

**ESTIMATES COMMITTEE
1962-63**

**EIGHTH REPORT
(THIRD LOK SABHA)**

**MINISTRY OF FOOD AND AGRICULTURE
(Department of Food)**

Action taken by Government on the recommendations contained in the Hundred and Twenty-Eighth Report of the Estimates Committee (Second Lok Sabha) on the Ministry of Food and Agriculture (Department of Food) Central Warehousing Corporation.



**LOK SABHA SECRETARIAT
NEW DELHI**

November, 1962/Agrahayana, 1884 (Saka)

Price : Re. 0.35 nP.

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ESTIMATES COMMITTEE

1962-63

CHAIRMAN

Shri H. C. Dasappa

MEMBERS

2. Shri Joachim Alva
3. Shri D. Basumatari
4. Shri Brij Raj Singh*
5. Shri Shree Narayan Das
6. H. H. Maharaja Pratap Keshari Deo
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Garhwal
14. Shri Jashvant Mehta
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21. Shri K. Rajaram
22. Dr. K. L. Rao
23. Shri Rameshwar Sahu
24. Shrimati Jayaben Shah
25. Shri Diwan Chand Sharma
26. Shri Vidya Charan Shukla

*Elected w.e.f. 15th November, 1962 *vice* late Shri B.J.Singh

**Elected w.e.f. 18th August, 1962 *vice* Shri Shivram Rango Rane resigned.

(iv)

27. Shri Tekur Subramanyam
28. Shri G. G. Swell
29. Shri K. K. Warior
30. Shri Balkrishna Wasnik.

SECRETARIAT

Shri Avtar Singh Rikhy—*Deputy Secretary.*

INTRODUCTION

1. The Chairman of the Estimates Committee, having been authorised by the Committee, present this Eighth Report (Third Lok Sabha) on the action taken by Government on the recommendations contained in the Hundred and Twenty-eighth Report of the Estimates Committee (Second Lok Sabha) on the Ministry of Food and Agriculture (Department of Food)—Central Warehousing Corporation.

2. The Report has been divided into the following four Chapters:—

I. Report.

II. Recommendations which have been accepted by the Government.

III. Replies of the Government which have been accepted by the Committee.

IV. Replies of the Government which have not been finally accepted by the Committee.

3. An analysis of the action taken by Government on the recommendations contained in the Hundred and Twenty-eighth Report (Second Lok Sabha) of the Estimates Committee is given at Appendix I. It would be observed therefrom that out of 17 recommendations made in the Report, 10 recommendations *i.e.* 58.8% have been fully accepted by Government, while 3 recommendations *i.e.* 17.6% have been accepted partly. Of the rest, the replies of Government in respect of 2 recommendations *i.e.* 11.8% have been accepted by the Committee while those in respect of another two recommendations have not been accepted by the Committee.

NEW DELHI;
November 24, 1962.
Agrahayana 3, 1884 (*Saka*)

H. C. DASAPPA,
Chairman,
Estimates Committee.

CHAPTER I

REPORT

The Estimates Committee are glad to state that the points brought out in their 128th Report (Second Lok Sabha) on Central Warehousing Corporation have been replied to by the Government generally to their satisfaction. There are, however, two recommendations replies to which have not been accepted by the Committee and they have been commented upon in Chapter IV of this Report.

CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Sl. No. as in Appendix VI of the 128th Report	Reference to paragraph No. of the Report	Summary of recommendations/conclusions	Replies of the Government
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I 2

3

4

I 7 The Committee recommend that expeditious action should be taken to put an end to the uncertainty in the existing set up of the National Cooperative Development & Warehousing Board and the Central Warehousing Corporation in order that the progress of implementation of the programme is not in any way hampered on this account. At the same time, they would draw attention to the need for a close liaison being continued between the two bodies since their objectives are, in a large measure, complementary.

Necessary legislation has been drafted by the Ministry of Law and is under examination of the Ministries of Cooperation and Food & Agriculture. It is proposed that a member of the National Cooperative Development & Warehousing Board will be on the Board of Directors of the Central Warehousing Corporation and *vice versa* with the intention to maintain liaison between these two bodies.

