed with nor its charges be increased in order to avoid pressure on trucks. The Committee have been informed that a Railway expert had made certain suggestions to improve the working of the Railways. The expert has advised the division of Railway in four sections, closing down of one section and disposal of about 700 old wagons. The Committee would like

action to be expeditiously taken on these suggestions and the affected staff gainfully employed elsewhere. The Committee need hardly stress that if the Railway is to be continued by the Port Trust it must be, as far as possible, self-supporting. The Committee hope that necessary steps would be taken by the Port Trust to rationalise the present arrangements and modernise the Railway to the extent possible."

1.20. In their reply dated the 23rd November, 1970, the Ministry of Shipping and Transport have stated as follows:—

"The principal cause of the deficit in the working of the C.P.C. Railway is the fall in traffic and the remuneration received from the Trunk Railways for terminal services rendered being at a level below cost, other factors contributing to the deficit can make no appreciable impact on the deficit even if suitable remedial measures are taken. Nevertheless following the report of the Railway Operating Superintendent, a number of old wagons and locomotives have been disposed of and redundant railway lines have been dismantled.

As the traffic handled by the Port has fallen, there is surplus not only in the C.P.C. Railway section but also in the sections dealing with loading and unloading of goods. As retrenchment of surplus staff will lead to unrest, the only alternative is to absorb them in the Haldia Establishment when that Dock System starts functioning. At this stage, economy in expenditure can be effected only by imposing a ban on recruitment of new personnel and this is being strictly followed in the section concerned with railway working."

1.21. The Committee note that action has been initiated on the suggestions of the Railway expert, in order to bring down the deficits of the Port Railway. The Committee desire that further steps to improve the working and to effect economy should be taken without delay. They also desire that the Port Trust should revise measures of utilising the surplus staff of the Port Railway gainfully pending eventual absorption in Haldia Establishment.

Pilferage of Tea—para 2.26 (S. No. 17)

1.22. Referring to pilferage of Tea in transit sheds, warehouse and wagons in Calcutta Port the Committee made the following

observation in para 2.26 in their 113th Report (Fourth Lok Sabha):—

“The Committee are unhappy about the pilferage of tea from the railway wagons received by the port authorities. The estimated value of tea pilfered was Rs. 35.74 lakhs in 1966-67, Rs. 6.89 lakhs in 1967-68 and Rs. 5.78 lakhs in 1968-69. It has been reported that because of pilferage, tea consignments are getting diverted from Calcutta to Kandla. The Committee consider this to be fraught with grave risks, as this is bound further to decrease the port traffic. The Committee are concerned that the pilferages are taking place in some cases due to the railway staff colluding with tea interests who find it more attractive to divert those export consignments to Indian markets where they fetch a good price but result in loss of foreign exchange. The Committee note that a departmental committee consisting of representatives of Police, Railways, Port Trust and Tea Board have been set up to look into the matter. The Committee hope that this matter will be examined in all its aspects and constant vigilance will be maintained so as to minimise pilferage of tea from railway wagons.”

1.23. In their reply dated the 23rd November, 1970, the Ministry of Shipping and Transport have stated as follows:

“It will be clear from the figures given above of the value of tea pilfered that the loss incurred has progressively come down as a result of various measures adopted by the Port authority to combat pilferage. Large amounts are spent in subsidising the State Police for operating a specific Port Division and also in running a Watch & Ward Organisation by the Port itself.”

1.24. The Committee would like the examination by the Departmental Committee regarding pilferage of tea from the Railway wagons in all its aspects as suggested earlier, to be expedited. The results of such a comprehensive examination and specific measures proposed to be taken to prevent pilferages may be intimated to the Committee.

Unclaimed cargo—para 2.29 (S. No. 18).

1.25. Commenting upon the delay in the disposal of unclaimed cargo in Calcutta Port the Committee made the following observation in para 2.29 of their 113th Report (Fourth Lok Sabha):—

“The Committee note that there has been delay in disposal

of unclaimed cargo lying in the custody of Calcutta Port Trust. The quantity of such cargo was 762 tonnes in November, 1966, 500 tonnes in October 1967, and 944 tonnes in November 1968. The disposal of the cargo has been stated to have been delayed due to difference of opinion between the Port Trust and Customs authorities as to whether the price of goods should cover the customs duty chargeable on the goods or not. The Committee desire that these matters should be quickly settled by the Port authorities and Customs and necessary steps taken to dispose of the cargo, as delay in the disposal of the cargo not only results in deterioration of goods but also blocking of valuable accommodation in the Port area."

1.26. In their reply dated the 23rd November, 1970, the Ministry of Shipping & Transport have stated as follows:—

"The reserve price for sale of unclaimed goods is fixed by the Customs after taking into consideration the market value, the duty they should recover etc. In public auctions, the bidders frequently form a ring and there is a tendency to quote low and maximise the profit. It is against this tendency, that one has to fight in disposing of unclaimed goods. It is only when a particular category or unclaimed goods has a great demand in the market, bids reach the reserve sale price level. In other cases, bids are below the reserved sale price. It will be wrong to apply pressure on Customs in all cases, to have the price reduced. In suitable cases, the Customs authorities are being requested to adopt a flexible approach to the sale of unclaimed goods, when the goods fail more than once to reach the reserve price level, so that the quantity lying in the Port at any time is not appreciable. As pointed out before the Committee, the quantity of unclaimed goods lying in the Port any time is insignificant compared to the quantity of imports and exports handled. A revised procedure has been introduced for disposal of unclaimed goods belonging to Government Departments and Government controlled undertakings, Foreign Embassies, Consulates. Under this procedure, goods belonging to these parties which remain unclaimed in the Port premises are disposed of within a reasonable interval after a special notice has been served on these institutions, organisations etc. to clear the material. It is hoped that this will help to reduce the quantity

of unclaimed goods lying in the Port area belonging to Government and other Organisations mentioned above."

1.27. The Committee note that a revised procedure has been introduced for disposal of unclaimed goods belonging to Government Departments and undertakings, Foreign Embassies, etc. The Committee would like to suggest that the feasibility of extending this procedure to the goods belonging to private parties may be examined.

Outstanding Dues—para 2.35 (S. No. 19).

1.28. Dealing with the outstanding dues of the Port Trust which have been increasing from after 10 years the Committee made the following observation in para 2.35 of their 113th Report (Fourth Lok Sabha):—

"The Committee find that the outstanding dues of the Port Trust have been increasing from year to year. The outstanding dues which at the end of 1963-64 amounted to Rs. 34.92 lakhs have increased to Rs. 134.17 lakhs at the end of 1967-68. The Committee suggest that some positive measures should be taken to realise these dues especially from the private parties and statutory bodies and to prevent their accumulation in future. The Committee note that suits have been filed for dues against rent of Land and buildings amounting Rs. 12.77 lakhs against private parties. The Committee desire that Port Trust should examine the question of taking some action against other parties from whom dues are long over-due."

1.29. In their reply dated the 23rd November, 1970, the Ministry of Shipping & Transport have stated as follows:—

"The Port Commissioners, have been asked to renew their efforts in realising their old outstanding bills and take legal action wherever they think it is necessary for collecting their dues."

1.30. The Committee would like to know the progress made with regard to realisation of outstanding dues by the Calcutta Port Trust.

Revision of Rates for services reduced by Bombay Port para 3.66 (S. No 37)

1.31. Referring to the delay the revision of rates for services reduced to private parties, the Committee made the following obser-

vation in para 3.66 of their 113th Report (Fourth Lok Sabha):—

“The Committee are astonished to find that since 1952 there has been no revision of rates to be charged from the private oil companies for patrolling their oil pipe-lines, although the cost of services is estimated to have increased by about 200 per cent since then. The Committee desire that this question should be immediately taken up and the rates revised suitably. The Committee also hope that with the setting up of a Costing Cell in the Port Trust the rates for various other services rendered to private parties would be periodically reviewed. In order to bring them upto date. For this purpose some time schedule for review should be prescribed.”

1.32. In their reply dated the 25th November, 1970, the Ministry of Shipping & Transport have stated as follows:—

“The correct position was explained by the Chairman in his oral evidence, when it was also emphasised that a surcharge of 5 per cent had been levied on the relative rates, with effect from 1st April 1965. Instead of there being a loss, there would actually be profit, since for a single operation we recover charges from more than one Oil Company whenever two or more parallel pipe lines are used. A rough costing reveals that we are making a profit of a few lakhs of rupees on the service. However, this will diminish with the adoption of the Wage Board's scales of pay and allowances. We are planning to undertake detailed costing exercise when the subject operations will also be covered. Meanwhile on the basis of the Cost statements for the principal services and operations previously prepared and to be compiled shortly on the basis of the accounts for 1969-70, the Trustees will be in a position to take a review of the relative rates and charges in the overall context.”

1.33. The Committee would like to be ensured that the rates fixed are commensurate with the cost of rendering various services from time to time and that there should be a time schedule for reviewing the rates.

Revision of lease rent on reassignment of Bombay Portlands—para 3.80-3.81 (S. Nos. 41-42).

1.34. Suggesting revision of rates of lease rent on reassignment of Bombay Port Trust lands, the Committee made the following observation in paras 3.80-3.81 of their Report (Fourth Lok Sabha):

“The Committee note that with a view to prevent trading in Port Trust Lands and to derive adequate returns for Port Trust property, the Board decided in June, 1965 that on reassignment of existing non-rent earning leases, the new assignee should normally be charged increased rent at 1.5 times the rent reserved under the existing lease for the first half of residual period and 1.75 times such rent for the remaining period.

In view of the fact that in this case, the transferer got from the transferee a consideration of about Rs. 28 lakhs for the transfer which amounted to trading in the Port Trust land, the Committee consider that revision of the lease rent in terms of the Resolution of the Board of June, 1965 was inadequate. The Committee would also like the Port Trust to consider the question of revising decision taken in 1965, so as to secure for the Port a greater share of income arising out of reassignment of leases.”

1.35. In their reply dated the 25th November, 1970 the Ministry of Shipping & Transport have stated as follows:—

“The justification for the Board’s decision has been elucidated in our written reply. The suggestion of the Public Accounts Committee to review the decision taken in 1965 is accepted. The matter will be considered by the Trustees along with the question of revising the basis for fixation of rent for renewal of expired leases.”

1.36. The Committee desire that the finalisation of the basis for fixing the rent on reassignment of existing leases as also on renewal of expired leases, should be expedited.

Excess expenditure on Advertisement in Newspapers—para 3.129 (S. No. 53)

1.37. Referring to the excess expenditure incurred by the Bombay Port Trust as a result of issuing their advertisements direct to the

newspapers the Committee made the following observation in para 3.129 of their 113th Report (Fourth Lok Sabha):—

“The Committee observe that Port Trust have not fallen in line with the general arrangements made by Government for routing of advertisements through the Directorate of Advertisement and Visual Publicity. As a result they are foregoing rebate of 15 per cent which has been secured by the Director of Advertisement and Visual Publicity by arrangement with the newspapers. The main apprehensions of the Port Trust are that by routing the advertisements through Directorate of Advertisement and Visual Publicity, it may not be possible for them to get their advertisements published in appropriate newspapers or that they may be published in a condensed form or might be delayed in publication. While the Committee appreciate that lack of adequate publicity and abridgement of advertisements or delay in their publication might adversely affected the interests of the Port Trust, they feel that these difficulties could have been sorted out with the Directorate of Advertisement and Visual Publicity. The Committee suggest that the matter be discussed by the Port Trust with the Directorate of Advertisement and Visual Publicity and result communicated to the Committee.”

1.38. In their reply dated the 25th November, the Ministry of Shipping & Transport have stated as follows:

“The Port Trust have stated that they have recently economised expenditure by entering into contract arrangements with certain newspapers. They fear that the routing of Port Trust advertisements through the Directorate of Advertising and Visual Publicity is likely to lead to delays and certain other difficulties. However, as suggested by the Public Accounts Committee, the Port Trust are discussing the matter with that Directorate with a view to ascertaining if the difficulties could be overcome.”

1.39. The Committee would like to be informed of the outcome of the discussion between the Port Trust and the Directorate of Advertising and Visual Publicity regarding the question of routing advertisements through the latter.

Working of Dredgers at Cochin Port—para 4.11 (S. No. 57)

1.40. In paras 4.4 to 4.8 of their 113th Report (Fourth Lok Sabha) the Committee have dealt with the dredging operation in the Cochin Port have made the following observations:—

“One point bearing on the dredging operations of the Port calls for special mention. The Study Team of International Association of Ports & Harbours referred to the “inadequate usage of dredgers in the Port” and the fact that the suction cutter dredger is scheduled for dredging operations only two months per year but remains idle for the remaining 10 months. The Team also pointed out that the rate of productivity of dredgers is “abysmally low” and that there is “a lack of qualified officers and crews”. As the dredging expenses have almost doubled from Rs. 29.84 lakhs in 1965-66 to Rs. 58.2 lakhs in 1967-68, the need for optimum use of the existing dredger fleet, through provision of competent technical staff needs little emphasis. Any proposal for acquisition of new dredgers should also take note of the need to first put the existing stock of dredgers to the maximum use and to recruit qualified persons in future.”

1.41. In their reply dated the 25th November, 1970 the Ministry of Shipping and Transport have stated as follows:—

“Cochin Port has only three large-size dredgers viz. the Suction Dredger “Lord Willingdon”, Bucket Dredger ‘Lady Willingdon’ and the Suction Dredger “Gunga”. There are three barges attached to the Bucket Dredger “Lady Willingdon, which have very limited capacity for independent dredging; these barges are being used occasionally when the Bucket Dredger is laid up for repairs. The observation made by the I.A.P.H. Study Team that Cochin Port has six dredgers and their productivity is low is not, therefore, quite correct.

2. All the three dredgers are now very old and their productivity and performance cannot be expected to be on par with new dredgers. The Cutter Suction Dredger “Lord Willingdon” is now engaged mainly for dredging the outer channel for three months in a year. According to the Cochin Port Trust, it cannot be used during the remaining months on account of repairs, dry docking and rough conditions in the channel.

