

**PUBLIC ACCOUNTS COMMITTEE**  
**1959-60**

**TWENTY-FOURTH REPORT**

SECOND LOK SABHA

[Appropriation Accounts of the Government of Delhi for the year 1956-57 (1st April, 1956 to 31st October, 1956) and Finance Accounts for the years 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Reports thereon]



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*February, 1960.*

*Phalguna, 1881 Saka)*

*Price: Re. 0-95 nP.*

CORRIGENDA

Twenty-fourth Report of P.A.C. (Second Lok Sabha)

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XI. Summary of the main Conclusions/Recommendations of the Twenty-fourth Report of the Public Accounts Committee (Second Lok Sabha)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE  
1959-60

CHAIRMAN

SHRI UPENDRANATH BARMAN\*

MEMBERS

2. Shri T. Manaen
3. Shri Maneklal Maganlal Gandhi
4. Pandit Jwala Prasad Jyotishi
5. Shri Shamrao Vishnu Parulekar
6. Shri Radha Raman
7. Shri Rameshwar Sahu
8. Shri T. R. Neswi
9. Shri Raghubar Dayal Misra
10. Shri T. Sanganna
11. Shri Vinayak Rao K. Koratkar
12. Shri Jaipal Singh
13. Shri Aurobindo Ghosal
14. Shri Yadav Narayan Jadhav
15. Shri Shraddhakar Supakar
16. Shri Amolakh Chand
17. Rajkumari Amrit Kaur
18. Shri Rohit Manushankar Dave
19. Shri T. R. Deogirikar
20. Shri Surendra Mohan Ghose
21. Shri Jaswant Singh
22. Shri S. Venkataraman.

SECRETARIAT

Shri S. L. Shakhder—*Joint Secretary.*

Shri V. Subramanian—*Deputy Secretary.*

Shri M. C. Chawla—*Under Secretary.*

Shri Y. P. Passi—*Under Secretary.*

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\*Shri Upendranath Barman was elected to serve as a Member of the Public Accounts Committee on the 10th September, 1959 [Vice Dr. P. Subbarayan, who ceased to be a Member of the Committee on his appointment as a Minister] and was appointed as the Chairman of the Committee on the 12th September, 1959.

## INTRODUCTION

1. The Chairman of the Public Accounts Committee, having been authorised by the Committee to present the Report on their behalf, present this Twenty-fourth Report on the Appropriation Accounts of the Government of Delhi for the year 1956-57 (1st April, 1956 to 31st October, 1956) and Finance Accounts for the years 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Reports thereon.

2. These Accounts were laid on the Table of the Lok Sabha on the dates mentioned against each :—

Appropriation Accounts, 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Report, 1958 . . . . .	24-11-1958
Finance Accounts, 1955-56 and Audit Report, 1956 . . . . .	10-3-1959
Finance Accounts, 1956-57 (1st April, 1956 to 31st October, 1956) and the Audit Report. . . . .	21-4-1959

3. The Committee examined these Accounts and Audit Reports thereon at their sitting held on the 25th July, 1959.

4. The Working Group constituted by the Committee on Delhi and Himachal Pradesh Accounts considered the statement showing action taken or proposed to be taken pursuant to the recommendations made in the Thirteenth Report of the Committee at their sitting held on the 19th August, 1959, and their observations as adopted by the Committee have been embodied at appropriate places in the body of this Report.

5. A brief record of the proceedings of each sitting of the Committee has been maintained and forms part of the Report.

6. The Committee considered and approved this Report at their sitting held on the 20th February, 1960.

7. A statement showing the summary of the main conclusions and recommendations of the Committee has been appended to this Report (Appendix XI). For facility of reference, these have been printed in italics in the body of the Report.

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

NEW DELHI;  
*The 20th February, 1960.*  

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*Phalguna 1, 1881 (Saka).*

UPENDRANATH BARMAN,  
*Chairman,*  
*Public Accounts Committee.*

**FINANCIAL RESULTS OF THE GOVERNMENT OF DELHI  
DURING THE YEAR 1956-57 (1ST APRIL, 1956 TO 31ST OCTOBER,  
1956)**

Consequent upon the enactment of the States Reorganisation Act, 1956 the erstwhile Part 'C' State of Delhi became a Union Territory from the 1st November, 1956.

No Appropriation Accounts relating to the period from 1st April, 1956 to 31st October, 1956 were prepared as no separate budget grants and appropriations were made specifically for this period.

*Excess over Voted Grant*

2. The "Grand Summary" appended to the Audit Report showing the Grants and Appropriations for the whole year 1956-57 and the actual expenditure thereagainst upto the 31st October, 1956, however, disclosed an excess of Rs. 1,21,921 in Grant No. 10—Administration of Justice. The Committee had already recommended in para 13 of their Sixteenth Report (Second Lok Sabha) the regularisation of this excess which has been regularised by Parliament *vide* Appropriation (No. 7) Act, 1959 [Act No. 40 of 1959].

## II

### FINANCIAL IRREGULARITIES, LOSSES, ETC.

#### Rehabilitation Department

*Incomplete and Improper maintenance of accounts—Appropriation Accounts for the year 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Report, 1958, Para 3, Pages 1-2.*

3. In their Thirteenth Report (Second Lok Sabha) (Paras 20 to 24), the Committee had expressed concern over the unsatisfactory state of the accounts in the Housing and Rent Office under the Delhi State Administration. The following further irregularities have been brought to notice by Audit in that office :—

- (i) An examination of the receipt books at a rent collecting centre revealed that the receipts for the period from the 8th September, 1956 to 28th September, 1956 had not been brought to account. The available counterfoils of receipt books disclosed that a sum of Rs. 1,429 had not been credited to Government Account and that a sum of Rs. 1,074 was irregularly retained and credited to Government on later dates after altering the dates on the counterfoils.
- (ii) A sum of Rs. 500 was deposited by a displaced person on the 19th May, 1956 as an advance to cover the cost of building materials, etc., to be supplied to him and a cash receipt was issued over the signature of the Assistant Engineer. It was, however, found at the time of adjustment of the balance in October, 1956 that the original deposit had not been credited to Government.
- (iii) The schedules of monthly settlement with the Treasury were not submitted to audit in support of the monthly accounts since May, 1956. A surprise inspection conducted in November, 1956, which was followed up by detailed investigation by the Administrative authorities in that month revealed that against Rs. 30,570, shown in the cash book as having been remitted into the Treasury on the 9th May, 1956, only Rs. 3,570 had actually been remitted. Another sum of Rs. 12,397 was shown in the cash book as remitted into the Treasury on the 14th June, 1956 though in fact no remittance had been made. Even the cash balance of Rs. 3,696 as per cash book entries upto the 8th November, 1956 was not there.
- (iv) A sum of Rs. 1,646 collected during the years 1954-55 to 1956-57 from the monthly salaries of the Field Staff of the Organisation on account of rent of the premises occupied by them was not credited to Government.

4. Explaining the action taken against the officials concerned, the Secretary, Ministry of Rehabilitation, informed the Committee that in regard to item (i) the Rent Enforcement Inspector who was reported to have embezzled

Rs. 1,429 was still absconding. A sum of Rs. 1,074 was recovered from the Rent Collector who had misappropriated the same. As for item (ii), the Assistant Engineer and the Cashier responsible for not crediting the sum of Rs. 500 had been arrested and they were being prosecuted. A sum of Rs. 500 had since been recovered from the Cashier. As regards items (iii) and (iv), the Cashier responsible for the irregularities was under police custody and the cases were *subjudice*.

*The Committee are concerned to see that the Ministry of Rehabilitation had not so far fixed responsibility for laxity in supervision by the supervising officials concerned in these cases. They, therefore, desire that Government should pay more attention to this aspect in the interests of efficient administration and submit to them a report stating the action taken in the matter as early as possible.*

5. The Committee also took up consideration of the Report of the Departmental Enquiry Committee set up by the Ministry of Rehabilitation to look into the working of the Organisation in-charge of the houses, tenements, shops, etc. constructed for displaced persons in Delhi. [The earlier Committee had criticised the working of this Organisation in para 23 of the Thirteenth Report (Second Lok Sabha).

6. The report of the Departmental Enquiry Committee revealed a very unsatisfactory state of affairs in this Organisation ; there has been considerable laxity in the observance of accounting rules, procedure, etc. Even the basic records in respect of cash transactions and property registers were not maintained properly; and at the time of taking over buildings, etc. from the C.P.W.D., no complete check list of properties was prepared. Lack of supervision and control by the high officers in the Delhi Administration had to a great extent led to this situation.

*While the Committee appreciated the difficulties faced by the Administration at that time immediately following partition, they felt that the Departmental Enquiry Committee had rightly held that the Housing and Rent Officer and Secretary, Relief and Rehabilitation Department of the erstwhile Delhi State, together with their subordinate staff directly connected with the work of this Organisation, should share the responsibility squarely for this unsatisfactory state of affairs. The Committee, therefore, felt that the disciplinary aspect of the case had not been pursued fully and asked Government that the cases should be reviewed.*

7. From a note\* furnished by the Ministry, the Committee find that the Government have decided to convey their displeasure to all the officers through their Departmental Heads and that necessary entries in the confidential reports of the officers would be made. *In the opinion of the Committee, Government had been needlessly mild in this case although the officials were guilty of serious lapses amounting to culpable negligence.*

8. As regards the measures taken to ensure the proper up-keep of the accounts and the property register, etc. the Secretary, Ministry of Rehabilitation, stated that the property register had been completed and the details of realisation, demand, collections, etc. would be brought up-to-date by March, 1960.

The Committee drew attention to the observations of the Departmental Enquiry Committee that at one stage the C.P.W.D. were agreeable to undertake this work; but no tangible progress seemed to have been made in that

\*Not printed.



regard and the Committee enquired why the maintenance of the property register could not be entrusted to the C.P.W.D. They were informed that this matter has been taken up by the Ministry of Rehabilitation with the Chief Engineer, C.P.W.D. and the Ministry of Works, Housing and Supply. *The Committee would like to be apprised of the final decision in this matter.*

*Expenditure on Relief and Rehabilitation of displaced persons—Para 4, pages 2-3.*

9. According to Audit, the total expenditure on relief and rehabilitation of displaced persons during the year 1956-57 (upto 31st October, 1956) amounted to Rs. 8,17,584. The expenditure mainly consisted of charges on work-centres for men and women, running of homes for unattached women and children, etc. and it was met from grants paid for the purpose by the Central Government.

No payment of loans to individual displaced persons was made during the period from 1st April, 1956 to 31st October, 1956 as no funds were allotted for that purpose. Recovery of a sum of Rs. 18,73,522 was outstanding on the 31st October, 1956.

The year-wise break-up of the outstanding amount is as under :—

	Nature of Loan			
	Urban Loan		Educational Loan	
	No. of cases	Amount Rs.	No. of cases	Amount Rs.
1950-51 . . . . .	..	..	614	35,192
1951-52 . . . . .	278	33,848	742	67,471
1952-53 . . . . .	970	1,55,510	812	98,760
1953-54 . . . . .	1,470	2,66,350	1,012	1,02,708
1954-55 . . . . .	1,899	3,09,320	1,183	1,53,490
1955-56 . . . . .	2,084	4,00,661	1,352	1,70,894
1956-57 (upto 31st October, 1956) . . . . .	1,074	61,081	842	18,237
<b>TOTAL . . . . .</b>	<b>7,775</b>	<b>12,26,770</b>	<b>6,557</b>	<b>6,46,752</b>

In para 27 of their Thirteenth Report (Second Lok Sabha), the Committee had already sounded a warning emphasising that the Ministry of Rehabilitation should pursue vigorously the question of recovery of these loans, as otherwise, chances of recovery would become poorer as years passed by.

10. From a note (Appendix V) furnished by the Ministry of Rehabilitation, the Committee observe that under the schemes sanctioned by the Ministry for the rehabilitation of displaced persons from West Pakistan, small Urban,

Rural and Educational loans were advanced to deserving displaced persons through the agency of the State Governments who are also responsible for the recovery thereof. These loans were advanced to help the displaced persons to (i) settle in trade and business, etc. (ii) resettle on land and (iii) prosecute their studies in India and abroad.