[Ministry of Food and Agriculture (Deptt. of Food)
O.M. No. 26/15/61—SGII dated 31st October, 1961.]

4

The Committee are of the view that in the proposed amending legislation, provision may be made to allocate more shares to Cooperative Societies.

13

In the proposed amending legislation, provision has already been made for allocation of more shares to Cooperative Societies.

[*Ministry of Food & Agriculture (Deptt. of Food) O.M. No. 26 15 61—SGII dated the 31st October, 1961*].

5

The Committee hope that when the existing warehouses get well established, draw additional custom and increase their storage accommodation, the overall deficit would diminish progressively, so as to eventually cover fully the revenue expenditure. They recommend that every effort should be made to make the Central Warehousing Corporation self-sufficient early.

The Committee's recommendation has been noted. Attempts are being made to increase hired accommodation at each centre so as to make the centres economically viable units. Efforts are also being made to accelerate the construction of C.W.C.'s godowns.

The financial working of the warehouses has been showing improvement. The working for the year 1960-61 reveals for the first time that on the direct expenses of running the warehouses, there is a profit of Rs. 26,755.00.

[*Ministry of Food & Agriculture (Deptt. of Food) O.M. No. 26 15 61—SGII dated the 31st October, 1961*].

7

The Committee recommend that the proposed service of transporting agricultural produce to and from warehouses may not be run profitably for one thing, the load may not be regular and for another, the supervision may entail larger overheads. The Committee suggest that before such a scheme is undertaken, a careful

Although the provision of transport services on an experimental basis was thought of in order to provide additional facility to small producers in rural areas, the matter has not been pursued beyond the initial stage because of the difficulties involved in undertaking this service. The prospects of undertaking this service for the benefit

assessment may be made of the over all economies. They would like to stress that the Central Warehousing Corporation should make sure that there would be no loss in undertaking this service.

of the depositor and the economics of working this scheme are being considered in all its aspects before a decision is taken.

[*Ministry of Food & Agriculture (Deptt. of Food) O.M. No. 26/15/61—SGII dated the 31st October, 1961*].

Further information called for by the Committee

The result of the examination of the Scheme referred to in the recommendation and Government's decision thereon may please be furnished.

The prospects of undertaking the scheme of providing transport facilities for the benefit of the depositors in all its aspects has since been considered. The field staff have reported that :

[*Lok Sabha Secretariat O.M. No. 32(3) ECII/61 dated the 20th December, 1961*].

1. as a rule, the villager prefers to carry his stocks to the warehouse in his own bullock cart although it is a slow means of transport but he will not have to pay any transport charges for it ;

2. the villager would very much like to see for himself his goods securely stacked in the warehouse;

3. our own transport provided for the purpose to the warehousemen may not be always in use and thus prove highly uneconomical;

4. It may not be possible to permeate the mechanical transport into the interior of the rural areas, where it would actually be needed, because of un-developed roads.

In the circumstances, the Corporation feels that at this stage, they are not in a position to undertake the provision of this facility.

[*Ministry of Food and Agriculture (Deptt. of Food)*
O.M. No. 26/15/61—SG II dated the 23rd February, 1962].

9 23 The Committee hope that the Corporation would proceed vigorously and in business-like manner to fulfil the targets laid down for the Third Plan. They recommend that all-out efforts should be made to make the Warehousing Scheme a success so as to draw a larger and larger percentage of marketable surplus into the chain of warehouses.

5 The recommendation of the Committee has been noted. It was originally expected that 7 warehouses would be set up in the first year (1961-62) of the Third Plan but actually it has been possible to set up already 10 new warehouses. Except at one centre where our own construction has been completed, at other centres, hired accommodation has been taken for the new warehouses. Side by side, efforts are being made to select and acquire sites at these centres for construction. It is likely that it would be possible to set up a few more warehouses during the current year. Every effort is also being made to expand the capacity of the warehouses already set up.

[*Ministry of Food and Agriculture (Deptt. of Food)*
O.M. No. 26/15/61—SGII dated the 31st October, 1961].