3. The Port Trust has stated that the other two dredgers are being put to the maximum possible use.
4. The officers and crew actually employed on the dredgers are fully qualified and competent. Efforts are being made by the Cochin Port Trust to fill up the vacancies. The Port Trust are considering the question of increasing the utilisation of the old dredgers by increasing the working hours.
5. The Port Trust has placed an order for a new Cutter Suction Dredger as a replacement of the "Lord Willingdon" which is now very old. The Bucket Dredger "Lady Willingdon" is also now very old and its replacement is now due."

1.42. The Committee are not convinced with the explanation that dredger 'Lord Willingdon' cannot be used for more than 3 months in a year. In the Committee's opinion, if a dredger works only for a period of 3 months in a year, it cannot be regarded as a satisfactory performance. The Committee desire that steps should be taken to put the dredgers to optimum use.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS ACCEPTED BY GOVERNMENT

Recommendation

The Committee consider it unfortunate that a fishing jetty built a cost of Rs. 5.14 lakhs in what has been described as "one of the best fishing grounds in the world" has not been used by a single fishing vessels, though nearly five years have passed since the jetty was constructed. The jetty was constructed with a view to providing "infrastructure" facilities to the fishing industry based on the Gulf of Kutch: the Deep Sea Fishing Organisation was also expected to deploy their vessels in that area to demonstrate to the industry its potential. However, the fishing industry has not been able to use the jetty as trawlers of the size which could use the jetty are not now being piled by them. The Deep Sea Fishing Organisation has also not used the jetty so far, as they are handicapped by lack of trawlers, which are at present mostly imported.

The Committee note that the construction of 40 trawlers has now been taken up in the Mazagaon Docks. They hope that out of these an adequate number of trawlers would be available both to the fishing industry as well as the Deep Sea Fishing Organisation, so that the fish in abundance in these waters is caught and the jetty put to productive use.

[Sl. No. I (Para 1.12 of Appendix to 113th Report (4th Lok Sabha)].

Action taken

The recommendation has been brought to the notice of the Department of Agriculture in the Ministry of Food & Agriculture and Community Development & Co-operation on 22.8.1970 for urgent consideration.

[Ministry of Shipping and Transport O.M. No. 18-PDII(19)/70 dated 8.12.70]

Further information

The break up of the 40 trawlers is that 18 vessels are meant for the State Governments, of which Government of Gujarat have

ordered two numbers. They have taken delivery of one trawler which is undergonig trails. The Deep Sea Fishing Station has ordered 20 of which two vessels have been taken delivery of, another eight vessels are likely to be delivered shortly. The Deep Sea Fishing Station has proposed in its Annual Plan for 1970-71 establishment of an exploratory sub-station at Kandla in the current year. Preliminary arrangements are being made regarding organisation of the sub-station consisting of taking delivery of vessels, training of staff, manufacture of gear etc. Two vessels are likely to be posted shortly. Government of Gujarat are also likely to operate some vessels from Kandla but the exact position will be known after Gujarat Government have taken delivery of vessels and got them equipped and manned.

[Minister of Shipping and Transport O.M. No. 18—PD II (19)/70 dated 6-5-71].

Recommendation

The Committee are concerned to find that the Marine Dockyard at Port Blair has been continuously running at a loss since 1963-64. The loss which was Rs. 0.84 lakhs in 1963-64 jumped to over Rs. 2 lakhs in the subsequent two years and further increased to Rs. 3.13 lakhs in 1966-67. There was, however, reduction in the loss in 1967-68 when it amounted to Rs. 1.94 lakhs.

While it is true that about 90 per cent of the work done in the dockyard is on Government account, the Committee cannot for that reason take a complacent view of the losses.

[S. No. 2 (Para 1.31) of Appendix to 113th Report (4th Lok Sabha)]

Action taken

Optimum use is being made at present of the existing dry dock and slip ways. In spite of difficulties experienced in producing essential materials for carrying out repair etc. more jobs have been secured. Programmes for periodical surveys and repairs of the vessels belonging to various departments of the A & N Administration have been drawn up by the Administration. The four boats belonging to the Forest Department, namely (1) ML Sagar Dulal; (2) Sagar Ratna (3) Sagar Ganga, and (4) LCT Sagar Kanya have been taken up for surveys and repairs during the year 1970. Recently one of the inter-island ferry vessels, as 'Cholunga' was also docked for routine inspection of under-water fittings and clearing of hulls. The facilities for docking are also being extended to naval vessels (patrol crafts) stationed at Port Blair. With the appointment

of a Marine Engineer it has been possible to have firm check on utilisation of labour and results have been encouraging. It has been possible to reduce idle hours to the minimum during 1969-70. The idle labour in terms of infructuous expenditure was only around Rs. 46,396/- as against Rs. 1,80,521/- and Rs. 1,58,934/- during 1968-69 and 1967-68 respectively. All this has resulted in a considerable improvement in the working results of the dock yard. During 1969-70, the total loss incurred by the Department was only 1,45,539/- as against the losses of Rs. 2,55,24/- and Rs. 1,94,040/- incurred during the previous two years. Further efforts to improve the position continue to be made by the Andaman Administration.

[Ministry of Shipping and Transport (Transport Wing) O.M. No. Sy-35(17)/70 dated 29.7.71].

Recommendation

The primary reasons for the losses would appear to be that the dockyard is not fully used. This keeps the labour and equipment idle over long periods which makes it difficult for the dockyard to recoup its over-heads. The situation could be substantially remedied by ensuring that vessels belonging to various Departments of the Andaman Administration notably Forest Department, are periodically surveyed and repaired. At present this is not being done, with the result that it has become necessary to confine, vessels which have not been surveyed to harbour limits. The Committee recognise that adequate dry dock facilities are at present not available, but a properly laid-out programme for survey and repairs would definitely help optimum utilisation of available facilities in this regard, which are not being fully utilised.

[S. No. 27 (Para 1.32) of Appendix to 113th Report (4th Lok Sabha)]

Action taken

The steps taken by the Administration to ensure fuller utilisation of the dockyard have been explained in detail in the reply to para 1.31.

[Ministry of Shipping and Transport O.M. No. 18-PDII(19)/ dated 29.7.71].

Recommendation

Apart from measures to increase work-load it would also be necessary for the dockyard to adopt commercial practices, particularly in the matter of estimation of cost of jobs, standardisation of

work, etc. As labour is at present not being fully utilised, particular efforts will be necessary to ensure that establishment expenses are kept under constant watch and check.

[S. No. 3 (Para 1.33) of Appendix to 113th Report (4th Lok Sabha)]

Action taken

As most of the jobs undertaken in the dockyard are of the nature of repairs, it is difficult to prepare accurate advance estimates of costs of jobs. However, a proposal to form an estimating cell in the Marine Dockyard manned by technically qualified hands is under consideration of the Administration.

[Ministry of Shipping and Transport (Transport Wing) O.M. No. Sy-35(17)/70 dated 29.7.71].

Recommendation

The Committee understand that a Master Plan for development of the Phonix Bay which *inter alia* provides for the construction of larger dry-dock, is pending approval with Government. The Committee feel that this Plan ought to be approved and implemented very early for the following reasons:

- (1) The inter-island ships and others which were being sent to the mainland for repairs etc. would be surveyed and cleared quicker if a large dry-dock was available at Port Blair.
- (2) All the Government boats would be annually surveyed and repaired. This is not being done at present owing to lack of adequate facilities which endangers life and cargo at sea.
- (3) Quicker repairs would lead to better utilisation of ships.
- (4) It would also provide facilities to the Navy in these waters.
- (5) It would increase employment opportunities for the inlanders.

[S. No. 4 (Para 1.34) of Appendix to 113th Report (4th Lok Sabha)].

Action taken

Government has since approved the construction of a 30 metre jetty at the existing Cholunga wharf at Phonix bay and the construction of railway type slip way. The construction of the jetty has been undertaken by the Chief Engineer, Andaman, Laccadive Harbour Works, Ministry of Shipping and Transport and it is expected that this project will be completed by April, 1972. The construction

of slipway is likely to be completed by August 1973. In the meantime, procurement action for the machinery and equipment is in progress.

[Ministry of Shipping and Transport (Transport Wing) O.M. No. Sy-35(17)/70 dated 29.7.71].

Recommendation

The Committee note that the dockyard has to recover dues aggregating Rs. 6.95 lakhs. The fact that these have been allowed to accumulate from 1952-53 onwards in some cases shows that the dockyard has paid little attention to their recovery. The bulk of the dues (Rs. 6.86 lakhs) relate to various Government Departments and it should not be difficult to get them adjusted within a period of six months or so. The Committee would like the Andaman Administration to ensure that this is done.

[S. No. 5 (Para No. 1.35) Appendix to 113th Report (4th Lok Sabha)]

Action taken

Dues amounting to Rs. 3,01,622/- have since been recovered. The present position in respect of the remaining outstanding dues upto 1967-68 is as under:—

	Rs.
Upto 1965-66	1,59,931.00
1966-67	51,664.00
1967-68	1,79,264.00
Private Parties	2,444.00
	<hr/>
	3,93,303.00
	<hr/>

Sustained action is being taken to recover these outstanding dues from the Government Departments and private parties concerned and it is expected that the position will improve substantially in the near future.

[Ministry of Shipping and Transport O.M. No. Sy-35(17)/70 dated 29.7.71].

Recommendation

"The Committee note that bridging components worth Rs. 0.84 lakh have not been accounted for by a Workshop of the Border Roads Organisation and Park Company which constructed in July 1963

two bailey bridges. The matter is reported to be under examination by an Investigating Officer. The Committee would like to be appraised of this findings and the action taken thereon."

[S. No. 6 (Para 1.39) to 113th Report (4th Lok Sabha)]

Action Taken

A copy of the report* of the Investigating Officer together with DGBR's recommendations thereon is enclosed. It has been examined in consultation with the Controller General of Defence Accounts.

2. The fresh investigations conducted into this case have brought to light certain facts which had not been noticed earlier. These are briefly:

- (i) The vouchers (floated by the Unit which constructed the two bridges) in respect of the two bridges referred to in the audit para were bunched up with the vouchers in respect of an earlier bridge that was washed away (and in lieu of which two new bridges were constructed at the same site). This created the impression that all components included in these vouchers pertained to these two bridges.
- (ii) Further, certain quantities of unused bailey components handed over to another Unit after construction of the two bridges were not deducted from the quantities reflected in the vouchers earlier floated. Thus the quantities shown in the vouchers were incorrect. To this extent the deficiencies were inflated.
- (iii) On a comparison of the quantities of the various components which had been incorporated in the two bridges with those subsequently handed over to the C.P.W.D., the Investigating Officer has reported that the actual deficiencies after excluding the components used on the washed away bridge and the unused components returned to another Unit referred to in (ii) above, are only as under:—

Pins Panel	1 No.
Stringets	4 Nos.
Chesses	13 Nos.

2.1. In addition, 78 Nos. of Chesses and a total quantity of 2,256 RFT of Cordage have been assumed by the Investigating Officer as having been incorporated expended in the work. But in the absence of any documentary proof in support, these have also been treated deficiencies for purposes of regularisation, as advised by the Con-

troller General of Defence Accounts. The value of all the above items has been assessed by the Director General Border Roads at Rs. 12,390.65.

3. In view of the position stated above and with the concurrence of the Director of Audit (Defence Services), the loss of components valued at Rs. 12,390.65 as above has since been written off based on a revised audit report from the Controller of Defence Accounts, Patna.

4. Suitable remedial action has also been taken to avoid recurrence of such cases in future. In this connection copies of DGBR's letters No. (i) 67508|General|790|DGBR|E3ES dated 10-2-70 and (ii) 23200|DGBR|E2A-II dated 16-9-69 are enclosed.

5. In so far as the disciplinary aspect of the case is concerned, Director General Border Roads has held two officers (Army) responsible for the delay and ineffective manner of dealing with this case and has recommended action against them. DGBR is taking suitable action in this regard in consultation with Army Headquarters. Final action taken in this regard is awaited and will be communicated to the Public Accounts Committee as soon as it is finalised.

6. Ministry of Finance (BR) and Director of Audit (Defence Services) have seen.

[BRDB u/o No. F.(10)-BRDB 69-70/PAC dated 7-12-70]

Further Information

As indicated in para 5 of the "action taken note" on the above recommendation of the Public Accounts Committee furnished under this Ministry's u.o. note No. F. 1(10) BRDB 69-70/PAC dated 7-12-1970, the disciplinary aspect of the case has since been finalised in consultation with Army Headquarters and Director General Border Roads. Of the two officers (Army) against whom action was recommended by the Director General Border Roads, one has since been posted again to General Reserve Engineer Force. In his case a suitable warning has been issued by the Director General Border Roads. In respect of the other officer who is serving in the Army, a warning has since been issued by the Chief Engineer, Eastern Command, under whom the officer is at present serving.

3. Ministry of Finance (BR) and Director of Audit (Defence Services) have seen.

[BRDB u.o. No. F. 1(10)-BRDB 69-70/PAC dated 4-5-71]

Recommendation

The Committee are not happy about the manner in which this case was handled by Government.

[Sl. No. 7 (para 1.60) of Appendix to 113th Report (4th Lok Sabha)]

Action Taken

The observations of the Committee have been noted.

[Min. of Shipping and Transport (Roads Wing) O.M. No. SR-43
(59)/70 dated 31-5-71]

Recommendation

The materials (stone metal and chips) were collected for the State Public Works Department by different contractors between January and November, 1965 for a road work which was taken up on behalf of the Government of India, who decided in May, 1965 not to proceed with the work. In January, 1967, an Assistant Engineer reported, after taking charge of the sub-division, that inspection of some of the stacks had disclosed "almost the entire quantity of stone materials" to be decayed sand stone which breaks even with the slightest pressure between the fingers". This view was also corroborated by the Executive Engineer in a report, he made to the Superintending Engineer in the same month, after he had "verified" the position "partly". The Executive Engineer also suggested testing of the material at the Alipore Test House "to establish the genuineness of the case". However, action to send the samples was not taken till Audit became seized of the matter. Samples were then sent to the Test House in August, 1968 which reported in September, 1968 that "if the samples tested and the samples collected are of the same variety, it can only be concluded that the materials have progressively deteriorated in their qualities due to prolonged weathering". The State Government thereafter informed the Government of India that the test results did not bear out the observations of the Executive Engineer which it characterised as "irresponsible and unfortunate". The Chief Engineer, after a personal verification of the position, also gave a report on more or less the same lines in July, 1969.