The recovery of urban loans would start after the expiry of 3 years and was to be completed in subsequent 3 years, while the educational loans were repayable in 4 to 6 years after disbursement. These terms were, however, relaxed in the case of claimant loanees with the introduction of the compensation scheme. As all loans paid to the displaced persons were declared to form part of the Compensation Pool, the loans paid to the claimant displaced persons were considered to be as part payment made against their verified claims. They were thus declared as "Public Dues" under the Displaced Persons (Compensation and Rehabilitation) Rules, 1955 to be adjusted against compensation payable to these claimant loanees. Since the payment of compensation involved lakhs of claimants and it would take some time for these loanees to get their compensation, recovery from them could not be made within the stipulated period.

11. While admitting that the progress of recoveries effected from displaced persons in Delhi has not been satisfactory, the Ministry has observed that it was mainly due to the following reasons :—

- (a) A large number of loanees who were advanced loans in the years 1948-49, 1949-50 and 1950-51 were residing in camps at the time of the receipt of the loans. They had since then been provided with alternative accommodation or had moved away from the camps and their present addresses were not known.
- (b) The financial position of most of the loanees had been found very poor and as such it was hard to make recovery of the loans from them at all or in lumpsum.
- (c) Certain cases for recoveries of loans from defaulters as arrears of land revenue were referred to the Deputy Commissioner of Delhi but he refused to accept these cases in the absence of an enactment for the recovery of such loans from displaced persons as arrears of land revenue and the matter was referred to the Chief Commissioner Delhi, in 1950. In 1956, i.e. after six years, the then Delhi State Government instructed the Dy. Commissioner, Delhi to recover the loans from displaced persons as arrears of land revenue in view of the decision of the Bombay High Court reported as A.I.R., 1955, Bombay 305 *Bank of India versus John Bowner & Others*. Since then cases were being referred to the D. C., Delhi for recovery from the loanees.

*The Committee understand that the work regarding recovery of the outstanding urban loans has been transferred to the Delhi Administration in January, 1959, and that the Deputy Commissioner, Delhi is taking vigorous steps for the recovery of these loans as arrears of land revenue. The Committee would like to know the progress made in regard to the recovery of these outstandings. In regard to educational loans it is understood, all such loans, irrespective of the amount paid to non-claimants, are to be remitted.*

12. In para 28 of their 13th Report, the Committee had also emphasised that special steps should be taken to bring the personal ledgers of the loanees up-to-date and ensure their proper maintenance in future.

The Committee understand that 1,413 personal ledger accounts out of 3,200 under the category of Urban Loans have been brought up-to-date and that those in respect of Educational loans are being brought up-to-date. *The Committee would like this work to be completed expeditiously as without the knowledge of the precise amount of loan outstanding against each loanee recovery will not only be incomplete but also be delayed.*

### III

#### OUTSTANDING RECOMMENDATIONS

13. The Committee shall now proceed to deal with some of the more important items outstanding from their previous Report on the Accounts of the Delhi Administration (13th Report—Second Lok Sabha) ; those of less importance are referred to in Appendix I—Statement showing action taken or proposed to be taken thereon by Government as revised and brought up-to-date, on the basis of the material furnished by the Ministry of Home Affairs, etc.

*Irregularities in the accounts of the Motor Vehicles Licences, para 31 of the Thirteenth Report (Second Lok Sabha)—Item 16(ii) of the Statement showing action taken on the outstanding recommendations of the Committee*

14. In Para 31 of their Thirteenth Report the Committee had expressed the view that if the Motor Licensing Officer had exercised proper vigilance and discharged his duties in a more discreet manner, he could have detected the fraud (misuse of Court fee stamps), that was being committed in his office and suggested that suitable action should be taken against him for the lapse on his part. They also desired to be informed of the departmental action taken against the Accountant and two clerks who were found guilty in this case.

15. From a note furnished by the Ministry of Home Affairs, the Committee understand that the departmental proceedings against the delinquent officials had been completed. One Upper Division Clerk had been served with a show-cause notice as to why he should not be removed from service. Another Upper Division clerk had been held guilty of negligence and had been asked to make good the loss of Rs. 5,355 -. The Committee understand from Audit that the sum of Rs. 5,355 - would be recovered from him in 107 instalments through his pay bills and that a sum of Rs. 50 - had been recovered in July, 1959.

16. With regard to the Accountant, the Committee understand that he retired in August, 1958. *The Committee feel that the fact that the official had retired is not sufficient justification for not taking action against him in the matter. In this connection, they would refer to Article 351-A of the Civil Service Regulations (As amended by Correction Slip No. 20 dated the 30th September, 1958) which reads as follows :—*

“The President further reserves to himself the right of withholding or withdrawing a pension or any part of it, whether permanently or for a specified period, and the right of ordering the recovery from a pension of the whole or part of any pecuniary loss caused to Government if the pensioner is found in departmental or judicial proceedings to have been guilty of grave misconduct or to have caused pecuniary loss to Government by misconduct or negligence, during his service including service rendered on re-employment after retirement.

Provided that—

- (a) such departmental proceedings \* \* \* \* \*
- (ii) shall be in respect of an even which took place not more than four years before the institution of such proceedings. \* \* \* \* \*

*The Committee, therefore, desire that the disciplinary aspect of this case might be reconsidered by the Delhi Administration.*

*As regards the contention made by the Delhi Administration that it would be unfair to take any action against the Motor Licencing Officer, the Committee are not satisfied that he should have been completely exonerated in such a manner.*

*Milk Supply Scheme—Para 32 of the Thirteenth Report (Second Lok Sabha)—Item No. 17 of the Statement showing action taken on the outstanding recommendations.*

17. The Committee understand that the Milk Supply Scheme has started functioning in the Capital from 1st November, 1959. *The Committee would like to watch the financial working of the Scheme. They trust that to enable Parliament to have a proper appraisal of the various aspects of the working of the Delhi Milk Supply Scheme, a Financial Review pertaining thereto will be incorporated in the Appropriation Accounts of the Ministry of Food and Agriculture (Department of Agriculture).*

*Water Charges—Page 14—Para 16 (vii)—Audit Report, 1956—Item 12 of the Statement (Para 25 of the Thirteenth Report, Second Lok Sabha)*

18. A sum of Rs. 11.45 326 had been paid to the various local bodies in Delhi during the years 1953-54 to 1956-57, as water charges for the supply of water through public hydrants in displaced persons' colonies. Out of this, a sum of Rs. 3.61 lakhs only had been realised from the displaced persons. The bulk of the remaining amount due was likely to be realised along with the arrears of rent from them. The Committee inquired why the water charges were not realised in time from the displaced persons. In evidence, the Secretary, Ministry of Rehabilitation stated that in the circumstances prevailing then, no recovery was possible from the displaced persons.

19. From a note (Appendix IV) furnished by the Ministry, the Committee, however, understand that as against a sum of Rs. 14.97 lakhs paid upto 31-3-1958 to the local bodies in Delhi, Rs. 4.58 lakhs have been recovered till June, 1959. The delay in reconstructing the accounts in the Office of the Housing and Rent Officer [now Settlement Commissioner (GBP)] had hampered the recovery. By the end of March, 1960 the work of reconstruction would be completed, when the exact amount recoverable would be known. Further as the displaced persons had been permitted to pay the arrears of rent in suitable instalments extending over a period of 7 years, the recovery of these dues would be spread over a number of years.

*The Committee do not feel happy at this state of affairs, the responsibility for which lay squarely on the Ministry. Had the accounts been maintained properly from the outset, the recovery could have been effected currently from the displaced persons without its being a burden on them. The amount has swelled to such proportions that recovery thereof has become a problem for Government. They trust that the arrears will be recovered expeditiously.*

9

*The Committee understand that the local bodies have been asked by the Ministry to recover the water charges from 1-4-58 onwards from the residents of the colonies. The Committee would like to know whether this instruction is being implemented by the local bodies.*

NEW DELHI;  
*The 20th February, 1960.*  

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*Phalguna 1, 1881 (Saka).*

UPENDRANATH BARMAN,  
*Chairman,  
Public Accounts Committee.*

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**P A R T   I I**

**Proceedings of the sittings of the Public Accounts Committee held  
on the 25th July, 1959 and 20th February, 1960.**

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PROCEEDINGS OF THE TWELFTH SITTING OF THE PUBLIC  
ACCOUNTS COMMITTEE HELD ON SATURDAY, THE 25TH  
JULY, 1959

20. The Committee sat from 10.00 to 11.30 hours.

PRESENT

Dr. P. Subbarayan—*Chairman.*

MEMBERS

2. Shri T. Manan
3. Pandit Jwala Prasad Jyotishi
4. Shri Shamrao Vishnu Parulekar
5. Shri Radha Raman
6. Shri Rameshwar Sahu
7. Shri T. R. Neswi
8. Shri Raghubar Dayal Misra
9. Shri T. Sanganna
10. Shri Yadav Narayan Jadhav
11. Shri Shradhakar Supakar
12. Shri Amolakh Chand
13. Shri Rohit Manushankar Dave
14. Shri T. R. Deogirikar
15. Shri Surendra Mohan Ghose
16. Shri Jaswant Singh
17. Shri S. Venkataraman.

Shri A. K. Chanda, *Comptroller & Auditor General of India.*

Shri A. Kalyanaraman, *Deputy Comptroller & Auditor General of India.*

Shri S. Venkataraman, *Accountant General, Central Revenues.*

Shri P. V. R. Rao, *Director of Audit, F.R.S.C. S. & M.*

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary.*

Shri M. C. Chawla — *Under Secretary.*

WITNESSES

*Ministry of Rehabilitation*

Shri Dharma Vira, *Secretary.*

*Ministry of Home Affairs*

Shri Hari Sharma, *Additional Secretary.*



*Ministry of Finance*

Shri Inderjit Singh, *Joint Secretary.*

Shri K. L. Rathee, *Deputy Secretary, Ministry of Finance and Finance Secretary, Delhi Administration.*

Shri A. G. Krishnan, *Under Secretary (Deptt. of Economic Affairs).*

*Delhi State Administration*

Shri A. D. Pandit, *Chief Commissioner.*

Shri A. D. Pandc, *Chief Secretary.*

21. The Committee took up consideration of the (i) Report of the Departmental Enquiry Committee set up by the Ministry of Rehabilitation to examine the working of the Organisation which was looking after the houses, tenements, shops, etc. constructed for displaced persons in Delhi and the steps taken to tone it up pursuant to action taken on para 23 of the 13th Report of the P.A.C. (ii) Appropriation Accounts of the Government of Delhi, for the year 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Report, 1958 and (iii) Finance Accounts of the Government of Delhi for the years 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Reports thereon.

## MINISTRY OF REHABILITATION

*(i) Report of the Departmental Enquiry Committee set up by the Ministry of Rehabilitation*

22. At the outset, the Committee drew attention to the following observations made in the note from the Ministry of Rehabilitation forwarding a copy of the Report in question—

“ x x x x x x x The Ministry of Rehabilitation agrees with the Committee that after the lapse of so much time and because of the prolonged period over which negligence in this matter has taken place, it would be difficult to fix responsibility on any single officer for gross negligence or failure of duty. The Ministry of Rehabilitation agrees that the responsibility for this state of affairs is of all the officers who held the post of Housing and Rent Officer and Secretary, Relief and Rehabilitation Department of the erstwhile Delhi State, from the date of establishment of the Housing and Rent Office till the time that Organisation was taken over by the Ministry of Rehabilitation early in 1957. The Ministry of Rehabilitation has decided that the displeasure of the Government of India should be communicated to all these officers on their failure to discharge their duties in respect of the management of Government built properties in Delhi satisfactorily and thereby jeopardizing the Government's interests. x x x x x x ”

and asked the Secretary, Ministry of Rehabilitation to elucidate the matter further.