10 The Committee are of the view that local advisory Committees can prove very useful in securing cooperation of the local people for the Warehousing Scheme. They hope that such Advisory Committees will be set up early for all Central Warehouses. Such Advisory Committees may also be equally useful in the case of State Warehouses.

Advisory Committees have been set up already at 25 centres. Similar committees will be set up at the other centres as the names of members are finally selected. State Corporations are also following this practice. Advisory Committees have been set up at 6 centres of Mysore, 9 of West Bengal and 9 of Madras. Efforts to set up these committees at the other centres are in progress.

[*Ministry of Food and Agriculture (Deptt. of Food)*
O.M.No. 26/15/61-SG II dated the 31st Oct. 1961].

11 The Committee are of the view that the Advisory Committees should be utilised to popularise the grades prescribed for various commodities by the warehouses among the business community. The advantages of adopting standardised grades are bound to be appreciated alike by the producer and trader. These would not only ensure higher returns to the producer but also facilitate trading, as their need to conduct trade through samples, can be obviated. Their indication of the grade would be enough for the purchaser to know the exact quality for which he is paying them eliminating the risks involved in trading through samples.

The Committee's recommendations are noted. Instructions have been issued to Warehousemen to popularise the grades and, if necessary, by suggesting grades suitable to the local conditions and business practices in consultation with the market committees. Popularising of the grades is being included as one of the functions of the Advisory Committees.

[*Ministry of Food & Agriculture (Deptt. of Food)*
O. M. No. 26/15/61-SGII dated the 31st October, 1961].

12 The Committee trust that due consideration will be given to the measures suggested at

24 The Warehousemen have instructions to go on frequent propaganda tours within a radius of

the fifth All-India Warehousemen's Conference held at Indore regarding the problem of attracting more producers to the Warehouses and effective steps taken to implement as many of them as possible. They would also stress the need of adequate publicity. The message of warehousing has to be carried into the rural areas surrounding each warehouse so that the producers are made aware of its uses and benefits and are attracted to it. The Warehousemen should pay an active role in publicising the system and persuading the producers to deposit the stocks in warehouses.

50 miles of their warehouses in order to contact the producers and the Cooperative Societies' Efforts are being made to increase the frequency of these tours.

Although publicity in various forms has been going on at all levels, efforts are being made to step it up with a view particularly to attract more producers.

Co-operative societies are being given a rebate of 3 nP. per bag per month on the normal storage charge. It has, however, not been considered possible to extend this concession to individual producers as the concession can easily be misused.

[*Ministry of Food and Agriculture (Deptt. of Food)*
O.M. No. 26/15/61-SGII dated the 31st October, 1961].

16 33 The Committee recommend that action should be taken to acquire the title deeds of land acquired by the CWC without further delay. In future, such title deeds should be acquired simultaneously with the acquisition of land.

The recommendations of the Committee have been noted and action is being taken.

[*Ministry of Food & Agriculture (Deptt. of Food)*
O.M. No. 26/15/61-SGII dated the 31st October, 1961].

17 34 The Committee feel that it is desirable to have a suggestion book conspicuously displayed at each warehouse so that the customers may enter in it their difficulties as well as suggestions for improving the working of the warehouse.

A visitors book is kept at all warehouses. In the visitors book, the opinion of the depositors and also visitors is recorded.

[*Ministry of Food & Agriculture (Deptt. of Food)*
O.M. No. 26/15/61-SGII, dated the 31st October, 1961].

CHAPTER III

REPLIES OF GOVERNMENT WHICH HAVE BEEN ACCEPTED BY THE COMMITTEE

Sl. No. as in Appendix VI of the 128th Report	Reference to paragraph No. of the Report	Summary of recommendations/conclusions	Replies of the Government
1	2	3	4

2 10 Since setting up of warehouses in the same or contiguous areas by two different Corporations cannot evidently result in efficiency or economy, the Committee recommend that the scope and functions of the two sets of Corporations may be defined.

