

PUBLIC ACCOUNTS COMMITTEE
(1971-72)

(FIFTH LOK SABHA)

THIRTY-EIGHTH REPORT

**[Report of the Comptroller and Auditor General of
India for the year 1969-70, Central Government
(Civil), relating to the Ministry of Supply.]**



LOK SABHA SECRETARIAT
NEW DELHI

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20-4-72

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PUBLIC ACCOUNTS COMMITTEE
(1971-72)

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Shri B. B. Tewari—*Deputy Secretary.*

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

*Ceased to be Member of the Committee w. e. f. 2-4-1972.

INTRODUCTION

1, the Chairman of the Public Accounts Committee as authorised by the Committee, do present on their behalf this Thirty-eighth Report of the Public Accounts Committee (Fifth Lok Sabha) on Paragraphs relating to the Ministry of Supply included in the Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Civil).

2. The Report of the Comptroller and Auditor General of India for the year 1969-70, Central Government (Civil), was laid on the Table of the House on the 22nd June, 1971. The Committee examined paragraphs relating to the Ministry of Supply at their sitting held on the 30th August, 1971 (FN). The Committee considered and finalised this Report at their sitting held on the 12th April, 1972. Minutes of the sittings form Part II* of the Report.

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

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

5. The Committee would also like to express their thanks to the officers of the Ministry of Supply for the cooperation extended by them in giving information to the Committee.

ERA SEZHIYAN,

NEW DELHI;

Chairman,

April 12, 1972.

Public Accounts Committee.

Chaitra 23, 1894(S).

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

MINISTRY OF SUPPLY

DIRECTORATE GENERAL OF SUPPLIES AND DISPOSALS

Purchase of tent poles

Audit Paragraph

1.1. On 10th November, 1967 the following two contracts were placed by the Director General, Supplies and Disposals, on firms 'A' and 'B' for supply of tent poles to the Central Ordnance Depot, Kanpur:

Firm	Stores	Quantity ordered	Rate per unit	Quantity	
				Supplied	Cancelled
		Nos.	Rs.		
'A'	Tent poles Ridge No. 6	84,000	3.49	5,036	78,964
	Tent poles Standing No. 13	82,000	3.47	43,651	38,349
'B'	Tent poles Ridge No. 6	1,26,000	3.49	7,605	1,18,395
	Tent poles Standing No. 13	1,23,000	3.47	65,490	57,510

1.2. In both the contracts, the date of delivery was stipulated, in accordance with the terms offered by firms 'A' and 'B' in their tenders as under:—

"Stores will be tendered for inspection within 7 months in instalments commencing after one month on receipt of order subject to imposition of 2 percent pre-estimated liquidated damages per month or a part thereof for the delayed supplies after the expiry of the contract delivery period."

1.3. The contracts were received by firms 'A' and 'B' on 11th November, 1967 and 13th November, 1967 respectively.

1.4. The first instalment of stores tendered by firms 'A' and 'B' for inspection on 1st January, 1968 was actually inspected on the

following dates:

Firm	Stores	Quantity offered for inspection Nos.	Date of actual inspection
'A'	Tent poles Ridge No. 6 . . .	400 }	12th March, 1968
	Tent poles Standing No. 13 . . .	2,000 }	
'B'	Tent poles Ridge No. 6 . . .	600 }	11th March, 1968
	Tent poles Standing No. 13 . . .	3,000 }	

1.5. In its letter dated 27th June, 1968, firm 'A' complained to the Director General, Supplies and Disposals, about delay in inspection of stores by the Defence Inspectorates of General Stores, and delay in payment of its dues and requested refixation of the delivery period as November, 1968 to July, 1969. No action was taken by the Directorate General, Supplies and Disposals, till 30th July, 1968. Discussions with the representative of firm 'A', pursuant to advice of the Ministry of Law (8th August 1968), were held only on 10th October, 1968. In its letter dated 11th October, 1968, firm 'A' agreed to make supplies as per its letter of 27th June, 1968 and requested immediate issue of the letter refixing the delivery period so that the ripe season for supply of bamboos might not be wasted. After obtaining legal advice (28th October, 1968), the Director General, Supplies and Disposals issued an amendment letter on 19th November, 1968 refixing the delivery period as under:—

“By 31st July, 1969 or earlier (refixed) subject to imposition of 2 per cent pre-estimated liquidated damages per month or part thereof for the delayed supplies.”

Firm 'A' in its letter dated 9th December, 1968 did not accept the amendment letter on the ground that the bamboo procurement season was over by then and requested short-closure of the contract without financial repercussions on either side. After obtaining legal advice (23rd May, 1969), the Director General, Supplies and Disposals, on 20th June, 1969 cancelled the balance unsupplied quantity without financial repercussions on either side.

1.6. In its letter of 27th June, 1968 firm 'B' also had requested the Director General, Supplies and Disposals, to refix the delivery period upto July, 1969 on the ground of delay in inspection of its first instalment of stores by the inspecting authorities. Firm 'B' subsequently in its letter of 19/20th December, 1968 informed the Director Gene-

fence) stated that "on 12-1-1968 his officers drew samples for test of certain items like tent poles, metal components, creosote etc." He continued: "Out of these, the creosote was one of the most important items which needed laboratory test and the same was sent for test at our laboratories at CIGS, Kanpur. Normally, we allow three to four weeks' time for testing of samples. In this particular case, in the first test, the creosote was found defective. There was some excessive moisture in it. We had, therefore, no other alternative but to draw further samples of creosote for testing on the 7th of February, 1968. This second test of samples was the cause for delay and we had to wait for another three weeks or so to get the test report. The test report on the second set of sample came to us on the 28th February, 1968 and on 29th February, 1968 my team went to Najibabad for inspection and treatment of tent poles. They took another 12 days for inspection—after treatment by the firm—with the result that the final clearance of inspection date was 12th March, 1968 as indicated in the Inspection Report". According to him there was no delay on the part of his Department as drawing of second set of sample for creosote would not have been necessary had the supplier pre-inspected creosote in terms of the contract. He therefore, considered that the suppliers were responsible for the delay.

1.10. Subsequently in reply to a written question, the Ministry furnished a copy of the letter dated 12-11-1968 of the Defence Inspectorate (reproduced at Appendix I) explaining the delay in inspection of stores tendered by firm 'B' which was similar to the explanation given above.

1.11. As the firms complained to the DGS&D in June, 1968 *inter alia* that there was delay in inspection, the Committee desired to know whether the defect in raw material was brought to the notice of the Purchase Officer by the Defence Inspectorate in time. The witness explained that as the product was not ultimately rejected no report was sent to the Purchase Officer which was normally done only when the performance of a firm was very bad. He further stated that it was the responsibility of the DGS&D to check up as to why delays were occurring as he kept a watch on the progress of supply in terms of para 230 of DGS&D's Manual of office procedure.

1.12. The Deputy Director General of the DGS&D stated that the inspection note indicated when stores were offered for inspection and the date when they were actually accepted and released and pointed out: "If the reasons for delay are not explained in the Inspection Note, the Purchase Officer can presume that the delay, if any, is not attributable to the contractor. It is the function

of the Inspector to keep the Purchase—DGS&D informed now and then on the performance of the contractor.” The representative of the Ministry of Defence then agreed with the Committee that the DGS&D should have been informed of the delay in inspection and promised to issue suitable instructions in the matter. A copy of the instructions issued on 20-9-1971 as furnished to the Committee subsequently is given at Appendix II.

1.13. As regards better liaison between Defence authorities and the DGS&D, the Secretary, Ministry of Supply, deposed: “What we can suggest is that we will have a further discussion with the Defence authorities to see how better liaison can be maintained in regard to the communication of the defects which they find, so that at least the purchase officer is seized of the points relating to the defects found in inspection etc. That we can consider and devise some sort of a procedure.” Bringing out the procedure for inspection adopted by the DGS&D vis-a-vis that of Defence, the representative of the Directorate of DGS&D said: “Our Inspectors are expected to visit the contractor periodically and during the manufacturing stages also. Should the Inspector observe at any time that either due to the failure of a component or a part or due to the failure of the contractor himself the stores are likely to be delayed, the Inspector has to report to the Purchase Officer and tell him where he should take care. On the Defence Inspection side they have not been doing so. We have been having a dialogue with them. If the Defence Inspectors also carry on the inspection on the same lines, as we do on the civil side, that would be better because in that case the purchase officer would be sounded in time by Defence Inspectors too. I think, we will again have a dialogue with them in this connection.” Subsequently the Ministry informed the Committee that with the issue of instructions by the Ministry of Defence on 20-9-1971 the matter was settled.

1.14. The Committee were given to understand that “mostly for Defence requirements it is the Defence Inspectorate who do the inspection.” Asked whether it was necessary to entrust the inspection to Defence Inspectorate even in respect of such items as tent poles which were not sophisticated items, it was stated that inspection of tent poles was given to the DGS&D and that it was transferred back to Defence due to pressure of work in the former organisation. The Secretary, Ministry of Supply, however, clarified that it was a temporary measure and that the work would be taken over by the DGS&D.

1.15. The stores tendered for inspection and delivery thereof after 1st January, 1968 by firms 'A' & 'B' as intimated by the Ministry are as follows:—

Firm 'A' : TWL-8/101/68/264/11/224

Stores	Tendered for inspection on	Inspection note released on	Date on which received by consignee
10228 Nos.	18-3-68 and } 25-3-68	6-4-68	17-4-68
8020 Nos.	1-4-68	8-4-68	23-4-68
8104 Nos.	1-4-68	11-4-68	29-4-68
7996 Nos.	3-4-68	16-4-68	14-5-68
8004 Nos.	18-4-68	26-4-68	3-6-68
3999 Nos.	24-4-68	26-4-68	6-6-68

Firm 'B' : TWL-8/101/264/11/225.