[S. No. 8 (Para 1.61) of Appendix to 113th Report (4th Lok Sabha)]

Action Taken

The observations of the Committee have been noted.

[Min. of Shipping and Transport (Roads Wing) O.M. No. SR-43
(59)/70 dt. 31-5-71]

Recommendation

It would be difficult to ascertain the facts correctly at this distance of time. For this reason the Committee do not wish to pursue this case. The Committee however find it difficult to believe that material which had been earlier reported to be "decayed sand stone" could later have been considered to have deteriorated just "due to prolonged weathering". Had investigations been promptly and properly conducted, the truth of the matter would have been established. As it turned out, however, the investigations that took place were slow and dilatory. The Government of India also failed to make any verification first hand which it should have done considering the seriousness of the situation as brought out in the Executive Engineer's Report. The Committee hope that there would be no repetition of a case of this kind.

[Sl. No. 9 (Para 1-62) of Appendix to 113th Report (4th Lok Sabha)]

Action Taken

Noted. However, it is stated that the Executive Engineer's report addressed to his superiors in the State Public Works Department, which had been held as "irresponsible and unfortunate" by the State Chief Engineer the highest official authority of the State, had come to the notice of this Ministry for the first time only when the audit para was received here in December, 1968 *vide* Government of West Bengal's letter No. 2412-R/Adt., dated the 7th December 1968 (Annexure) and note earlier.

[Min. of Shipping and Transport (Roads Wing) O.M. No. SR-43 (59) dt. 31-5-71]

ANNEXURE

Copy of letter No. 2412-R/Adt., dated the 7th December, 1968 from the Deputy Secretary to the Govt. of West Bengal, Public Works (Roads) Department, Audit Branch, Calcutta to the Union Secretary to the Govt. of India, Min. of Transport & Shipping (Roads Wing), Transport Bhavan, No. 1, Parliament Street, New Delhi-1.

SUB: *Draft paragraph on "Loss due to Purchase of Materials for Road Construction" proposed for inclusion in the Central (Civil) Audit Report, 1969.*

I am directed to invite a reference to your letter No. B-18(12)68, dated 16-11-68 on the subject indicated above and to say that the

draft paragraph in question has been carefully examined. The comments of the State Government in the matter are as follows.

2. The stone materials in question were of local variety and were not as good as Pakur variety. The cost of Pakur variety being higher, the local variety was collected in order to effect economy in the work. It is, however, not a fact that the material were of sub-standard quality at the time the same were collected. This will be established from the test report of the Director, Road and Building Research Institute sent with his memo. No. 4584 dated 119-68 (copy enclosed). It may be seen from this report that at the time of collection, samples of the materials were sent to the Institute for test and the test results showed the same to be of usable strength. The materials have, however, deteriorated in quality and become weaker in strength due to long weathering action. In order to ascertain the rate of deterioration, some representative samples were again sent to Road and Building Research Institute for tests. The results of these tests were also reported in the above-noted memo of the Director, Roads and Buildings Research Institute. It will be seen therefrom that the report of the local Executive Engineer that the materials were 10 per cent—70 per cent had as ascertained on eye-examination only has not been borne out by subsequent results of scientific test conducted by the Roads and Buildings Research Institute. The Director, Roads and Buildings Research Institute has put forward certain suggestions for utilisation of these materials and the same are being adopted on being accepted by the State Chief Engineer. It cannot, therefore, be said that the amounts spent on these materials has turned out to be a loss to Government.

3. As regards non-utilisation of the materials on works for which these were intended, it may be stated that the materials were collected for works under the Coal Roads Schemes by the State Roads Directorate in advance in order to go forward with the schemes with the urgency and speed initially attached to the same by the Government of India. Due, however, to the ban abruptly imposed by the Government of India in their letter No. PL-10(37)65, dated 25-5-65 on further expenditure on works included in that scheme, progress on the works had to be halted and the materials already collected were left unutilised and they started deteriorating. The fact that some expenditure had already been incurred on collection of stone materials for these works was brought to the notice of the Government of India in the State Government's letter No. 1200-D:Ws, dated 7-7-65, but unfortunately, the ban having not been lifted, the works could not be started so long. Now the work of bituminous macadam has been approved and allotment of funds received. The State Roads Directorate are therefore preparing for

utilising the materials on bituminous macadam course of 3" to 4", as the State Chief Engineer considers that there is no objection to the use of aggregate with lower attrition value in such type of works.

4. As, at the time of taking delivery of the materials, the same were not considered to be of unacceptable quality, as established by scientific test, the question of the fact of the deficient quality of the materials coming to the notice before payment to the supplier and fixation of responsibility for any loss consequent thereon does not arise.

Copy of letter No. 4584 dated 11-9-68 from the Director, Road and Building Research Institute, Anderson House, Alipore, Calcutta-27 to the Executive Engineer Coal Roads Construction Division No. I.

SUB: Report on the collection of stone materials as lying in the stock and at different sites under Coal Roads Constn. Division No. I.

REF: His Memo. Nos. 1955 dated 6-8-68 and No. 2052 dated 16-8-1968.

1. We have received different sizes of stone materials ranging from 3¼" size to 1½" metals collected from local stone quarries in and around in the Maliara in the Bankura District. It was stated that the materials were collected some time in 1965 and were intended to be used in precoated macadam (3" compacted thickness) & 1½" inch dense carpet for the work of strengthening of hard crust of Grand Trunk Road.

2. In order for a coarse aggregate to perform satisfactorily in a pavement, it must be tough enough to withstand the action of rolling during construction and the action of traffic without breaking up under the imposed loads. The test used for evaluating this property in the Los Angeles Abrasion Test (AASHO. T-96). The test results are appended below:—

S'l. No.	Samples Details	Per cent wear in Los Angeles Abrasion Test.
1	Stack No. 1, ¾" size chips (local quality-Maliara)	58.0%
2	Stack No. 2, ¾" size chips (local quality-Maliara)	57.6%
3	Stack No. 24, 1" size stone metal.	53.5%
4	Stack No. 17, 1½" size stone metal (Maliara)	36.4%
5	Stack No. 20, 1½" size stone metal (Maliara)	46.2%

3. Stone used in an asphalt mix may be softer than that used as cover stone for surface course. It is suggested that the cover stone should not exceed a wear of 35 per cent in the Los Angeles Abrasion Test. Aggregates with a wear of over 50 per cent are usually unsatisfactory for use in any being of asphalt pavement.

4. It has been gathered from office record that the Executive Engineer, Coal Roads Construction Division No. I, Durgapur had sent to this Institute at least three samples of stone metal from local quarries of Maliara, Bankura (vide his No. 613 dt. 5-3-65, 792 dt. 20-3-65 and 1280 dt. 3-5-65) and the percentage wear value in Los Angeles Abrasion Test were reported to be of the order of 29.8 per cent, 43.6 per cent and 9.35 per cent. It was recommended that the second samples can only be used in base-course and not in surface-course whereas the other two samples could be used any where.

5. If it is assumed that the samples tested and the samples collected are of same variety, it can only be concluded that the materials have progressively deteriorated in their qualities due to prolonged weathering.

6. From the result of tests, it is observed that the stone chips have deteriorated more than the stone metal. In the 5 per cent thick precoated macadam, stone sizes of $1\frac{1}{2}$ " , 1" , $\frac{1}{2}$ " and $\frac{1}{4}$ " are to be used. It is thought that the $\frac{1}{2}$ " and $\frac{1}{4}$ " sizes stone chips are yet to be collected. And if Pakur or similar varieties of chips are now collected, it is presumed that the mix would not be so bad to render them unsuitable for their use in the work. In case of $1\frac{1}{2}$ " thick dense carpet, the sizes of stone chips to be used are only $3\frac{1}{4}$ " and $\frac{1}{2}$ " , in the proportion of 9:5 and that the layer is to be placed on the top to serve as the wearing surface and to take all the blunts of the traffic. It seems that use of the $3\frac{1}{4}$ " chips already collected for the purpose will perhaps not be injudicious after the same had undergone so much of change in their quality due to prolonged storage and weathering. We will have to find out some other means for their effective use in lower courses where the C.B.R. values need not be so high.

7. However, it is suggested to lay some experimental stretches on the road and observation taken regarding their actual performance under heavy intensity of traffic.

Recommendation

The Committee are concerned about the deteriorating financial position of the Calcutta Port. The Port suffered losses amounting

to Rs. 1.7 crore in 1965-66, Rs. 3.11 crores in 1966-67, Rs. 1 crore in 1967-68 and Rs. 3.83 crores in 1968-69. As a result the Port has not been able to contribute to the Revenue Reserve Fund since 1957-58.

[Serial No. 11, (Para No. 2.13) of Appendix to 113th Report (4th Lok Sabha)].

Action taken

The successive deficits in the working of the Port of Calcutta are due to progressive fall in the Traffic handled, as a result mainly of the recession in trade, the adverse effect of which was more pronounced in the eastern region where it is situated, owing to the heavy concentration of engineering industries. Other contributory factors are the reduction in the imports of foodgrains and exports of coal and ore. Instead of a general decline in traffic, there would have been an increase in the traffic passing through this Port, had it been possible to arrange better drafts so that bulk carriers by which iron ore is now transported could use the Port as also the large tankers which carry oil. The construction of a barrage across Farrakka to revitalise the River Hooghly and the construction of a new Dock System in the deep water stretch at Haldia are meant to neutralise the factors inhabiting the growth of traffic. Until these two projects are completed, the Calcutta Port is bound to suffer loss. In order to reduce the loss during the period when the traffic handled is not likely to increase the Commissioners for the Port of Calcutta have adopted austerity standards in regard to all items of expenditure and have clamped such economic measures as would be possible to cut down the expenditure without affecting operational efficiency and provoking industrial unrest.

The successive deficits in the revenue account have compelled the Commissioners to use up the resources of the Revenue Reserve Fund instead of contributing to that Fund. The object of the Revenue Reserve Fund is to act as a buffer against variations in revenue earnings and also to provide assistance for meeting any unforeseen increase in expenditure.

[Min. of Shipping and Transport (Transport Wing) O.M. No. 16—
PG(2)/70, dated 23-11-1970].

Recommendation

The Port is faced with this position despite the fact that its charges are the highest amongst the Ports in the country. The charges were increased six times since 1963-64. The gross receipts of the Port consequently increased from Rs. 17.71 crores in 1963-64

to Rs. 24.35 crores in 1967-68, but the expenditure outstripped the receipts, since it increased from Rs. 17.19 crores to Rs. 25.35 crores over the same period.

[Serial No. 12 (Para No. 2.14) of Appendix to 113th Report (4th Lok Sabha)].

Action taken

Noted.

[Min. of Shipping and Transport (Transport Wing) O.M. No. 16—
PG(2)/70, dated 23-11-1970].

Recommendation

In the Committee's assessment, this situation has arisen due to two inter-related factors. The Hooghly has been silting up over the years, necessitating progressively heavier expenditure on dredging. The dredging expenses have increased about ten-fold from Rs. 75 lakhs to Rs. 7.35 crores. With restrictions on the size of vessels navigating the Hooghly and on draft, the Port has progressively lost traffic which is now being carried the world over in bulk carriers which require large drafts. How steeply the traffic has plummeted would be evident from the fact that it was 11 million tonnes in 1964-65, 9 million tonnes in 1967-68 and 7.5 million tonnes in 1968-69. According to the Port Trust the traffic has gone back to the level that prevailed 20 years ago. What a long way the Port has to go would be clear from the estimate given to a Study Group of the Committee that the Port would need over 15 million tonnes of traffic, if it is to 'break even'. This calls for more than a doubling of the present level of traffic.

[Serial No. 13 (Para No. 2.15) of Appendix to 113th Report (4th Lok Sabha)]

Action taken

It is expected that when the Haldia Dock is opened to traffic in 1971, the traffic handled by the Port will go up as this Dock system will be free from bore tides and be in a position to offer draft upto 45' so that tankers bringing crude for the refinery which is being set up at Haldia and bulk carriers loading iron ore, can come freely. This Dock system will be provided with fast moving mechanical appliances to load ore and coal and discharge raw materials for the manufacture of fertiliser, salt etc. In addition, a container berth will be provided for regular containerised traffic.

The possibility of the Haldia Dock system handling a large volume of transshipment cargo meant for different Ports in the eastern region is also there, because of its proximity to those Ports and its ideal location.

[Min. of Shipping and Transport (Transport Wing) O.M. No. 16—
PG(2)/70, dated 23-11-1970].

Recommendation

A first pre-requisite for rehabilitating the Port's position is to improve navigational conditions in the Hooghly and enable the Port to handle traffic coming in bulk carriers. From this point of view, the expeditious completion of the Farakka Barrage, which will help to keep the Bhagirathi-Hooghly waterway well flushed and the Haldia Port, with its facilities for handling bulk traffic, is imperative. Steps in the following other directions are called for—

- (1) The establishment expenses of the Port need to be very vigilantly watched, as they have eroded the margins hitherto available. This will call for a tight control on the size of the Establishment and payments like overtime allowances which, as later pointed out by the Committee, have increased, despite the fall in traffic.
- (2) Dredging expenses will also have to be closely watched. Though the completion of Farakka Project should reduce the quantum of dredging now being done in the Port area, it has to be borne in mind that there is a proposal to extend the jurisdiction of the Port Trust upto the outfall of the Feeder Canal from Farakka Barrage. This, coupled with the fact that Haldia will require maintenance dredging, might tend to push up the dredging bill. The expenditure on this account will have, therefore, to be strictly controlled and the Port should explore avenues for economies, through better maintenance, improved dredging techniques etc. It is of particular importance that the existing dredging resources are put to optimum use. A Study Team of International Ports and Harbours had pointed out that the existing dredger fleet "is working far below its capacity" and that there is need to organise and rationalise the dredging potential available in the Port.
- (3) There are certain areas of operations like Port Railways, which now cause substantial losses. These should be streamlined and made to work more efficiently.

- (4) A close supervision has to be kept over the progress of construction at Haldia so that it is completed not only according to time schedule but also there is no snag in the construction works. The Study Team of International Ports and Harbours had drawn attention to the fact that "the Chief Engineer in charge of this mammoth project keeps in touch with construction progress by means of a once a week trip to the site from Calcutta". The Team pointed out that "considering the magnitude and importance of this project and the fact that it is already two years behind schedule, we do not feel that this degree of supervision is adequate." The Committee are constrained to note that such a glaring deficiency was overlooked by a foreign Team. They trust that every effort will be made to catch up with the schedule.