23. The Secretary observed that the Ministry expected the Delhi State Government to maintain the accounts, etc. according to the normal rules. It was only towards the end of 1956 that it came to the notice of the Ministry that the accounts, etc. in the Housing and Rent Office were not being properly maintained.

24. In reply to a question as to when he came to know of the irregularities, the Chief Commissioner, Delhi stated that the matter came to his notice for the first time when the embezzlements took place in 1956 and the report was lodged with the police. He then discovered that even the elementary precautions in the maintenance of accounts were not being observed. He immediately ordered that necessary rules should be drawn up and the Finance Department was asked to draw up a set of rules. He added that at that time he was functioning as a purely constitutional head of the State so far as the administration of the Rehabilitation Department was concerned. By about December, 1956, the Ministry of Rehabilitation had started the question of taking over the administration of the evacuee properties back from the Delhi Administration and further action was taken by the Ministry of Rehabilitation.

25. In reply to a question, the Chief Commissioner stated that the property Registers and Demand & Collection Registers were being maintained in the Housing and Rent Office but they were not complete because the C.P.W.D., who were constructing the quarters, had not supplied the details of the completed quarters which were handed over by them. The properties constructed by the C.P.W.D. were handed over to the Housing and Rent Office in batches and the intimation for taking over the quarters was received in the Housing and Rent Office through the Relief and Rehabilitation Deptt. of the Delhi State later. Efforts were made to prepare the Property Registers but this could not be done as the data required for completion of these Registers was neither available in the Office nor was it forthcoming from the C.P.W.D. Several communications were addressed to the C.P.W.D. to intimate the particulars of the properties constructed by them but the information was not supplied by the C.P.W.D. The C.P.W.D. at one stage was agreeable to undertake this work but no tangible progress was made in this regard till 1954 when the reconstruction of these registers was taken over by the Housing and Rent Office itself.

26. When asked as to how the rent was collected from the displaced persons all these years, the Secretary, Ministry of Rehabilitation stated that there was no collection of rent all these years. \*

27. To conclude, the Secretary, Ministry of Rehabilitation stated that there had been a considerable amount of negligence in the preparation of the Registers, etc. In extenuation, he urged that this had to be judged in the context of the situation prevailing at that time. Explaining the latest position regarding maintenance of accounts, he stated that the Property Register had been completed ; as regards the details of realisation, demand, collection, etc., these had been brought upto date upto the end of 1957. The registers would be brought upto date by March, 1960.

#### *Para 16 of the Enquiry Committee Report*

28. The Committee noted that so far as the Housing and Rent Officer's Organisation was concerned, replies to all the Inspection Reports were duly sent. The Delhi Administration, after making various references to the Housing and Rent Officer's Organisation, had sent final replies to the

\*Elucidating the implications of this statement, the Ministry of Rehabilitation subsequently stated that while under the orders of the Minister no coercive measures or pressure to effect recoveries could be adopted, yet this did not mean that recoveries, which could otherwise be effected, were not made or that where the displaced persons tendered money of their own accord in repayment of their dues, were being refused.

Accountant General, Central Revenues, only in two cases. The reply in one case was not sent at all and the files in the other cases were not forthcoming.

29. The Committee desired to know the reasons as to why the replies to the Audit notes were not sent to the Accountant General, Central Revenues. The Chief Commissioner stated he was not in a position to say anything as the officers who dealt with the matter had already been transferred. When he took over the charge of the Delhi Administration, the Department was simultaneously transferred to the Ministry of Rehabilitation.

*Para 7 of the Enquiry Committee Report*

30. The Committee noted that the Enquiry Committee did not call for the explanation of three officers who had worked as Housing and Rent Officers as they were no longer in service. The Committee desired to know as to whether any attempts were made by the Enquiry Committee to secure the evidence of these officers. The Finance Secretary, Delhi Administration, who was also a member of the Enquiry Committee, stated that these officers held charge for a short period and the Committee felt that it was not worthwhile to examine them.

*Para 17 of the Enquiry Committee Report*

31. The Committee expressed the view that the disciplinary action taken by the Ministry against the officers concerned was not adequate. The Secretary, Ministry of Rehabilitation undertook to review the disciplinary aspect of the case.

*Para 13 of the Report—Water Charges*

32. A sum of Rs. 14,97,107 had been paid as water charges to the various local Bodies during the years 1953-54 to 1957-58 out of which a sum of Rs. 3.61 lakhs only had been realised. The bulk of the remaining amount due was likely to be realised along with the arrears of rent due from the displaced persons. The Committee desired to know as to why the water charges were not realised from the displaced persons. The Secretary, Ministry of Rehabilitation stated that in the circumstances prevailing then no recovery was possible from displaced persons. In reply to a question he stated that stoppage of water supply would result in hardship to the displaced persons.

*Para 10 of the Report*

33. It was stated in the Report that at one stage the C.P.W.D. were agreeable to undertake the work connected with the preparation of the Property Register but no tangible progress seemed to have been made in that regard till 1954 when reconstruction of these registers was taken over by the Housing and Rent Office itself. The Committee asked the Secretary, Ministry of Rehabilitation to forward a copy of the relevant portion of the Report to the Ministry of Works, Housing and Supply with view to ascertaining the reaction of the C.P.W.D. thereto.

*Appropriation Accounts of the Government of Delhi for the year 1956-57  
(1st April, 1956 to 31st October, 1956) and Audit Report, 1958*

*Incomplete and improper maintenance of accounts, Para 3, pages 1—2*

34. The Committee then turned to the irregularities brought to notice in the paras of the Audit Report referred to above and desired to know the latest position.

35. The Secretary, Ministry of Rehabilitation stated that with regard to item (i) Rent Enforcement Inspector who was reported to have embezzled Rs. 1,429/- was still absconding. The Rent Collector responsible for temporary misappropriation of Rs. 1,074 was acquitted by the court.

36. With regard to item (ii) the Assistant Engineer and the cashier responsible for non-credit of Rs. 500/- had been arrested and they were being prosecuted. A sum of Rs. 500/- had been recovered from the cashier.

37. As regards items (iii) and (iv), the cashier responsible for the irregularities was under police custody and the cases were *sub judice*.

EDUCATION DEPARTMENT

*Page 5, Note 1, Audit Report, 1958—Losses, writes-off, etc.*

38. A sum of Rs. 210/- on account of loss of one radio set by theft in November, 1953 was written off by the competent authority in August, 1956.

The Committee desired to know the steps taken to prevent such thefts in future. The Chief Commissioner stated that the radio set was installed in the Government basic primary school by the All-India Radio under the Community Listening Scheme and it was stolen from the school premises. Such radio sets were now kept under the custody of the Headmaster of the School.

MEDICAL DEPARTMENT

*Page 5, Note 2, Audit Report, 1958—Loss of linen in a Hospital.*

39. A sum of Rs. 778 representing cost of linen lost in a hospital was written off by Government in October, 1956. The Chief Commissioner informed the Committee that necessary precautions had already been taken to check the theft of stores from the Children's Ward.

*Disposal of Inspection Reports and Audit Objections. Paras 6-7, Page 3*

40. Audit objections amounting to Rs. 26,40,116 for the period upto 31st October, 1956 were outstanding on the 1st April, 1959. The objections mostly related to the Education, Medical and Development Departments. The Chief Commissioner stated that there was improvement in the disposal of audit objections. He had issued a warning that if the officers did not attend to Audit Inspection Reports within a reasonable time, disciplinary action would be taken against them. The Finance Department was also now keeping a watch over the disposal of these reports.

41. The Committee then proceeded to take up examination of the Finance Accounts, 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) of the Government of Delhi.

*Finance Accounts 1955-56**Pages 76-77—Details of Loans taken from the Union Government*

- (a) *Serial No. 3—Loan for development of Cottage and Small Scale Industries.*
- (b) *Serial No. 6—Loan for expenditure on financing Capital expenditure.*

*Finance Accounts, 1956-57 (1st April, 1956 to 31st October, 1956)**Pages 58-65—Details of outstanding loans taken from the Union Government*

- (a) *Serial No. 3—Loan for development of Cottage and Small Scale Industries.*
- (b) *Serial No. 6—Loan for expenditure on Financing Capital Expenditure.*
- (c) *Serial No. 35—Loans for the purchase of 3 trucks, for the sludge and manure scheme.*
- (d) *Serial No. 36—Loans for the grant of Taccavi Advances to flood sufferers for purchase of fodder and seeds for rabi crop.*

42. The Committee enquired the reasons for not [specifying the rate of interest, terms and conditions for repayment of loans granted by the Central Government to the Delhi State Government at the time of their sanction.

The Finance Secretary, Delhi Administration referred the Committee in this connection to the note (Appendix X) submitted by them to the last Committee explaining the reasons for not having specified the rate of interest, etc. at the time of grant of these loans. He reiterated that now that the Consolidated Fund of Delhi State had been merged with the Consolidated Fund of India with effect from the 1st November, 1956, there was no question of the Central Government recovering any interest or principal from the Delhi Administration as Delhi was a Union Territory.

43. *The Committee then adjourned sine die.*

PROCEEDINGS OF THE FIFTY-SECOND SITTING OF THE  
PUBLIC ACCOUNTS COMMITTEE HELD ON SATURDAY,  
THE 20TH FEBRUARY, 1960

44. The Committee sat from 11.50 to 12.20 hours.

PRESENT

Shri Upendranath Barman—*Chairman*.

MEMBERS

2. Shri Maneklal Maganlal Gandhi
3. Pandit Jwala Prasad Jyotishi
4. Shri Radha Raman
5. Shri Rameshwar Sahu
6. Shri T. R. Neswi
7. Shri T. Sanganna
8. Shri Jaipal Singh
9. Shri Amolakh Chand
10. Rajkumari Amrit Kaur
11. Shri Rohit Manushankar Dave
12. Shri Jaswant Singh.

Shri A. K. Chanda—*Comptroller & Auditor General of India*.

Shri G. S. Rau—*Addl. Dy. Comptroller & Auditor General (Report)*.

Shri S. Venkataramanan—*Accountant General, Central Revenues*.

SECRETARIAT

Shri V. Subramanian—*Deputy Secretary*

Shri Y. P. Passi—*Under Secretary*.

45. The Committee considered and approved the draft Twenty-fourth Report on the Appropriation Accounts of the Government of Delhi for the year 1956-57 (1st April, 1956 to 31st October, 1956) and Finance Accounts for the years 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Reports thereon subject to certain minor modifications here and there.

46. The Committee authorised the Chairman to sign the Report and to present it to Lok Sabha.

47. The Committee also authorised Shri Surendra Mohan Ghose, Shri Amolakh Chand to lay the Report on the Table of Rajya Sabha.

48. *The Committee then adjourned.*

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## **APPENDICES**

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## APPENDIX I

*Statement showing action taken or proposed to be taken on the Outstanding Recommendations made in the Thirteenth Report  
(Second Lok Sabha) of the Public Accounts Committee relating to Delhi Accounts,*

Sl. No.	Para No.	Ministry or Department concerned	Recommendations/conclusions	Action taken or proposed to be taken by Government	Remarks
1	2	3	4	5	6
1	3 (Introd.)	<u>Rehabilitation</u> Home Affairs	<p>The Committee would impress upon the Ministry to expedite the submission of the Report of the Enquiry Committee, appointed to look into the working of the Organisation which was looking after the houses, tenements, shops, etc. constructed for displaced persons in Delhi and apprise them of the action taken or proposed to be taken by the Government of India to fix responsibility for the grave</p>	Report submitted . . . . .	This Report was considered at the sitting of P.A.C. held on the 25th July, 1959. (See Paras 5, 6, 8 and 22 to 33 of the Report).



1	2	3	4	5	6
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lapses for incomplete and improper maintenance of Accounts in the Rehabilitation Department of the erstwhile Delhi State and to set the Accounts on a satisfactory footing.