Stores	Tendered for inspection on	Inspection note released on	Date on which received by consignee
15476 Nos.	18-3-68 to } 25-3-68	6-4-68	17-4-68
12020 Nos.	1-4-68	8-4-68	29-4-68
12044 Nos.	1-4-68	11-4-68	4-5-68
11996 Nos.	3-4-68	16-4-68	20-5-68
12020 Nos.	18-4-68	26-4-68	13-6-68
5999 Nos.	24-4-68	26-4-68	6-6-68

1.16. One of the reasons stated by firm 'A' in their letter dated 27-6-68 for not supplying the entire quantity was non-payment of their bills by the Pay and Accounts Officer which had also "hampered their production capacity". According to the information furnished by the Ministry, the payment of bills amounting to Rs. 66,002 was withheld which was released later. The details are as under:

Bill No. and date	Amount	Date of payment
	Rs.	
1. Int/5/224/68 dt. 6-5-68	26,358.80	24-6-68
2. Int/6/224/68 dt. 27-5-68	26,385.00	24-6-68
3. Int/7/224/68 dt. 31-5-68	13,258.65	21-6-68
	66,002.45	

According to the opinion of the Ministry of Law given in August, 1968, failure in payment for the stores supplied for whatever reason, amounted to a breach of the terms of the contract on the part of the purchaser.

1.17. During evidence the Committee drew attention of the witness to the fact that no action was taken on firm A's letter dated 27th June, 1968 till 30th July, 1968. The Secretary, Ministry of Supply stated: "I must admit that there was a lapse in our office because there was one month's delay, that is after the receipt of the letter on the 28th June. At that time the Section Officer went on leave for one month and another person was appointed in his place. So, this thing was lost sight of." The Ministry subsequently intimated that this delay did not have any effect because the firm's request for refixation of D/P was from November, 1968 to July, 1969 and the D/P was refixed in November, 1968 for the period requested by the firm. The Ministry of Law held in May, 1969 that as the refixed D/P was intimated to the firm belatedly after the season was spent it was difficult to impute breach to the firm and that the only course was to cancel the A/T for the unsupplied quantity without financial repercussion. It is, however, seen from the copies of references made to the Ministry of Law furnished to the Committee that none of the firms other than 'A' & 'B' had refused to accept the extension letters. The Secretary, Ministry of Supply clarified during evidence: "The bamboo season is actually from November onwards. But the position is that, although the bamboo season is from November onwards, the contractor has to make arrangements for entering into contracts for the allocation of coupes. All this starts even before the season commences—that is, in July or August. Therefore, the contractor's contention was that although the bamboo season was still on, he was not in a position to enter into a firm contract for obtaining the coupes."

1.18. As regards delay in taking action on firm B's letter dated 27th June, 1968, the Ministry stated: "Case of firm 'B' was similar to that of firm 'A'. Firm 'B's letter dated 27th June, 1968 was received in the section on 1st July, 1968 and it was put up on 26th July, 1968 for consideration. AD(S) in his remarks stated that A/T No. 224 (of firm 'A') with the same case history had been sent to the Ministry of Law, the return of which be awaited. Therefore, case of 'B' could only be decided when decision in case of 'A' was taken."

1.19. Referring to the opinion of the Ministry of Law given on 30th August, 1968, the Secretary, Ministry of Supply, stated: "...they

said that when the contractor tenders the goods for inspection, then the inspection should be completed within a reasonable period of time and since it took 2½ months for the Defence Inspectorate to give their final inspection report, the contractor was justified in saying that he had lost some valuable time in entering into agreements with the lessees for the supply of bamboos. Therefore, on that ground they said that it was desirable for the Supply Ministry to come to an agreement with the contractor."

1.20. The Committee pointed out that the reference dated 3rd August, 1968 to the Ministry of Law did not present the facts correctly inasmuch as there was no reference to the defective samples produced by the firm which delayed the inspection. The witness maintained that the facts as available were intimated to them and that the defect in samples were not known to the DGS & D. Asked as to why the Defence Inspectorate was not consulted in the matter when a complaint was received alleging delay in their inspection, the witness admitted that a reference could have been made to them but pleaded that it would have delayed the matter further. He also pointed out that the inspection note issued by the Defence Inspectorate did not contain any reason for the delay in inspection. The Director of Inspection (G.S.), Ministry of Defence, however, pointed out: "DGS & D should have queried the delay part, unfortunately the reference was not made to us. If the reference had been made to us, we would have clarified."

1.21. Another reason given by firm 'A' in their letter dated 27th June, 1968 for delay in supply was as follows:

"E class deviation granted by the Inspectorate and incorporated in the respective I/Notes have been denied without any reason after supply of 48,687 numbers. We had manufactured iron components worth lacs of rupees for full quantity and we have to stop further production of Tent Poles due to denial of this minor E class deviation which resulted in a heavy monetary loss to us."

1.22. The Secretary, Ministry of Supply, explained the E class deviation during evidence thus: "Bamboo poles is a natural item, sometimes it is possible that the stores which are tendered for inspection do not strictly conform to the specification prescribed. In such a case, goods which do not pass the inspection are accepted

under deviation. Now, in this case no price reduction is called for because of certain minor defects which do not affect the serviceability of the stores. Therefore, there is no price reduction; it is called 'E' class deviation." He further said that this deviation was not granted by the Inspectorate in this case and that the matter was under consideration.

1.23. The Committee desired to know the reason for the delay of two months in holding discussions with firm 'A' as suggested by Ministry of Law on 8th August, 1968 which was done only on 10th October, 1968. The witness stated that it was decided to grant extension for 3 months in consultation with the indenter which was not acceptable to the firm. He added: "We were trying to arrange a meeting with the representative of the firm 'A' but we found it very difficult to get hold of the party, because they were making one excuse or the other. Only when it was found unavoidable, then we resorted to negotiations or discussions with the representative. Even after discussion, they did not give their final decision. They said that they had to make a reference to their Head Office in this particular case. They did not say anything; they did not commit themselves, but they said that they will send a reply. On the 11th October, they sent a reply expressing inability."

1.24. Asked why bulk of the repurchase order was placed on firms 'A' & 'B' at higher rates, the Secretary explained that orders were placed on all acceptable lower tenderers according to their offer and capacity and that orders had to be placed on these firms also as the rates of others were higher. According to him, firms 'A' & 'B' had been most satisfactory suppliers. When the Committee asked whether he still held the opinion, he said he was talking of the past. He, however, submitted that had not the orders for the repurchase been placed on firms 'A' & 'B' also, additional expenditure would have been incurred, and that "on account of this first failure, how are we justified in paying at higher rate, resulting in extra expenditure, is a matter of opinion." He further said: "Now, if we find that in future the performance is not satisfactory, we will consider not placing any contracts with them."

1.25. To a question whether firms 'A' & 'B' supplied the stores covered by repurchase orders within the stipulated period, the Ministry furnished the following information:

"Original A/T TWL-8/101/264/11/224/PAOD dated 10th November, 1967 firm 'A'.

Repurchase A/T on Firms 'A' & 'B'

	Item 1	Item 2	Quantity supplied	
	Tent Poles Ridge No. 6	Tent Poles Stdg. No. 13	Item 1	Item 2
Firm A, A/T No. 475 dt. 7-1-70	19081 Nos.	10546	850*	10546

*A/T for balance quantity has been cancelled at the risk and cost of the firm and R/P tenders are due for opening on 3-12-1971.

Firm B, A/T No. 474 dt. 7-1-70	44088	21093	2748*	22692
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*Some quantity supplied by the firm was seized by the SPE, CBI, Lucknow at the consignee end. Consequently the consignee withheld copies 2 and 5 of the Inspection Notes and the firm did not get their payment. They stopped supplies. Ministry of Law has held that firm's copies of Inspection Notes 2 and 5 should be released but this has not been done so far. Therefore, no supply is forthcoming. D.P. has expired on 31-12-70 but legally the order cannot be cancelled.

TWL-8/101/63/264/11/225/PAOD dt. 10-11-67

Repurchase A/T on firms 'A' & 'B'

	Quantity covered		Quantity supplied	
	Item 1 Tent Poles Ridge No. 6	Item 2 Tent Poles Stdg. No. 13	Item No. 1	Item No. 2
Firm B, A T No. 465 dt. 2-12-70	42621	27603	22456*	27603
Firm A, A T No. 466 dt. 2-12-70	35517	18405 increased to 23006	15952*	23006

*Some quantity supplied by these firm was seized by SPE CBI Lucknow, at consignees end. Consignee, therefore withheld copies 2 and 5 of the Inspection Notes of the firms. Consequently the firm could not get 5% payment and stopped further supplies. Ministry of Law has opened that copies 2 and 5 should be released to the firm and the contract cannot be cancelled at the risk and cost of the firm. No decision has yet been taken by the CBI. D/P has expired on 31-12-70.

1.26. During evidence, the Committee were informed that the tent poles were urgently required for Defence preparedness.

1.27. The Committee are distressed to note that lack of proper care in drafting the terms of the contract and progressing it together with the deplorable absence of coordination between the organisations of the DGS & D and the Defence Inspectorate cost the exchequer in this case as much as Rs. 6.62 lakhs besides delaying the procurement of tent poles urgently required for Defence preparedness. The Committee desire that responsibility of the officials concerned should be fixed so as to act as deterrent against any laxity in future.