[Serial No. 14 (Para No. 2.16) of Appendix to 113th Report (4th Lok Sabha)].

Action taken

(1) A strict watch is being kept on the expenditure incurred on establishment in view of the fall in traffic and rise in the expenditure. Measures adopted are the imposition of a ban on the recruitment of new personnel, keeping the last post vacant whenever any member of the staff proceeds on leave, retires etc. Retrenchment of surplus staff is not possible without affecting industrial peace. Overtime booking is also being strictly watched so that the expenditure on overtime is incurred only when it is necessary in the exigencies of the work.

(2) With the commissioning of the Farakka Barrage, the dredging commitment in the Port area as well as in the navigable channel of the River Hooghly is expected to come down progressively. At the same time, dredging commitments in the estuary will increase, in view of the siting of the new Dock System at Haldia and the need to maintain a navigable channel with a depth of 45' for vessels using this Dock system. However, it is expected that the net result will be a substantial saving in expenditure.

The dredgers which are now in use, with the exception of dredger Mohana the estuarian dredger, are of conventional types and are not suitable for the estuary. In view of the expected drop in the dredging commitments of the Port area and navigable channels of the River Hooghly, two of the dredgers have been sold to other Ports and one dredger has been scrapped. The saving in expenditure by

disposing of the surplus dredging craft will be of the order of Rs. 50 lakhs per annum: but the actual saving accruing to the Port immediately is likely to be about Rs. 35 lakhs only, as all the crew of these crafts have not yet been absorbed in vacancies arising in the marine establishment.

The report submitted by the Study Team of International Ports and Harbours has created an impression that the Port dredgers are not being intensively used. This is not correct. A continuous use of these dredgers is possible when they are to be deployed for deepening a particular area as in a new Port Project or River deepening scheme involving capital outlay. Actual need for dredging in the Port arises from shoaling of one or more of the 14 bars in the navigable channel of the River Hooghly. The drafts allotted to ships depend upon the depth of water over the shallowest and other bars. Dredging effort will be rewarding only if the depths over all these bars can be improved to the same extent. As each bar shoals or deepens according to its own characteristics and often unpredictably, dredging is invariably directed towards improving the bar or bars losing depths. In view of these special considerations in the work to be done, the dredgers cannot be employed continuously on the bars as improving one or a set of bars alone will not lead to an increase in draft.

Apart from technical consideration, the dredgers have to be moved away from site to make way for ships entering and leaving the Port. This causes interruptions to dredging. Further, the dredgers have also to be moved away from the dredging site to the dumping ground, which cannot always be near the site of dredging. If these factors are taken into account, the dredgers at the disposal of the Commissioners will be found to be employed as economically as possible. Indeed the different dredgers are meant for specific assignment in different stretches of the river. Without appreciating these peculiarities, the Study Team (which has spent a very short time in Calcutta) merely compared the actual dredging time spent by each dredger with those logged by dredgers engaged on capital dredging schemes and arrived at the superficial conclusion that the dredging capacity is being wasted.

(3) The gap between the income and expenditure based on the working results of the CPC Railways for the year 1968-69 is about Rs 125 lakhs. In order to reduce the expenditure and improve the income, about 320 old wagons and some old locomotives have been put up for sale and some railway lines which are found redundant,

are being dismantled. In addition, demurrage charges for detention of foreign railway wagons in the Port beyond the permissible free time has been increased recently. This is likely to yield an additional revenue of about Rs. 15 lakhs per annum. On representations made on behalf of the Commissioners, the Railway Board, at a meeting held in Delhi in April 1970, has agreed to pass on to the Port Commissioners' Railways the income from increases in freight rates to the extent such increases affected the terminal charges, which have been integrated into the freight structure. This will bring in an additional revenue of Rs. 3 lakhs per annum. The arrears payable for the period from the 1st April 1966 to 31st March 1970 would account for Rs. 16 lakhs.

All these measures are expected to reduce the deficit to about Rs. 100 lakhs per annum, and with a slight increase in traffic, the gap may be expected to be narrowed further.

As commented earlier on the audit para, *the services rendered by the Port are loading and unloading of goods from sea-going vessels.* As railway operations are subservient to the main services rendered in respect of goods, other operations including the working of railway, which support the main work, cannot be self-supporting, although the expenditure incurred by the Port as a whole should be balanced against income. These principles have to be kept in view before advocating any steep revision of the P. C. Railway rate structure as road transport, despite the extra cost, is becoming more popular with the trading public and diversion to that mode of transport cannot be ruled out, if railway charges on local movement are unduly raised. This also explains why the Commissioners are trying to bridge the gap between income and expenditure by improving the earnings from foreign railway traffic to the exclusion of the local traffic.

(4) A close supervision is being kept on the progress of the construction work at Haldia so that it can be completed according to schedule.

An officer in the rank of a Deputy Chief Engineer is stationed at Haldia permanently. Moreover, there is very urgent need for the Chief Engineer to be available at Calcutta for conferences with main suppliers and fabricators, for bringing deviations of work to the notice of the principal suppliers, for disposing of references from allied participants in the project like the Haldia Refinery. The work of coordination expected of the Chief Engineer can be best arranged if he is based on headquarters. The Chief Engineer is of

course in daily touch with Haldia and visits Haldia very frequently. It has not been so far considered essential to ask him to be physically present at Haldia all the time.

[Min. of Shipping and Transport (Transport Wing) O.M. No. 16—
PG(2)/70, dated 23-11-1970].

Recommendation

The Committee are dissatisfied with the working of the Port Railways. This section of the port's operations suffered a loss of Rs. 1.60 crores in 1965-66, Rs. 1.89 crores in 1966-67, Rs. 2.19 crores in 1967-68 and Rs. 1.25 crores in 1968-69. The railway line is very old and no improvement has apparently been made in tracks and rolling stocks for a long time. According to the Port Trust, sizeable traffic of Port Trust has been diverted to road transportation but the Railway cannot be dispensed with nor its charges be increased in order to avoid pressure on trucks. The Committee have been informed that a Railway expert had made certain suggestions to improve the working of the Railways. The expert has advised the division of Railways in four sections, closing down of one section and disposal of about 700 old wagons. The Committee would like action to be expeditiously taken on these suggestions and the affected staff gainfully employed elsewhere. The Committee need hardly stress that if the Railway is to be continued by the Port Trust it must be, as far as possible, self-supporting. The Committee hope that necessary steps would be taken by the Port Trust to rationalise the present arrangements and modernise the Railway to the extent possible.

[Serial No. 15 (Para No. 2.20) of Appendix to 113th Report (4th Lok Sabha)].

Action taken

The principal cause of the deficit in the working of the C.P.C. Railway is the fall in traffic and the remuneration received from the Trunk Railways for terminal services rendered being at a level below cost. Other factors contributing to the deficit can make no appreciable impact on the deficit even if suitable remedial measures are taken. Nevertheless following the report of the Railway Operating Superintendent, a number of old wagons and locomotives have been disposed of and redundant railway lines have been dismantled.

As the traffic handled by the Port has fallen, there is surplus not only in the C.P.C. Railway section but also in the sections dealing

with loading and unloading of goods. As retrenchment of surplus staff will lead to unrest, the only alternative is to absorb them in the Haldia Establishment when that Dock System starts functioning. At this stage, economy in expenditure can be effected only by imposing a ban on recruitment of new personnel and this is being strictly followed in the section concerned with railway working.

[Min. of Shipping and Transport (Transport Wing) O.M. No. 16—
PG(2)/70, dated 23-11-1970].

Recommendation

The Committee were given to understand that the deficit of the Railway can to a certain extent, be off-set if the Railways pay the Port Trust their full share of proportionate terminal charges levied by them. The Committee desire that the question of payment of additional terminal charges should be vigorously pursued.

[Serial No. 16 (Para No. 2.21) of Appendix to 113th Report (4th Lok Sabha)].

Action taken

The rates under which the Commissioners were being remunerated for terminal services rendered to the Trunk Railways were covered by an arrangement which expired on 31st March, 1966. As a result of a meeting held in this Ministry, the Railway Board have agreed to increase these rates from 1st April, 1966 and the revised rates will remain valid till 31st, March, 1971. A further meeting will be held with the Railway Board to evolve new rates from 1st April, 1971.

[Min. of Shipping and Transport (Transport Wing) O.M. No. 16—
PG(2)/70, dated 23-11-1970].

Recommendation

The Committee note that there has been delay in disposal of *unclaimed cargo* lying in the custody of Calcutta Port Trust. The quantity of such cargo was 762 tonnes in November 1966, 500 tonnes in October 1967, and 944 tonnes in November 1968. The disposal of the cargo has been stated to have been delayed due to difference of opinion between the Port Trust and Customs authorities as to whether the price of goods should cover the customs duty chargeable on the goods or not. The Committee desire that these matters should be quickly settled by the Port authorities and Custom and necessary steps taken to dispose of the cargo, as delay in the disposal

of the cargo not only results in deterioration of goods but also blocking of valuable accommodation in the Port area.

[Serial No. 18 (Para No. 2.29) of Appendix to 113th Report (4th Lok Sabha)].

Action taken

The reserve price for sale of unclaimed goods is fixed by the Customs after taking into consideration the market value, the duty they should recover etc. In public auctions, the bidders frequently form a ring and there is a tendency to quote low and maximise the profit. It is against this tendency, that one has to fight in disposing of unclaimed goods. It is only when a particular category of unclaimed goods has a great demand in the market, bids reach the reserve sale price level. In other cases, bids are below the reserved sale price. It will be wrong to apply pressure on Customs in all cases, to have the price reduced. In suitable cases, the Customs authorities are being requested to adopt a flexible approach to the sale of unclaimed goods, when the goods fail more than once to reach the reserve price level, so that the quantity lying in the Port at any time is not appreciable. As pointed out before the Committee the quantity of unclaimed goods lying in the Port any time is insignificant compared to the quantity of imports and exports handled. A revised procedure has been introduced for disposal of unclaimed goods belonging to Government Department and Government controlled undertakings, Foreign Embassies, Consultant. Under this procedure, goods belonging to these parties which remain unclaimed in the Port premises are disposed of within a reasonable interval after a special notice has been served on these institutions, organisations etc. to clear the material. It is hoped that this will help to reduce the quantity of unclaimed goods lying in the Port area belonging to Government and other Organisation mentioned above.

[Min. of Shipping and Transport (Transport Wing) O.M. 16—
PG(2)/70, dated 23-11-1970].

Recommendation

The Committee find that the outstanding dues of the Port Trust have been increasing from year to year. The outstanding dues which at the end of 1963-64 amounted to Rs. 34.92 lakhs have increased to Rs. 134.17 lakhs at the end of 1967-68. The Committee suggest that some positive measures should be taken to realise these

dues especially from the private parties and statutory bodies and to prevent their accumulation in future. The Committee note that suits have been filed for dues against rent of land and building amounting to Rs. 12.77 lakhs against private parties. The Committee desire that Port Trust should examine the question of taking some action against other parties from whom dues are long over-due.

[Serial No. 19 (Para No. 2.35) of Appendix to 113th Report (4th Lok Sabha)].

Action taken

The Port Commissioners, have been asked to renew their efforts in realising their old outstanding bills and take legal action wherever they think it is necessary for collecting their dues.

[Min. of Shipping and Transport (Transport Wing) O.M. 16—
PG(2)/70, dated 23-11-1970].

Recommendation

The Committee observe that expenditure has been incurred on works substantially in excess of sanctioned estimates and that this excess expenditure is awaiting regularisation. The excess expenditure rose from Rs. 128 lakhs in March, 1966 to Rs. 1,137 lakhs in March, 1968. It has been stated by the Port Trust that in most of the cases the excess was due to devaluation of rupee. The Committee consider that, estimates, of the various works involving foreign exchange should have been revised and due sanction of the competent authority for the revised estimates obtained. The Committee desire that in future the Port Trust should devise necessary checks to ensure that expenditure does not exceed sanctioned estimates without a revised estimate being prepared and approved.

[Serial No. 20 (Para No. 2.39) of Appendix to 113th Report (4th Lok Sabha)].

Action taken

In cases mentioned above, revised estimates were not put up in time as excess expenditure incurred was mainly due to devaluation of rupee currency. In future, the Port Commissioners will put up revised estimates to the appropriate authorities for sanction as soon as it is known that the original estimate is likely to be exceeded. A strict watch is being kept by the Accounts Department of the Port on the expenditure incurred on projects and it is hoped

that occasions may not arise in future for the Audit to comment on expenditure incurred in excess of the sanctioned amounts.

[Min. of Shipping and Transport (Transport Wing) O.M. 16—
PG(2)/70, dated 23-11-1970].

Recommendation

The Committee find that according to the accounts as recast on the basis of the advice of consultants, the Bombay Port Trust had a net income of Rs. 6.13 crores in 1965-66, Rs. 4.48 crores in 1966-67 and Rs. 3.57 crores in 1967-68. These figures include income from demurrage derived by the Port Trust which was quite substantial. If this item, which should not strictly be considered a normal source of income, is excluded, the earnings would be Rs. 1.21 crores in 1965-66 and 0.55 lakhs in 1966-67. For the year 1967-68 there would actually be a deficit of Rs. 95.29 lakhs. The revenue accounts for 1968-69 would similarly show an operating deficit of Rs. 0.33 crores if demurrage is excluded. As for 1969-70, the Committee note the Port Trust authorities themselves anticipate a deficit, even after taking credit for demurrage.

The foregoing data would show that there is substantial scope for improving the working results of the Port. This deterioration in the working results is partly a reflection of the fact that traffic at the port has been falling. The cargo handled at the port which increased from 14.73 million tonnes in 1960-61 to 18.12 million tonnes in 1965-66 has since declined to 16.4 million tonnes in 1968-69. It is evident that a radical change is taken place in the composition of traffic handled at the port (both imports and exports). The trends in this regard should be closely studied) and appropriate adjustments made in the facilities provided at the ports.