2	6	<b>Finance</b> <u>Delhi Administration</u>	The Committee recommend that the excesses disclosed in the Appropriation Accounts, 1954-55 may be got regularised by the issue of an appropriate order by the President under Section 72(2) of the States Reorganisation Act, 1956.	Necessary notification regularising the excesses has been issued by the Ministry of Finance.	No comments.
3	8	Delhi Administration	(i) From a number of cases of irregular and unnecessary re-appropriations, large savings, etc., disclosed in the accounts for the years 1954-55 and 1955-56 the Committee have come to the conclusion that there was definitely much scope for improvement in the control over expenditure.	The Delhi Administration have issued necessary instructions in this regard <i>vide</i> their letter* No. F.9(2)/58-Finance (B) dated the 16th June, 1959	No comments.

(ii) The Committee also deprecate the tendency on the part of the Departments preparing the estimates to include provisions for schemes details for which have not been worked out or which have no possibility of being executed during the budget year. They would in this connection draw the attention of the Delhi Administration to their recommendation made in para 7 of their Eighth Report (Second Lok Sabha).

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W.H.& S.

Home Affairs

Delhi Administration

(i) The Committee feel that the delays in obtaining the administrative approval, etc., are not unusual in the case of works and the Public Works Department should in fact have taken these factors into account and framed the estimates in a realistic manner.

(ii) The Committee would also suggest that the existing schedule of powers of the Union Territories in according administrative approval and technical sanction to the execu-

(i) The Ministry of Works, Housing and Supply agrees that the instances of lapse of funds provided for the various civil works were frequent prior to the introduction of centralisation of works in the Ministry with effect from 1st February, 1958. This was due to the fact that each Ministry/Department was empowered to issue administrative approval and expenditure sanctions and to include the provision in the budget for

No comments.

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1	2	3	4	5	6
			<p>tion of a project might be reviewed with a view to ensuring the speedy execution of the Projects and avoiding lapse of funds.</p>	<p>works which were later found to be not very ripe for such inclusion. There was also lack of proper control and co-ordination. It is, however, hoped that with the adoption of centralisation of works procedure in the Ministry, lapses of the kind commented upon by the Committee will disappear.</p> <p>(ii) As regards powers, fresh enhanced delegations have been made in favour of the Administrations for according administrative approval, expenditure and technical sanction and acceptance of tenders in relation to estimates for building and road works <i>vide</i> the Ministry of Home Affairs letters* noted below :</p> <ol style="list-style-type: none"> <li>1. No. 35/15/59-Ac.II, dated 1-7-1959.</li> <li>2. No. 35/10/59-Ac.II, dated 3-6-1959.</li> <li>3. No. 35/9/59-Ac.II, dated 3-6-1959.</li> </ol>	<p>No comments.</p>

5 11 Delhi Administration .

(i) The Committee would like to point out that opening a personal ledger account with a private bank even in the official capacity of an officer was objectionable, as it meant withdrawal of money from the Consolidated Fund of the State and keeping it outside Government account. Further the withdrawal of money not required for immediate disbursement was in contravention of Rule 290 of the Central Treasury Rules, Vol. I.

Necessary instructions to safeguard against recurrence of such instances have been issued by the Delhi Administration *vide* their D.O.\*No. F.9(2)/58 Fin. (B), dated the 11th June, 1959. No comments.

(ii) The Committee are not convinced of the reasons for the delay of four years in withdrawing the money from the private bank and crediting it to Government. The Committee deplore the tendency on the part of the Delhi Administration of utilising funds obtained for specific purposes for other purposes. They would caution against such a practice in future as it is not free from considerable risks.

1	2	3	4	5	6
6	12	<u>Delhi Administration .</u> <u>All Ministries .</u>	<p>(i) The Committee consider that the withdrawal of money from the Treasury in advance of the date on which it is required particularly at the close of the year, is highly irregular. In their opinion, such drawals of funds to avoid lapse of grants should be discouraged.</p> <p>(ii) The Committee would also like to observe that the procedure followed in this case was not in accordance with the usual practice of disbursing matching grants. Normally, the Societies should invest their money in the first instance and on the progress of the actual work done, the portion of the contribution should be paid by Government. The Committee, however, understand that the amounts given to the Co-operative Societies were ultimately utilised by the Societies and the certificates of completion of works and pro-</p>	<p>Necessary instructions have been issued by all the Ministries/Delhi Administration.</p>	<p>No comments.</p>

per utilization of funds had been furnished by them to Audit.

(iii) The Committee trust that such irregularities would not occur in future and the Administration would ensure that matching grants are paid on a recoupment basis.

7	13	Home Affairs Delhi Administration .	The Committee would like to know the period over which the collection of arrears of land revenue has been spread and the progress made in collection so far.	A note explaining the progress made for the recovery of arrears of Land Revenue submitted; (Appendix II).	No comments.
8	14	Delhi Administration .	The Committee regret that there was lack of proper planning and foresight on the part of the Jail authorities in the matter of purchase of tools worth Rs. 1,949 during 1954-55. They should not have ordered for the machinery without getting sanction for the electrical installations. The Committee trust that the Delhi Administration will issue suitable instructions to all Departments to see that proper	Necessary instructions have been issued by the Delhi Administration <i>vide</i> their communication No. F.(9)/58-Fin. (B), dated the 4th June, 1959*.	No comments.

\*Not printed.

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co-ordination is ensured between the various Departments in such cases.

- 9 15 Delhi Administration . The Committee feel that the responsibility for the proper custody of stores in the ward of a hospital should be on the staff -in-charge.
- All the four persons responsible for the loss were reprimanded. Three of these are no more in Government service. It is not considered practicable to fix individual responsibility and make good the loss. In order to prevent such losses in future order has been issued holding the Assistant in charge responsible for such losses in their respective wards. The nursing Superintendent has also been instructed to check up the linen of the Children's Ward every quarter. The Children's Ward has also been shifted to the upper storey and a chowkidar has been posted at the entrance of the ward. This system will avoid loss of Government stores through negligence and will ensure a better vigilance by the Supervisory staff.
- No comments.

10	19	<u>Home Affairs</u> Delhi Administration .	. The Committee observe that not only were the current accounts opened by the Director, Women's Section with the Imperial (now State) Bank of India in 1948 without prior consultation of the Accountant General, Central Revenues, as enjoined in Rule 623(c) of the Central Treasury Rules, Vol. I, but also they were not closed till February and October, 1958 despite the objection raised by Audit in 1950 and instructions to close the accounts issued by the Government in June, 1953. The Committee are amazed at the manner in which the Delhi Administration disregarded the orders of the Government of India for 5 years in closing the Accounts. They would like their displeasure to be communicated to the various Officers responsible for this state of affairs.	The matter is under examination in the Ministries of Rehabilitation/Home Affairs.	Further Report from the Ministry of Home Affairs awaited.
11	22-24	<u>Rehabilitation</u> (See also S. No.1 C. & A.G. <i>ibid</i> ).	. (i) The Committee would like Audit to scrutinise Rent Registers, Property Registers, Ground Rent Registers, Cash	The Director of Audit, Food, Rehabilitation, Supply, Commerce, Steel and Mines has informed the Ministry of Re-	See para 8 of the Report.

\*Not printed.



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Books, Rent Ledgers Accounts, etc. as reconstructed by the Housing and Rent Office under the Delhi State and report to them irregularities, if any, detected therein.

habilitation that action on this recommendation would be taken by his office.

(ii) As regards the fixation of responsibility against the individuals concerned for non-maintenance of accounts, etc., the Secretary, Ministry of Rehabilitation undertook to institute a Departmental Enquiry into the matter and to submit a Report to the Committee by the 31st October, 1958. This Report was to cover *inter alia* the working of the Organisation which was looking after the houses, tenements, shops, etc. constructed for displaced persons in Delhi and steps taken to tone it up. This Report is still awaited.

Report submitted . . . .

This Report was considered at the Sitting of P.A.C. held on the 25th July, 1959. (See paras 5, 6, 8 and 22 to 33 of the Report).

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(iii) The Committee also desired that a note stating the pro-

Note submitted. (Appendix III).

The points raised in the note were consi-

gress made in the realisation of rents from the displaced persons and the amounts still outstanding for recovery on different accounts *viz.*, rent including ground rent and monthly instalments of payments for tenements sold under hire-purchase system and the measures adopted to ensure the proper maintenance of accounts, property registers, etc. should be furnished to them. They regret to point out that although a period of more than six months has elapsed, the Ministry of Rehabilitation have failed to furnish the requisite information.

dered at the Sitting of the P.A.C. held on the 25th July, 1959.

The Committee would like to know the latest position regarding recovery of rent including ground rent, etc. from the displaced persons.

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|----|----|----------------|-------|--|--------------------------------|----------------------------------|
| 12 | 26 | Rehabilitation | . . . | The Committee would like to be informed of the progress made in the recovery of water charges from the holders of the tenements in the Rehabilitation Colonies in Delhi. | Note submitted. (Appendix IV). | See paras 18 & 19 of the Report. |
| 13 | 27 | Do             | . . . | The Committee regret to observe that the outstandings on account of recovery of loans paid to the displaced persons have been increasing. They                           | Note submitted. (Appendix V).  | See Paras 9 to 11 of the Report. |
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would emphasise that the Ministry of Rehabilitation should pursue vigorously the question of recovery as otherwise the chances of recovery will become poorer as years pass by.

14 28 Rehabilitation

The Committee would emphasise that special steps should be taken to bring the personal ledgers up-to-date and ensure their proper up-keep in future.

Reply is still awaited from the Deputy Commissioner, Delhi. As soon as a reply is received from him, a note explaining the position will be submitted to the Committee.

See para 12 of the Report.

It is needless to stress that absence of proper account records, will by itself be a big handicap in effecting recoveries.

15 29 Rehabilitation  
Delhi Administration.

The Secretary, Ministry of Rehabilitation undertook to institute a full enquiry into the circumstances under which the Audit Inspection reports remained unanswered by the Rehabilitation Department of Delhi State. The Committee would like to be

Report submitted

This Report was considered at the Sitting of P.A.C. held on the 25th July, 1959. (See para 40 of the Report.)

apprised of the results of this enquiry, the action taken against the persons at fault and steps taken to set matters on a proper footing.

16 31 Transport Department

(i) The Committee observe that the rules for the accounting of the Motor Vehicles and Taxation receipts, etc. have not yet been finalised.\*

A meeting was held between the representatives of the Delhi Administration and the Ministry of Transport wherein it was decided to abolish the existing system of payment in court fee stamps and instead make collection:

- (i) in cash in the Transport Office
- (ii) in cash in the Treasury.
- (iii) by crossed cheques.

The Delhi Administration drafted rules for the proposed system and submitted these to A.G.C.R. in November, 1958. The A.G.C.R. has returned these rules in the 3rd week of May, 1959. The points raised by Audit are being examined and the new system is likely to be introduced shortly.

The Committee understand from Audit that the rules on the subject are now being finalised and that the new system would be introduced shortly. They would like a further report in the matter being made to them in due course.

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\* See also S. No. 5 of Appendix II to the Thirteenth Report of P.A.C. (Second Lok Sabha).

16    31    Delhi Administration.    (ii) In the opinion of the Committee, if the Motor Licensing Officer had exercised proper vigilance and discharged his duties in a more discreet manner, he could have detected the fraud that was being committed in his office. The Committee understand that an accountant, two clerks and two stamp-vendors, who were prosecuted were acquitted by the court and the Delhi Administration were now taking disciplinary action departmentally against those who had been found to be guilty. The departmental action instituted against the guilty officials should be intimated to the Committee. They would also like that suitable action should be taken against the Motor Licensing Officer.

The departmental proceedings against the defaulting officials have been completed. One U.D.C. has been served with a show cause notice as to why he should not be removed from service. Another U.D.C. has been held guilty of negligence and has been asked to make good loss of Rs. 5,355/-.

The Accountant has retired from service with effect from August, 1958.

As regards the action to be taken against the Motor Licensing Officer, the matter has been re-examined by the Delhi Admn. It is felt that it would be unfair to take any action against him as the files were not in his custody and he himself arranged the special audit at the earliest opportunity.

See para 16 of the Report.