1.28. The orders placed on firms 'A' and 'B' for tent poles did not specifically indicate the number of instalments and the rate of supply, with the result that in the first lot, only an insignificant fraction of the total quantity ordered for, was tendered for inspection. The Committee would like to know how such a vague delivery clause was provided for by the DGS & D organisation who have long years of experience and expertise in the field.

1.29. The Committee note that the inspection of the first lot of stores took nearly 2½ months. As this was more than a third of the delivery period, the Defence Inspectorate should have in normal course, informed the Purchase Officer of the reasons for the delay; since this was not done, the Committee desire that the matter may be investigated and responsibility fixed. The Committee, however, note that the Ministry of Defence have issued suitable instructions in the matter soon after their representative was examined by the Committee.

1.30. It is surprising to note that the slow progress of supply was not noticed till the firms complained about the delay in inspection on the 27th June, 1968; as by then against the proportionate quantity of 3.6 lakh tent poles which should have been supplied, only 1.2 lakhs, representing a mere third were supplied. Further there was no quantity tendered for inspection by the firms after 24th April, 1968. This clearly indicates that the contract was not progressed properly.

1.31. Strangely enough there was a delay of over one month in considering the representations of the firms received in June, 1968. That this delay did not have effect as the extended delivery period from November, 1968 to June, 1969, as required by firm 'A' was in fact fixed in November, 1968 cannot be accepted as a satisfactory excuse by the Committee as it has been held by the Law Ministry

that as intimation to the firm was sent belatedly after the season was spent it was difficult to impute breach to the firm. The Committee accordingly desire that responsibility of officials for delay should be fixed.

1.32. Having lost sight of the firm's letter for well over a month by which time the delivery period had already expired, the case was referred to the Law Ministry in August, 1968. It is unfortunate that the facts of the case were not fully presented to them. In the opinion of the Committee, however, there was an occasion to refer the case at that stage to the Defence Inspectorate rather than to the Ministry of Law. Had this been done, Government would not have been put to the loss in this case as the firms were in fact responsible for the delay in inspection.

1.33. The Committee understand that for most of the Defence requirements procured through the DGS & D, inspection is arranged by the Defence Inspectorate. The lack of coordination resulting from neither the DGS & D nor the Defence Inspectorate taking the initiative noticed in this case, is rather disquieting. There is a need for an effective liaison and to obviate any delay in scrutinising the tenders involving opinion of the Inspectors and in progressing the contracts so that Government may not be put to any avoidable loss. In this connection the Committee would like Government to consider whether it may not be desirable to entrust also inspection of at least all the non-sophisticated items to the DGS & D as under ideal conditions purchase and inspection should vest in one authority. The Committee were, however, assured that the inspection of tent poles would be taken over by the DGS & D shortly.

1.34. The attitude and performance of the firms have been quite unsatisfactory. The identical nature of developments in this case shows that the firms have been acting in concert to avoid contractual commitments under some pretext or the other. The Committee desire it to be investigated as to how these firms were related to each other. Ironically enough these firms got the bulk of the orders on repurchase at much higher rates after getting the original contracts cancelled without financial repercussions. The Committee, however, wish to make it clear that it may not be objectionable to place repurchase orders on the same firms after cancelling their original contracts at their own risk and responsibility. In any case, there is a need for laying down suitable guidelines in the matter of repurchase from the same firms which defaulted supplies originally

1.35. The performance of the firms under the repurchase contract was none too good. It is significant to note that the stores supplied

by them were seized by the CBI at the consignees end. The Committee would like to know the circumstances under which the seizure was made and the outcome of the investigation. In view of all this the Committee further wish that the desirability of entering into any further business deals with these firms should be examined and the result intimated to the Committee.

Purchase of paper and paper boards

Audit Paragraph

1.36 (i) Control over prices of paper and paper boards was removed in May, 1968. For purchases of different varieties of paper the Director General, Supplies & Disposals, has been entering into rate contracts with the paper mills in our country. The rate contracts are generally for one year from July to next June. They prescribe that all supply orders received by the mills on or before the last date of the currency of the rate contract shall have to be complied with.

1.37. The rate contracts are for about 85,000—1,00,000 tonnes of (different varieties) paper which is approximately 13 per cent of the present total production of the industry (of all types of paper and paper board). Apart from the requirements of the Central Government itself the paper required by a number of State Governments is also purchased through the rate contracts of the Director General, Supplies and Disposals. On the average about 56 per cent of the quantity normally ordered from the mills represents the requirements of the State Governments. The rate contracts show allocation of the different varieties of paper to each of the paper mills and also, for each producer, how much is for which State Government, etc. Under the rate contracts Government reserves the right to reduce, increase, amend or modify the allocations on any mills in respect of any direct demanding officer as and when considered necessary.

1.38. Each rate contract contains a schedule of placement of supply orders and phased deliveries. Usually, these schedules are as follows:—

(a) Placement of supply orders:

Upto 50 per cent by December.
Upto 80 per cent by March next.
Balance 20 per cent by May next.

(b) Phased deliveries:

Upto 40 per cent by December.

Upto 70 per cent by March next.

Upto 100 per cent by June next.

1.39. For the two rate contracts for the period July, 1968 to June 1969 and July, 1969 to June, 1970, the paper mills actually supplied by June 1969 and June 1970 only 70 per cent and 47 per cent respectively of the total quantities ordered. Signing of the rate contracts is preceded by discussions between Government and paper industry. During discussions, for the rate contract for the period July, 1970 to June, 1971, the representatives of the industry had pointed out that the schedule for placement of supply orders had not been adhered to by direct demanding officers and, therefore, the mills could not plan production and supply paper according to the phased deliveries programmes by June. In the rate contract for the period July, 1970 to June, 1971 the following note has been introduced after the schedule of placement of supply orders:—

“The above phased programme for placement of supply orders is merely a directive to various Direct Demanding Officers for covering their requirements against the allocation well within the currency of the Rate Contract and also to provide adequate time to the paper mills for arranging the supply within the Rate Contract period. The paper mills would, however, not invoke the phased schedule for placement of orders for non-compliance of the supply orders, so long as the supply orders are placed within the currency of the rate contract and latest by 15th June, 1971”.

1.40. The rate contracts also contain a condition that the backlog in supply of paper by the mills still persisting in respect of the earlier rate contracts would be cleared off by mills by the end of December of the year (in which a rate contract is executed) positively at the rates, terms and conditions of the earlier respective rate contracts. As a matter of fact, for the four rate contracts for 1965-66 to 1968-69, 23,812 tonnes of paper ordered by the Chief Controller of Printing and Stationery, Government of India, had not been supplied till the end of October, 1969. At the end of June 1968, June 1969 and June 1970 the backlog in supplies to that officer relating to the rate contracts for the three years was 12,405 tonnes, 18,888 tonnes and 22,341 tonnes respectively. The quantities supplied represented 68 per cent, 50 per cent and 39 per cent of the quantities ordered respectively in these years. Out of the backlog

of 18,888 tonnes at the end of June, 1969 relating to the rate contract of 1968-69 the supplies made were 14,260 tonnes by 30th June, 1970.

1.41. In the rate contract for the period July, 1968 to June, 1969 Government had allowed, for different varieties of paper, price increase of 4 to 12 per cent, as compared with the controlled level of prices prevailing earlier. For the rate contract for the period July, 1969 to June, 1970 a further increase of 3 to 5 per cent in price was allowed by Government, while, for the rate contract for the period July, 1970 to June, 1971, a further increase of price by 6 to 10% was allowed. The rate contract price for the latter year for non-speciality varieties of paper were 25 per cent to 35 per cent higher than the prices in the rate contract for the period July, 1967 to June, 1968. The rate contract prices, however have been substantially lower (15 to 20 per cent) than the open market prices.

1.42. Government has not been able to get from the paper mills a substantial quantity of paper it requires (and for which rate contracts are being executed) or to get it in time. As a result, supply of paper by, for instance, the Government of India Stationery Office to the various Central Government offices has over the years been quite unsatisfactory. The various Central Government offices for their day to day work have consequently been purchasing paper locally from the markets at prices substantially higher than the rate contract prices. It has not been possible to estimate how much extra expenditure was incurred on this account in a year.

(ii) Specifications: The rate contracts provide the following specifications for the paper to be supplied by the mills:—

(1) General:—

The paper should be uniform in quality.

(2) Strength:—

(a) Grammes per sq. metre.

(b) Minimum breaking strength in a metre.

(c) Minimum double fold a chopped|Machine direction|
Cross direction.

(d) Maximum ash percentage.

1.43. The above prescribed specifications are incomplete in many ways. For example, to be completed the specifications should include (1) burst factor, (2) brightness, (3) one-minute Cobb test, (4) absorbancy, (5) gloss per cent etc. Besides, the prescribed limited specifications do not even cover some of the varieties (being purchased through those contracts) for which, therefore, there

is hardly any prescribed specification. Over a number of years efforts are being made by Government in consultation with the industry to prescribe the minimum and comprehensive specifications for paper and include them in the rate contracts. These efforts have not succeeded so far. One difficulty was that the industry had pointed out in the past that some of those specifications were impracticable in view of the wide range of raw materials being used for the manufacture of paper. In the absence of comprehensive specifications it has not been possible for Government to bind down the suppliers to particular specified qualities. There is thus a substantial element of uncertainty in the rate contracts for paper. There had been a general complaint from the direct demanding officers about the poor quality of various types of paper.

[Paragraph 57, Report of the Comptroller and Auditor General of India for the year 1969-70.]