In the context of the trends of traffic at the port, it is obvious that it will have to take steps to rationalise the expenditure on its principal activities. The port has switched over to the management system of accounting to enable it to assess the cost of each service or operation. This should help it to identify the areas of operations which are at present proving expensive and to take steps to economise on the expenditure incurred on these operations. The Committee would like the Costing Cell set up in the Port to undertake an analysis of the cost of some of the major operations like cargo handling and port and dock facilities. Based on their findings, suitable measures to streamline these operation should be taken.

No less important is the need to overhaul the rate structure of the Port. The Committee have later in this Report referred to a

number of instances where the Port Authorities failed to revise rates in time and thereby lost revenue. The Costing Cell should be given a phased Programme to analyse the rate structure and formulate proposals for overhauling them.

[Sr. Nos. 22-24 (Paras Nos. 3, 21-3.23) of Appendix to 113th Report 4th Lok Sabha)].

Action Taken

The Port Trust have pointed out that some of the figures mentioned under this item need to be corrected as under:—

- (i) The percentage of net return on mean capital for 1964-65 should read as 2.5 instead of 2.6.
- (ii) The working results of 1966-67 as shown in the Audit Para should be amended to read as under:

	Gross Receipts	Working ex- penses	Profit/Loss	Percentage of net return on mean capital
	(In crores of Rupees)			
1966-67	20.48	18.14	2.34	4.0

- (iii) The figures of receipts from demurrage shown in the Audit Paragraph are exclusive of surcharge. Inclusive of surcharge, the figures would be as below:—

	(In crores of Rupees)
1965-66	5.12
1966-67	4.66
1967-68	4.70

- (iv) The revised system of accounting was introduced from 1st April, 1968 and the return of 10.2 per cent computed for 1968-69, on the basis of Capital Assets at original cost less depreciation and Works-in-Progress (the amount would be Rs. 33.63 crores and not Rs. 28.63 crores as shown in para 3.8 of the Report as on 31st March, 1969) stands on a different footing from the returns for the previous years as shown in Table II incorporated in the Report.

The working results for 1969-70 show a surplus of about Rs. 43 lakhs, before providing for any contribution to the General Reserve

Fund for Projects covered by the IDA Credit and other development projects but after providing for additional depreciation to cover the current replacement costs of certain categories of assets. This surplus of Rs. 43 lakhs allows for revenues from docks demurrage amounting to Rs. 337 lakhs.

Cost Statements based on the accounts for 1969-70, together with a detailed analytical note, were placed by the Port Trust before the Finance and General Committee of the Trustees in August 1970. It was decided that the adequacy of the existing rates should be gone into after the Trustees' Economy Committee, which was appointed, had completed its deliberations and formulated its recommendations for economising expenditure without affecting operational efficiency within three to four months' time. Cost statements based on the Accounts for the quarter ended 30th June, 1970 have also been furnished by the Port Trust to the Trustees and Statements for the quarter ended 30th September, 1970 are under preparation. Meanwhile, proposals for revising and rationalising the schedules of ground rent and warehouse rental, contained in the Docks Scale of Rates, are also being considered by the Port Trust.

The details of traffic handled by the Port during 1969-70 and during period 1st April to 31st October, 1970 are given below:—

(In million tonnes)

	1969-70	1-4-70 to 31-10-70
Imports	11.434	5.746
Exports	3.601	2.007

A close watch is being kept by the Port Trust on traffic trends and the need for economy is also kept in view while planning the provision and improvement of facilities in **future**.

The Port Trust are effecting refinements in their system of management accounting and also in the costing procedures and intend to undertake detailed costing soon. Job costing has been introduced in the Port Trust workshops. The cost consciousness engendered by the new system of accounting would enable them to regulate expenditure better. However, to introduce smooth rationalisation of procedures and mechanical aids, cooperation of staff and labour unions is necessary and the Port Trust are making all efforts

to secure it. A Costing Cell has been set up in the Accounts Department. As already stated above, a Sub-Committee of the Trustees is looking into the question of rationalising the rate structure.

[Min. of Shipping and Transport (Transport Wing) O.M. 16—
PG (2)/70 dated 9-12-1970].

Recommendation

One point that the Committee notice is that there is no uniformity in the shipping charges levied by the various Ports. In August, 1969, shipping charges per tonne on sugar exports for instance were Rs. 2.50 in Bombay, Rs. 4.90 in Calcutta, Rs. 9.00 in Madras, Rs. 5.50 in Cochin, Rs. 4.25 in Visakhapatnam, Rs. 3.95 in Kandla and Rs. 5.87 in Mormugao. The rates of demurrage also differ from port to port. The Committee recognise that, in view of local conditions, an absolute uniformity is not possible. They feel, however, that the Ministry of Transport should make a study of the basis on which shipping charges and demurrage are levied by the various major ports and take steps to rationalise them thereafter.

The Committee also feel that other major ports should be asked to reorient their system of accounting on the lines of the Bombay Port Trust. Apart from bringing about some uniformity, this would help the ports to identify the cost of their operations on a functional basis, facilitating better management control.

[Sr. No. 25-26 (Paras Nos. 3.24—3.25) of Appendix to 113th Report
(4th Lok Sabha)].

Action Taken

As recognised by the Committee, an absolute uniformity in the matter of Port Charges is not possible. The Commission on Major Ports has also reached the same conclusion in para 9.9 of its report. However, the Commission has made certain recommendations for the rationalization of the system of rates and charges in Chapter IX of its report. As recommended by the Commission, these charges will have to be carried out after careful analysis and by stages. In considering the Commission's recommendations, Government would keep the Public Accounts Committee's observations in view.

The accounting systems at the other Major Ports have also been modernised on the lines of the revised system introduced at Bombay.

although some work in this regard still remains to be done at some of the ports.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70 dated 9-12-1970].

Recommendation

The Committee are concerned about the increasing losses sustained by the Bombay Port Trust Railway. If certain national credits taken in the accounts by the Port Trust on account of Oil traffic, dock wharfage and revenue derived from railway-served plots are excluded, the deficit in the working of the Railway works out to Rs. 72.58 lakhs in 1965-66, Rs. 85.79 lakhs in 1966-67, Rs. 95.09 lakhs in 1967-68 and 91.53 lakhs in 1968-69.

The Committee note that the Port Trust are themselves not very happy about the working of their Railways and propose to take certain measures to reduce establishment charges and also improve the efficiency of the Port Railway with a view to reducing the deficits. But the success of these efforts will be conditioned by the extent to which the Port authorities are able to enlist the cooperation of various staff unions. The Committee would like the Port Trust to enter into a dialogue with the unions for this purpose, so that the Port Railway could be made to work more efficiently.

The Committee note that the Ministry of Transport and Shipping have taken up the question of settlement of terminal charges payable by the Ministry of Railways to the Port Trust. It has been stated that the realisation of these extra terminal charges from the Railways would substantially offset the losses of Port Trust Railway. The Committee would like the question of terminal charges payable to the Port Trust Railway should be vigorously pursued with the Ministry of Railways.

The Committee find from the data furnished to them that there has been a considerable diversion of traffic from the Port Railways to road in the recent years. Approximately 45 to 50 wagon loads have been diverted from rail to road every day. The entire question of scope of operations of the Port Railway is stated to be under examination by a Sub-Committee, with which the representatives of the Indian Railways have been associated. The Committee would like to be informed of the Sub-Committee's findings and the action taken to implement its suggestions.

[Sr. Nos. 27—30 (Paras Nos. 3.42—3.45) of Appendix to 113th Report (4th Lok Sabha)]

Action Taken

In para 3.29 on page 53 of the printed report, the deficit for 1968-69 has been shown as Rs. 68.64 lakhs. Presumably, the deficit for 1967-68 of Rs. 68.54 lakhs was intended to be shown. The deficit for 1968-69 was Rs. 65.06 lakhs in accordance with the revised system of accounting, excluding the liability on account of the Wage Board's recommendations. The deficit for 1969-70 has amounted to Rs. 100.78 lakhs inclusive of the additional expenditure resulting from the Wage Board's report.

2. As regards the question of enlisting cooperation of the labour unions for introducing measures to reduce establishment costs and also to improve the efficiency of the Port Railway with a view to curtailing the deficits, the Bombay Port Trust had appointed a sub-Committee of its Trustees including one of the Trustees representing labour to examine the question of regulating overtime. This sub-Committee has since been merged in the Economy Committee which is at present in the process of examining the matter. Every effort will be made by the Port Trust to secure the cooperation of labour particularly in effecting reduction in overtime work on the Port Railway and in making other operational improvements with the object of reducing the deficits as far as possible.

3. Apart from the above, on the basis of certain recommendations made by the *Ad-hoc* Committee of the Trustees, the Port Trust Railway Manager has worked out suitable proposals having regard to the recommendations of the Consulting Engineers contained in the Master Plan report regarding the elimination of railway tracks in the docks and also bearing in mind that the objective is to clear the docks of congestion and enable more efficient handling of goods at the wharves and in the sheds. The proposals aim at the elimination of railway tracks in the docks subject to the retention of basic facilities which are technically necessary for certain special cargoes. These proposals are under the consideration of the Port Trust.

4. As regards the question of terminal charges, an Inter-departmental meeting was held in New Delhi in April 1970 when the Railway Board agreed to allow the benefit of the terminal element of the supplementary charges imposed during the period 1st April, 1961 to 31st April, 1966 to the Port Trust. The increased rate worked out on this basis would be applicable during the period 1st April, 1966 to 31st March, 1971 and this would bring an additional revenue of about Rs. 4.25 lakhs per annum to the Port Railway. A new basis for calculating the rate of terminal charges payable with effect from 1st April, 1971 would be negotiated with the Railway Board. It is

2022 (Aii) LS—4

hoped that a further upward revision in the rates of terminal charges would be secured from 1st April, 1971 and that this would bring some additional revenue to the Port Railway. In deciding the new rates applicable from the 1st April, 1971 the cost of rendering the terminal services by the Port Trust would be worked out by the port authorities and every effort would be made to make the Railway Board agree to the fixation of the rate of terminal charges keeping these costs in view. One of the main reasons for the continuing deficits of the Port Railway is that the Railway Board have not so far agreed to reimburse terminal charges to the Port Railway on the basis of what it costs.

5. While increasing the rate of terminal charges from 1st April, 1966, the Railway Board have stopped payment of the normal haulage charges which were being paid as part of the terminal charges. This has resulted in a loss of about Rs. 10 lakhs per annum to the Port Railway and the matter has been taken up by the Port Trust with the Railway Board.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG
(2) |70 dated 9-12-1970]

Recommendation

The Committee note that the outstanding dues of the Port which stood at Rs. 235.84 lakhs as on 31st March, 1968 were reduced to Rs. 94.75 lakhs as on 31st October, 1968 and Rs. 67.2 lakhs as on 31st October, 1969. The Committee are not satisfied with the progress made in realisation of dues during the period 31st October, 1968 and 31st October, 1969; only an amount of Rs. 17.46 lakhs was realised during a period of one year. The Estate Department of the Port has to realise dues amounting to Rs. 52.04 lakhs, out of which Rs. 37.47 lakhs are due from Government Departments and Rs. 14.75 lakhs from private parties. The Committee desire that sustained efforts should be made to realise the dues from Government Departments and private parties to avoid their accumulation in future. The Committee note that it has been decided to recover interest on the outstanding dues both from Government Departments and private parties. The Committee hope that this will be done without delay.

[Sr. No. 32 (Para No. 3.53) of Appendix to 113th Report (4th Lok
Sabha)]

Action Taken

The position of the outstanding dues recoverable upto 31-3-1968 and outstanding as on 31st October, 1970 is shown in the Table below:—

Item	Amount outstanding as on 31-3-1968	Amount outstanding as on 31-5-1970	Amount outstanding against Government Departments and Undertakings, out of that shown in Column 3
1	2	3	4
	(Rs in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)
Docks Bills	67.31	2.54	0.60
Bunder Bills (including rents from Bunder estates)	7.41	1.78	0.13
Bills rendered by the Chief Accountant's Department.	27.64	0.71	0.12
Estate Department	89.86	+36.93†	23.34† + Amount held in M.D. Account is about Rs. 11 lakhs.
Railway Department Bills for rents Claims for terminal charges and revenue through credit notes	25.58‡	3.76*	3.76*
Port Department Bills	13.01	0.16	0.02
Total	235.84	45.88	27.97

†Figure represents the position as on 31-3-1970; the figure as on 31-10-1970 is not readily available but some recoveries would have been made.

‡Includes Rs. 17.43 lakhs on account of Terminal Charges and revenue through Credit Notes.

*Does not include Terminal Charges and revenue through Credit Notes.

It will be seen from the above Table that an appreciable progress has been made in the recovery of the outstanding dues. The main item outstanding consists of the dues of the Estate Department against certain Government Departments, particularly the Ministry

of Defence and Department of Food. The Port Trust have taken up the matter with the Ministries concerned at the highest level and every effort is being made to realise the dues. They have also claimed interest on the outstanding amounts.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70 dated 9.12.1970].

Recommendation

The Committee take a serious view of the fact that the lease in this case who committed a breach of the lease terms by letting out the building built on Port Trust land was granted a fresh lease. The Committee regret that Port Trust did not take necessary action against the lessee for breach of terms of the lease agreement, but instead granted a fresh lease at a revised rate. The revised rate did not conform to the formula approved in the Trustees Resolution of 1965 with the result that there was a loss of 5.32 lakhs for the period of the present lease upto 31st March, 1997. Another unsatisfactory feature of the case is that although the breach of the lease took place from 1st August, 1963, the Port Trust enhanced the rate only from 1st February, 1965 which resulted in an additional loss of Rs. 0.55 lakhs during the intervening period.

The Committee hope that cases of this type will not recur.

[S. No. 36 (Para No. 3.63) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

The Trustees were guided by the circumstances of the case, *viz.* (i) the lessee had helped the Central Government by agreeing to let out the building constructed by him on the plot in question for opening a branch of the Alipore Guest House, which is of national importance, without receiving any advance or deposit; (ii) the apprehension that if the higher rate was charged, the party might arrange the premises to be requisitioned; and (iii) the disinclination of the party to agree to the proposed enhanced rate if the period of the original lease was to remain the same. When the breach came to the notice of the Port Trust they enhanced the lease rent to Rs. 30 per square meter per annum, which was much higher than the current levied rate of Rs. 21 per square meter per annum.