17 32 Agriculture . . . The Committee, while endorsing the observations made by the Public Accounts Committee of Delhi Vidhan Sabha (now defunct), emphasise that the Delhi Milk Supply Scheme which had been pending for more than 5 years should be started without further delay as considerable expenditure has already been incurred on it.

A note explaining the latest progress in regard to the implementation of the Delhi Milk Supply Scheme submitted. (Appendix VI).

See para 17 of the Report.

18 33 Delhi Administration . (i) The Committee would invite attention to para 30 of their Fifth Report (1952-53) wherein they had suggested that whenever original documents were required to be filed with a court, the Department concerned should invariably keep photostat copies of such documents as have got an important bearing on the disposal of the case involving disciplinary action against the delinquent officers.

Necessary instructions have been issued by the Delhi Administration *vide* their Circular No. F. 9 (2)/59-Finance (B), dated the 6th June, 1959.\*

No comments.

Do. (ii) Departmental enquiry be held in the matter and proper

The court held the clerk concerned guilty and sentenced

No comments.

disciplinary action against the Head Master concerned should be taken.\*

him to undergo imprisonment for one year. The departmental proceedings were instituted against the Head Master. For the lapse on his part he has been given a warning by the Chief Commissioner, Delhi.

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34 Delhi Administration

(i) The Committee would like to draw the attention of the Delhi Administration to the recommendation made in para 38 of their First Report (1951-52) and suggest that the Finance Department of the Delhi Administration should call for quarterly statements from the Department concerned showing the progress made in the disposal of Audit objections pending in the various Departments and to see that they are replied to in time. The Executive Officers should also, while inspecting the subordinate officers, make it a point to

The urgency and importance of settling the audit objections has been impressed upon all concerned *vide* Delhi Administration's Circular No. F. 9(2)/48-Fin. (B), dated the 23rd May, 1959.†

No comments

ensure about the disposal of audit objections and the improvements effected in the procedure as a result thereof.

Delhi Administration (ii) Steps may please be taken to clear the large outstanding audit objections against this department.\*\*

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35 Home Affairs

Rehabilitation

Delhi Administration.

The Committee take a serious view of the cases where official papers are stated to be lost. They note that the officer concerned in the case referred to in para 15 of Audit Report, 1955 (Government of Delhi) is still in the service of the Government of India. They, therefore, desire that the matter should be pursued with vigour and attempts made by the Delhi Administration to trace these papers and to institute further proceedings against the officials at fault.

The Development Commissioner, Delhi under whom the Department is now functioning is making efforts to trace out the missing papers, and a further report will follow. The Ministry of Home Affairs have also issued instructions in regard to fixing responsibility for the loss of a file and instituting an enquiry *vide* Office Circular No. F. 3/11/OMU/Home/59, dated 10-7-1959. (Appendix VII). Further Report from the Ministry of Home Affairs awaited.†

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\*See also S. No. 16 of Appendix I to the Thirteenth Report of P. A. C. (Second Lok Sabha).

\*\*See also S. No. 18 *ibid.*

†Not printed.

‡The Ministry's note was received (Appendix VIII) after the finalisation of this Report and hence could not be considered by the Committee.



- 21 \*82 Rationing & Civil Supplies Department. A case was reported in para 18 of the Audit Report, 1954 wherein it was stated that the Agents appointed by the State Government for receiving, storing and distributing the rationed foodgrains in the State had overdrawn large sums of money by altering the amounts in the cheques given in their favour.
- Moreover, the system of payment of freight by the Agents was such as would have enabled them to draw refunds of over charges without the knowledge of Govt. The amounts thus mis-appropriated by the Agents were not exactly worked out.
- There were other irregularities and breaches of contract too. When the examination of the Department was taken up, the Secretary submitted that
- A note explaining the latest position of the case submitted. (Appendix IX).
- The Committee note that one of the accused in this case had filed an appeal in the Supreme Court—(all others have been acquitted). The Committee would like to watch the final outcome of this case.

the case was already being tried in the court, and was *subjudice*. The Committee thereupon decided to postpone the discussion.

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\*See also S. No. 25 of Appendix I to the Thirteenth Report of P. A. C. (Second Lok Sabha).

## APPENDIX II

### *Note regarding Recovery of Arrears of Land Revenue.*

The Land Reforms Act came into force after the Rabi 1954 and the demand for Kharif 1954 was thereby affected. Bhoomidari titles could not be settled in time. It was accordingly decided by the Delhi Administration that arrears of Land Revenue for the period from Kharif 1954 onwards should be recovered in instalments so as to avoid harassment to the newly-created Bhoomidars. These arrears have now to be recovered harvest-wise, instead of recovering in lump sum with the Land Revenue Demand of each harvest. The recovery of one harvest of previous years demand will be made in each harvest, that is recovery of Land Revenue Demand of that harvest plus Land Revenue Demand of one previous harvest will be collected. In this way, the recovery will be made during the period of 4/5 years starting with the harvest when the Land Revenue assessment under the Land Reforms Act has been completed in respect of each village. So far, revised Land Revenue assessment has been completed in respect of sixty-six villages and recovery in these villages was started from Rabi 1958 and in the case of these 66 villages arrears will be completely recovered in four years.

Land Revenue Demand under the Land Reforms Act in respect of 66 villages, of which Land Revenue assessment has been completed works out to Rs. 2,22,864 for 4 years for the period from Kharif 1954 to Rabi 1958 i.e. Rs. 55,716 per annum. The total demand of Land Revenue assessment so far assessed is as below :—

- (1) Under the Land Reforms Act for 66 villages from Kharif 1954 to Rabi 1958 : Rs. 2,22,864.
- (2) Land Revenue demand under the Punjab Land Revenue Act in respect of urban lands for the period from Kharif 1954 to Rabi 1958 : Rs. 1,71,407.

(NOTE.—Demand for 20 villages, in which lands were partially affected by Punjab Land Revenue Act and partly by the Delhi Land Reforms Act, is still to be assessed for the revenue year 1958-59).

The progress of collection during the past 5 years has been as under :—

	Rs.
1954-55 . . . . .	1,91,729
1955-56 . . . . .	1,789
1956-57 . . . . .	3,270
1957-58 . . . . .	53,793
1958-59 . . . . .	1,75,900

The above figures relate to Land Revenue in respect of agricultural lands.

All possible facilities are being given to the newly created Bhoodidars in the collection of old arrears and demand of one harvest only out of previous years arrear will be recovered unless recovery of larger amount at any time on account of a bumper crop is considered desirable. The decrease in the Land Revenue demand was due to the fact that after Rabi 1954, Land Revenue demand was recoverable only in respect of those villages which were affected by the Punjab Land Revenue Act within the urban limits of the Delhi Territory. Land Revenue demand in respect of these 51 villages amounted to Rs. 26,903 per annum. In addition to these 51 villages, there were 20 villages in which part of the land was covered by the Punjab Land Revenue Act and part of it was affected by the Delhi Land Reforms Act. Therefore, it took some time to work out the exact details, as a result of which Land Revenue demand of Rs. 9,223 per annum was assessed in respect of these 20 villages. Thus, the total demand under the Punjab Land Revenue Act in respect of those lands, which fell within the urban limits of the Delhi Territory amounted to Rs. 36,126 per annum.

### APPENDIX III

#### MINISTRY OF REHABILITATION

SUBJECT : *Para 16 of the Delhi Audit Report, 1956*

*Information called for by the Public Accounts Committee.*

A note showing the progress made in the realization of rents from displaced persons and the amounts still outstanding for recovery on different accounts *viz.*, rent including ground rent and monthly instalments of payments for tenements sold under hire purchase system and the measures adopted to ensure proper maintenance of accounts, the Property Registers, etc.

#### *Remarks by the Ministry of Rehabilitation*

A statement showing the total demand, total recovery and outstanding dues from the occupants of Government built property in Delhi as on 1-4-1958 is added to this note as Annexure.

2. The figures in the two statements are, however, approximate mainly for the reasons enumerated below :—

- (i) Property Registers showing the particulars of the various types of Government built properties under the charge of the Housing and Rent Office were not maintained.
- (ii) Proper accounts of demand and receipt of rent were not maintained in the early stages of the formation of the above office apparently because adequate staff with a background of accounts work was not posted. It appears that prior to April, 1954 it has been considered that qualified Accountants could look after the account work. However, audit pointed out in April, 1954 that an officer of the status of Assistant Accounts Officer was necessary. The Delhi State Government agreed to this subject to verification of the position also by the Accounts Officer of Delhi Improvement Trust as the Trust was dealing with similar problems. The erstwhile Delhi State Government finally asked the Governments of India's approval for creation of the post of Assistant Accountant General, Central Revenues to suggest a suitable officer. The approval of the Government of India for the post as well as the acceptance of the Accountant General, Central Revenues for posting an officer was received by the Delhi Administration early in 1957. The Organization was, however, transferred to the Government of India on 1st February, 1957 before the officer could take over charge.
- (iii) The Accounts and Audit Officers concerned did not also perhaps prescribe or suggest the maintenance of the necessary accounts at the time when the Housing and Rent Office was set up on 23-8-1948. It was only in 1951 that the Deputy Accountant General (Food & Rehabilitation) (now Pay and Accounts Officer, Ministry of Rehabilitation) prescribed the Rent, Demand and Collection Register for properties. The Registers were, however, not maintained properly for want of experienced and adequate staff.

- (iv) Rents of properties were revised from time to time and were given retrospective effect wherever they were reduced. These revisions of rates were, however, subject to certain conditions which involved complicated calculations.
- (v) The arrears of rent, ground rent as well as cost of properties were recoverable by the Regional Settlement Commissioners from the compensation due to claimant allottees and their associates. The amounts so recovered were not intimated to the Housing and Rent Office by the Accounts Officers concerned (Accountant General Central Revenues or the Pay and Accounts Officer, Ministry of Rehabilitation) in all cases. It is estimated that approximately 50% of the arrears will be cleared through adjustment from compensation due to allottees and their associates.
- (vi) Rent remissions were granted to the claimant allottees from certain dates depending upon the categories to which they belonged. As these categories were framed on the basis of the dates of submission of the compensation applications to the Regional Settlement Commissioner, the specific category to which any particular allottee pertained was not known to the Housing and Rent Office.
- (vii) Demands against the allottees of properties sold on instalment basis could not be assessed correctly as the actual final cost of the properties was determined and communicated to Housing and Rent Office long after the properties in question had been allotted.
- (viii) The work of allotment of properties and recovery of cost, ground rent, premium etc. was not entrusted to one single office. In addition to Housing and Rent Office, the Ministry of Rehabilitation, the Regional Settlement Commissioners and the Additional Regional Settlement Commissioner (Sales), New Delhi were also collecting these dues.

3. The figures given in the Annexure are based on the information supplied by the field staff and were collected in the year 1952. On the basis of these figures, monthly statements of demand, collection and arrears are being prepared and submitted to the authorities concerned. These figures are fairly accurate. The exact arrears will be determined only after the Basic Property Registers have been prepared and the accounts re-constructed. This work is likely to be finished within two years.

4. The Office of the Housing and Rent Officer was transferred to the administrative control of the Ministry with effect from 1st February, 1957. The problem of re-construction of accounts, maintenance of property registers etc. is now receiving the attention of the Ministry. The following measures have been adopted to ensure the proper maintenance of accounts, property registers etc.

- (i) A qualified Assistant Accounts Officer was posted on 14th February, 1957 to attend to the re-construction of accounts, preparation of Basic Records and proper maintenance of current accounts. An Officer of the status of a permanent Under Secretary with a back ground of audit and accounts work was posted incharge of the office with effect from 1st August, 1957. Four Accountants were posted in November and December, 1957. Two Divisional Accountants already working there continued. Certain

additional clerical staff was also sanctioned on 29th May, 1958 to attend exclusively to the re-construction of accounts and preparation of Basic Records etc.