1.44. The following table shows the supplies made by the paper mills against the orders placed in respect of rate contracts for the years 1968-69 to 1970-71:

Year	Period of rate contract	Quantity for which orders were placed	Quantity* supplied	Percent- age of supply
1968-69	1-7-68 to 31-10-69	1,01,529	80,900	79
1969-70	1-7-69 to 30-6-70	83,691	39,072	46
1970-71	1-7-70 to 31-8-71	89,383	53,441	60

*Supplies against the backlog as required by the Committee were not indicated by the Ministry).

1.45. Dealing with the nature of the contract entered into with the mills, the Joint Secretary, Ministry of Supply, said during evidence: "Rate contract for paper is one of the rare cases in the DGS&D where there is no penalty clause and no liquidated damages clause. This has been going on for years and years. We will examine it." He went on to add: "The industry is a highly organised unit. This problem really arose in the last three years of the period of decontrol, paper being in short supply. During our

negotiations at the Committee meetings with the mills, we had more or less to beg them to take orders. At that time to suggest a penalty clause is unimaginable." According to him there was no contract to that extent and the defects had been pointed out to the Ministry of Industrial Development. The representative of the Ministry of Industrial Development stated that the contract was a matter between two parties, the buyer and the seller and added: "They come to certain agreements on the basis of contracts and certain specific conditions are laid down to be respected by contracting parties as long as conditions are clearly laid down and penalty clauses provided for, certainly action could be taken against the defaulting party." He, however, explained that the difficulties faced were on account of production not catching up with the increase in demand.

1.46. To another question the witness replied that the contract "is broken to the extent that all the supply is not made available within the time limit prescribed. It is to protracted supply to which an objection is being taken. I don't think that the industry has said that they are not prepared to make good the supplies at prices contracted. From the industry's point of view it is difficult for them to supply all the backlog in a year. They otherwise are prepared to honour the terms of supplies. There are indeed also shortages in the supplies committed for a particular year and these particular shortages are expected to be made good in the next year. We are conscious of these problems and are trying to tackle these questions. We have got an *Ad-hoc* Committee presided over by the Joint Secretary for this purpose." He further said: "As far as contracts are concerned, I can definitely say that we have got sufficient power to get these honoured. We also have authority under the I.D.R. Act, to insist on an industry to adhere to a certain pattern of production and we can also ensure that specific supplies are made available."

1.47. Explaining the necessity of entering into a running contract for paper, the Secretary, Ministry of Supply deposed: "Here we have entered into rate contract for the supply of paper with the mills. Now, so far as the rate contract is concerned, the rates for the various types of paper are settled after mutual negotiations/discussions with the mills. Unless each and every supply order is acceptable by the mill, it is not legally a concluded contract. In the case of a rate contract with the paper mills, we always feel a difficulty. It is not possible for me to get supply against the paper rate contract and yet in regard to other type of stores, the firms are very keen to get on the DGS&D rate contract. Our experience has

been that the orders which are placed by the Direct Demanding Officers are accepted by the firms and they are making regular supply. But so far as supply of paper is concerned, there is a shortage in the country. The rate contract does not help us much. So, our efforts were to persuade the mills to enter into a running contract. There is a lot of difference between the two. The mills simply refused and they were not prepared to accept the penalty clause. They were not prepared to enter into a running contract. We reported the matter to the Ministry of Industrial Development to say that we can ensure supplies to our consumers provided they enter into a running contract so that whatever may be the requirement, it is fully met." He further clarified that the mills refused to enter into the type of contract that Government wanted them to and that "the rate contract is a kind of price agreement and it is a standing offer made by each individual mill and so long as that offer is not accepted by the mill, it is not a legally concluded contract. That is the advice of the Law Ministry and there is no doubt about it." He attributed the refusal of the mills to enter into running contracts to the shortage of paper required by the various indentors and submitted that it was for the Ministry of Industrial Development to explain what further steps could be taken to increase paper production in the country.

1.48. In a note submitted to the Committee, the Ministry of Supply intimated the decision regarding the imposition of penalty for late supplies, as follows: "The question was discussed in a meeting held on 26th October, 1971 in the room of Secretary, Ministry of Supply, New Delhi with Chairman, JCPI and Joint Secretary, Ministry of Industrial Development. The question of imposing penalty for late supplies was discussed with the Industry but they did not agree. The Industry, however, agreed to supply stores @ 8000 M. Tonnes per month keeping in view the requirements of paper for other sectors. This was agreed to by the Ministry of Industrial Development."

1.49. As regards the basis for allocation of total quantity of paper in respect of each rate contract, the Joint Secretary, Ministry of Supply explained during evidence: "When we start negotiations for the conclusion of the rate contract for a particular year, we have all the figures of requirements from the various departments. So, we have a fair idea of what the total requirements are." Asked whether balance stock was ascertained from all the indentors, the witness clarified that only estimates of requirements from the various stationery officers and the Direct Demanding Officers were obtained.

1.50. Asked as to why the mills failed to supply Government's requirements in full, the witness deposed: "Though the mills have given us a number of reasons why they failed to meet our requirements in full, we feel that the main reason is the disparity between the price as contained in our rate contracts and the market price." Dealing with other reasons he added: "This is a very highly capital intensive industry and they say that their plants are very old and they have not got the money for further investment. They have switched to other varieties of paper which give them a greater return, now that packaging and wrapping needs a lot of paper of different varieties. That means that the pattern of production is changing with the result that the paper we need for more vital governmental activities like ballot papers for the election P & T forms, debates in the Parliament, is not forthcoming as it used to in the past.

"The other reason that the mills advance is that they have got export commitments. They further say that the demand is increasing and the supply is not keeping pace. The requirements of the student community in the form of books and exercise books take a lot of paper. The other reason is that the Direct Demanding Officers place their indents at the fag end of the year and hence there is strain in the concluding two months of the Rate Contract. There are certain procedural difficulties, but... these are trivial and minor. After the de-control we have been facing a situation where, because of the disparity in the prices, the tendency naturally is to starve us and to sell paper in the open market."

1.51. The Committee desired to know whether any measures were taken to ensure that the Direct Demanding Officers placed orders in time. The witness explained: "Any mechanism we may devise in the DGS&D cannot be better than what the DDOs can themselves do. After all, it is the DDO who needs the paper and if he needs the paper he must plan it out..... Apart from the fact that the mills send a periodical monthly report to the DDOs about the supply position, we also write to the DDOs to tell them as laid down in the contract—as to how the orders have to be placed etc. Despite that, there are lapses and may be, each and every DDO may have something to say for himself." He further stated: "In the rate contract, as you know, the duration is 16 to 18 months. The DDOs know that the rate contract is there. And, as I have said, the contract itself shows how the orders have to be placed—the procedure is laid down. The DDOs know that the orders must be so placed but still they are not doing it. I do not know how we in-

the Supply Ministry can do their work for them. It is they who need the paper."

1.52. The Committee desired to know the details of placement of orders against the schedule indicated in the rate contracts. While expressing inability to furnish the dates of placement of orders by the DDOs, the Ministry intimated that the phased programme clause of the Rate Contract for the year 1970-71 was amended to read as under:

"The above phased programme for placement of Supply Orders on the contracts should be strictly adhered to by the DDOs so that the contractors will have adequate time to arrange supplies within the specific date of delivery."

1.53. According to the Ministry "all DDOs were told to place supply orders upto 95 per cent by 15th June, 1971 and balance by 30th June, 1971 and finally all DDOs were told to place supply orders for any balance quantities."

1.54. The table below indicates the quantity for which supply orders were placed by the Direct Demanding Officers against the total quantity allocated in respect of the rate contracts for the years 1968-69 to 1970-71:

Year	Total quantity allocated	Quantity for which supply orders placed	Percentage of orders placed
(Intonnes)			
1968-69	1,13,897	1,01,529	89
1969-70	1,01,438	83,691	82
1970-71	96,042	89,383	93

1.55. According to the information furnished by the Ministry at the instance of the Committee, rate contracts for the years 1968-69, 1969-70 and 1970-71 were placed on 23rd August, 1968, 9th December, 1969 and 10th September, 1970 respectively and copies thereof forwarded to all DDOs on the respective dates.

1.56. When it was asked during evidence whether it would improve the situation if a centralised agency was entrusted with the

task of purchasing in bulk and distributing to all the indentors, the Secretary, Ministry of Supply, promised to consider the suggestion.

1.57. The Joint Secretary, Ministry of Industrial Development pointed out how there could be a tendency to cater to the demand in the market rather than to Government in the following words: "There is a very fundamental issue. After paper was decontrolled in May, 1968 (prior to that there was a period of 9 years' control) we came up against a highly organised industry. It had a very powerful Joint Committee on Paper Industry. They spoke on behalf of the industry as such; we had to negotiate with them, and knowing that we should hold the price line as best as we could, in the negotiations we tried to pull them down and we arrived at certain figures. Now, these figures, if they are lower than the market, the tendency is obviously to cater to the demand in the market rather than to the Government."

1.58. In a note the Ministry of Supply explained the increase in prices allowed for different varieties of paper in the successive rate contracts thus: "In the rate contract for the period from July, 1968 to June, 1969, Government had allowed for different varieties of paper price increase of 4 to 12 per cent as compared with the controlled level of prices prevailing earlier. Another increase of 3 to 5 per cent was allowed for the period from July, 1970 to June, 1971. The rate contract prices for the period July, 1970 to June, 1971 were 25 per cent more than the prices at the time of control in 1967-68. At the time of considering the prices for the rate contract period 1970-71, the Ministry of Industrial Development had stated that subsequent to the lifting of formal control in 1968, there had been an overall authorised increase of Rs. 400 per tonne, the last instalment of Rs. 150 per tonne having been approved in April, 1969. Taking into consideration the increase allowed by the Ministry of Industrial Development, the rates fixed by Government for rate contract are reasonable."