The Port Trust have noted the Committee's observations.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70 dated 9-12-1970].

Recommendation

The Committee are astonished to find that since 1952 there has been no revision of rates to be charged from the private oil companies for patrolling their oil pipe-lines, although the cost of services is estimated to have increased by about 200 per cent since then. The Committee desire that this question should be immediately taken up and the rates revised suitably. The Committee also hope that with the setting up of a Costing Cell in the Port Trust the rates for various other services rendered to private parties would be periodically reviewed, in order to bring them upto date. For this purpose some time-schedule for review should be prescribed.

[Sr. No. 37 (Para No. 3.66) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

The Bombay Port Trust has replied as follows:—

“The correct position was explained by the Chairman in his oral evidence, when it was also emphasised that a surcharge of 5 per cent had been levied on the relative rates, with effect from 1st April, 1965. Instead of there being a loss, there would actually be profit, since for a single operation we recover charges from more than one Oil Company whenever two or more parallel pipe lines are used. A rough costing reveals that we are making a profit of a few lakhs of rupees on the service. However, this will diminish with the adoption of the Wage Board's scales of pay and allowances. We are planning to undertake detailed costing exercise when the subject operations will also be covered. Meanwhile on the basis of the Cost Statements for the principal services and operations previously prepared and to be compiled shortly on the basis of the accounts for 1969-70, the Trustees will be in a position to take a review of the relative rates and charges in the overall context.”

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70 dated 25-11-1970].

Recommendation

The Committee are concerned at the lack of coordination between Bombay Port Trust and the Customs Department which occurred in this case. The Customs Department revised the basis of measurement of volume of petrol, oil and lubricant products with effect

from October, 1960. The change on the basis of measurement resulted in a drop of volume, to counteract which the Customs Department increased their levy. However, the Port authorities, who were charging wharfage on the basis of volume came to know about this changed basis only in 1966. Thereafter it took them two years to revise the rates, i.e., April, 1968. This resulted an annual loss of revenue to the Port Trust amounting to Rs. 9.00 lakhs approximately. The Committee desire that necessary steps should be taken to establish better coordination between the Customs and Port Trust in matters of common interest which affect the Port revenues.

[Sr. No. 38 (Para No. 70) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

Noted. Suitable instructions have been issued to all Port authorities. The Ministry of Finance (Department of Revenue and Insurance) have also been requested to issue instructions in the matter to customs authorities at all Major Ports.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70 dated 25-11-1970].

Recommendation

The Committee regret to point out that the rate of hire (Rs. 420 per shift) charged from the private contractor in respect of 30-ton Lima crane was very much on the low side as compared with the market rate (Rs. 1100 per shift). The Committee desire that rates of hire for machinery and equipment loaned to contractors should be revised periodically so that these are comparable with market rates.

[Sr. No. 39 (Para No. 373) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

The Public Accounts Committee's recommendation to revise the rates for the hire of machinery and equipment to contractors has been noted for compliance. It may, however, be added that in effecting such revision, the difference in the nature of the services rendered by the Port Trust cranes and those hired out by private parties will also have to be taken into account.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70 dated 25-11-1970].

Recommendation

The Committee find it surprising that the rates of ground rent in respect of monthly and 15-monthly leases for lands let out as far back as 1920 (at rates varying from annas 2 to annas 6 per sq. yd. per month) were allowed to hold the field for nearly two decades till they were increased on *ad hoc* basis by 81 per cent on an average over the then existing rates. Although the trustees decided in 1952 that the need for revision of the rates should be examined once in three years, no decision was taken to raise the rate till 1968. In 1968, the rates were increased by 33-1/2 to 75 per cent although the Chief Surveyor and Land Valuer of Port Trust, entrusted with working of the rates on more scientific and rational basis, had recommended in 1966 that the rate might be raised 200 to 300 per cent. The Committee would like the Port Trust to rationalise the basis for fixation of rent in respect of leases of port land so that lessees do not profit at the expense of the Port.

[Sr. No. 40 (Para No. 3.76) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

As explained by the Port Trust in their written reply, it was because of the opposition from tenants and lessees and the prospects of prolonged legal proceedings that the general revision of the rates of ground rents in respect of monthly tenancy and 15 monthly leases had to be deferred from time to time. The increase when effected could not be made too steep for practical considerations and the rate of increase had to be kept within certain reasonable limits. The last revision was made with effect from 1st October, 1968 and the rates are due for further revision with effect from 1st October, 1971, as per the decision of the Port Trust Board. The Port authorities are initiating necessary action in this regard. While doing so they would bear the Committee's observations in view. In individual cases where it is established that the lessees are profiteering at the expense of the Port by sub-letting the leased areas or by breach of the terms of the lease, the Port Trust has been levying the prevailing market rates while regularising the breach.

The Port Trust are of the view that if the Public Premises (Eviction) Act is made applicable to the Port Trust properties, their hands would be considerably strengthened in dealing with the lessees and in effecting the requisite increases in the lease or tenancy rents.

This question is, at present, under consideration in consultation with the Ministry of Works, Housing and Urban Development.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70 dated 9-12-1970].

Recommendation

The Committee note that with a view to prevent trading in Port Trust Lands and to derive adequate returns for Port Trust property, the Board decided in June, 1965 that on reassignment of existing non-rent earning leases, the new assignee should normally be charged increased rent at 1.5 times the rent reserved under the existing lease for the first half of residential period and 1.75 times such rent for the remaining period.

In view of the fact that in this case, the transferer got from the transferee a consideration of about Rs. 28 lakhs for the transfer which amounted to trading in the Port Trust land, the Committee consider that revision of the lease rent in terms of the Resolution of the Board of June, 1965 was inadequate. The Committee would also like the Port Trust to consider the question of revising decision taken in 1965, so as to secure for the Port a greater share of income arising out of reassignment of leases.

[Sr. No. 41-42 (Para No. 3.80—3.81) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

The justification for the Port Trust's decision has been elucidated in their written reply. The suggestion of the Public Accounts Committee to review the decision taken in 1965 is accepted. The matter will be considered by the Trustees along with the question of revising the basis for fixation of rent for renewal of expired leases.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70 dated 25-11-1970].

Recommendation

The Committee desire that close coordination should be kept with Collector of Customs so that goods do not continue to be indefinitely in bond when the Bonders have failed to pay rent. In such cases expeditious action should be taken to obtain permission of the Customs Authorities for the disposal of the goods.

[Sr. No. 43 (Para No. 3.86) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

The Committee's recommendation for maintaining close co-ordination with the Customs is noted for compliance.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70 dated 25-11-1970].

Recommendation

The Committee are not happy over the fact that costly machinery and equipment is lying idle for long periods. The Committee would like the Ministry to ensure that proper coordination is maintained between the different major ports so that machinery and equipment are not imported by ports while similar equipment are lying surplus to requirement in other ports.

The Committee desire that the ports should prepare an inventory of the surplus machinery and equipment lying idle and decide about their disposal or transfer.

[S. No. 44 (Para No. 3.90) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

The Committee's observations have been noted and brought to the notice of all the major port authorities for necessary action.

Insofar as Bombay Port Trust is concerned, all the electric wharf cranes, which were required to be shifted from the berths reserved for foodgrains to the new berths in the extended basin of Alexandra Docks have been transferred. They also generally apprise the other ports whenever they have any surplus machinery or equipment which can be used at the other ports.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70 dated 9-12-1970].

Recommendation

The Committee observe that the Port Trust are losing revenue to the extent of Rs. 99,000 and Rs. 34,000 per annum respectively in respect of vacant plots in the Cotton Depot and Mahim Bunder, which have not been let out. The Committee would like the Port Trust to carry out a review of all the plots belonging to them which are lying vacant and the reasons therefor. In the light of the review,

efforts should be made to let out the plots and utilise them, so that as far as possible loss of revenue does not occur.

[Sr. No. 46 (Para No. 3.96) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

The Port Trust have noted the Committee's observations and would try to ensure that such loss of revenue is avoided as far as possible. They have, however, pointed out that sometimes plots do remain vacant because these are either earmarked for certain trades (e.g. plots in the Cotton Depot) or these are used by the Port Trust themselves from time to time for storage of uncleared goods or are required by them for other purposes. Sometimes, the plots are intended for use by other Government Departments and the Municipality and cannot be offered to private parties.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70 dated 9-12-1970].

Recommendation

The Committee consider these two cases of under-assessment of wharfage dues in the Bunders as serious. In one case the wharfage dues on Copra and Coconut, were assessed on weights declared by the importers without verifying their correctness! A test-check of five material revealed that weights were under-estimated by about 1,390 Kgs. and 335 Kgs. per 100 bags of Coconut and Copra respectively. The loss is estimated at Rs. 46,000 (approx.) for three years ending March, 1966. In the other case an under-assessment of Rs. 12,952 was detected in a single consignment of 17 drums or Diacetone Alcohol. Such under-assessments point to the need of extending internal precheck by the Chief Accountant to the Bunders. But it has been decided not to institute pre-audit at the Bunders for the present for the reasons that suitable accommodation is not available and that the revenue collections have been declining. The fact that revenue collections of the Bunders is declining, points, all the more, to the need for introducing pre-audit so that leakage of revenue could be plugged.

[Sr. No. 47 (Para No. 3.100) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

The Bombay Port Trust have since introduced preaudit at the Hay and Haji Bunders.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16 PG (2)/70 dated 9-12-1970].

Recommendation

The Committee note that a transport contractor, to whom the Port Trust entrusted the transport arrangements for foreign consultants, was paid advances for the purchase of 7 cars, 3 of these cars were surrendered by the consultants, but the advances paid in respect of 2 of the cars are still to be adjusted. The Committee would like this to be done forthwith.

[Sr. No. 48 (Para No. 3.108) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

The Port Trust have explained as follows:—

There seems to be some misunderstanding that the transport arrangements were entrusted to a separate firm of transport contractors. The relative provision in the agreement with the main contractors for the Scheme was invoked for obtaining motor vehicles required for use of the expatriate staff and the office of our Consulting Engineers, instead of placing at their disposal, the Ambassador cars purchased through Government, since the latter were required for departmental use and the agreement was thought to be more convenient and economical. Of the seven cars obtained on hire from the contractors, four have already been surrendered. In accordance with the relative provisions of the agreement with them, we had to give them advances against cars, among other plant and equipment, brought on site. Recovery of the advance on the agreed basis, viz., at 86.89 per cent of the value of each certificate has been started from the certificate for July, 1969. If any item of plant or equipment is removed from the site, the contractors are required to repay the balance of the advance in full in respect of that particular item. Accordingly, advance for one car removed by them was separately recovered in the certificate for August, 1969. The advance for three other cars removed by them during the period March to June 1970 has been refunded by them in cash. The advance for the remaining three cars, which were in use by the Consulting Engineers, is being recovered from each

month's certificate in the proportion indicated above. The advance will be fully repaid in 1971.

[Min. of Transport and Shipping (Transport Wing) O.B. No. 16-PG (2)/70 dated 25-11-1970].

Recommendation

The Committee note that an amount of Rs. 1.74 lakhs on account of wharfage on waste oil pumped from Butcher Island for the period April, 1959 to March, 1969 is due from oil companies but that the question of recovery has not been finally settled with oil companies in spite of discussions and correspondence. The Committee would like the Port Trust to have legal position examined without delay and further necessary action taken in accordance with the opinion expressed.

[Sr. No. 50 (Para. No. 3.119) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

- Action will be taken as suggested by the Public Accounts Committee.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70, dated 25-11-1970].

Recommendation

The Committee are distressed over the inordinate delay that occurred in completion of white oil flushing scheme. The site for the project taken up in 1954 had to be shifted to an other site in 1956 to meet the changed requirements of oil companies. But even after this, it took the Port Trust 10 years to complete the project (1966). As a result, the scheme which was estimated to cost Rs. 3.89 lakhs in 1954 was completed in 1966 at a cost of Rs. 27.05 lakhs. The Committee consider the delay of ten years in completing the modified scheme as unconscionable.

Another unsatisfactory feature of the execution of the scheme is that proper care was not taken to avoid damage to equipment awaiting installation and consequently the Port Trust had to incur an avoidable expenditure of Rs. 20,420 on replacement of materials eaten away by white ants and on commissioning of idle parts.

[Sr. Nos. 51-52 (Para Nos. 3.124-3.125) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

The Public Accounts Committee's observations have been noted by the Port Trust.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70, dated 25-11-1970].

Recommendation

The Committee observe that Port Trust have not fallen in line with the general arrangements made by Government for routing of advertisements through the Directorate of Advertisement and Visual Publicity. As a result they are foregoing rebate of 15 per cent which has been secured by the Director of Advertisement and Visual Publicity by arrangement with the newspapers. The main apprehensions of the Port Trust are that by routing the advertisements through Directorate of Advertisement and Visual Publicity, it may not be possible for them to get their advertisements published in appropriate newspapers or that they may be published in a condensed form or might be delayed in publication. While the Committee appreciate that lack of adequate publicity and abridgement of advertisements or delay in their publication might adversely affect the interests of the Port Trust, they feel that these difficulties could have been sorted out with the Directorate of Advertisement and Visual Publicity. The Committee suggest that the matter be discussed by the Port Trust with the Directorate of Advertisement and Visual Publicity and result communicated to the Committee.

[Sr. No. 53 (Para No. 3.129) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

The Port Trust have stated that they have recently economised expenditure by entering into contract arrangements with certain newspapers. They fear that the routing of Port Trust advertisements through the Directorate of Advertising and Visual Publicity is likely to lead to delays and certain other difficulties. However, as suggested by the Public Accounts Committee, the Port Trust are discussing the matter with that Directorate with a view to ascertaining if the difficulties could be overcome.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70, dated 9-12-1970].

Recommendation

The Committee note that there is a proposal to set up a Satellite Port in Nhava Sheva on a phased programme drawn up by the Consulting Engineers of the Bombay Port. The first phase of development of the Satellite Port, covering the period upto 1975-76, envisages the construction of three berths in the creek between Nhava and Sheva, two berths for handling bulk cargoes such as fertilizers, rock phosphate, sulphur, sugar, etc., and the third for handling containerised traffic. A Study Team of International Ports and Harbours which examined these proposals questions the wisdom of the "planning logic which suggests that a new port should provide every conceivable type of port facilities within one concentrated area." The Study Team drew pointed attention to the fact that "if import foodgrains requirements are eliminated, the Central Government forecasts, there would not be sufficient justification for embarking on a port development of this magnitude at this time." The Committee desire that in processing the proposal in this regard, Government should take adequate precautions to obtain reliable forecasts of traffic trends so that facilities are not created on a grandiose scale unwarranted by the requirements of trade. The fact that traffic at the Bombay Port has lately registered a fall suggests the need for extreme circumspection in planning the provision of new facilities.