- (ii) A Return of Government Built Properties under the charge of the Housing and Rent office has been prepared from the records available in the office of the Technical Adviser to the Ministry. The Registers have been completed, but their authentication by the Technical Adviser remains to be done.
- (iii) The forms in which the re-constructed Property Registers-cum-Ledgers and Recovery Registers for current dues should be maintained were approved by the Ministry in consultation with the Audit and Accounts Officers concerned. The work of re-construction of accounts and property records was taken in hand in November, 1957. Payments made by the occupants from the year 1948-49 to 1956-57 have been entered on the receipt side of the ledgers after checking the counter-foils of the receipts into the relevant Cash Books.
- (iv) All work pertaining to the administration of Government built property in Delhi has been centralized in the office of the Settlement Commissioner (Government Built Property) (formerly known as Housing and Rent Officer-cum-Additional Settlement Commissioner).
- (v) A workable system of adjustment of deductions made from the compensation due to allottees and their associates has been adopted in consultation with the Accounts Officer and efforts are being made to bring to account all the past transactions.
- (vi) Efforts have been made to step up realization by issue of demand notices and referring the cases of non-claimant defaulters who are in a position to pay to the Collector for recovery of dues as arrears of land revenue.

5. The accounts with effect from the year 1957-58 are being properly maintained. These have recently been audited by the Director of Audit, Food, Rehabilitation, Supply, Commerce, Steel and Mines.

6. This note has been vetted by the Director of Audit, Food, Rehabilitation, Supply, Commerce, Steel and Mines, New Delhi.

DHARMA VIRA.

*Secretary to the Government of India.*

## ANNEXURE

*Statement showing the total Demand, realization and Outstanding Balances under Rent, Ground Rent, and cost of Government Built Properties in Delhi.*

(In lakhs of rupees)

S. No.	Nature of demand	Total demand upto 31-3-58	Total realization upto 31-3-58	Balance	Remarks
1	Rent	198.60	102.27	96.33	
2	Ground Rent	41.67	15.76	25.91	
3	Instalments & Premium	59.30	31.92	27.38	
4	Cost paid voluntarily or realised in auction	225.81	225.81	..	
<b>TOTAL</b>		<b>525.38</b>	<b>375.76</b>	<b>149.62</b>	

*Statement showing the realization of rent, ground Rent and Premium and cost in respect of Government Built properties upto 31st March, 1959.*

(In lakhs of rupees)

* Period	Rent	Ground Rent	Premium & Instalment, etc.	Grand Total
Upto 31-3-53	27.18	2.44	5.25	34.87
1953-54	19.63	1.32	1.40	22.35
1954-55	15.42	1.30	1.31	18.03
1955-56	12.16	1.09	1.45	14.70
1956-57	11.99	5.20	143.78	160.97
1957-58	15.89	4.41	104.54	124.84
<b>TOTAL</b>	<b>102.27</b>	<b>15.76</b>	<b>257.73</b>	<b>375.76</b>



## APPENDIX IV

### MINISTRY OF REHABILITATION OFFICE OF THE CHIEF SETTLEMENT COMMISSIONER

No. 20(18)(vi) A&IA/59, Dt. Feb. 60.

#### *Note for the Public Accounts Committee*

In para 26 of their Thirteenth Report on the Appropriation Accounts of the Government of Delhi for the years 1954-55 and 1955-56 and the Audit Report thereon, the Public Accounts Committee observed as under :—

“The Committee would like to be informed of the progress made in the recovery of water charges from the holders of the tenements in the Rehabilitation Colonies in Delhi.”

#### *Ministry's Reply*

A sum of Rs. 14.97 lakhs was paid upto 31-3-1958 provisionally to local Bodies in Delhi for supply of water through public hydrants. Against this a sum of Rs. 4.58 lakhs has been recovered till the end of June, 1959. The amounts paid and collected yearwise are shown below :—

Year	Amount paid to local Bodies	Amount recovered so far
(In thousands of rupees)		
1953-54	315	74
1954-55	279	13
1955-56	300	16
1956-57	251	15
1957-58	352	50
1958-59	..	260
1959-60 (upto 30-6-59)	..	97
TOTAL	1497	458

The main reason for short recovery is that the work of reconstruction of accounts in the Office of the Housing and Rent Officer [now Settlement Commissioner (GBP)] has not yet been completed. This work is expected to be completed by the end of the current financial year. The exact amount recoverable on account of water charges can be determined only after these accounts have been constructed. It will, however, be noticed that the recoveries during 1958-59 showed a considerable improvement. It is hoped that realisations during 1959-60 onward will show satisfactory progress. The displaced persons have been permitted to pay the arrears of the dues owing from them in suitable instalments extended over a period of 7 years. The full recovery of the dues will, therefore, necessarily be spread over a number of years.

The Local Bodies were told on the 22nd August, 1958, that the water charges from 1-4-1958 onward will not be payable by the Ministry and should be realised by them direct from the residents of the colonies. The matter is still under their consideration and their final reply is awaited.

DHARMA VIRA,  
*Secretary.*

## APPENDIX V

*Note in pursuance of the recommendations made in para 27 of the Thirteenth Report of the Public Accounts Committee (Second Lok Sabha).*

Under the schemes sanctioned by this Ministry for the rehabilitation of displaced persons from West Pakistan small Urban, Rural and Educational loans were advanced to deserving displaced persons through the agency of the State Governments who are also responsible for the recovery thereof. These loans were advanced to help the displaced persons to (i) settle in trade and business etc. (ii) resettle on land and (iii) prosecute their studies in India and abroad. Sums of Rs. 23,30,130/- under the small urban loan scheme and Rs. 7,26,736/- under the Educational loan scheme for studies in India, totalling Rs. 30,56,866/- from the year 1947-48 to the year 1955-56 were advanced to both claimant and non-claimant displaced persons in Delhi. The Social Welfare and Rehabilitation Directorate had throughout been the agency for granting these loans to the displaced persons.

2. The recovery of urban loans starts after the expiry of 3 years and is completed in subsequent 3 years, while the educational loans are repayable in 4 to 6 years. These terms were, however, relaxed in the case of claimant loanees with the introduction of the compensation scheme. As all loans paid to the displaced persons were declared to form part of the Compensation Pool the loans paid to the claimant displaced persons were considered to be as part payment made against their verified claims. They were thus declared as "Public Dues" under the Displaced Persons (Compensation and Rehabilitation) Rules, 1955 to be adjusted against compensation payable to these claimant loanees. Since the payment of compensation involves lakhs of claimants and it is to take some time for these loanees to get their compensation, recovery from them could not be made within the stipulated period.

3. Total amount recoverable as principal from displaced persons upto 31-3-56 was Rs. 17,94,204. This comprised of (i) loans granted in the year 1947-48 to 1949-50 which became completely recoverable on 31-3-56 and (ii) instalments in respect of loans granted during the year 1950-51 to 1952-53 which became fully recoverable by 31-3-56 to 31-3-59. The amount due for recovery in respect of the first category of loans was Rs. 12,72,410/- (i.e. Rs. 6,20,430/- under the small urban loans scheme and Rs. 6,51,980/- under the Educational loan Scheme). The balance represents recovery due on account of loans of the second category. Out of this amount of Rs. 17,94,204/- due on 31-3-56 for recovery, Rs. 2,18,046/- i.e. (Rs. 1,21,991 as urban loan and Rs. 96,055 as Educational loan) was recovered from the displaced persons in cash upto that date (31-3-56), leaving a balance of Rs. 15,76,158/- still outstanding against the displaced persons including claimants.

4. There is no doubt that the recoveries effected against the loans advanced to the displaced persons in Delhi have not been satisfactory. The Social Welfare and Rehabilitation Directorate who was asked in 1958 to explain the low recovery gave the following main reasons :—

- (a) A large number of loanees who were advanced loans in the year 1948-49, 1949-50 and 1950-51 were residing in camps at the time of the receipt of the loans. They have since then been provided with alternative accommodation or have moved away from the camps and their present addresses are not known.

- (b) The financial position of most of the loanees has been found very poor and as such it is hard to make recovery of the loans from them at all or in lump sum.
- (c) Certain cases for recoveries of loans from defaulters as arrears of land revenue were referred to the Deputy Commissioner of Delhi but he refused to accept these cases in the absence of an enactment for the recovery of such loans from displaced persons as arrears of land revenue and the matter was referred to the Chief Commissioner, Delhi in 1950. In 1956, *i.e.*, after six years, the then Delhi State Government instructed the Dy. Commissioner, Delhi to recover the loans from displaced persons as arrears of land revenue in view of the decision of the Bombay High Court reported as A.I.R., 1955, Bombay 305, *Bank of India versus John Bowner & Others*. Since then some cases are being referred to the D.C. Delhi for recovery from the loanees.

5. The practice followed by the Social Welfare and Rehabilitation Directorate was to accept whatever sum any loanee offered. They solicited the orders of this Ministry in October, 1957 whether they should continue the practice of accepting whatever small instalments the loanees offer or they should insist on the payment of total loans due under the original terms and conditions. They, however, feared that if the latter course was followed, the whole loan might become a dead loss to the Government. In order to avoid hardship to the displaced persons and to increase the percentage of recoveries, the Social Welfare and Rehabilitation Directorate were asked to continue their practice of accepting whatever small instalments the loanees offered. They were, however, asked to make it clear to the loanees that such acceptance was (i) without prejudice to the terms and conditions on which the loans were originally granted and that the Government was free to take such action as may be open to it under the original terms and conditions and (ii) these recoveries were without prejudice to the Government's right to change the terms and conditions on which the loans were originally granted on account of the increased concession in the number of instalments etc.

6. According to the terms and conditions, loans paid to the displaced persons upto the year 1952-53 (*i.e.*, 31-3-1953) fell due for complete recovery on 31-3-59. The total amount advanced to the displaced persons upto the year 1952-53 was Rs. 21,61,416/- (*i.e.*, Rs. 14,34,680/- under the Small Urban Loans Scheme and Rs. 7,26,736/- under the Educational Loan Scheme). In addition some amount also became due on account of loans granted during the year 1953-54 to 1955-56 under the Small Urban Loan Scheme. The total amount under both these categories due for recovery on 31-3-1959 was Rs. 27,15,786/-. As against that a sum of Rs. 6,66,193/- (Rs. 4,38,356/- under the small urban loan scheme and Rs. 2,27,837/- under the educational loan scheme) was recovered from the displaced persons upto that date leaving a balance of Rs. 20,49,593/- still outstanding due for recovery. The amounts which have been adjusted against the verified claims, but the intimation of which has not yet been indicated by the Office of the Chief Settlement Commissioner and the amounts which are to be remitted in accordance with various remission schemes, are included in the figures of Rs. 20,49,593/-.

7. With regard to educational loans it may be mentioned that all such loans irrespective of the amount, paid to the non-claimants, are to be remitted in accordance with the remission scheme of 4th May, 1954 (Annexure) and the recovery from the claimant loanees is to be made from their compensation. There are about 1400 such loanees, out of whom only 142 have so far declared

themselves as non-claimants. The rest can, therefore, be presumed to be claimants. Out of the 142 non-claimants the Social Welfare and Rehabilitation Directorate have so far recommended for remission 111 cases involving Rs. 65,567/- (Principal only) which brings out an average of Rs. 590/- per loanee. The sum of Rs. 4,98,899/- which is still outstanding against the displaced persons under this scheme will thus be further reduced to about Rs. 4,15,033/- when the sanction for the write off Rs. 65,576/- (Principal only) outstanding against 111 non-claimant loanees and about Rs. 18,290/- outstanding against 31 loanees (at an average of Rs. 590/- per loanee) is issued by this Ministry.

8. As the Social Welfare and Rehabilitation Directorate did not have the necessary machinery for the recovery of these loans and all such cases were referred by them to the Deputy Commissioner, Delhi, it was felt that this work could best be handled by the Delhi Administration through the agency of the Deputy Commissioner. The work regarding recovery of urban loans was, therefore, transferred to the Delhi Administration in January, 1959 and the Deputy Commissioner, Delhi is taking vigorous steps for the recovery of these loans as arrears of land revenue.

9. The urban loans can no doubt be recovered as arrears of land revenue but even recourse to this provision is not of much help in all cases because the financial condition of a very large number of grantees of these loans is such that they are finding it extremely difficult to meet the bare necessities of life, especially at the present time when the prices of the commodities are high and recoveries from them may not be possible.