1.59. From the details furnished by Audit, it is seen that paper companies have increased their profits substantially after decontrol of paper.

1.60. During evidence the Committee enquired how after entering into rate contracts the mills were justified in diverting their supplies to the market. The Secretary, Ministry of Supply submitted: "The position was such that after trying our level best with the help of the JPC and talking to the individual mills, we came to the conclusion that the only solution will be to reimpose control. We have written letters to the Department of Industrial Develop-

ment and this matter has been taken up at the highest level. We suggested that in view of the difficulties, it is necessary that the Government should now consider the question of reimposition of control so that we can ask the mills to make effective supplies according to our requirements."

1.61. Asked whether it was not possible, as in the case of sugar, to have partial control of sale of paper to compel the producers to make available certain proportion at the price agreed upon leaving the balance in the free market, the witness stated: "The suggestion was put forward by me to the then Secretary, Department of Industrial Development. In my letter dated the 8th May, 1970, I had proposed that 'so far as we are concerned, we would like the appropriate authority or Committee to go into the production schedule of each paper mill with a view to exploring the possibility of obtaining Governmental requirements to proper specifications from particular units, after proper inspection and to suggest allocations in ratio of their production capacity. If, however, you feel that persuasion will not be of much avail, I would request you to consider introducing some sort of price and distribution control over the various varieties of paper and paper boards so that the paper mills are compelled to accept allocations of definite quantities against Government requirements and are obliged to meet those requirements on time and at reasonable rates'."

"To this, I received a reply *vide* their letter of 18th May, which is as under: 'I have taken note of the difficulties mentioned in your letter. I need hardly assure you that we shall do all that is possible to resolve these and endeavour to ensure adequate and timely supplies by the Mills. As you must be aware, my Minister has already conveyed a severe warning to the industry both in regard to prices and in regard to physical supplies. We would certainly not rule out price, distribution and perhaps even production control if we find that discussions and persuasion appear unlikely to produce results. Tomorrow my officers will discuss the details of your problems with your officers and soon, therefore, take up the matter with the paper industry. I hope we shall find an early solution. We are alive to the urgency of the matter'".

1.62. The representative of the Ministry of Industrial Development informed the Committee that there was a meeting between the officers of the Ministry of Supply and the Ministry of Industrial Development and that thereafter there was a meeting in Calcutta with the representatives of the paper industry leading to certain allocations being made. He added: "If this does not bring:

about the requisite results, we will not hesitate to insist a pattern of production and supply on mills which will ensure the requirement of the Department to be met at contractual rates. We are having continuous discussions in this regard." Stating that there was still no appreciable improvement in the supply position, the Secretary, Ministry of Supply, deposed: "I again took up the matter with the Secretary, Ministry of Industrial Development and wrote to him on 15th March, 1971, which is as under:

'It is becoming abundantly clear that unless there is a positive crack down on the paper industry, there will be no appreciable improvement in the supply of paper and paper boards to Government consumers. We should, therefore, suggest that to begin with, some 15,000 tonnes be got requisitioned or frozen at once not only as an earnest of the industry's promise that they will clear the entire backlog by 31st March, 1972 but also as an assurance that Government indentors, in respect of whom there is no backlog do get their requirements for the period from 1st July, 1971 to 31st March, 1972 for which, in order to accommodate the industry, we are not concluding a fresh Rate Contract'.

"On which, apart from other things, the Secretary, Department of Industrial Development, said: 'I might here also mention that the total indigenous production of writing paper is about 25,000 tons per month. Of this, 33½ per cent is for DGS&D's requirements alone. In addition, the industry has to cater to the needs of the export market to the extent of about 4,000 tons per month. This export market has been built up with much effort and we are naturally reluctant to lose any part of it. Then there are also the supplies to the general public, the nationalised text books and the sensitive consumers like exercise and note book manufacturers who attend to the requirements of colleges and schools. Keeping all this in view, the arrangement now made for Government supplies appears to be the best, at least for the time being. We are keeping a constant watch on the supplies actually made to the DGS&D against this latest commitment by the mills. In the event of any failure, we shall consider some other measures'. This was on the 6th of April, 1971." The witness stated that subsequently there was slight improvement, but not very much.

1.63. As regards further measures, the representative of the Ministry of Industrial Development, said: "We have been following it up. And the next meeting is fixed for the 4th of next month, where, among other things, we are going to consider taking stronger measures to ensure that this particular percentage of supply is made

able to cope up with the difficult situation. We have accordingly launched a three pronged programme to meet the situation. The first of these relate to augmentation of production of paper (of cultural variety) in the existing mills themselves. For this we have worked out a 'Crash Programme' under which we are enabling the selected mills to set up balancing equipment to increase their capacity. Thereby we hope that by the end of 1972 or early 1973, these mills would be able to manufacture an additional tonnage of about 80 thousand tonnes of paper per annum.....I might add that this scheme has already been announced. 21 mills applied to participate in it; we screened their applications and 15 of these applications which met with our specifications have since been cleared to participate in the programme. Their CG applications have been cleared and they will soon be able to set up additional capacities. Secondly, we have decided to set up new mills in public sector, two of which will be devoted to manufacture the kind of paper required for writing and printing purposes."

1.67. The details of yearwise production of paper and paper boards in the country as furnished by the Ministry are stated below:

Year	Production (Tons)
1969	7,06,000
1970	7,58,369
1971	8,00,000 (expected)

1.68. In response to a query from the Committee, the Ministry intimated the following particulars regarding the Hindustan Paper Corporation Ltd.:

"The Hindustan Paper Corporation Ltd., was set up on the 29th May, 1970 and during the course of the next five years they expect to establish the following paper newsprint plants:

- (1) A newsprint plant in Kerala with a capacity of 75,000 tons per annum;
- (2) A paper pulp plant in Nagaland with a capacity of 80,000 tons per annum; and

(3) A pulp|paper plant in Assam with a capacity of 80,000 tons of paper per annum.”

1.69. According to the Audit para, specifications for paper provided for in the rate contracts were incomplete and did not cover some of the varieties. Asked about the efforts made to standardise the specifications, the representative of the Indian Standards Institution explained: “.....Indian standards which have been formulated are voluntary and the ISI cannot enforce them. It is for the users’ organisations to enforce and to implement it or not to implement it. As far as the ISI is concerned, we had formed the specifications for writing and printing papers in 1961. In 1966 we received some complaints from the industry that they are not able to implement this standard because of certain difficulties mainly due to the fact that the raw material position had changed, i.e., the conventional raw materials were not available and the price had been fixed for a considerably long time. To consider that, it was put up to an Expert Committee in which the manufacturers are represented, consumers are represented and the Department of Technical Development and the other concerned offices of Government of India are represented. That Committee went into it and had some preliminary investigation which showed that the quality of the paper which was being made at that time was not in accordance with what has been prescribed in our standard and there was need to review our specification. We got some data from the industry and some investigations were carried out and on that basis we formulated the revised specification.”

1.70. Stating that the revised specifications were formulated in 1968, the witness went on to say: “However, before this standard was published the prices of paper had been reviewed and control was lifted and consequently the users—both from the public and from the Government Departments—came out with the representation that the conditions under which these specifications had been revised no longer existed. Because the two main conditions for revision of the specifications were the price and non-availability of raw material. As far as the availability of raw materials was concerned, there was not much improvement, but the control on prices had been lifted. So, the view of the consumers were put forward to the Expert Committee which felt that the conditions have changed and the specifications would again require a review; further the specifications were revised only on the basis of the data furnished by the industry and no independent investigation was done. Then, in 1969, we planned certain long-term investigations. We got paper samples

from as many as possible to be tested in four laboratories so that we could have comparable results from the laboratories. Since these samples were to be tested in four laboratories namely, the Forest Research Institute, Dehra Dun, Institute of Paper Technology, Saharanpur, Titaghur Paper Mills and Shree Gopal Paper Mills, it was expected to take some time. Moreover, the activities of these four units were not primarily testing and they had their own activities; since large number of samples were involved the testing laboratories took considerable time. It took them a year to supply the data and then it took about five months for the Committee to go into the data, analyse it and revise the specification. The Committee has now finalised the specification at the meeting held on 16th August this year. In the meantime (May, 1969) this information was communicated to the Industries Ministry that it may take two years to revise the specification. That is, in May, 1969, we communicated it and the Ministry of Industry formed a Committee so that some specification could be prepared which will serve for the intervening period of two years. The scope of the Committee was not for revising the Indian Standard but only for some specification for the intervening period. That Committee formed a Sub-Committee and that Sub-Committee made its recommendations on 23rd June, 1970 in which they had finalised the specification in consultation with the paper industry for art paper, art board, chrome paper, chrome board, craft paper, blotting paper, pulp board and ticket board. For other varieties of paper it was recommended that the findings of ISI who were already going into it should be awaited. These recommendations of the Sub-Committee were communicated to the Ministry. Now the revised specifications has been finalised in the meeting held on 16th of August and the copies of these have now been sent to the Ministry." Asked whether it was ensured that the supplies conformed to the ISI specifications, the Joint Secretary, Ministry of Supply, stated that it was for the D.G., I.S.I. to enforce the specifications and that the purchase authority had no powers.