[Sr. No. 54 (Para No. 3.133) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

The Study Team of the International Association of Ports and Harbours did not, it seems, correctly appreciate the justification for the Nhava-Sheva scheme. The justification for the scheme arises not merely from expectations of more traffic but also from the necessity of rationalising the handling of the existing traffic by segregating bulk cargo from general cargo and also of providing the necessary berthing and handling facilities for large bulk carriers and containers. Care will be taken to ensure that the Planning of the new facilities is done consistently with the requirements of traffic and of the national economy.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70, dated 25-11-1970].

Recommendation

The Committee find that the working expenses of the Cochin Port have more than doubled from Rs. 145.47 lakhs in 1964-65 to Rs. 307.66 lakhs in 1968-69. This has occurred due to additional expenditure on staff, dredging operations and repairs and maintenance etc. The establishment expenditure has increased because apart from revision of rates of dearness allowance etc., there has been addition to staff and upgrading of posts from time to time. The Committee would like to emphasise the need for keeping a strict watch on this expenditure, particularly, as the net earnings are tending to decrease.

[Sr. No. 55 (Para No. 4.9) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

This has been brought to the notice of the Port Trust.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70, dated 23-11-1970].

Recommendation

The Committee feel that the dredging operations in the Port leave a lot to be desired. The Port has not yet been able to find a proper dumping ground for the silt with the result that the dredged silt keeps floating back to the Port after dredging operations. The matter is stated to have been referred to the Khadakvasala laboratory and Atomic Energy Establishment who have to complete certain experiments to trace the movement of silt. The Committee would like the matter to be vigorously pursued and a proper dredging pattern to be evolved. It has been stated that the limited range of some of the existing pipeline dredgers with the Port has limited the scope for dumping operations. Government should have this matter examined and provide for dredgers which would be capable of depositing the silt at further distances than now.

[Sr. No. 56 (Para No. 4.10) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

The Committee's recommendations are accepted. Further experiments to trace the movement of silt are now in progress. Order

has already been placed by the Port Trust for a new Hopper Suction Dredger and one Grab Dredger.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70, dated 23-11-1970].

Recommendation

The Committee have elsewhere in this Report stressed the need for the accounts of Port Trusts being drawn up on management principles so that they clearly bring out the cost of various operations. The Committee note that this question is engaging the attention of Government. They trust that Government will ensure that the revised accounting system is speedily finalised and adopted, so that the Ports get a clear picture of the cost of various services rendered and the revenue derived therefrom. While it might not be possible to make every service pay its way, the effort should be to ensure that the charges for such services approximate as closely as possible to the cost.

[Sr. No. 58 (Para 4.15) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

Noted. The revised system of accounts has been implemented in this Port with effect from 1969-70.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70, dated 23-11-1970].

Recommendation

The Committee have earlier in this Report drawn attention to a similar case where the Bombay Port Trust failed to fall in line with the Customs Department, after the latter had revised the basis for measurement of volume of petroleum products for purpose of duty to be charged on these products. The result was that the Port Trust avoidably lost revenue for a period of eight years till they revised the basis for assessment. The Committee note that in this case there was a similar delay of about six years.

[Sr. No. 60 (Para No. 4.21) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

Noted.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70, dated 23-11-1970].

Recommendation

The Committee would like appropriate review procedures to be evolved to ensure that delays of this kind do not recur. Government should also ensure that all the ports follow a uniform principle for purpose of assessment of duty.

[Sr. No. 61 (Para No. 4.22) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

Noted. Suitable instructions have been issued to all Port authorities. The Ministry of Finance (Deptt. of Revenue and Insurance) have also been requested to issue instructions in the matter to all Customs authorities at all Major Ports.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70, dated 23-11-1970].

Recommendation

The Committee also feel that it was not in the best interests of the Port Trust to have renewed certain leases at the old rates when a proposal for revision of rentals was under consideration. The consideration of this proposal itself took an unconscionably long time of 2 years. The Port Trust should have taken legal advice, if necessary, before renewing the leases so that the leases could have given them the option to revise the rents later, or renewals of leases should have been for a short period. The Committee trust there will be no recurrence of cases of this kind.

[Sr. No. 64 (Para No. 4.31) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

This has been brought to the notice of Cochin Port Trust.

Noted.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG (2)/70, dated 23-11-1970].

Recommendation

The Committee observe that the Study Team also took the view that "there is little or no justification for the expectation that Cochin will require expansion in the foreseeable future." In view of this finding, the Committee would like Government to ensure that any proposal for construction of new berths etc. is screened with the utmost care on the basis of traffic estimates which should be most carefully drawn up.

[Sr. No. 66 (Para No. 4.38) of Appendix to 113th Report (4th Lok Sabha)].

Action Taken

The Committee's recommendation has been noted.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG(2)/70, dated 23-11-1970].

CHAPTER III

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

Recommendation

There is one point which the Committee would like Government to investigate. The materials were collected in 1965, but have not been put to any use so far. The report of the Test House would suggest that they are not capable of being used on pucca works. Even if the work for which the materials were originally meant was abandoned, it is not clear why the Government of India took no steps over a period of five years to ensure that the materials were put to alternative use. The Committee would like Government to examine this aspect of the case and report to them.

[Sl. No. 10 (Para 1.63) of Appendix to 113th Report (4th Lok Sabha)]

Action Taken

This work on National Highway No. 2 had not been abandoned but was held up on account of financial constraint under the circumstances then prevailing. In the intervening couple of years the "emphasis was more on projects of higher priority viz. Lateral Road, Strategic Roads and Emergency roads, and there was restricted activity on new works on National Highways. There was thus no work of this magnitude on the national highways in this area where this material could have been economically shifted and used. The work in question is now going to be resumed and executed. The material, after screening is proposed to be used on Job No. 258-BG-2 sanctioned, vide this Ministry's letter No. SR-43(45) 67, dated the 27th August 1970 (Annexure) and against another work of improvement to Panagarh-Durgapur Section, Miles 102 to 111 of National Highway No. 2. For the latter work, due to financial stringency, financial sanction was accorded on 30-3-1966 for a restricted amount lower than the amount for which technical approval was accorded. It is now proposed to accord revised financial sanction to the work for which the case is under reference and discussion with Ministry of Finance. The material collected at site is fit to be used on the work after screening.

[Min. of Transport and Shipping (Roads Wing) O.M. No. SR-43 (59)/70, dated 31-5-1971].

ANNEXURE

GOVERNMENT OF INDIA

MINISTRY OF SHIPPING & TRANSPORT

(ROADS WING)

Telegrams

'TRANSPORT BHAVAN'

ROADIND

No. 1, Parliament Street

No. SR-43 (45)/67.

New Delhi-1, the 27th August, 1970/
5th Bhadra, 1892.

To

The Secretary to the Govt. of West Bengal,
Public Works Department,
Works Branch, Calcutta.SUBJECT:—*Improvement of existing portion of National Highway 2
(G.T. Road) Section Durgapur to Ondal (111th M.P. to
122nd M.P.) (Job No. 258-BG-2).*

Sir,

I am directed to convey, in partial modification of the orders contained in this Ministry's letter No. NHII-38(2)/66, dated the 30th March 1966, the revised financial sanction of the President to the modified estimate amounting to Rs. 17,53,600/- (Rupees seventeen lakhs fifty three thousand and six hundred only) for the work mentioned above.

2. The expenditure on the work is debitable to the subhead "Construction of National Highways" subordinate to the Major Head "103—Capital Outlay on Public Works" for which the Demand Number for the current financial year is "129—Capital Outlay on Roads" and should be met from within the allotment placed at your disposal from time to time. The Audit are being informed accordingly.

Yours faithfully,

Sd/-

(HARBANS SINGH)

Under Secretary to the Govt. of India.

Encl: Nil

Copy forwarded to:

(1) The Accountant General, West Bengal, Calcutta. This sanction has been issued with the concurrence of the Ministry of Finance

(T&P) Division) vide their u.o. No. 2336 | TFS | 1970, dated 20th August, 1970.

(2) The Ministry of Finance (T&P Division) New Delhi, with reference to their u.o. No. 2336 | TFSII | 1970, dated 20th August, 1970.

Encl. Nil.

Sd/- (HARBANS SINGH)

Under Secy. to the Govt. of India.

Recommendation

The Committee are concerned to find that in spite of fall in traffic at Calcutta Port, the overtime allowances paid to the employees of certain departments continues to be on the high side. In 1967-68, the overtime ranged from 29 per cent to 64 per cent of the salaries of certain departments/sections. The Committee recognise that this impinges on the delicate problem of labour relations but would like the Port Trust to find out ways and means to minimise the expenditure on this account.

[Serial No. 21 (Para No. 2.42) of Appendix to 113th Report (4th Lok Sabha)]

Action Taken

The actual expenditure on overtime if consolidated overtime payable on fixed basis to marine and other staff who are duly employed on continuous basis is excluded, works out to 10 to 15 per cent of the wages paid. The consolidated overtime referred to is being paid to the marine staff and other staff to compensate for irregular hours of work and work in excess of the usual norm. If this practice is stopped, it will be necessary to recruit double set of staff and crew. That will result in expenditure much in excess of the consolidated overtime paid by the Commissioners.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-P.G. (2)/70, dated 23-11-1970].

Recommendation

The Committee see no justification in having renewed the lease in this case at the old rate from April, 1966 to October, 1971, particularly in the absence of any provision in the original agreement for its renewal at the old rate.

[Sr. No. 33 (para 3.58) of Appendix to 113th Report (4th Lok Sabha)]

Action Taken

As regards the specific case referred to in the Audit paragraph, it is pointed out that, since the rent for the first residual period upto 31st October 1971, calculated at 20 per cent of the gross annual rent, worked out to less than the rent reserved under the expired lease, the latter had to be charged in accordance with the sanctioned procedure.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-P.G. (2)/70 dated 9-12-1970]

Recommendation

The Committee desire that the Port Trust should pursue with the suppliers the question of obtaining satisfactory replacement for the wire ropes (cost Rs. 1.93 lakhs) which have been found defective. Legal advice should be also taken as to the action possible at this stage against the suppliers.

[Sr. No. 45 (Para No. 3.93) of Appendix to 113th Report (4th Lok Sabha)]

Action Taken

One of the coils of the defective wire ropes, which was modified by the reduction of its diameter, has since been tried by the Port Trust in three different cranes and found to be free from any apparent defect and is working satisfactorily. The Port Trust are, therefore, getting 10 further coils of the wire ropes modified in the same way at the risk and cost of the suppliers.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-P.G. (2)/70 dated 9-12-1970]

Recommendation

The Committee feel that substantial concessions have been extended by the Port Trust to the contractor entrusted with the running of the canteen in the administrative blocks. These have been way of re-imbursement of half the cost of fuel; payments towards cost of facilities provided by the contractor for officials bringing their own lunch/tiffin and non-recovery of security deposit. The Committee feel that the Port Trust should call for fresh tenders for running the canteen on these stipulations to ascertain whether the existing arrangement is in their financial interests.

[Sr. No. 49 (Para No. 3.115) of Appendix to 113th Report (4th Lok Sabha)]

Action Taken

The Bombay Port Trust has replied as follows:—

“The justification for the existing arrangements has been fully explained in our written reply. As recently suggested by the Government it is now proposed to entrust the running of the canteen at the Administrative Offices Annexe to the Co-operative Society formed for the purpose by our Class III and Class IV employees. Assistance is being given to the Society in accordance with the guidelines prescribed by Government and it is expected that the Society will take over the running of the canteen within a short period.”

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-P.G.
(2)/70 dated 25-11-1970]

Recommendation

One point bearing on the dredging operations of the Port calls for special mention. The Study Team of International Association of Ports & Harbours referred to the “inadequate usage of dredgers in the Port” and the fact that the suction gutter dredger is scheduled for dredging operations only two months per year but remains idle for the remaining 10 months. The Team also pointed out that the rate of productivity of dredgers is “abysmally low” and that there is “a lack of qualified officers and crews”. As the dredging expenses have almost doubled from Rs. 29.84 lakhs in 1965-66 to Rs. 58.2 lakhs in 1967-68, the need for optimum use of the existing dredger fleet, through provision of competent technical staff needs little emphasis. Any proposal for acquisition of new dredgers should also take note of the need to first put the existing stocks of dredgers to the maximum use and to recruit qualified persons in future.

[S. No. 57 (Para No. 4.11) of Appendix to 113th Report (4th Lok Sabha)]

Action Taken

Cochin Port has only three large-size dredgers viz. the Suction Dredger ‘Lord Willingdon,’ Bucket Dredger ‘Lady Willingdon’ and the Suction Dredger “Gunga”. There are three barges attached to the Bucket Dredger ‘Lady Willingdon’, which have very limited capacity for independent dredging; these barges are being used occasionally when the Bucket Dredger is laid up for repairs. The observation made by the I.A.P.H. Study Team that Cochin Port has six dredgers and their productivity is low is not, therefore, quite correct.

2. All the three dredgers are now very old and their productivity and performance cannot be expected to be on par with new dredgers. The Gutter Suction Dredger "Lord Willingdon" is now engaged for dredging the outer channel for three months in a year. According to the Cochin Port Trust, it cannot be used during the remaining months on account of repairs, dry docking and rough conditions in the channel.

3. The Port Trust has stated that the other two dredgers are being put to the maximum possible use.

4. The officers and crew actually employed on the dredgers are fully qualified and competent. Efforts are being made by the Cochin Port Trust to fill up the vacancies. The Port Trust are considering the question of increasing the utilisation of the old dredgers by increasing the working hours.