L. J. JOHNSON, I.C.S.,  
*Joint Secretary to the Govt. of India.*

## ANNEXURE

No. 10(9)/RHA/54

GOVERNMENT OF INDIA

### MINISTRY OF REHABILITATION

New Delhi, the 4th May, 1954.

**SUBJECT :—***Remission of certain loans advanced to non-claimant displaced persons from West Pakistan for trade, business, industry and education.*

I am directed to state that as a result of representations, the Govt. of India have decided not to recover certain sums advanced as loans to displaced persons from West Pakistan who have no verified claims under the Displaced Persons (Claims) Act, 1950. These are :—

- (1) Loans of Rs. 300 or less given under the Small Urban Loans Scheme for business, trade and industry ;
- (2) all loans for education (other than for education abroad) irrespective of their amount.

Both the un-recovered principal and interest thereon as on the 31st March, 1954, will be remitted. In case of (1), the maximum limit of Rs. 300 - applies to the loan as initially sanctioned. If the initial loan was 275 and the sum now outstanding is Rs. 305 including the interest, the total sum of Rs. 305 will be remitted. On the other hand, if initially the amount of the loan was more than Rs. 300 - but after taking into account any repayment made, the outstanding amount now is less than Rs. 300, the person will not be covered by the present decision.

2. If a displaced person or any member of his family took more than one loan for business, trade or industry the aggregate of all the loans will be taken account of in determining whether the loan should be written off. Loans taken for business and education will however, be treated separately.

3. If a loan under the Small Urban Loans Scheme was sanctioned for more than Rs. 300 - the entire loan will be recoverable. The present decision does not imply that an amount of Rs. 300 - out of such loan will be remitted.

4. Claimants *i.e.* those having verified claims under the Displaced Persons (Claims) Act, 1950 or the corresponding Ordinance and Act of 1954, are not covered by this decision, and the loans taken by them or their family members will continue to be recovered. They are, however, eligible to apply for the concession of postponement of recovery upto 1/10th of the value of their claims under the Scheme announcement by the Govt. of India in April, 1952.

5. State Governments are requested to issue instructions to their officers to implement the above decisions. Persons wishing to have their loan remitted may be invited immediately to submit applications to the authorities of the State concerned together with an affidavit particularly stating that they have no claim to their credit or to the credit of their father, mother or a member of the joint family. The father's affidavit must necessarily be obtained in the case

of educational loans and should be taken also in others unless the State Govt. is fully satisfied that the father has no claim and wishes to dispense with his affidavit.

6. To the extent loans are remitted, the liability of the State Govt. for the repayment of loan to the Central Govt. will be reduced. It is, therefore, requested that in order to record the reduction of the amount of such remissions against the State Governments in the books of Audit, a separate statement in triplicate should be sent to this Ministry by the end of August, 1954.

7. It is expected that the remission of loans would be completed by the 31st July, 1954. A monthly statement showing the number of persons and the amount of loans (under the Small Urban Loans Scheme and for education separately) remitted may please be sent to this Ministry for information.

NAKUL SEN,  
*Joint Secretary to the Govt. of India.*

## APPENDIX VI

### *Delhi Milk Supply Scheme*

The Delhi Milk Supply Scheme was originally proposed by the erstwhile Delhi State. But due to the importance and magnitude of the project and the erstwhile Delhi State becoming Union Territory with effect from November 1, 1956, it was decided that the scheme would be implemented by the Union Ministry of Food and Agriculture (Department of Agriculture). At that stage, the scheme had not been included in the Second Five Year Plan and no provision, therefore, existed for its implementation. It was subsequently decided to include the scheme in the Second Five Year Plan on the condition that its cost would be met from the Ministry's provision for Centrally-Administered schemes under that Plan.

2. The scheme aims to supply more or less the full milk requirements of the capital city, existing as well as increased due to growth in population within the next decade or so. For this purpose, it provides (i) procurement of milk from the rural areas of Delhi, U. P. and Punjab through a chain of nearly 30 milk collection and chilling centres ; (ii) removal of milk animals from the urbanized limits of the capital city and their resettlement in a number of cattle colonies to be set up beyond these limits; (iii) establishment of a Central Dairy for the processing and bottling of milk and manufacture of milk products ; (iv) distribution of milk through a chain of 1,000 milk depots and 50 all-day milk shops ; and (v) establishment of a milk Board to assume control of the scheme. The scheme is estimated to cost Rs. 328 lakhs. It will also require an imprest of Rs. 10 lakhs to be used as revolving capital to meet the running costs.

2. The scheme is being assisted to the tune of £ 800,000 by the Government of New Zealand under the Colombo Plan.

3. The work of implementation of the scheme started in November, 1957. For this purpose an *ad-hoc* Milk Board, which has the Chief Commissioner, Delhi, as its Chairman, and representatives of the Ministries of Food and Agriculture, Finance and Health, Planning Commission, Delhi Administration and the State Governments of U. P. and Punjab, was constituted earlier.

4. Difficulties having been experienced in acquiring adequate area of land required for the proposed cattle colonies, this part of the scheme could not be proceeded with so long. But recently two sites, each for housing nearly 4,000 milk animals, have been selected in consultation with the Town Planning Organisation and preliminaries necessary to acquire the required area at each place are being carried out. Further action to develop the area and to parcel it out in small plots on long lease to individual milkmen, at present residing in Delhi, would be taken as soon as the required area came to hand. The plans of the cattle colony are being prepared by the Town Planning Organisation.

5. Considerable progress has, on the other hand, been made with the rest of the scheme. The up-to-date position is summarized below :—

(i) *Milk Collection and chilling centres.*

Locations for 19 centres have been selected; land for 12 of these has been acquired;



Acquisition proceedings for the remaining seven have been set afoot and in most cases have reached an advanced stage towards completion.

Buildings for three centres have been nearly completed those for another two are well on the way towards completion while work in respect of another four has just started.

Equipment for 20 centres has been ordered that for 10 centres has been received in Bombay and work of erection at one centre (Muradnagar) has already started.

(ii) *Central Dairy*

Central Dairy has been located near the Patel Nagar Railway Station where an area of 33 acres has been acquired.

The building work of the Central Dairy and its ancillary structures is progressing well. The target date fixed for its completion is July 31, 1959.

The entire machinery and equipment required for the Central Dairy has either been received at site or is on its way to the Dairy. The work of erection and installation is also in progress and the target is to complete it by the 31st July, 1959.

(iii) *Milk Distribution arrangements*

To begin with locations for 275 milk depots and all-day milk shops have been finalized in consultation with the local authorities concerned (Delhi Administration, N.D.M.C., Delhi Development Authority, Railway authorities, etc.).

Each milk depot will operate from a prefabricated milk booth, which is being manufactured and will be installed by the Hindustan Housing Factory (Private), Ltd.

(iv) *Establishment of a Milk Board*

As previously stated, pending the constitution of a Milk Board, an *Ad-Hoc* Milk Board has been functioning.

The staff set-up necessary for operating the scheme is now being finalized.

6. *Commencement of the Scheme*.—It is hoped that the scheme will start operating within the next three months or so.

## APPENDIX VII

No .F. 3/11/OMU/Home/59

GOVERNMENT OF INDIA

### MINISTRY OF HOME AFFAIRS

New Delhi-11, the 10th July, 1959  
19th Asadh, 1881

#### OFFICE CIRCULAR

*Subject* : LOSS OF FILES.

The procedure to be adopted when a file has been lost was indicated in Office Circular dated 9th March, 1959. According to that procedure, the fixation of responsibility for the loss is one of the items of action that has to be taken whenever the loss of a file is reported. It would appear that such action is not being taken promptly and in all cases.

2. Recently the loss of a file came to H. M.'s notice and H. M. has observed that serious notice requires to be taken whenever any file is reported as untraceable in the Ministry. He has directed that whenever a file is reported to be lost the higher officer incharge of the Division should immediately undertake enquiries and fix definite responsibility on the person through whose default the loss occurs. H. M. has further observed that in some cases it might even be necessary to entrust the enquiry to the Intelligence Bureau.

3. I am desired to impress upon all the offices in the Ministry that action on these lines should be taken promptly whenever necessary and the result reported to the undersigned.

T. C. A. SRINIVASAVARADAN,  
*Deputy Secretary to the Govt. of India.*

**APPENDIX VIII**  
**MINISTRY OF HOME AFFAIRS**

*Note on Para. 35 of the Thirteenth Report of P.A.C. (Second Lok Sabha)*

The Delhi Administration have since been able to trace the report of the enquiry officer by whom departmental enquiry was conducted regarding the theft of Rs. 1,084 in the office of the Assistant Registrar, Cooperative Societies (Rehabilitation) which occurred between the 13th and the 16th August, 1949. The report contains a copy of the order passed on the 23rd December, 1950, by the then Secretary, Relief and Rehabilitation to the Chief Commissioner, Delhi, fixing the responsibility on members of the staff of the said office and awarding punishments to the officials at fault. A copy of this order is attached, wherefrom it will be observed that the services of one employce were terminated, a warning was administered to the Accountant and an adverse entry was also made in his character roll. The head-clerk of the office was also administered a warning. Thus, adequate punishments have already been awarded to the officials at fault, and no further action appears to be called for in the matter.

R. R. BAHL,

*Joint Secretary to the Govt. of India.*

**ORDER**

I have gone through the report of the Assistant Registrar Co-operative Societies (General), forwarded by the Deputy Commissioner under his letter No. 2070 STDC dated the 13th September, 1950 and hereby order as under :—

Although the Police have reported that inspite of their best efforts no clue of the culprits could be found and the case was sent up as untraced and that no one was suspected in this case. I feel that Shri cannot be absolved of his negligence in not checking the cash immediately on his arrival in the office on the 16th August, 1949. He was also careless in leaving the cash box and the key on the table unattended while he left the room for a short period. He should be warned and an adverse entry be made in his character-roll.

The conduct of Daftry, as he has admitted himself, is to say the least, most objectionable. I understand that he is a temporary Government Servant. His services should be terminated by giving him one month's notice.

An earlier reference should have been made for the provision of a safe in the office of the Assistant Registrar Cooperative Societies (Rehabilitation) especially when unsatisfactory arrangements for keeping the cash in that office were pointed out in writing by Shri Brij Behari Lal on 20-4-1949. It would appear that Shri was responsible for the delay and should be warned to be more careful in future.

I agree with the Deputy Commissioner that Shri the then Assistant Registrar, Cooperative Societies (Rehabilitation), has also acted in a some what irresponsible manner but since he has left service the matter should not be pursued any further.

(Sd.) GOVIND H. SETH.

23-12-50.

## APPENDIX IX

### *Note regarding Rationing and Civil Supplies Department embezzlement of funds in the Delhi Grain Syndicate.*

M/s. Delhi Grain Syndicate were appointed as the agents of Govt. for procuring, distribution and storage of the rationed foodgrains in Delhi under the terms and conditions of the agreements dated the 9th May, 1944 and 4th March, 1948. These agreements remained in operation upto the 19th January, 1953.

2. The scheme of procurement and distribution of foodgrains under the system of rationing was initially kept outside the Govt. funds. A cash and Credit Account was opened with the Imperial Bank of India (new State Bank of India) with the deposit of Rs. 5 lakhs being the entire subscribed and paid up capital of the Syndicate. The Govt. gave a guarantee of Rs. 45 lakhs to the Bank for the overdraft to that extent by the Syndicate. The Railway freight used to be paid by means of cheques drawn by the Syndicate so far as E. P. Railway and E. I. Railway were concerned and cash payments used to be made to B. B. & C. I. Railway. After payment of railway freight the Syndicate was required to submit a detailed bill showing the drawals and disbursement made by it.

3. It was found that the Syndicate was drawing more funds than it was required for payment of railway freight. It was, therefore, decided to close the cash and credit Accounts and to open a current account in the name of the Director of Civil Supplies. This was done w.e.f. 1st January, 1952 when the system of payment of railway freight by means of credit note was introduced.