1.71. The Committee deeply regret to learn the unsatisfactory arrangement for the procurement of paper to meet essential Government requirements after the decontrol in May, 1968. Against the rate contracts entered into with the Paper Mills for the year 1968-69, 1969-70 and 1970-71, Government could receive only 79 per cent, 46 per cent and 60 per cent respectively of the quantities ordered for despite the fact that substantial price increases had been given from time to time and this resulted in resorting to local purchases entailing considerable inconvenience and extra expenditure. The Committee, however, note that the mills are committed to supply

the backlog at the rates applicable to the relevant rate contracts and that it is expected to be cleared by 31st March 1972. The Committee would like to know the progress made in this regard.

1.72. The Committee find that the rate contract is only a price agreement and unless each and every supply order is accepted by the mill, it is not legally a concluded contract. Further the industry is stated to be not prepared to accept penalty being imposed for late delivery. In view of the experience in the recent past the only remedy appears to be to bring around the industry to accepting a running contract in order that there may not be any uncertainty in supply. The Committee have later in this section of the report indicated how this can be ensured.

1.73. An important lacuna in determining the annual requirement of paper, according to the Committee, is that the actual past consumption and the balance stock are not ascertained from the various indentors. Unless these are obtained the reasonableness of estimates of requirement indicated by them cannot be ensured. The Committee would, therefore, like to suggest that there should be a close check of the estimates with an eye on economy after obtaining the relevant data so that the commodity which is already in short supply in the country may not be either wasted or accumulated.

1.74. The Committee note that the rate contracts are not being entered into in time and the Direct Demanding Officers informed of it sufficiently in advance. To what extent has there been delay can be seen from the fact that the contracts for the years 1968-69 to 1970-71 effective from 1st July each year were actually placed on 23rd August 1968, 9th December, 1969 and 10th September, 1970 respectively, i.e. after a delay ranging from 7 to 22 weeks. The Committee trust that such delays would be strictly avoided in future.

1.75. One of the reasons given by the industry for not fulfilling the demand placed on them is that the Direct Demanding Officers do not place the orders in time. Although the Committee desired to have the details of orders placed against the schedule of placement thereof prescribed after taking into account the delay in entering into the contracts, these were not furnished. It is, however, seen that supply orders actually placed during the years 1968-69 to 1970-71 ranged between 82 per cent and 93 per cent of the quantities allocated. The Committee could not view such slackness with equanimity. They would, therefore, suggest that such of the Direct Demanding Officers under Central Government as would not place orders in full

and in time should not normally be permitted to make local purchases without first fixing responsibility for the lapse. The matter may also be taken up with State Governments as regards other Direct Demanding Officers.

1.76. Admittedly the multiplicity of demanding officers has not worked well. If the remedial steps taken by Government do not yield satisfactory results, the Committee would like them to consider the feasibility of setting up a centralised agency to procure paper in bulk and to distribute to the various indentors.

1.77. The fundamental issue involved in the industry's reluctance to enter into a firm contract with Government is the disparity between the rate contract price and the open market price after the decontrol of paper which makes it profitable to the industry to divert supplies to the market thus starving Government of their legitimate and urgent requirements. The Committee do not think that Government should be a helpless witness to this phenomenon especially in view of the fact that reasonable price increases have been given in the rate contracts and the paper industry on the whole are stated to have increased profits substantially after decontrol. Further there is an unhealthy tendency for the price to increase with the widening gap between supply and demand. The solution, therefore, lies in imposing a partial control so as to ensure firm supply of a specified portion of production against Government requirements at an agreed rate which may also call for regulation of pattern of production.

1.78. The Committee are, however, convinced that a long term solution can be found only in increasing the output of paper in the country. Obviously the demand especially of cultural variety of paper has far outpaced the growth in production. The Committee were informed that in addition to setting up new mills in the public Sector, Government have worked out a 'Crash Programme' under which by expanding the capacity of selected mills, an additional tonnage of 80,000 tonnes of paper per annum is expected to be manufactured by the end of 1972 or early 1973. This assumes urgency in view of the fact that as against Government's requirement alone of the order of 1.99 lakh tonnes during the period 1-7-71 to 31-3-73 only a quantity of 0.95 lakh tonnes has been covered by 1971-72 rate contract effective upto 30th November, 1972. The Committee would, therefore, urge Government to ensure that the target of additional production is achieved without any delay.

1.79. The Committee would like it to be considered whether the mills who were the major defaulters in supply against Government requirements deserve any special facilities for expanding their production capacity.

1.80. The Committee are surprised to learn that it took such a long time to finalise ISI specifications for different varieties of paper which appears to have been done comprehensively for the first time only in August, 1971. The Committee hope that supplies by mills will now conform to ISI specifications. As there were conflicting views regarding the powers to enforce the specifications, the Committee wish that this question should be examined and settled to guard against sub-standard supplies.

Extra expenditure in purchase of bearing plates.

Audit Paragraph

1.81. To meet the demands from Railways for bearing plates, an advertised tender enquiry was issued by the Director General, Supplies and Disposals, on 3rd May, 1968. In response, 40 offers (including one late offer) valid upto 18th August, 1968 were received (18th June 1968). Of them, the offer of firm 'A' for one of the items, at Rs. 5.39 per unit f.o.r. Shiupur, was considered to be the lowest acceptable, the destination prices as computed being as under:—

Destination	Destination price (in Rs. per unit)
Nimpura	6.2735
Vyasnagar	5.8035

1.82. The firm subsequently (28th August 1968) agreed to keep its offer valid for acceptance upto 30th September 1968, but the decision to accept the firm's offer was taken only on 8th October 1968. In reply to a telegraphic enquiry (14th October 1968), the firm regretted (18th October 1968) its inability to undertake any order on the ground of increase in prices of raw material. The stores were eventually purchased (November 1968) from the next higher tenderers, firms 'B' and 'C' (as shown below); these firms had agreed

to extend the validity period of their offers upto 30th November, 1968:—

Firm	Destination	Destination price (in Rs. per unit)	Quantity covered (Nos.)
'B'	Nimpura	6.3937	21 845
'C'	-do-	6.5712	2,88,155
'C'	Vyasnagar	6.9912	1,50,000

1.83. The failure to place a contract on firm 'A' within the validity period resulted in extra expenditure of Rs. 2.67 lakhs.

While approving the proposal to place contracts on firms 'B' and 'C', it was observed by the Ministry (22nd November, 1968) that:

"This extra expenditure of could have been avoided if the case had been processed expeditiously and the offer of (firm 'A') not allowed to lapse."

[Paragraph 52, Report of the Comptroller & Auditor General of India for the year 1969-70.]

1.84 Although the validity of offer of firm 'A' was extended upto 30-9-1968, the decision to accept the offer was taken only on 8-10-1968 which ultimately resulted in an extra expenditure of Rs. 2.67 lakhs. The Committee wanted to know how the decision could not be taken within the validity period of the offer. The Secretary, Ministry of Supply stated: "Briefly, I would like to mention that this was one item where the number of offers received was from 40 firms and then the items involved were 7 and there were 63 destinations. So the whole thing required very precise calculations and the entries alone come to about 17,640. The preparation of the comparative statements ran into 20 pages and the initial note which was put up after examining the proposal covered 40 pages. In the mean time, the JPC also revised the price of pig iron and the work which had been done upto 31-7-68 that is, the date on which the JPC revised the price, all that had become infructuous because the calculations had to be made afresh. Therefore, it took a very long time." Referring to the time consuming process of calculation of destination prices, the witness stated that the indentors had been told many times that it was better to accept the goods on simple f.o.r. basis.

1.85 Asked whether responsibility was fixed for the delay, it was stated that an officer, who was on deputation from and transferred back to the Ministry of Railways was found to have been responsible for the delay. The witness further stated: "According to us, there was a lapse on his part. We communicated to the Rail-

way Ministry and the Railway Ministry called for his explanation and they have come to the conclusion that no further action was called for. A copy of the reference made to the Ministry of Railways and a copy of the reply from them which have been furnished by the Ministry, are at Appendix III. According to the Ministry of Railways the delay apparently occurred after the finalisation of purchase proposals as the approval of the Ministry of Supply was received by the DGS&D on 9th October, 1968 although the proposals were sent to them on 25th September, 1968, i.e., well before 30th September, 1968, the date upto which the offer was valid.

1.86. Explaining the delay in approving the purchase proposals, the Secretary, Ministry of Supply said during evidence: "In this particular case, there was some misunderstanding. When the file came to the Department of Supply on the 25th September, 1968, it came after the concurrence of the Ministry of Finance had been received and in the margin of that file, it was mentioned in red chalk 'offers' expire on 30th September extended upto 31-10-68." He added that it was, therefore, presumed that all the offers were open upto 31-10-68 and that the purchase decision was taken accordingly. Firm 'A' however did not agree to extend the offer upto 31-10-68. Because of the confusion created by the indication given by the purchase officer while submitting the purchase proposal in this case, the witness stated, he had asked the Director General to issue suitable instructions to avoid recurrence of such mistakes.

1.87. The Committee note that there was a delay of over 3 months in finalising of purchase proposals in this case which involved calculation of destination prices of a number of items and tenders. In order to avoid unnecessary delays the Committee would suggest that as far as possible tenders should be invited on f.o.r. basis rather than on ex-factory basis.

1.88. It is regrettable that a partially incorrect information regarding the extended date of validity of offers given by the purchase officer led to the delay in the approval of the purchase proposals which ultimately caused an extra expenditure of Rs. 2.67 lakhs. The Committee note that suitable instructions in this regard have since been issued. They would, however, like Government to fix responsibility for this costly negligence.