5. The Port Trust has placed an order for a new Gutter Suction Dredger as a replacement of the "Lord Willingdon" which is now very old. The Bucket Dredger "Lady Willingdon" is also now very old and its replacement is now due.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-P.G. (2)/70 dated 9-12-1970]

Recommendation

The Committee feel that the charges for use of cranes at Cochin Port will need review in the light of the fact that hire charges have been falling short of running expenses. The record of the working of the 120-tonne floating crane has been particularly unimpressive. During 1967-68, for instance, the operating expenses amounted to Rs. 8.06 lakhs against which the hire charges realised through its use were Rs. 65,173. It is obvious that the crane does not have enough work. The Committee would like Government to assess the position regarding the utility of its retention there.

[Sr. No. 59 (Para No. 4.17) of Appendix to 113th Report (4th Lok Sabha)]

Action Taken

Recently, a surcharge of 10 per cent on the recovery rates for cranes has been imposed. The surcharge is effective from 28-7-1970.

To a large extent a heavy lift floating crane can be taken as a necessary facility which a major port has to provide, as otherwise ships carrying heavy equipment would not be able to call at the port.

The development of an industrial complex in the hinterland of Cochin has made it necessary for the port to have a facility for the unloading of heavy equipment.

Apart from the direct receipts by way of hire charges for the use of the floating crane, it has to be noted that port dues, pilotage fee etc. constitute some of the other revenues derived by the port when ships carrying heavy equipment call there. These ships would not normally call at this port if the facility for handling of heavy lifts were not available.

While every effort is made to ensure that the various services provided by a port are self-sufficient and the charges are based on costs, it is not possible to adhere to this principle strictly in each individual case. While some services can and do pay more than the costs, some services like the heavy lift floating crane have to be provided at a reasonable cost which the traffic can bear.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-P.G. (2)/70 dated 23-11-1970]

Recommendation

The Committee note that there is a proposal to build a super-tanker oil berth at a cost of about Rs. 10 crores to handle oil traffic at the port. Opinion is sharply divided on the question whether this facility should be made available as an in-shore or off-shore terminal. While a feasibility study conducted by M/s. Engineers India Ltd. would appear to have suggested the location of this berth in-shore, the Study Team of the International Association of Port & Harbour expressed the view that an off-shore terminal is preferable both on considerations of cost and the trends in international oil traffic which is increasingly taking place in super-tankers of the size that the in-shore terminal would not be able to accommodate. This would also minimise the cost on dredging. The matter calls for further detailed study by Government, in view of the magnitude of the investment involved and the need to ensure that facilities that are made available are adequate from all points of view.

[Sr. No. 65 (Para No. 4.37) of Appendix to 113th Report (4th Lok Sabha)]

Action Taken

Government have carefully considered the comparative merits of an off-shore terminal and inshore terminal and inshore dock at Cochin and decided in favour of the latter.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-P.G. (2)/70 dated 23-11-1970]

CHAPTER IV

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

Recommendation

The Committee are unhappy about the pilgerage of tea from the railway wagons received by the port authorities. The estimated value of tea pilferred was Rs. 35.74 lakhs in 1966-67, Rs. 6.89 lakhs in 1967-68 and Rs. 5.78 lakhs in 1968-69. It has been reported that because of pilferage, tea consignments are getting diverted from Calcutta to Kandla. The Committee consider this to be fraught with grave risks, as this is bound further to decrease the port traffic. The Committee are concerned that the pilferages are taking place in some cases due to the railway staff colluding with tea interests who find it more attractive to divert these export consignments to Indian markets where they fetch a good price but result in loss of foreign exchange. The Committee note that a departmental committee consisting of representatives of Police, Railways, Port Trust and Tea Board have been set up to look into the matter. The Committee hope that this matter will be examined in all its aspects and constant vigilance will be maintained so as to minimise pilferage of tea from railway wagons.

[Sr. No. 17 (Para No. 2.26) of Appendix to 113th Report (4th Lok Sabha)]

Action Taken

It will be clear from the figures given above of the value of tea pilferred that the loss incurred has progressively come down as a result of various measures adopted by the Port authority to combat pilferage. Large amounts are spent in subsidising the State Police for operating a specific Port Division and also in running a Watch & Ward Organisation by the Port itself.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-P.G.
(2)/70 dated 23-11-1970]

CHAPTER V

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

Recommendation

The Committee have been given to understand that the major Ports Commission is also examining whether the Ports should have Railways of their own or whether they should be operated as part of the Trunk Railways. The Committee would like to be apprised of the findings of the Commission in this regard as also the action taken thereon.

[Sr. No. 31 (Para No. 3.46) of Appendix to 113th Report (4th Lok Sabha)].

Action taken

The Commission on Major Ports has made the following recommendation:—

“The Commission has given careful consideration to the question whether the Port Railways should be transferred to the Indian Railways or be retained by the Port Trusts. In our opinion, though there are some advantages such as economy in the operation of the Port Railways and better maintenance of the rolling stock, the dislocation that would be caused by effecting a transfer of the Port Railways to the Trunk Railway system will far outweigh the advantages. Besides, the integration of the workers of the Port Railways with those of the Indian Railways will throw up innumerable problems. We therefore, recommend that where the Port Railways are being operated by the Port Trusts, namely, at Calcutta, Bombay, Madras, Visakhapatnam and Mormugao, they should continue to do so. In the case of Kandla, the Indian Railways own and operate the railways in the port, while in the case of Paradip rail connection has yet to be provided. The two Major Ports of Mangalore and Tuticorin will have their rail connection by the time they go into operation. The Commission is of the opinion that in view of the heavy financial burdens involved and the time required for these

ports to achieve financial viability, the ports need not be saddled with the operation of the Port Railway system and that the Indian Railways should own and operate the railways of these ports. At Cochin, the Southern Railway is, at present, operating the Port Railway and we recommend the continuance of the present practice. As a result five ports will operate the Railway system while in the other five Major Ports the Indian Railways will operate the Railway system. This would enable a study of the relative conditions of the two systems on the basis of practical working experience. The Commission, therefore, recommends that the question of the operation of the Port Railways may be reviewed after a period of ten years from the date of our Report.

The recommendation of the Commission is under Government consideration.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-P.G. (2)/70, dated 9-12-1970].

Recommendation

The Committee were informed that this was done in accordance with the resolution of the Board of Trustees and that the lease rent for the period 1971 onwards was increased according to the formula approved by the Board of Trustees in 1956. The Committee desire that the formula approved by the Board of Trustees in 1956 should be reviewed with a view to relating it to current market rates so that, as far as possible, the Port Trust does not lose revenue avoidably.

The Committee were informed that one of the difficulties in charging market rate was that this would entail protracted eviction proceedings, in case lessees were not prepared to pay the market rates. The Port Trust had approached Government for powers to evict lessees under the Public Premises (Eviction) Act, but they were advised that Port area would not come under purview of Public Premises (Eviction) Act. Government are now, however, stated to be considering the question of amending the statute to facilitate speedier action for eviction of recalcitrant lessess. The Committee felt that necessary powers in case of default of rent or after termination of the lease by means of a summary procedure instead of having to institute a civil suit for eviction.

[Sr. Nos. 34 and 35 (Paras Nos. 3.59-3.60) of appendix to 113th Report (4th Lok Sabha)].

Action taken

In regard to the general question of revising the rents of expired leases, the Trustees reel that although, theoretically, there is a sound case for adopting the current market rate of rent while renewing an expired lease, there are certain practical difficulties in enforcing current market rents which have weighed with the Board in the past and which have also been brought to the notice of the Public Accounts Committee. Leases of Port Trust land are broadly classifiable into two categories; (1) rent-earning leaseholds, wherein the lessee's income from the leaseholds, consists of rent recovered by him from his tenants and (2) non-rent earning leaseholds, wherein the lessee's income from the leasehold, consists of rent recovered by him consideration applying to both the types of leases in revising the rent is the difficulty in evicting the lessee if he does not accept the revised rent. In the case of rent-earning leaseholds, there is a further consideration, viz., that the lessee is prevented by the Rent Restriction Act, which is in force in the Maharashtra State, from passing on the increased lease rent to his tenants. Taking these facts into consideration, the Trustees decided in 1956 to base the revised rent, in the case of rent-earning leaseholds, on the rental income actually derived by the lessee, and laid down that the revised rent should be 20 per cent of the lessee's rental income during the first phase of the renewed lease and 30 per cent during the second phase. It was felt that this formula would give the lessee a fair return on his investment, after allowing for all outgoings.

As regards non-rent earnings leaseholds, it was decided in 1960 that the revised rents of expired leases should be as follows:—

- (1) 2.25 times the old rent upto 31st October, 1970.
- (2) 2.80 times the old rent upto 31st October, 1980.
- (3) 3.50 times the old rent upto 31st October, 1990.

The Port Trust have noted the Committee's observations and are reviewing the formulae of 1956 and 1960.

As regards the application of the Public Premises (Eviction of Unauthorised Occupants) Act to the Port Trust properties, the matter is under consideration in consultation with the Ministry of Works, Housing and Urban Development.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG(2)/70. dated 9-12-1970].

Recommendation

The Committee note that the Port Trust have lodged a claim for Rs. 2.64 lakhs with the Railways towards loss of revenue sustained

by them due to the opening of a Railway goods shed in close proximity to the Harbour station. The Committee would like to be apprised of the progress of settlement of the claim.

[Sr. No. 62 (Para No. 4.26) of Appendix to 113th Report (4th Lok Sabha)].

Action taken

The matter has been taken up with the Railway Board. A reply from them is awaited.

[Min. of Transport and Shipping (Transport Wing) O.M. No. 16-PG(2)/70, dated 23-11-1970].

Recommendation

The Committee feel that the leases in respect of lands in Willingdon Islands have been given out on terms which have not secured to the Port Trust the full benefit of the enhancement inland values in that area. The rates of rent were revised thrice by 25 per cent in 1960, 25 per cent in 1962 and 50 per cent in 1967, as against which the rise in land values reported by the Collector was 100 per cent, 40 per cent and 500 per cent respectively. The Committee are not convinced by the argument that the lands in the Port area have not appreciated to the extent reported by the Collector whose assessment is stated to pertain to lands in the mainland. Even if this is so, the Committee feel that the disparity in land values cannot be of the order suggested by the figures above. The Committee would like the Port Trust to review the whole matter and refix the rents, if necessary, by getting an independent assessment made by the revenue authorities of the extent of appreciation in the Island. [Sr. No. 63 (Para No. 4.30) of Appendix to 113th Report (4th Lok Sabha)].

Action taken

Further revision of lease rent *vis-a-vis* the provisions of the Kerala Land Reforms Act, is under consideration by the Port Trust.

ERA SEZHIAN,

Chairman.

Public Accounts Committee

NEW DELHI;

August 31, 1971.

Bhadra 9. 1893 (S)

APPENDIX

Summary of main Recommendations & Conclusions

Sl. No.	Para No.	Ministry Department concerned	Recommendations/Conclusions
1	2	3	4
1	1-14	Transport and Shipping	<p>The Committee hope final replies in respect of recommendations to which only interim replies have so far been furnished will be submitted to them expeditiously after getting them vetted by Audit.</p>
2	1-9	Transport and Shipping Depatt. of Agriculture	<p>The Committee note that the Deep Sea Fishing Organisation has so far received 2 out of the 20 trawlers ordered by them while eight more trawlers are likely to be delivered shortly. Besides, the Government of Gujarat have taken delivery of one out of two trawlers ordered by them. The Committee hope that the remaining number of trawlers will be delivered to the Deep Sea Fishing Organisation and the Gujarat Government as early as possible. The Committee would watch the progress made in the utilisation of the jetty which has not been put to use for several years since its construction.</p>
3	1-12	Transport and Shipping	<p>The Committee notice slight improvement in the working of the Dockyard during the year 1969-70 resulting in reduction of losses to some extent as provisionally assessed by the Department. The Committee hope that efforts will continue to be made to improve the working of the Dockyard so that losses do not occur in future.</p>

1	2	3	4
4	1.15	Transport and Shipping	<p>The Committee hope that an early decision will be taken on the proposal to set up an estimating cell in the Marine Dockyard, Port Blair. The Committee further desire that Government should also consider the question of standardisation of work as suggested by them earlier.</p>
5	1.18	-Do-	<p>The Committee are not convinced with the argument advanced by Government for allowing the Chief Engineer, Haldia to be stationed in Calcutta. In their opinion the headquarters of the Chief Engineer should be shifted forthwith to Haldia to ensure that degree of supervision which is necessary for the expeditious completion of the project. If the coordination work in Calcutta needs a full-time officer the Committee would suggest posting of a liaison officer of suitable rank for the purpose.</p>
6	1.21	-Do-	<p>The Committee note that action has been initiated on the suggestions of the Railway expert, in order to bring down the deficits of the Port Railway. The Committee desire that further steps to improve the working and to effect economy should be taken without delay. They also desire that the Port Trust should revise measures of utilising the surplus staff of the Port Railway gainfully pending eventual absorption in Haldia Establishment.</p>
7	1.22	-Do-	<p>The Committee would like the examination by the Departmental Committee regarding pilferage of tea from the Railway wagons in all its aspects as suggested earlier, to be expedited. The results of</p>

such a comprehensive examination and specific measures proposed to be taken to prevent pilferages may be intimated to the Committee.

8. 1.27 —Do— The Committee note that a revised procedure has been introduced for disposal of unclaimed goods belonging to Government Departments and undertakings, Foreign Embassies, etc. The Committee would like to suggest that the feasibility of extending this procedure to the goods belonging to private parties may be examined.
9. 1.30 —Do— The Committee would like to know the progress made with regard to realisation of outstanding dues by the Calcutta Port Trust.
10. 1.33 —Do— The Committee would like it to be ensured that the rates fixed are commensurate with the cost of rendering various services from time to time and that there should be a time schedule for reviewing the rates.
11. 1.36 —Do— The Committee desire that the finalisation of the basis for fixing the rent on reassignment of existing leases as also on renewal of expired leases, should be expedited.
12. 1.39 —Do— The Committee would like to be informed of the outcome of the discussion between the Port Trust and the Directorate of Advertising and Visual Publicity regarding the question of routing advertisements through the latter.

1

2

3

4

13.

1.42 Transport and Shipping

The Committee are not convinced with the explanation that dredger 'Lord Willingdon' cannot be used for more than 3 months in a year. In the Committee's opinion, if a dredger works only for a period of 3 months in a year, it cannot be regarded as a satisfactory performance. The Committee desire that steps should be taken to put the dredgers to optimum use.

76