The All-India Rural Credit Survey Committee which had recommended the setting up of Central and State Warehousing Corporations had defined the areas of operation of the two bodies as being centres of all-India importance for the Central Warehousing Corporation and centres of State and District importance for the respective State Corporations. While this continues to be the broad policy, it is ensured, by consultation with the State Corporations, that no central warehouse is set up near a State warehouse which may compete with each other.

[Ministry of Food & Agriculture (Deptt. of Food) O.M. No. 26/15/61-SG I, dated the 31st October, 1961].

The Committee further recommend that there should be a closer liaison between the C.W.C. and the S.W.Cs. Comprehensive informations on the work done by the State Corporations should be obtained periodically by the C.W.C. with a view to assist the State Corporations in technical and other matters. The Central Corporation may, in consultation with the State Corporations, consider evolving a system of inspection of warehouses so as to ensure as far as possible a uniform procedure for storage etc. all over the country.

The Central Warehousing Corporation and the State Warehousing Corporations are independent statutory bodies. Even so there is close liaison between the C.W.C. and each of the S.W.Cs. The S.W.Cs. consult the C.W.C. on most matters of importance. The S.W.C. budget and the programme of work are approved by the C.W.C. In technical matters concerning methods of storage etc. the S.W.Cs. are advised by the C.W.C. All necessary information from the State Warehousing Corporations is also being obtained by quarterly progress reports. These reports enable the C.W.C. to keep an eye on the working of the S.W.Cs. Although from time to time, officers of the C.W.C. visit some of the State Warehouses and advise them about storage methods etc., it is not possible for the C.W.C. to undertake regular inspections of the State Warehouses. The State Corporations which are independent authorities have their own systems of inspection. In view of the recommendations of the Estimates Committee, the State Warehousing Corporations have been requested to communicate their views regarding evolution of a system of inspection of State Warehouses and of a uniform procedure for storage etc. The S.W.Cs. have been furnished with the proformas evolved by the C.W.C. for inspection of warehouses so that they may adopt them for their use.

[Ministry of Food and Agriculture (Department of Food) O.M. No. 26/15/61-SGII, dated the 31st October, 1961].

8 The Committee regret that the rate of progress in the construction of warehouses has been extremely poor, the State Warehousing Corporations not constructing even one of the 80 targeted for. They feel that now that the Central and State Warehousing Corporations have gathered sufficient experience in the field, it should be possible to speed up the opening of new warehouses as well as to undertake construction at places which are assured of custom.

The main reason for the inadequate progress has been the difficulty in procuring sites and sometimes building materials like steel. The Governments of India have advised the State Governments to give high priority to the acquisition of land for warehouses. With great difficulty, 13 sites out of 34 envisaged have so far become available, and construction of warehouses has been undertaken. In several cases, the site is expected to be available soon.

As regards the availability of steel, it has been agreed that the C.W.C.'s requirements would be obtained alongwith that of the Food Department. It is hoped that this will improve the position and avoid delay on this account. The special "Food Wing" of the C.P.W.D. which has recently been set up will be responsible for the construction of the warehouses. This should also help.

The S.W.Cs. have been apprised of this recommendation of the Estimates Committee to make every effort to speed up their construction programme. Actual construction work has already been taken up by the S.W.Cs. at about 20 centres, which are likely to be completed soon. About 90 more are expected to be completed by the end of the year 1961-62.

[Ministry of Food and Agriculture (Department of Food) O.M. No. 26 /15/61-SGII, dated the 31st October, 1961].

13 The recommendation of the Committee is being brought to the notice of the Central and State Governments. While some Governments are generally not inclined to hand over their storage to the corporations when they have their own godowns and organised Departments to look after this work.

30 The Committee recommend that fullest use of the services of the warehousing corporations for storage of foodgrains should be made by Central and State Governments.

[Ministry of Food and Agriculture (Department of Food) O.M. No. 26/15/61-SGII, dated the 31st October, 1961].

15 Since the corporation has not taken up any construction work by itself nor is it likely to do so in the near future and since even the work carried out so far through C.P.W.D. has not been as much as envisaged, the Committee are not convinced that work-load fully justifies the need for the post of a high ranking Construction Engineer and supporting staff. They recommend that the matter should be carefully examined and appropriate economies effected.