NEW DELHI;
April 12, 1972.
Chaitra 23, 1864 (S)

ERA SEZHIYAN,
Chairman,
Public Accounts Committee.

APPENDIX I

(Ref: Para No. 1.10 of the Report)

Copy of letter No. IGS. NI, New Delhi letter No. C|234|67|GS dt. 12-11-68 addressed to this HQ. Min. of Defence (DGI), New Delhi.

SUB:—TENT POLES AGAINST A|T No. TWL-8|101|68|264|II|224|
PAOD dt. 10-11-67 placed on M/s. International Trading Co.,
New Delhi.

Ref:—DI(GS) New Delhi No. 08788|3|H|TD-11 dated 7th Nov. 68.

The firms' representation presumably pertains to their challan dt. 29-12-67 and not 25-12-67, which was received on 1-1-68.

1. An Officer was detailed to draw bulk supply samples and stage-control samples and also to verify facilities for inspection at the premises of this firm as well as another firm M|s. Hukam Chand and Sons at the same station with a view to post inspection staff permanently for day to day inspection work, depending upon the load expected from both the firms.

2. During sampling officers visit on 5-1-68 the firm were unable to provide a Bond Room and as such sampling could not be carried out. Subsequently the firm informed under their letter dated 8-1-68 that they had made arrangements for the Bond Room and requested for sampling and sealing|Bonding of the stores to be carried out.

3. Sampling of the stores and the preservative materials was arranged on 12-1-68, forwarding bulk samples to the IGS Labs with counter samples to AHSP Labs. The sample of preservative material to the local Labs.

4. The sample of preservative material (Creosote Oil) was reported unacceptable on 25-1-68 when fresh samples were drawn and this time forwarded to AHSP Labs.

5. In the mean time test report on BS samples was received from CIGS but the report in respect of Creosote oil had to be awaited till 29-2-68 when the inspection team was immediately detailed to conduct the inspection at Najibabad. Inspection confirmation and

preservative treatment of the store was completed on 12-3-68 when the I/Note was also released.

6. It would be appreciated from the circumstances stated above, that the delay in the inspection of the first supply has occurred mainly with the object of resolving the initial difficulties by the firms themselves as otherwise, if a strict view had been taken the stores could have been rejected straight away for want of requisite facilities the provision of which is the sole responsibility of the firm. A helpful attitude was also aimed at procuring supply of tent poles which were then urgently needed by the Indentor.

7. The firms, representations as now made is completely out of context and is presumably prompted with the idea of obtaining extension to the delivery date by shifting the blame to this Inspectorate unnecessarily.

It may be added once the facilities were established at the firms premises the inspection work proceeded smoothly and no delays whatsoever crept into the clearance of subsequent deliveries.

Sd/- A I Gde I
Offg. INSPECTOR (IGS)

APPENDIX II

(Ref: Para No. 1.12 of the Report)

Copy of letter No. 02402/4/TD-20 dated 20-9-71 from Ministry of Defence (DGI) Deptt. of Defence Production, New Delhi-11 to various Defence Inspectors.

SCRUTINY OF CONTRACT CONDITIONS

A case has recently come to our notice where the Defence Inspectorates had failed to scrutinise the contract conditions on receipt, as laid down in Standing Orders Chapter IV, Section FOUR Paras 54 and 55, resulting in a loss to the State which figures in the P.A.C.

The DI(GS) had to face a lot of embarrassing questions in the P.A.C. due to lapse on the part of Inspectorate officials. DI (GS) therefore directs that Inspectorates will draw the attention of all staff regarding scrutiny of contract conditions at frequent intervals for strict compliance. Failures will be viewed with concerns and action against defaulting officials will be taken.

Where contract conditions stipulate delivery by a particular date and if the suppliers offer the store within time but release of Inspection Notes is expected to be delayed for some reason or the other which may be administrative or technical, the matter will be reported to the Purchase Officer in time. In case where offerings are also not made as per schedule by the suppliers, the matter will be reported to the Purchase Officer.

If, however, the PO has not acted on the above advice, the Estt. Concerned should again take it up with the PO under advice to the DI (GS) HQ bringing out the fact that their request has not so far been heeded to by the PO and that DI(GS) HQ intervention has become imperative.

Also cases may come to notice, where a higher echelon HQ including DI(GS) HQ issuing certain instructions for compliance by the Ests. in respect of expedience clearance of supplies or of short closing the contract and therefore non-acceptance of deliveries for Inspection, the particular Bulk Inspector and the AHSP concerned must see the terms of contract and insist on the PO to amend the

terms of contract in the light of instructions received for all concerned. In the event of the PO not finding it possible to get the firm to agree to such conditions, normal actions as per contract must continue, despite instructions of higher authority, who should then be advised of the non-implementation of instructions, because of contractual obligation.

Please acknowledge.

Sd.-

(K. D. MAZUMDAR)

for Director of Inspection (General Stores)

APPENDIX III

(Ref. Para No. 1.85 of the Report)

Copy

CONFIDENTIAL

D.O. No. 1|17|71-V

May 15, 1971.

My dear

Enclosed is a copy of a draft audit para which has been finalised by the Audit for inclusion in the Audit Report (Civil) 1971. You will find that the point made by Audit is that there was failure to conclude a contract within the validity period of the firm's offer and this resulted in an extra expenditure of Rs. 2.67 lakhs. An examination of the relevant file has shown that at one stage, who was then working as Director of Supplies in the Railway Stores Directorate of the DGS & D, and is at present employed as Joint Director, Railway Stores, Railway Board, delayed the file for 19 days without sufficient justification. A copy of the DGS & D's Memo No. Case Study|166-Vig|69 dated the 14th July 1970 in which Shri was asked to explain this delay and a copy of his reply dated the 11th February, 1971, are enclosed as they will explain the details of the case fully. It has been felt that this delay on the part of was a serious matter as it substantially contributed to the eventual failure to place an order within time. As this matter has arisen out of an audit para, I am bringing it to your notice for such action as the Ministry of Railways may deem appropriate. We may be apprised of the action taken on your side in due course.

r

Yours sincerely,

Encl: as above.

Sd| - (K. RAM)

Shri B. C. Ganguli,
Chairman,
Railway Board,
New Delhi.

Copy

CONFIDENTIAL
CHAIRMAN, RAILWAY BOARD &
PRINCIPAL SECRETARY
GOVERNMENT OF INDIA,
MINISTRY OF RAILWAYS,
NEW DELHI,

D.O. No. DRS/71/Confl.

dated, the 8th July, 1971.

My dear Ram,

I am in receipt of your D.O. letter No. 1/70/71-B dated 15th May 1971. It has been stated that.....who was some time back working as a Director of Supplies in the DGS&D had delayed disposal of a file for 19 days, in July 1968, without sufficient justification thereby substantially contributing to the eventual failure to place a supply order within 30th September, 1968 the date upto which the offer of the firm was valid for acceptance.

The circumstances under which the disposal of the file took 19 days in July, 1968, have been explained by in paras 3 to 6 of his note enclosed with your letter. I find myself unable to agree that the delay contributed to the eventually non-placement of the order by 30th September, 1968 i.e. about 70 days later. It is apparent from the position explained by that the Assistant Director and the Deputy Director had to separately work out the destination prices for evaluation of offers and formulation of purchase proposals. This they were able to do by 17th September 1968.

The purchase proposals after being seen by the Director, Additional Director General and Finance were with the Ministry of Supply for approval by 25th September 1968 i.e. well before 30th September, 1968, the date upto which the offers were valid. Apparently delay occurred at this stage as the approval was received by the DGS & D on 9th October, 1968, after the offers had expired. In the circumstances, I am unable to appreciate how could be said to have contributed to the non-placement of the order by 30th September, 1968. No action is, therefore, proposed to be taken on your D.O. letter under reference.

Yours sincerely,

Sd/- B. C. Ganguli.

Shri K. Ram.
 Secretary,
 Ministry of Supply,
 Nirman Bhavan,
 New Delhi.

APPENDIX IV

Summary of main conclusions/recommendations

S. No.	Para No.	Concerned Deptt.	Recommendation Conclusion
(1)	(2)	(3)	(4)
1.	1.27	Supply Defence	The Committee are distressed to note that lack of proper care in drafting the terms of the contract and progressing it together with the deplorable absence of coordination between the organisations of the DGS & D and the Defence Inspectorate cost the exchequer in this case as much as Rs. 6.62 lakhs besides delaying the procurement of tent poles urgently required for Defence preparedness. The Committee desire that responsibility of the officials concerned should be fixed so as to act as deterrent against any laxity in future.
2.	1.28	Supply	The orders placed on firms 'A' and 'B' for tent poles did not specifically indicate the number of instalments and the rate of supply, with the result that in the first lot, only an insignificant fraction of the total quantity ordered for, was tendered for inspection. The Committee would like to know how such a vague delivery clause was provided for by the DGS & D organisation who have long years of experience and expertise in the field.
3.	1.29	Defence	The Committee note that the inspection of the first lot of stores took nearly 2½ months. As this was more than a third of the delivery

period. the Defence Inspectorate should have, in normal course, informed the Purchase Officer of the reasons for the delay; since this was not done, the Committee desire that the matter may be investigated and responsibility fixed. The Committee, however, note that the Ministry of Defence have issued suitable instructions in the matter soon after their representative was examined by the Committee.

4. 1.30 Supply

It is surprising to note that the slow progress of supply was not noticed till the firms complained about the delay in inspection on the 27th June, 1968; as by then against the proportionate quantity of 3.6 lakh tent poles which should have been supplied, only 1.2 lakhs, representing a mere third were supplied. Further there was no quantity tendered for inspection by the firms after 24th April, 1968. This clearly indicates that the contract was not progressed properly.