4. In the month of March, 1952 when the accounts upto 9/52 were being audited by the local audit party of Accountant General, Central Revenues, it was detected that there was an overdrawal of Rs. 7,54,549 made by the Delhi Grain Syndicate from the Cash and Credit Account and diverted this amount to their private ends. The following action was immediately taken :

- (1) The Syndicate was called upon to refund the overdrawal. A sum of Rs. 4 lacs and 70 thousand was recovered in cash from the syndicate while the balance was adjusted against their outstanding bills then pending.
- (2) Three of the officials of the Accounts Branch were suspended. Two of them were prosecuted for forgery and substitution of false bills. They were tried along with the Director of the Syndicate. All the accused in this case were acquitted except Shri Shayama Chandra who has now filed an appeal in the Supreme Court of India against his conviction.

5. The following further comments are offered on the points raised by the audit :—

(1) *Non-recovery of a sum of Rs. 7,79,000 on account of shortages.*—The claim of the Govt. on this account has been repudiated by the Syndicate. The matter is now under examination by the Ministry of Law (Litigation Section).

(ii) *Payment of interest on Rs. 5 lacs.*—According to clause 6 of the Wheat Agreement, the Syndicate had been paid interest at 3½% per annum on the entire paid up capital. The objection of the audit was examined by this Administration in consultation with Law and Judicial Department and held that the payment of interest in full on the sum of Rs. 5 lacs deposited by the Syndicate in the Cash and Credit Account, which was the entire subscribed capital of the Syndicate, whether in deposit or in circulation, was in order.

(iii) *Withdrawal for agent for siding charges.*—The siding charges being paid to railway were admitted by the Accounts Department as according to the terms and conditions of the Agreement all railway charges, were to be borne by the Govt. when it came to light that the siding charges saved the Syndicate from cartage etc. the entire amount spent by Govt. was recovered from the Syndicate.

(iv) *Embezzlement of funds obtained by the Syndicate.*—The police investigation revealed that the Syndicate obtained refunds of railway claims to the extent of Rs. 23,800 which was not credited to Govt. Account but was misappropriated either by the Directors of the Syndicate or by its employees. Four cases on this account were registered against the Directors and employers of the Syndicate. In three cases the accused were acquitted while in the fourth case they have been convicted. They now filed an appeal against their conviction.

6. When it came to light that the Syndicate was persistently making breaches of the contract, the management of the Syndicate was taken over by the Government under clause 20 of the Wheat Agreement, on the 23rd September, 1952. The contract was ultimately terminated on the 19th January, 1953. During the interim period from 23rd September, 1952 to 19th January, 1953, the functions of the Delhi Grain Syndicate were performed by three Government officers on their behalf and on their account.

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## APPENDIX X

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF EXPENDITURE)

### NOTE

The circumstances in which the rate of interest and the terms and conditions for repayment of loans could not be indicated in the letters conveying sanctions for grant of loans in these three cases are explained in the following paragraphs :—

#### *Loan for development of Cottage and Small Scale Industries.*

In their letter No. 11-Cot-Ind (4)/53, dated the 29th September, 1954 the Government of India in the Ministry of Commerce and Industry conveyed the sanction to place at the disposal of the Delhi State Government a sum of Rs. 10 lakhs for the grant of loans to cottage and small scale industries in Delhi.

The loan was to be disbursed under the State Aid to Industries (Centrally Administered Areas) Model Rules, 1949, which contained the terms governing these loans including the rate of interest and period of repayment of the loans. This amount could not be drawn before the 1st October, 1954, from which date the Government of Part 'C' States (Amendment) Act, 1954, came into force resulting in the Delhi State Government having its own Capital and Loan Account in the Consolidated Fund of Delhi. The sanction for the grant of this loan of Rs. 10 lakhs had, therefore, to be reissued by the Government of India in the Ministry of Commerce and Industry letter No. 11-SSI(4)/53, dated the 11th February, 1955. The question of the rate of interest chargeable from the Delhi State Government and the period of repayment of these loans was not settled for the reasons indicated in the following paragraph relating to loans for financing of Capital Expenditure.

#### *Loan for expenditure on financing Capital expenditure.*

- (i) Capital outlay on buildings.
- (ii) Capital outlay on roads.
- (iii) Transfer to Contingency Fund.

As mentioned above, the Amending Act of 1954 conferred upon the Part 'C' States the power to borrow from the Central Government (and not from any other source) and to include in their Consolidated Fund the Capital expenditure and provision for loans and advances. Thereafter, the whole of the requirements of these States for Capital outlay was met by loans from the Government of India. Prior to the Amending Act coming into force, the expenditure on capital outlay was incurred directly by the Government of India and the effect of the Amending Act was merely to treat the corresponding amounts as loans to the Part 'C' States. Taking this into consideration and also the fact that, in the opinion of the Ministry of Law, all properties in the Part 'C' States vested in the Union, it was decided on the 15th March, 1955, not to charge, for the time being, any interest on loans of

this category. Besides, as the Delhi State needed substantial grant-in-aid from the Centre to meet the gap in their Budgets, any interest charged on these loans would have been an indirect burden on the Centre itself. There was, therefore, not much points in creating the fiction that the Delhi State would be paying interest and making capital repayment in respect of loans taken to cover such outlay. Further, the States Reorganisation Commission had meanwhile been appointed and, therefore, pending further consideration of the issues involved, the advice of the Ministry of Finance was that the terms and conditions of the loans which were required immediately to cover the Capital outlay of the Delhi State might be left open. The subsequent events resulting in the Consolidated Funds of Delhi and Himachal Pradesh merging in the Consolidated Fund of India with effect from the 1st November, 1956, justifies the view taken earlier. Now there is no question of the Central Government recovering any interest of principal from the Delhi Administration as Delhi is a Union Territory.

*Loan for the grant of Taccavi advances.*

The Government of India in the Ministry of Food and Agriculture accorded sanction in their letter No. 18-3/55-F&S, dated the 31st March 1955 for the payment of Rs. 745,300 to the erstwhile Delhi State Government for the grant of Taccavi Loans to cultivators in the Delhi State during the year 1954-55. The sanction was issued in response to an urgent request from the Delhi Administration which did not indicate the period within which the loan was to be repaid. As the sanction had to be given on the last day of the financial year, the rate of interest to be charged could not be mentioned as that depended on the period of repayment of the loans. Subsequently, on receipt of the required information from the Delhi State Government in respect of loans for the purchase of bullocks (Rs. 1,65,000) and for sinking of wells (Rs. 4,99,200), the Government of India prescribed the rate of interest in respect of these items in their letter No. 18-3/55-F&S, dated the 26th April, 1956\*. The rate of interest for the remaining item of Rs. 81,100 which had been advanced for the purchase of tractors could not be prescribed at that time as the Delhi State Government had stated that the recovery period of those loans was fixed by them in each case. In May, 1956, the Delhi State Government intimated that the sum of Rs. 81,100 advanced for the purchase of tractors in the year 1954-55 was recoverable in 10 equated biennial instalments from the harvest following that in which it was advanced. On the basis of this information, the Government of India actually conveyed the rate of interest and other terms of repayment of the loan of Rs. 81,100 in their letter No. 18-3/55-States dated the 30th October, 1956.\*

N. N. Wanchoo,  
17-9-1958.

*Secretary to the Government of India.*

•	Loan for	Amount Rs.	Period of Recovery	Rate of Interest %P. a.
(1)	Purchase of bullocks	1,65,000	2 years	3½
(2)	Sinking of Wells	4,99,200	10 years	4½
(3)	Purchase of Tractors	81,100	10 equated biennial instalments	3½

## APPENDIX XI

*Summary of the conclusions/recommendations of the Twenty-fourth Report of the Public Accounts Committee on the Appropriation Accounts of the Government of Delhi for the years 1956-57 (1st April 1956 to 31st October, 1956) and Finance Accounts for the years 1955-56 and 1956-57 (1st April, 1956 to 31st October, 1956) and Audit Reports thereon.*

S. No.	Para No.	Ministry or Department concerned	Conclusions/Recommendations
1	2	3	4
1	4	Rehabilitation	The Committee are concerned to see that the Ministry of Rehabilitation have not so far fixed responsibility for laxity in supervision by the supervising officials concerned for incomplete and improper maintenance of Accounts. They, therefore, desire that Government should pay more attention to this aspect in the interests of efficient administration and submit to them a report stating the action taken in the matter as early as possible.
2	6 & 7	Rehabilitation	While the Committee appreciated the difficulties faced by the Administration at that time immediately following partition, they felt that the Departmental Enquiry Committee had rightly held that the Housing and Rent Officer and Secretary, Relief and Rehabilitation Department of the erstwhile Delhi State, together with their subordinate staff directly connected with the work of this organisation, should share the responsibility squarely for this unsatisfactory state of affairs. The Committee, therefore, felt that the disciplinary aspect of the case had not been pursued fully and asked Government that the cases should be reviewed.

The Committee now find from the note furnished by the Ministry that the Government have decided to convey their displeasure to all the officers and to make necessary entries in the confidential reports. In the opinion of the Committee, Govern-



1	2	3	4
			ment have been needlessly mild in this case, although the officials were guilty of serious lapses amounting to culpable negligence.
3	8	Rehabilitation <u>W. H. &amp; S.</u>	The question regarding the maintenance of the property registers by the C.P.W.D. has been taken up by the Ministry of Rehabilitation with the C.E., C.P.W.D. and the Ministry of Works, Housing & Supply. The Committee would like to be apprised of the final decision in the matter.
4	11	Rehabilitation <u>Delhi Ad- ministration</u>	The Committee understand that the work regarding recovery of the outstanding urban loans has been transferred to the Delhi Administration in January, 1959, and that the Deputy Commissioner, Delhi is taking vigorous steps for the recovery of these loans as arrears of land revenue. The Committee would like to know the progress made in regard to the recovery of these outstandings.
5	12	Rehabilitation <u>Delhi Ad- ministration</u>	The Committee would like that the work relating to the completion of personal ledger accounts of the various categories of loans should be done expeditiously, as without the knowledge of the precise amount of loan outstanding against each loanee, recovery will not only be incomplete but also be delayed.
6	16	Delhi Ad- ministration	As regards the Departmental proceedings against the delinquent officials responsible for the irregularities in the accounts of the Motor Vehicle Licences, the Committee understand that the Accountant involved in this case had retired from service in August 1958. The Committee feel that the fact that the official had retired is not sufficient justification for not taking action against him in the matter. In this connection, they would refer to Article 351-A of the Civil Service Regulations (as amended by C.S. No. 20 dated 30-9-1958), and desire that the disciplinary aspect of this case may be reconsidered by the Delhi Administration.

As regard the contention of the Delhi Administration that it would be unfair to

1	2	3	4
			take any action against the Motor Licensing Officer, the Committee are not satisfied that he should have been completely exonerated.
7	17	Food & Agriculture (Deptt. of Agriculture).	The Committee understand that the Milk Supply Scheme has started functioning in the Capital from 1st November, 1959. The Committee would like to watch the financial working of the Scheme. They trust that to enable Parliament to have a proper appraisal of the various aspects of the working of the Delhi Milk Supply Scheme, a Financial Review pertaining thereto will be incorporated in the Appropriation Accounts of the Ministry of Food & Agriculture (Department of Agriculture).
8	19	Rehabilitation	<p>The Committee find that the delay in reconstructing the accounts in the Office of the Housing and Rent Officer had hampered the recovery of water charges from the holders of the tenements in the Rehabilitation colonies in Delhi. The Committee do not feel happy at this state of affairs, the responsibility for which lay squarely on the Ministry. Had the accounts been maintained properly from the outset, the recovery could have been effected currently from the displaced persons without its being a burden on them. The amount has swelled to such proportions that recovery thereof has become a problem for Government. They trust that the arrears will be recovered expeditiously.</p> <p>The Committee understand that the local bodies have been asked by the Ministry to recover the water charges from 1-4-58 onwards from the residents of the colonies. The Committee would like to know whether this instruction is being implemented by the local bodies.</p>