32 The designation 'Construction Engineer' was somewhat misleading and has been changed to Engineering Adviser. The previous incumbent was of the Chief Engineer's rank. The present incumbent is a Superintending Engineer. His function is to prepare plans, designs, to assist in selection and acquisition of sites, to keep check, on behalf of the C.W.C., on the progress of any work and to take effective steps to resolve any difficulties, such as shortage of materials etc. which may arise during the progress of work. He also advises the S.W.Cs. in similar matters. These are important functions for which such an officer is essential. The construction programme will be increasing every year.

[Ministry of Food & Agriculture (Dept. of Food) O.M. No. 26/15/61-SGII dated the 31st October, 1961]

CHAPTER IV

REPLIES OF GOVERNMENT WHICH HAVE NOT BEEN FINALLY ACCEPTED BY THE COMMITTEE

S. N. (as in Appendix VI to the 128th Report)	Reference to para. No. of the Report	Summary of Recommendation/ Conclusion	Reply of Government	Comments of the Committee
1	2	3	4	5

6 15 The Committee recommend that the Central Warehousing Corporation should pursue the matter of non-receipt of statements certified by the auditors of the Public Works Department concerned in regard to an expenditure worth Rs. 6,93,938 incurred on Capital Works-in-progress during 1959-60 and take suitable action to ensure that such long delays in furnishing of certified statements are avoided.

Every attempt is being made to get the certified statements. It may be mentioned in this connection that although the primary audit by the Divisional Accountant, on behalf of the Accountant General concerned is carried out without any delay, the Central Audit in the office of the Accountant General. Central Revenues, takes quite some time and the delays have occurred mostly on this account.

The Ministry may take up the question of delay in the receipt of statements certifying expenditure incurred on capital work-in-progress with the Public Works Department and Accountant General, Central Revenues with a view to reducing it to the minimum.

[Ministry of Food & Agriculture
(Deptt. of Food) O. M. No.
26/15/61-SGII dated the 31st
October 1961]

The Committee were surprised to learn that final agreements on the terms and conditions for storage, preservation, etc. of the Civil Supplies stocks of foodgrains on behalf of the various States and the Central Government have not yet been arrived at except in a few cases and that negotiations were still continuing. They are of the view that the matter has been unduly delayed. They recommend that effective steps should be taken to reach an early agreement.

This initial delay is due to the differences between the Corporations and the States about the rates chargeable. Steps are being taken to finalise this matter.

[*Ministry of Food & Agriculture*
(*Deptt. of Food*) O.M. No. 26/15/61-SGII-dated the 31st October, 1961]

The Committee hope that final agreement on the terms and conditions of storage, preservation etc. of the Civil Supplies Stocks of foodgrains between the Corporation and the Central Government and State Governments concerned would be reached well before the time for preparing the annual report of the Corporation so that final figures regarding profit and loss are incorporated therein.

NEW DELHI:
November 24, 1962

Agrahayana 31, 1884 (Saka).

H. C. DASAPPA
Chairman,
Estimates Committee.

APPENDIX I

Analysis of the action taken by the Government on the recommendations contained in the Hundred and Twenty-eighth Report of the Estimates Committee (Second Lok Sabha)

1. Total number of recommendations made	17
2. Recommendations accepted fully by Government (<i>vide</i> recommendations in Chapter II)	
Number	10
Percentage to total	58.8%
3. Recommendations accepted by Government partly or with some modifications (<i>vide</i> recommendations 3, 8 and 15 in Chapter III)	
Number	3
Percentage to total	17.6%
4. Recommendations not accepted by Government but replies in respect of which have been accepted by the Committee (<i>vide</i> recommendations 2 and 13 in chapter III)	
Number	2
Percentage to total	11.8%
5. Recommendations replies to which have not been accepted by the Committee (<i>vide</i> recommendations Nos. 6 and 14 in Chapter IV)	
Number	2
Percentage to total	11.8%