5. 1.31 -do-

Strangely enough there was a delay of over one month in considering the representations of the firms received in June, 1968. That this delay did not have effect as the extended delivery period from November, 1968 to June, 1969, as required by firm 'A' was in fact fixed in November, 1968 cannot be accepted as a satisfactory excuse by the Committee as it has been held by the Law Ministry that as intimation to the firm was sent belatedly after the season was spent it was difficult to impute breach to the firm. The Committee accordingly desire that responsibility of officials for delay should be fixed.

6. 1.32 -do-

Having lost sight of the firm's letter for well over a month by which time the delivery period had already expired, the case was

(1)

(2)

(3)

(4)

referred to the Law Ministry in August, 1968. It is unfortunate that the facts of the case were not fully presented to them. In the opinion of the Committee, however, there was an occasion to refer the case at that stage to the Defence Inspectorate rather than to the Ministry of Law. Had this been done, Government would not have been put to the loss in this case as the firms were in fact responsible for the delay in inspection.

7.

1.33

Supply

The Committee understand that for most of the Defence requirements procured through the DGS & D, inspection is arranged by the Defence Inspectorate. The lack of coordination resulting from neither the DGS & D nor the Defence Inspectorate taking the initiative noticed in this case, is rather disquieting. There is a need for an effective liaison and to obviate any delay in scrutinising the tenders involving opinion of the Inspectors and in progressing the contracts so that Government may not be put to any avoidable loss. In this connection the Committee would like Government to consider whether it may not be desirable to entrust also inspection of at least all the non-sophisticated items to the DGS & D as under ideal conditions purchase and inspection should vest in one authority. The Committee were, however, assured that the inspection of tent poles would be taken over by the DGS & D shortly.

42

8.

1.34

-do-

The attitude and performance of the firms have been quite unsatisfactory. The identical nature of developments in this case shows

that the firms have been acting in concert to avoid contractual commitments under some pretext or the other. The Committee desire it to be investigated as to how these firms were related to each other. Ironically enough these firms got the bulk of the orders on repurchase at much higher rates after getting the original contracts cancelled without financial repercussions. The Committee, however, wish to make it clear that it may not be objectionable to place repurchase orders on the same firms after cancelling their original contracts at their own risk and responsibility. In any case, there is a need for laying down suitable guidelines in the matter of repurchase from the same firms which defaulted supplies originally.

9. 1.35 -do-

The performance of the firms under the repurchase contract was none too good. It is significant to note that the stores supplied by them were seized by the CBI at the consignees end. The Committee would like to know the circumstances under which the seizure was made and the outcome of the investigation. In view of all this the Committee further wish that the desirability of entering into any further business deals with these firms should be examined and the result intimated to the Committee.

43

10. 1.71 -do-

The Committee deeply regret to learn the unsatisfactory arrangement for the procurement of paper to meet essential Government requirements after the decontrol in May, 1968. Against the rate contracts entered into with the Paper Mills for the years 1968-69, 1969-70 and 1970-71, Government could receive only 79 per

(1)	(2)	(3)	(4)
			cent, 46 per cent and 60 per cent respectively of the quantities ordered for despite the fact that substantial price increases had been given from time to time and this resulted in resorting to local purchases entailing considerable inconvenience and extra expenditure. The Committee, however, note that the mills are committed to supply the backlog at the rates applicable to the relevant rate contracts and that it is expected to be cleared by 31st March, 1972, The Committee would like to know the progress made in this regard.
11.	1.72	Supply	<p>The Committee deeply regret to learn the unsatisfactory ment and unless each and every supply order is accepted by the mill, it is not legally a concluded contract. Further the industry is stated to be not prepared to accept penalty being imposed for late delivery. In view of the experience in the recent past the only remedy appears to be to bring around the industry to accepting a running contract in order that there may not be any uncertainty in supply. The Committee have later in this section of the report indicated how this can be ensured.</p>
12.	1.73	-do-	<p>An important lacuna in determining the annual requirement of paper, according to the Committee, is that the actual past consumption and the balance stock are not ascertained from the various indentors. Unless these are obtained the reasonableness of estimates of requirement indicated by them cannot be ensured. The Com-</p>

mittee would, therefore, like to suggest that there should be a close check of the estimates with an eye on economy after obtaining the relevant data so that the commodity which is already in short supply in the country may not be either wasted or accumulated.

13. 1.74 -do-

The Committee note that the rate contracts are not being entered into in time and the Direct Demanding Officers informed of it sufficiently in advance. To what extent has there been delay can be seen from the fact that the contracts for the years 1968-69 to 1970-71 effective from 1st July each year were actually placed on 23rd August, 1968, 9th December, 1969 and 10th September, 1970 respectively, i.e., after a delay ranging from 7 to 22 weeks. The Committee trust that such delays would be strictly avoided in future.

14. 1.75 -do-

One of the reasons given by the industry for not fulfilling the demand placed on them is that the Direct Demanding officers do not place the orders in time. Although the Committee desired to have the details of orders placed against the schedule of placement thereof prescribed after taking into account the delay in entering into the contracts, these were not furnished. It is, however, seen that supply orders actually placed during the years 1968-69 to 1970-71 ranged between 82 per cent and 93 per cent of the quantities allocated. The Committee could not view such slackness with equanimity. They would, therefore suggest that such of the Direct Demanding Officers under Central Government as would not place orders in full and in time should not normally be permitted to make local purchases without first fixing responsibility for the lapse. The

(1)	(2)	(3)	(4)
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matter may also be taken up with State Governments as regards other Direct Demanding Officers.

15.	1.76	Supply	Admittedly the multiplicity of demanding officers has not worked soil. If the remedial steps taken by Government do not yield satisfactory results, the Committee would like them to consider the feasibility of setting up a centralised agency to procure paper in bulk and to distribute to the various indentors.
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16.	1.77	<u>Supply</u> Industrial Development	The fundamental issue involved in the industry's reluctance to enter into a firm contract with Government is the disparity between the rate contract price and the open market price after the decontrol of paper which makes it profitable to the industry to divert supplies to the market thus starving Government of their legitimate and urgent requirements. The Committee do not think that Government should be a helpless witness to this phenomenon especially in view of the fact that reasonable price increases have been given in the rate contracts and the paper industry on the whole are stated to have increased profits substantially after decontrol. Further there is an unhealthy tendency for the price to increase with the widening gap between supply and demand. The solution, therefore, lies in imposing a partial control so as to ensure firm supply of a specified portion of production against Government requirements at an agreed rate which may also call for regulation of pattern of production.
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17. 1.78 Industrial
Development

The Committee are, however, convinced that a long term solution can be found only in increasing the output of paper in the country. Obviously the demand especially of cultural variety of paper has far outpaced the growth in production. The Committee were informed that in addition to setting up new mills in the public sector, Government have worked out a 'Crash Programme' under which by expanding the capacity of selected mills, an additional tonnage of 80.000 tonnes of paper per annum is expected to be manufactured by the end of 1972 or early 1973. This assumes urgency in view of the fact that as against Government's requirement alone of the order of 1.99 lakh tonnes during the period 1-7-71 to 31.3.73 only a quantity of 0.95 lakh tonnes has been covered by 1971-72 rate contract effective upto 30.11.72. The Committee would, therefore, urge Government to ensure that the target of additional production is achieved without any delay.

18. 1.79 -do-

The Committee would like it to be considered whether the mills who were the major defaulters in supply against Government requirements deserve any special facilities for expanding their production capacity.

19. 1.80 Supply
Industrial
Development

The Committee are surprised to learn that it took such a long time to finalise ISI specifications for different varieties of paper which appears to have been done comprehensively for the first time only in August, 1971. The Committee hope that supplies by mills will now conform to ISI specifications. As there were conflicting views regarding the powers to enforce the specifications, the Com-

(1)	(2)	(3)	(4)
20.	1.87	Supply	<p>mittee wish that this question should be examined and settled to guard against sub-standard supplies.</p> <p>The Committee note that there was a delay of over 3 months in finalising of purchase proposals in this case which involved calculation of destination prices of a number of items and tenders. In order to avoid unnecessary delays the Committee would suggest that as far as possible tenders should be invited on f.o.r. basis rather than on ex-factory basis.</p>
21.	1.88	-do-	<p>It is regrettable that a partially incorrect information regarding the extended date of validity of offers given by the purchase officer led to the delay in the approval of the purchase proposals which ultimately caused an extra expenditure of Rs. 2.67 lakhs. The Committee note that suitable instructions in this regard have since been issued. They would, however, like Government to fix responsibility for this costly negligence.</p>

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
	DELHI				
24.	Jain Book Agency Connaught Place, New Delhi.	11	33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
27.	J. M. Jaina Brothers, Mori Gate, Delhi.	11	36.	Hind Book House, 82, Janpath, New Delhi.	95
28.	The Central News Agency, 23/90 Connaught Place, New Delhi.	15	37.	Bookwell 4, Sant Naran-Kari Colony, Kingsway Camp, Delhi-9.	96
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20		MANIPUR	
30.	Lakshmi Book Store, 42 Municipal Market, Janpath, New Delhi.	23	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
31.	Bahree Brothers, 188 Lajpatrai Market Delhi-6.	27		AGENTS IN FOREIGN COUNTRIES	
32.	Jayana Book Depo, Chaparwala Kuan, Karol Bagh, New Delhi.	66	39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON W.C.—2.	59

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